

welcome to the nz on air annual report 2001-02

The design of this year's financial documents reflects a theme of "clarity"
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Ararapa Island 30km

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chairman's overview



Don Hunn
NZ On Air Chairman

The 2001/2002 financial year was a milestone for NZ On Air. Initiatives developed over the previous two years bore fruit, particularly with the “Phase Four” music promotion strategy and NZ On Air’s support for television drama. Increased Government funding for NZ On Air since the abolition of the Public Broadcasting Fee in June 2000 has ensured we are able to support these initiatives to a level that has already achieved significant outcomes.

The year was also marked by further progress with the Government’s review of broadcasting policy. The future environment became clearer with the finalisation of the new charter for TVNZ and the preparation of draft legislation to give effect to the charter and a new structure. The Maori Television Service (MTS) too, has progressed, with its legislation awaiting passage through parliament. MTS, together with Te Mangai Paho, held a first commissioning round for new programmes in the first half of 2002.

Within radio, the first quinquennial review of Radio New Zealand’s charter was completed, with confirmation in the select committee’s report that, overall, the charter served both the network and the New Zealand public well. Progress was also made during the year towards the launch of the four-year pilot Pacific Island radio network.

The future of New Zealand music on commercial radio became brighter after an industry code was announced in March. The code established targets for each radio station format, with a goal of 20% overall to be reached after five years. NZ On Air’s “Phase Four” plan underpins the code, giving the industry additional confidence in their ability to meet the targets.

The Government’s high-level broadcasting goals seek (inter alia) to encourage innovation and creativity, to ensure reflections of New Zealand’s uniqueness and diversity through broadcasting, to cater to minority interests and provide increased choice, and to ensure the widest access for New Zealanders to the broadcasting services provided.

NZ On Air’s mission – to reflect and foster the development of New Zealand culture and identity through broadcasting – contributes to these goals. It does so in three key ways.

First, NZ On Air aims to provide continuing support for public service broadcasting, which caters to the New Zealand audience as citizens, not simply as consumers. From our perspective, this means taking risks that commercial broadcasters cannot, to tell powerful, compelling New Zealand stories. It means programming for the special interest audiences singled out for attention in the Broadcasting Act. It means the promotion of programmes reflecting Maori interests and including Maori language aimed at a general audience, of which Maori are a part. And it means promoting programmes that reflect New Zealand’s developing identity as a Pacific nation.

Second, we aim to ensure diversity in the diet of television programmes and radio broadcasts on offer for New Zealand audiences, beyond what the commercial market will deliver. What does diversity mean? For NZ On Air, it means that within genres such as drama or documentary there is a variety of “voices”, and programmes cater to different audience demographics and interests. It means that, regardless of what free-to-air channel New Zealanders tune into, they will see or hear “New Zealand on air”. It means there is a spectrum of programmes and broadcasts that range from the more commercial (the **Pioneer House** adventure in history, or Bic Runga) to the more in-depth or “alternative” (the powerful documentary **Titless Wonders** or punk band, The D4), that are made by independent creative talent.

The third core objective for NZ On Air is to ensure its funding policies are informed by a comprehensive research programme. The mix of quantitative, qualitative and independent expert reports provide important information on audience behaviour and preferences, and on broadcasting trends. A comprehensive independent analysis (including focus groups) of the special interest programmes supported by NZ On Air was conducted in mid-2001, and resulted in a commitment by each programme’s producers to introduce changes in response to the feedback from their target audience. NZ On Air has followed up this review a year later, and the preliminary assessment suggests some significant improvements have been made.

A major policy review inevitably opens up existing structures and processes to scrutiny. Questioning whether those structures remain valid is both healthy and necessary. In this environment, NZ On Air stated that it would operate on a “business as usual” basis in 2001/2002.

By doing so, there has been an element of certainty in our relationships with broadcasters and producers. The pursuit of our goals has also resulted in a highly productive year, with targets being met or exceeded in most areas, and a diverse range of programmes being supported.

The changes being implemented through the broadcasting policy review provide NZ On Air with the opportunity to build strong and constructive working relationships with existing and new providers – whether this is with broadcasters (such as TVNZ, Maori Television Service, Radio New Zealand, or Pasefika Communications Ltd), producers or other funding agencies (Te Mangai Paho, the NZ Film Commission etc). We have, for example, concluded protocol agreements with both TVNZ and TV3, and have established a constructive dialogue with the Maori Television Service and with the National Pacific Radio Network Trust.

Throughout the 1990s, NZ On Air was the only intervention in New Zealand to secure an element of public service broadcasting in an otherwise commercial market. The Government has been working for the past three years to introduce a new mix of public service broadcasting mechanisms and structures. The emerging environment is characterised by a range of public and private broadcasters, now with more closely aligned objectives. It is an environment in which collaborative and productive relationships between producers, broadcasters, artists and the funding agency can thrive. NZ On Air was committed to building these relationships in the year under review, and is committed to cementing them in the year ahead.

Financial Situation

NZ On Air is in a sound financial situation. We began the 2001/2002 year with Crown funding of \$83.2 million, including a one-off allocation of \$2.2 million, and a healthy public equity surplus. In addition, collection of residual Public Broadcasting Fees (PBF) remained cost-effective overall after the abolition of the Fee in July 2000.

The public equity surplus had been generated by better than forecast collections of PBF during the phase-out period. NZ On Air drew on those equity reserves during the year under review, in order to sustain its television funding expenditure at the level achieved in the previous year.

By June 2002, a total of \$951,000 residual public broadcasting fees had been received for the year. This allowed NZ On Air to reverse its provision for doubtful debts by \$471,000, once collection costs had been deducted. The net gain in revenue will be re-invested in broadcasting outcomes in 2002/2003.

At the end of the year under review, NZ On Air determined that PBF collection activity should be considerably wound down. The contract with Datamail Ltd was terminated at the end of June, and the management of a final wind-down of PBF collection has been brought in-house. From the beginning of 2002/2003, a decreasing number of accounts will be handled through Baycorp Advantage, as automatic payments are completed. Pursuing this activity to its conclusion is important in fairness to the majority (close to 90% of fee payers) who have met their obligations.

For the year ahead, NZ On Air acknowledges the Government’s continuing confidence in and support for the agency. An increase of \$5.3 million to our baseline funding, announced in the May budget, has ensured we will again be able to maintain our television budget at the same level as the 2001/2002 year.

In the absence of such an increase, NZ On Air would have had to decrease its funding budget by up to \$8 million, as the benefits of residual PBF collections came to an end, and public equity reserves were drawn down.

Outlook

Further progress is expected with the broadcasting policy review in 2002/2003. Pending legislation for TVNZ and for the Maori Television Service is expected to be passed before the end of 2002. Decisions are likely on other issues under discussion – especially the approach to local content regulation for television, and the options for youth radio. Ways of encouraging regional broadcasting will also be considered further. Final decisions on the allocation of spectrum in the 101-108 MHz band are pending. The new pilot Pacific Island radio network is due to begin broadcasting in August. These are all major steps in promoting and improving public broadcasting in this country.

NZ On Air has monitored developments in all these areas closely. We have tailored our research programme to be relevant to them – for example, planning a research project into regional broadcasting. Similarly, our consultations with a wide range of broadcasting interests have ensured we remain well informed about audience views, broadcaster objectives and constraints, and the implications of technology developments.

Our plans for the 2002/2003 year focus on consolidation of key strategies such as Phase Four, Te Rautaki Maori and our drama strategy. At the same time, we will actively encourage innovation, for example through our support for “signature television” within both the drama and documentary categories. These plans are reflected in NZ On Air’s recently published Statement of Intent, which can be accessed on the website: www.nzonair.govt.nz

There is an observable development in New Zealanders’ sense of their culture and identity, which is increasingly focused on our position as a Pacific nation and as a major centre of Pacific Island culture. NZ On Air is ensuring this evolving identity is reflected through the programmes and broadcasts we support.

We are also analysing this through our quantitative and focus group research projects, for example, which have included Maori and Pacific Island booster samples to provide a comparison with the views of the general population. Another major focus for the future is the transition to digital broadcasting.

In the short-term, this will involve NZ On Air assessing its changing responsibilities for maintaining analogue transmission to remote areas, as a satellite broadcast of the main free-to-air networks is now available through arrangements with Sky Television.

In the longer-term, we will be continuing our work to consider the future of public service broadcasting in a digital era, as the twin phenomena of audience fragmentation and technology convergence take hold. As niche channels proliferate and the boundaries between broadcast, telecommunications and internet technology become blurred, this may, for example, result in more targeted broadcast arrangements for the “special interest” programmes supported by NZ On Air, or for the delivery of New Zealand music.

New developments in technology have not changed some things. Broadcasting remains one of the most effective and comprehensive forums for the origination, transmission and exchange of knowledge and experience.

NZ On Air will continue to promote the value of local content and diversity in broadcasting by: participating in discussions on the future of broadcasting; maintaining regular and constructive dialogue with industry stakeholders to encourage a partnership approach; exploring the implications of developments in communications technology; and developing an effective case for building and sustaining the funding base for investment in public service broadcasting over the longer-term.

Acknowledgements

For much of the year under review, NZ On Air was under the stewardship of David Beatson, whose term as Chairman came to an end in May 2002. This Annual Report largely reflects, therefore, the work he had undertaken to chart NZ On Air’s course through the year. I would like to take this opportunity to acknowledge the important contribution David made during his six-year tenure. As he said in his farewell speech, his guiding principles were, first, to recognise that NZ On Air was doing its job properly if it took risks and funded projects, and second, to support the emergence of a creative industry with the critical mass to grow. These principles gave a clear direction to NZ On Air, and helped secure steadily increasing support for local content on air by New Zealand audiences.

During the year, several other changes occurred round the board table. Hekia Parata relinquished her membership last October, when she accepted a position on the Maori Television Service establishment board. Louise Rosson’s term came to an end in January 2002. Both had made valuable and positive contributions to NZ On Air’s work during their time on the Board.

By the end of the year, the Board had reached its full complement once again, with the appointments of Judy Callingham (in January 2002), and Edie Moke-Reid and myself (in May).

Events subsequent to the 2001/2002 year resulted in a change in Ministerial responsibilities for broadcasting. After the July election, Hon Steve Maharey took responsibility for the portfolio. I would like to thank Hon Marian Hobbs for her strong commitment to broadcasting during her time as Minister, and for the changes she steered through in what was a challenging environment with widely differing policy positions represented across the industry. Her support for NZ On Air was appreciated greatly by both the Board and staff.

Don Hunn
Chairman

chief executive's report



Jo Tyndall
Chief Executive

Two years ago, NZ music on commercial radio stood at just 10.42% overall. By June 2002, the figure had reached nearly 15% – an increase of over 40%. While several factors contributed to this result, there is no doubt that the support NZ On Air is able to offer through our Phase Four funding was significant. It ensured the radio stations had the hits to add to their playlists.

Three years ago, NZ On Air noted that, in 1998 a total of just seven hours of first-run NZ On Air-funded drama had appeared on our screens. In 2001/2002, we were able to support three long-running series (**Mercy Peak** on TV One, **Street Legal** on TV2, and **The Strip** on TV3), one children's drama, a mix of "signature" dramas, such as **Mataku** or **Tosca's Requiem**, and feature films **The Whale Rider** and **Perfect Strangers**.

Thirteen years since its establishment, NZ On Air could therefore be said to have "come of age".

We were able to mark this with two events: in October 2001, we celebrated the production of the 50th **Kiwi Hit Disc**, noting that this represented a catalogue of some 800 songs. The Prime Minister attended and presented special awards to mark some of the contributions made by the radio and music industries to achieve this milestone. Then, in February 2002, the Spin Doctors "hosted" an event to mark NZ On Air's funding of 10,000 hours of television. A series of awards were presented to mark the achievements of a number of programmes, programme makers, broadcasters and other contributors to New Zealand television.

Over the past three years, NZ On Air has reviewed its policies in almost every area of its operations. This has resulted in new strategies within television (Te Rautaki Maori, drama including children's drama, children's programming, and the "Making and Marketing" and "Kick Start" policies, for example), music (Phase Four), and radio (such as changes to our funding contract with RNZ, and a new manual for access radio).

Reviews are now planned for other areas of our work: during 2002/2003 NZ On Air will assess the options for future funding of transmission services to non-commercial areas. We will also review developments in archiving to consider the future of our funding arrangements for the archiving of television programmes and radio broadcasts.

Within television, NZ On Air will consider its strategies for documentaries and for arts/performance programmes, to identify ways to achieve better diversity within these genres.

Highlights of 2001/2002

NZ On Air worked to further its key objectives of achieving quality public service broadcasting and diversity, backed up by a strategic programme of research and consultation, in its support for local content on television and radio. Highlights we were able to celebrate during the year under review included:

- Phase Four funding for 49 songs by new recording artists and 14 new albums by bands with a commercial radio track record and a radio hits strike-rate of 64% from new recordings and 100% from Phase Four-funded albums.

- Television highlights included drama series **Mercy Peak**, **Street Legal** and **The Strip**, a fresh dig at politics and PR in **Spin Doctors**, the documentary, **Georgie Girl**, a youth current affairs show **Flipside**, and the interactive kids' talent quest, **Wannabes**.

- It was significant that NZ On Air-funded programmes accounted for around 90% of the finalists in the TV Guide Television Awards. **Staunch** and the innovative children's drama, **Being Eve**, took a total of five awards between them, and documentary mini-series, **Captain's Log**, added one more to the total. All three projects emerged from special NZ On Air funding initiatives.

- Several programmes made with funding from NZ On Air also enjoyed success internationally with **The G Factor** (based on **QN**), **Street Legal** and **Being Eve** securing overseas sales, **Whale Rider** being selected for the Toronto and San Sebastian international film festivals, and **Being Eve** also taking a New York Festivals Television award, and a semi-final berth in the 2002 International Emmy Awards.

NZ On Air continued its programme of research and consultation during the year.

- A major review of the special interest television programmes funded by NZ On Air, concluded in mid-2001, was followed up by amendments to the programme proposals in October. In each case, the producers took on board feedback from the focus group research to re-focus their programmes in order to better meet the needs of their target audience. NZ On Air has followed up with a peer review of the revamped programmes in mid-2002.

- The annual "public information monitor" was conducted by NFO New Zealand in the first half of 2002. The research confirmed that New Zealanders strongly value local content, and that they support the programming and services provided with funding from NZ On Air.

- Also in the first half of 2002, NZ On Air conducted a review of the outcomes of Phase Four, seeking feedback from record companies and radio stations, as well as an independent consultant's report. The review affirmed the key strategies of Phase Four, and suggested several amendments to its guidelines that will ensure the scheme achieves the best possible outcomes.

- NZ On Air conducted its annual survey of local content on television, for the 2001 year. This report, published in March, saw local programmes accounting for 23.6% of the schedule – a similar result to the previous year, but with more local content now screening in prime-time.

- In June 2002, an independent review of the section 36(c) programming being provided by the eleven access radio stations was in progress.

- Also underway was a follow-up to the focus group survey of audience behaviour and preferences held in late 1999. The updated survey includes extra focus groups of Maori and Pacific Island people.

Key outcomes in each of the main areas of NZ On Air's responsibility are set out in the following sections.

television

Meeting the needs of viewers as citizens, not simply as consumers.

This year, \$58.7 million or about 65% of NZ On Air's investment in broadcasting was devoted to the production of New Zealand programmes for television.

This investment will result in 879 hours of local content.

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

Top Ten NZ On Air-Funded TV Programmes

	Title	Genre	Viewers
1	Our Oldest Soldier	Documentary	667,700
2	Country Calendar	Documentary	616,600
3	Money Doctor	Information	562,300
4	Park Rangers	Documentary	526,800
5	Captain's Log	Documentary	510,200
6	Documentary NZ	Documentary	496,700
7	Amazing Kids	Arts & Performance	433,800
8	Mercy Peak	Drama	416,500
9	Kids' Hospital	Documentary	395,600
10	Young Farmer 2001	Special Interest	378,600

Source: AC Nielsen. Programmes screened between 1 July 2001 and 30 June 2002. Series' audiences are averaged across the series.

This year 53.5 hours of drama was commissioned. This resulted in a prime-time long-run drama series **Mercy Peak** screening on TV One, **Street Legal** on TV2 and **The Strip** on TV3. A second **Questions** docudrama – this time on child abuse – was also commissioned.

37.5 hours of comedy were achieved for a spend of \$3.96 million. A highlight in this genre was the debut of **Spin Doctors**, as well as the return of old favourites **Pulp Comedy** and **The Billy T Awards**, and a second series of **Willy Nilly**.

Under documentary, **DNZ** returned to TV One, with 25 commissions ranging from historical commentary such as **Von Tempsky's Ghost** to **Finding Natalia**, the very contemporary story of one couple's journey to adopt a Russian child. **Girls Behaving Badly** takes a look at the emergence of female "lads" and **Who Ate All The Pies?** takes a look at a great kiwi icon. TV3's **Inside NZ** returned with a reduced run of 11 one-hour documentaries. TV3 chose this year to support half-hour documentary series, as a supplement to the one-hour format, with programmes such as **Life Goes On** and **Pride Of Place**. A strand of 7 one-hour documentaries was also commissioned for TV2.

Outside the strands a broad range of specials and documentary series were also supported, from the epic **Frontier Of Dreams** that will record New Zealand's history from Gondwanaland until the present, to **Coffee, Tea Or Me?**; a history of the women's movement as it is encapsulated in the story of Air New Zealand's hostesses. The diverse range also included **Secret New Zealand**, and the half-hour ANZAC tribute, **Our Oldest Soldier**. Once again a NZ family will time travel – this time to 1860 – in **Colonial House**, and we will chart the history of New Zealand popular music in **Give It A Whirl**.

NZ On Air continued to encourage the networks to screen Maori programmes in mainstream timeslots. Progress continued in this area within the two documentary strands, where NZ On Air again targeted a minimum number of projects. This initiative resulted in funding for documentaries like **Anika Moa: The Making Of A Star**, **Kai**, **Frontier Tales**, **Chinks**, **Coconuts & Curry Munchers** and **Puha With Sushi**.

For children **What Now?** returned on TV2 for its 20th year. **Squirt** also returned, for its seventh year, reinventing itself as a stand-alone show. **WNTV** came in for its second year of funding, with the addition of a range of innovative interstitial elements. On TV3 a new afternoon variety show – **Sticky TV** – emerged, which included new formats **Wannabes** and **Animation Station**, both encouraging kids to participate and use their creativity. Quiz show **The Machine** returned, as did the **Stage Challenge** and **Rockquest**.

In addition 3 new children's drama projects went into development. By June of 2002, thirty-nine half-hours of children's drama had now been shot since NZ On Air's first children's drama initiative in 1999, fully meeting the target set.

Special interest series, including **Asia Down Under**, **Tagata Pasifika** and **INSIDE/OUT** were funded again this year. NZ On Air completed research into all of the programmes that was begun in 2001. Art shows, **The Big Art Trip** and **Mercury Lane** returned and newcomer, for TV3, **The Living Room** was also funded.

In addition to these on-screen results, NZ On Air also introduced new policy initiatives designed to improve returns to producers and to NZ On Air from the sale of programmes. The "Making and Marketing" initiative, which has applied since 1 January 2002, introduced a new way of negotiating and calculating revenue shares. Another, called "Kickstart", taking effect from July 2002, introduces a method for revaluing the substantial back-catalogue of programmes made with NZ On Air funding. An international marketing fund was also introduced under this policy, to assist producers in the promotion and sale of their programmes overseas.

radio services

Increased NZ On Air funding has led to new programme initiatives that have become popular with Radio New Zealand’s audience.

National Radio & Concert FM

NZ On Air continued to fund Radio New Zealand’s two public radio network services – National Radio and Concert FM, this year. The funding remained at \$22.29 million, the level to which it was increased by the Government in May 2000.

That level of funding enabled Radio New Zealand to introduce some new programme initiatives early in the financial year that have become popular with the National Radio and Concert FM audiences. It also allowed them to allocate greater resources to marketing and publicity, and to retain key staff.

One of the new programmes, the Sunday morning programme hosted by Chris Laidlaw, has been on air for more than a year now, while the media review programme **Media Watch**, and health and environment features have also been added to the National Radio diet.

Concert FM’s new initiative, **Upbeat!** provides national and international music news daily. Concert FM also covered **NZ Festival 2002**, recording no less than 35 concerts and producing 20 music documentaries and interviews.

Two commercial CD initiatives came to fruition – in collaboration with Festival Mushroom Records, **Live At Helen’s** featured some of the best of National Radio’s acoustic session tracks with local musicians, and the NZSO’s **Beauty Spot II** was the second such collaboration with Concert FM.

More emphasis has been placed on developing contemporary radio drama, including Maori drama.

Radio New Zealand news continued to deliver the events of the day to a substantial audience, and in the process picked up the majority of the year’s QANTAS Media Awards in the radio section.

In the 2001/2002 financial year, National Radio broadcast 369 hours of Maori language and culture programming, including some well-received documentary features, and the network also maintained a healthy New Zealand music output level of 33%.

The Commerce Select Committee’s review of the Radio New Zealand charter resulted in a number of recommendations for minor changes, which the Government has either noted, or accepted. In some cases the amendments will require legislative change. In response to the Committee’s recommendation that some clarification of the funding relationship between NZ On Air and Radio New Zealand was desirable (as proposed in NZ On Air’s submission), the Government stated that no changes in the funding arrangements for Radio New Zealand were contemplated at this time.

A new three year funding agreement between NZ On Air and Radio New Zealand was signed in 2001, and is in force until the end of June 2004.

Access Radio & Pacific Island Radio

Eleven access radio stations around New Zealand were supported by funding through NZ On Air this year. We also funded two Pacific Island community radio services and NZ Radio for the Print Disabled’s radio reading service based in Levin.

There are access radio stations in Auckland, Hamilton, Hawkes Bay, Palmerston North, Wairarapa, Kapiti/Horowhenua, Wellington, Tasman Bays, Christchurch, Dunedin and Southland. They provide a genuine community voice and an important outlet for community groups and minorities to make and broadcast their own programmes.

This year we engaged our access radio consultants Brian Pauling (of the NZ Broadcasting School) and Sarah Ayton (ex-Plains FM manager) to conduct a review of the Section 36(c) programming broadcast on access stations throughout the country. We also planned for another access radio managers’ retreat, at which the results of the review will be discussed in detail, so that station managers are able to have a clearer understanding of and better defined guidelines for exactly which programming meets the objectives of that Section of the Broadcasting Act. These retreats also give the station managers an opportunity to discuss and work through common issues and concerns.

We began putting the finishing touches on our access radio manual, “Radio Diversity”, and upon completion, will be distributing this guide to “all you ever needed to know about access radio but were afraid to ask” to station managers, staff and volunteers. We also plan to use it as a handbook for communities who express interest in setting up a new access station.

We have continued to fund Pacific Island community radio stations 531pi in Auckland and Samoan Capital Radio in Wellington, the radio services established and maintained as part of NZ On Air’s long-standing policy to fund dedicated Pacific Island radio services in areas of greatest Pacific Island population.

The establishment and operation of a pilot Pacific Island FM radio network has been funded through the Ministries of Pacific Island Affairs and Culture and Heritage, with a proposed launch date in late August. While the four-year pilot is being monitored and evaluated by the Ministry for Culture and Heritage, NZ On Air has contributed advice throughout the set-up phase so far, and will continue to work to ensure the services the pilot network provides mesh well with those provided by Radio 531pi and Samoan Capital Radio.

A full list of the access and Pacific Island radio services funded by NZ On Air this year may be found on page 27.

Commercial Radio

NZ On Air funds radio programmes in two specific areas, which in turn reflect priorities in the Broadcasting Act – youth and values-based programmes for Section 36(c) of the Act, and radio drama and New Zealand music for Section 37(d).

This year we once again funded the award winning youth radio shows made by Rampant Media – **Rampage**, **Te Puutake**, and **The Voice**. These programmes are made by youth, and deal with youth issues in a way that New Zealand young people can relate to, and they play on commercial stations with strong youth audience numbers. In addition to that, we continued to fund the Christian Broadcasting Association’s values-based **Scrubcutter** series for the Newstalk ZB and Radio Rhema networks, and their special Easter and Christmas programmes, which were broadcast on the Newstalk ZB and Radio Sport networks.

There were no radio drama projects for commercial radio presented during this year, but NZ On Air allocated some funding to a series of radio vignettes dealing with the arts in New Zealand. **Art Beat** was broadcast on the Radio Pacific and Solid Gold networks in the first half of 2002.

New Zealand music programmes are covered in the NZ Music part of this annual report.

maori broadcasting

Ko te whāinga o Irirangi Te Motu kia whakapikia ake te pai o ngā pānui mō te iwi Māori e pāhotia ana i ngā awa pāho whānui, i te pouaka whakaata.

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

Until June 2000, Te Mangai Paho was funded through NZ On Air, receiving an agreed percentage of Public Broadcasting Fee income. Since 2000/2001, Te Mangai Paho has been funded directly through Vote: Te Puni Kokiri.

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

2001/2002 was the second full year for NZ On Air’s Te Rautaki Maori (Maori strategy). During the year, two craft-based hui were held, with a third being planned for July 2002. These hui were very well attended and allowed a number of issues to be aired. The commitment inherent in Te Rautaki Maori – to enhance the onscreen outcomes for mainstream Maori programming, and to improve consultation and communication with Maori stakeholders, including audiences – is bearing fruit. Tainui Stephens (Te Kai Urungi) continued to work with NZ On Air in the year, helping us to fulfil our television objectives for Maori broadcasting.

In the year under review, television programmes in this category included **Mai Time**, **Nga Manu Korero 2001**, **The Maori Sports Awards**, and **Mataku**. NZ On Air continued its well-established policy of ensuring a good presence of Maori projects (upwards of 15%) in any of the so-called “umbrella” documentary or drama strands we fund. Programmes screened during the year under this policy included **Hog Heaven**, **First Laugh**, **The Haka** and **The Bash**.

NZ On Air worked closely with Te Mangai Paho in 2000/2001 to identify projects that might be candidates for a joint venture approach. In 2001/2002 a second series of 8 x 1/2 hour Maori dramas – **Mataku** – was commissioned for TV3.

Annual research commissioned by NZ On Air (NZ On Air Public Information and Opinion Monitor: NFO New Zealand) has, since 2000, included a booster sample of Maori respondents. This provided useful information on the attitudes of Maori towards local content, as compared with the general population. The research confirmed that Maori are even more supportive of local content and the services provided by NZ On Air than non-Maori. This was particularly true of programming that reflects Maori culture or interests. Earlier research by Colmar Brunton had confirmed that both non-Maori and Maori would support language programming being subtitled or reversioned, to enhance its accessibility to those not fluent in Te Reo. NZ On Air committed to two such projects during the year – **Pukana** and **Ihi Frenzy**.

Progress towards the launch of the new Maori Television Service was a significant policy development during the year. The MTS establishment Board began working to secure frequencies, employ key staff and develop the brief for the Service. NZ On Air has established a regular dialogue with MTS (especially with the Chairman, Derek Fox) to discuss ways in which the two organisations might work together, once the service is up and running. These discussions have focused on setting up an arrangement whereby NZ On Air-funded Maori programmes for broadcast on the national free-to-air channels will be available for an early re-screening on the MTS. Similarly, where NZ On Air might fund a programme for first transmission on the MTS, we would expect a re-broadcast arrangement with a national free-to-air network also to be in place.

National Radio this year continued to produce programmes focussing on Maori language and culture. While weekly features such as **Whenua**, **Mana Tangata** and **Mana News** maintained coverage of issues affecting Maori, Radio New Zealand Maori issues correspondent, Gideon Porter, covered stories concerning Maori interests daily in National Radio’s flagship news programmes. Maori language features **Rourou**, and the 60 part soap opera **Whanau** introduced te reo to prime time day parts, with the Radio New Zealand website carrying a simultaneous written Maori-English translation while **Whanau** was on the air. Drama producer Hone Kouka brought Maori drama to the National Radio audience and award winning producer Paul Diamond delivered thought-provoking and informative documentary features, including the 2001 Media Peace Award winner **Nga Tamatoa**, bringing to 369, the total number of hours of Maori language and culture programming on the network. The eight-hour **Mai i te Ku Ki te Kuta** series on National Radio celebrated the depth and diversity of Maori music.

This year NZ On Air also partly funded a series of bi-lingual political specials produced by Ruia Mai in Auckland, for broadcast on iwi and access radio stations in the lead up to the general election.

In New Zealand music, NZ On Air makes sure that the work of Maori songwriters and musicians is represented on screen (via music videos), on disc (via **Kiwi Hit Disc** and the special contemporary Maori music **Iwi Hit Disc**), in the funding that we provide for new recording artists and on radio (via syndicated radio shows like **The Beat Files**).

More detailed information on NZ On Air’s Maori broadcasting work can be found on pages 37 and 38.

new zealand music

A seven fold increase in local music content on commercial radio in the last seven years.

More New Zealanders are hearing more New Zealand music on the radio. This year, local music content on commercial radio reached record levels.

In the quarter to 30 June 2002, New Zealand music content on commercial radio was 14.70% overall. The previous quarter (to 31 March 2002), it was 13.19%. Rock radio topped 25%; Pop peaked at close to 17%; and Adult Contemporary – historically the toughest format – reached 13.73%.

These are unprecedented levels. Back in 1997 (when accurate local content measures were put in place via the Australasian Performing Right Association [APRA] and the Kiwi Music Action Group), New Zealand music content made up just 5.26% of commercial radio airtime. Two years before that, APRA's estimate was less than 2%.

This sevenfold increase in local music content on commercial radio in the last seven years is the result of many factors – more enthusiasm for New Zealand music at commercial radio; more commercial music from more media savvy New Zealand musicians; more investment in local music by the record companies, both big and small; a vigorous NZ Music Month campaign co-ordinated by the Music Industry Commission in May; and so on.

NZ On Air – and, in particular, NZ On Air's Phase Four New Zealand music plan launched in July 2000 – is certainly one of those factors.

This year, NZ On Air invested \$3.9 million in the campaign to get more New Zealand music played on the radio – especially on commercial radio. That funding bought us –

- 49 songs for radio by new recording artists;
- 14 albums by radio hit-making bands;
- 6 international marketing ventures;
- 101 music videos;
- 14 hit discs delivering 216 songs to every radio station in the land;
- 27 Radio Hits rebates rewarding significant commercial radio airplay

It also produced New Zealand music features like **The Beat Files**, **Soundcheck**, etc on all the major commercial radio networks and on all seven b.net student radio stations, together with the 18 hour-a-week **M2** music television channel-within-a-channel on TV2.

The focus of the funding is airplay potential. NZ On Air is first and foremost in the broadcasting business and so airplay results are what count. The Phase Four investment is giving us these airplay results – in the two years since the Phase Four plan was launched, New Zealand music content has increased 41% (from 10.42% in June 2000 to 14.7% in June 2002).

But funding is only part of NZ On Air's answer to the challenge to get more New Zealand music played on commercial radio. Arguably, our most effective investment is our promotions team – the pluggers – whose job it is to make New Zealand music visible at commercial radio and get songs off the hit discs and on to commercial radio playlists. The pluggers – currently, Nicky Donoghue, Camille Guzzwell and David Ridler (and before David, Alex Behan) – are a New Zealand music dream team and single-handedly they have made NZ On Air and its New Zealand music work really matter at commercial radio.

The other major factor in the current healthy state of New Zealand music on New Zealand radio is the NZ Music Code that was agreed between the Government and the Radio Broadcasters Association (the RBA) in March 2002.

The Code (or, as it is sometimes called, the "voluntary quota") is a series of local music content targets that the RBA stations (the bulk of the commercial radio stations in the country) have pledged to meet over the next five years. The targets rise – format by format, year by year – to reach 20% overall by the end of 2006. The 2002 year-end target is 13% overall.

NZ On Air is part of the NZ Music Promotion Committee that will oversee and monitor the Code. We congratulate radio on this constructive commitment to New Zealand music and in turn, we have pledged our support – via our funding and plugging efforts – to make the Code work.

A full list of the New Zealand music projects funded by NZ On Air this year can be found on pages 56 to 60.

transmission coverage

NZ On Air spent \$1.3 million this year on maintaining television and radio transmission services in remote and thinly populated parts of the country.

NZ On Air's goal is to see the reliance on non-commercial transmission funding eliminated over time as new technologies, such as digital satellite services, offer more cost-effective and efficient ways of accessing television signals in remote areas of New Zealand.

NZ On Air spent \$1.3 million this year to maintain non-commercial television and radio transmission services to remote areas of New Zealand. Funding for transmission coverage was slightly less than the previous year. This was due to no new non-commercial radio transmission contracts being established, and the termination of the funding contract with the Chatham Islands Television & Radio Society during the year.

The bulk of NZ On Air's funding was to allow TVNZ to maintain coverage of TV One and TV2 to remote areas. NZ On Air has continued to work with TVNZ to identify a more cost-effective transmission solution for remote and thinly populated areas. In December 2001, TVNZ entered an arrangement with Sky television to broadcast TV One and TV2 simultaneously using Sky's satellite platform. In light of this, NZ On Air and TVNZ are working together to assess the implications of this service and the options for provision of NZ On Air funding for non-commercial transmission in the digital future. NZ On Air expects to be in a position to decide on the best option to achieve a long-term solution by the end of 2002.

In February 2002, NZ On Air reached an agreement with the Chatham Islands Television & Radio Society that resulted in the termination of NZ On Air's funding contract for television transmission to the Chatham Islands. The catalyst for this change was the availability of TV One and TV2 on Sky's satellite platform. After termination of the funding agreement the Chatham Islands Television & Radio Society took responsibility for managing television services on the Islands.

NZ On Air's "Community Self-Help" scheme, to provide TV3 transmission services to remote areas through a partnership approach, was terminated on 30 June 2001. The scheme had already been extended beyond the original close-off date of 30 June 1998. Work on a number of projects, contracted prior to the June 2001 termination date, was completed during 2001/2002. By year-end, two projects remained on the books, with both scheduled to be completed by December 2002. Throughout the year under review, TV3 continued its arrangement for simultaneous transmission via Sky Television's satellite service.

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

archives

NZ On Air continued to spend approximately \$1 million this year on radio and television archiving services. Television programme archiving services are provided by the New Zealand Film Archive, and radio programme archiving services are provided by Sound Archives Nga Taonga Korero Ltd.

In 2000, NZ On Air renewed both the New Zealand Film Archive and Sound Archives Nga Taonga Korero funding agreements for a further three years to 30 June 2003. The Archive agencies provide selection, acquisition and preservation services and ensure public access to archived material.

An external consultant regularly conducts a review of the archiving activities of both agencies, in line with NZ On Air funding contracts with the Archives. During the year, it was not possible to conduct a 6-monthly review, due to the sad loss of NZ On Air's archiving consultant, Jonathan Dennis, to cancer.

By year's end, however, a new external consultant had been appointed. NZ On Air was very pleased that Roger Horrocks, with his considerable expertise, was able to take on this role. This appointment will ensure the reports from both archives for the full year to 30 June 2002 will be independently reviewed.

The New Zealand Film Archive this year archived 658 hours of television programmes and carried out preservation work on another 175 hours of programmes. The Sound Archives Nga Taonga Korero archived 1,421 hours of radio programmes and carried out preservation work on another 1,878 hours.

NZ On Air has signalled that it will conduct a wider review of archiving services during 2002, in order to assess future options for the renewal of our funding contracts, prior to the termination of the current contracts.

staff changes

During the year, several changes in NZ On Air's staff occurred.

In December 2001, we were pleased to bring Bernard Duncan on board. With a wealth of radio experience, particularly with Radio New Zealand, he took up the new position of Radio and Communications Manager. This allowed Brendan Smyth to focus exclusively on his role as NZ Music Manager, as the Phase Four plan reached full flight.

In June 2002, Annie Murray – who has a strong production background – joined NZ On Air in a part-time position, as Television Contracts Coordinator. At the same time, Sally Courché was promoted to Deputy Television Manager. This expansion of the television team reflected the increased volume of activity flowing from the higher television budget, and the additional responsibilities flowing from NZ On Air's new policies with respect to financial assessments and our equity position in projects.

Finally, during 2001/2002 Selwyn Crane had worked on a contract basis for NZ On Air to manage PBF collection services. At the end of June this year, the part-time contract was terminated, as NZ On Air moved the collection of residual PBF into its final wind-down phase. Selwyn had managed the collection process very effectively during the year, and his success will ensure a number of additional television programmes can be made.

Jo Tyndall

Chief Executive



Statement of Responsibility for the year ended 30 June 2002

The Board and management of the Broadcasting Commission (NZ On Air) are responsible for -

- the preparation of these financial statements and the judgements used therein; and
- establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Board and management, these financial statements for the year ended 30 June 2002 fairly reflect the financial position and operations of NZ On Air.



Don Hunn
Chairman

Jo Tyndall
Chief Executive



Statement of Accounting Policies

The following accounting policies have been applied in the preparation of the financial statements for the year ended 30 June 2002.

Reporting Entity

The Broadcasting Commission (NZ On Air) was established by the Broadcasting Act 1989. The functions and procedures of NZ On Air are set out in the Broadcasting Act 1989. The financial statements are prepared in accordance with the First Schedule of the Broadcasting Act and the Public Finance Act 1989.

Measurement Base

The measurement base adopted is that of historical cost.

Accounting Policies

The following accounting policies which materially affect the measurement of the financial performance, financial position, cashflows, commitments and contingencies have been applied -

- **Accounts receivable**
Accounts receivable are shown at their estimated net realisable value after allowing for doubtful debts.
- **Non-current assets and depreciation**
Fixed assets are stated at cost less accumulated depreciation. The provision for depreciation is calculated on a straight line basis to write down the cost of the assets by equal instalments to an estimated nil residual value at the end of the economic life of the asset.

Computer equipment	3 years
Office equipment	5 years
Furniture and fittings	6 years
Leasehold alterations	6 years

- **Budget figures**

The budget figures are those approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by NZ On Air.

- **Goods and services tax (GST)**

The financial statements have been prepared on a GST exclusive basis.

- **Taxation**

NZ On Air is exempt from the payment of income tax in accordance with Section 51 of the Broadcasting Act 1989.

- **Broadcasting services**

The allocation of funds to broadcasting services is treated as expenditure when the allocation is approved by the Board and committed against the current year's income. Expenditure therefore includes funds committed but not paid out at the year end and are recorded as funding liabilities.

- **Cost allocation policy**

All expenditure not related to the collection of the Public Broadcasting Fee or used to fund broadcasting services has been allocated to administration expenditure. The Government approves the level of administration expenditure in accordance with Section 49 of the Broadcasting Act 1989.

- **Cash and bank and short term deposits**

These investments are recorded at cost.

- **Employee entitlements**

Provision is made in respect of NZ On Air's liability for annual leave. Annual leave has been calculated on an actual entitlement basis at current rates of pay.

- **Operating leases**

Operating lease payments, where the lessor retains substantially all the risks and benefits of ownership of the leased items, are charged as expenses in the periods in which they are incurred.

- **Revenue**

Crown revenue and other revenue are recognised on an accruals basis in the Statement of Financial Performance.

- **Income from broadcast production funding**

Income from the sale of programmes is treated as income as and when received.

- **Direct collection costs**

Direct collection costs are incurred in enforcing payment of existing Fee-payers' debt.

- **Financial instruments**

NZ On Air is party to financial instrument arrangements including cash and bank, short term deposits and accounts receivable as part of its everyday operations, which are recognised in the Statement of Financial Position. Revenue and expenditure in relation to all financial instruments are recognised in the Statement of Financial Performance. Except for those items covered by separate accounting policy, all financial instruments are shown by estimated fair value.

- **Statement of Cash Flows**

- **Cash** means cash balances on hand, held in bank accounts, demand deposits and highly liquid investments in which NZ On Air invests as part of its day-to-day cash management.

- **Operating activities** include cash received from all income sources of NZ On Air and record the cash payments made for the supply of goods and services.

- **Investing activities** are those activities relating to the acquisition and disposal of non-current assets.

- **Financing activities** comprise the change in equity and debt capital structure of NZ On Air.

- **Commitments**

Funding expenditure approved by the Board by 30 June that relates to future year's income is recorded in the Statement of Commitments. Other future payments are also disclosed as commitments at the point a contractual obligation arises, to the extent that they are unperformed obligations.

- **Contingent liabilities**

Contingent liabilities are disclosed at the point at which the contingency is evident.

Changes In Accounting Policies

There have been no changes in accounting policies. All policies are applied on a basis consistent with previous years.

statement of financial performance

for the year ended 30 June 2002

		Actuals 2002	Budget 2002	Actuals 2001
	notes	(\$ 000)	(\$ 000)	(\$ 000)
Income				
Crown revenue	1	83,219	83,100	80,996
Other income	2	5,585	1,000	3,108
Total Income		88,804	84,100	84,104
Operating Expenditure				
Public Broadcasting Fee collection costs	3	482	500	1,899
Administration and consultation	4	2,129	2,100	2,134
(Recovery) in provision of doubtful debts	5	(951)	(1,000)	(775)
Total Operating Expenditure		1,660	1,600	3,258
Funding Expenditure				
Television	6	58,567	57,300	55,736
Radio	7	24,908	25,300	25,008
Transmission coverage	8	1,274	1,500	1,715
New Zealand music	9	3,824	3,900	3,784
Archives	10	995	1,000	988
Total Funding Expenditure		89,568	89,000	87,231
Total Expenditure		91,228	90,600	90,489
Net (deficit) for the year		(2,424)	(6,500)	(6,385)

statement of movements in equity

for the year ended 30 June 2002

	Actuals 2002	Budget 2002	Actuals 2001
	(\$ 000)	(\$ 000)	(\$ 000)
Public Equity at beginning of the year	8,318	8,000	14,703
Plus: net operating (deficit)	(2,424)	(6,500)	(6,385)
Total recognised revenues & expenses for the period	(2,424)	(6,500)	(6,385)
Total Public Equity at the end of the year	5,894	1,500	8,318

The accompanying accounting policies and notes form an integral part of these financial statements

statement of financial position

as at 30 June 2002

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		Actuals 2002	Budget 2002	Actuals 2001
	notes	(\$ 000)	(\$ 000)	(\$ 000)
Current Assests				
Cash and bank	11	42,893	39,100	47,708
Accounts receivable - General		358	100	465
Accounts receivable - PBF	12	-	-	-
Total Current Assests		43,251	39,200	48,173
Non-Current Assests				
Fixed assests	13	214	100	128
Total Non-Current Assests		214	100	128
Total Assests		43,465	39,300	48,301
Current Liabilities				
Accounts payable		562	1,000	1,403
Employee entitlements		92	-	63
Funding liabilities	14	36,917	36,800	38,517
Total Current Liabilities		37,571	37,800	39,983
Public Equity		5,894	1,500	8,318
Total Liabilities and Public Equity		43,465	39,300	48,301

The accompanying accounting policies and notes form an integral part of these financial statements

statement of cash flows

for the year ended 30 June 2002

	Actuals 2002	Budget 2002	Actuals 2001
notes	(\$ 000)	(\$ 000)	(\$ 000)
Cash flows from operating activities			
Cash provided from:			
Public Broadcasting Fee	951	1,000	4,375
Crown Funding	83,219	83,100	80,996
Interest Received	2,130	–	2,155
Other Income Received	3,121	1,000	244
Cash applied to:			
Funding advances to broadcasters and programme producers	(90,729)	(90,800)	(80,504)
Payments to suppliers and employees (including PBF collection costs)	(3,284)	(2,200)	(4,535)
GST (Paid) Refund	(78)	–	1,297
Net cash (outflows)/inflows from operating activities	15	(7,900)	4,028
Cash Flows from Investing Activities			
Cash applied to:			
Purchase of Fixed Assets	(145)	–	(74)
Net cash (outflows) from investing activities	(145)	–	(74)
Net (decrease)/increase in cash held	(4,815)	(7,900)	3,954
Opening cash	47,708	47,000	43,754
Closing cash	42,893	39,100	47,708
Actual Cash Balance is represented by:			
Current Accounts	59	25	29
Call Deposits	42,834	39,075	47,679
	42,893	39,100	47,708

The accompanying accounting policies and notes form an integral part of these financial statements

statement of commitments

as at 30 June 2002

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Lease Commitments	2002	2001
	(\$ 000)	(\$ 000)
Less than 1 year (2002/2003)	107	60
1 year to 2 years (2003/2004)	85	29
2 years to 5 years (2004/2006)	58	7
Total Lease Commitments	250	96

At balance date, NZ On Air has an operating lease for the premises on the 2nd floor, Lotteries Commission Building, Wellington and also a lease for the premises at 1 Beresford St, Auckland.

Programme and Project Funding Commitments	2002	2001
	(\$ 000)	(\$ 000)
Less than 1 year (2002/2003)	34,230	6,560
1 year to 2 years (2003/2004)	22,290	1,030
2 years to 5 years (2004/2006)	–	–
Total Programme and Project Funding Commitments	56,520	7,590
Total Commitments	56,770	7,686

statement of contingent liabilities

As at 30 June 2002

As at 30 June 2002, NZ On Air has no contingent liabilities (2001 – nil).

statement of resources

for the year ended 30 June 2002

Personnel	2002	2001
Members of the Commission (part-time)	6	6
Staff (full-time equivalents)	12	11

Broadcasting Equipment

Several years ago, NZ On Air purchased broadcasting equipment at a cost of \$287,622, which is currently being used by Fifeshire FM, Port FM and Radio Scenicland for the extension of non-commercial community radio coverage. NZ On Air expensed the cost of this equipment at the time the equipment was purchased.

The accompanying accounting policies and notes form an integral part of these financial statements

notes to the financial statements

for the year ended 30 June 2002

1 Crown Revenue

Following the Government's budget announcement in May 1999 that the Public Broadcasting Fee (PBF) was to be phased out by 30 June 2000, NZ On Air's main source of revenue is Crown funding.

2 Other income	Actuals 2002 (\$000)	Actuals 2001(\$000)
Writebacks of previous years' commitments which have since been withdrawn or reduced	3,004	495
Share of income from the sale of television programmes	441	238
Interest received	2,130	2,375
Other income	10	-
Total other income	5,585	3,108

3 Public Broadcasting Fee (PBF) Collection Costs	Actuals 2002 (\$000)	Actuals 2001(\$000)
Direct collection costs	471	1,797
Administration	-	102
Refunds	11	-
Total PBF costs	482	1,899

4 Administration and Consultation Expenditure	Actuals 2002 (\$000)	Actuals 2001(\$000)
Personnel costs	825	799
Legal, public relations and expert advice	554	492
Office overheads	184	228
Consultation and research	151	221
Travel and communications	210	207
Board Members' Fees	69	73
Rent	59	49
Depreciation		
Furniture and Fittings	12	10
Leasehold Alterations	5	5
Computer Equipment	40	30
Office Equipment	2	2
Audit fees for the audit of financial statements	18	18
Total Administration and Consultation Expenditure	2,129	2,134

5 (Recovery) In Provision For Doubtful Debts

In 2001/2002 the amount of Public Broadcasting Fee (PBF) cash received was \$951,119. This reduced the current doubtful debt provision (Refer to Note 12).

6 Television Programme Funding	2002		2001	
	Hours	Funding (\$000)	Hours	Funding (\$000)
Drama/Comedy	109	26,581	112	24,273
Documentaries/Information/Innovation	116	9,774	139	10,583
Children & young persons' programmes	372	11,221	325	9,972
Arts, Culture & Performance	102	3,125	121	3,497
Special Interest programmes	180	7,486	191	6,967
Total Production Funding	879	58,187	888	55,292
Plus Development Funding		380		444
Total Television Funding		58,567		55,736

7 Radio	Actuals 2002 (\$000)	Actuals 2001(\$000)
Radio New Zealand		
National Radio	18,145	18,145
Concert FM	4,145	4,145
	22,290	22,290
Access and special interest community radio		
Auckland Access Radio	200	200
Radio 531pi (Auckland Pacific Island Radio)	200*	31
Hamilton Access Radio	144	144
Hawkes Bay Access Radio	110	110
Wairarapa Access Radio	85	90
Manawatu Access Radio	100	85
Print Disabled Radio (Levin)	90	90
Kapiti Coast Access Radio	99	99
Wellington Access Radio	200	200
Samoan Capital Radio (Wellington)	160	150
Tasman Bays Access Radio	174	174
Christchurch Access Radio	200	200
Otago Access Radio	135	134
Southland Access Radio	135	135
Access Radio Retreat	15	-
Pacific Island Network	-	250
Access Transmission	-	100
	2,047	2,192
Programmes on commercial radio	571	526
Total Radio Funding	24,908	25,008

*The increase in Radio 531pi funding is primarily due to the station moving from an April to March funding year, to a July to June funding year, which took effect from 1 July 2001.

8 Transmission Coverage	Actuals 2002 (\$000)	Actuals 2001 (\$000)
Television		
TVNZ's non-commercial transmission coverage	1,150	1,150
Chatham Islands television service	97*	145
TV3 community self help scheme	27*	420
Total Transmission Coverage	1,274	1,715

*Non-commercial transmission coverage funding was terminated for the Chatham Islands in February 2002. Therefore, full funding budgeted for the year was not expended. The TV3 community self-help scheme was terminated on 30 June 2001. A number of projects, committed prior to that date, have been completed subsequently.

9 New Zealand Music	Actuals 2002 (\$000)	Actuals 2001 (\$000)
New Zealand music on radio		
New Zealand music on radio	3,319	3,219
New Zealand music videos	505	565
Total New Zealand Music	3,824	3,784

10 Archives	Actuals 2002 (\$000)	Actuals 2001 (\$000)
Television		
New Zealand Film Archive	533	529
Radio		
Sound Archives Nga Taonga Korero	462	459
Total Archives	995	988

11 Cash and Bank	Actuals 2002 (\$000)	Actuals 2001 (\$000)
Cash comprises deposits with registered banks and treasury bills		
Current accounts	59	29
Call deposits	42,834	47,679
Total Cash at Bank	42,893	47,708

12 Accounts Receivable – Public Broadcasting Fee	Actuals 2002 (\$000)	Actuals 2001 (\$000)
Accounts receivable – Public Broadcasting Fee	1,453	2,404
Less provision for doubtful debts	(1,453)	(2,404)
Total Accounts Receivable - PBF	-	-

NZ On Air's PBF collection process will continue in 2002/2003 while residual activity is wound-down. However, there is significant uncertainty as to how much money will be collected. Therefore NZ On Air has taken a conservative approach, and maintained a provision for doubtful debts of approximately \$1.45 million that represents all of the outstanding PBF debt (not previously written off) as at 30 June 2002.

	Actuals 2002 (\$000)	Actuals 2001 (\$000)
Accounts receivable – Public Broadcasting Fee	1,453	2,404
Less provision for doubtful debts	(1,453)	(2,404)
Total Accounts Receivable - PBF	-	-

13 Fixed Assets	Original (\$000)	Accumulated Depreciation (\$000)	Book Value (\$000)
2002			
Computer equipment	251	189	62
Furniture & fittings	182	147	35
Leasehold improvements	209	124	85
Office equipment	62	30	32
Total Fixed Assets - as at 30 June 2002	704	490	214
2001			
Computer equipment	271	199	72
Furniture & fittings	173	135	38
Leasehold improvements	129	118	11
Office equipment	61	54	7
Total Fixed Assets - as at 30 June 2001	634	506	128

14 Funding Liabilities

At the time funds are committed against the current year's income to a programme or a particular project, the commitment is recorded as a liability and the liability is then reduced as the funds are advanced according to the terms of the funding agreement. Funds are normally paid by instalments to meet the cash flow requirements of the programme or the particular project. At year end, funds had yet to be drawn down for the following activities –

	Actuals 2002 (\$000)	Actuals 2001 (\$000)
Television programmes	33,304	34,562
Radio and non-commercial transmission coverage	3,613	3,955
Total Funding Liabilities	36,917	38,517

It is expected that these funding liabilities will all be paid during the next 12 months.

15 Reconciliation of net surplus from operations with the net cashflows from operating	Actuals 2002 (\$000)	Actuals 2001 (\$000)
Net (deficit) from operations	(2,424)	(6,385)
Add non-cash items:		
Depreciation	59	47
	(2,365)	(6,338)
Add (less) movements in working capital items:		
Decrease in accounts receivable	107	3,386
Decrease in GST receivable	78	1,297
(Decrease) in accounts payable (including employee entitlements)	(889)	(549)
(Decrease)/increase in funding liability	(1,601)	6,232
	(2,305)	10,366
Net Cash (outflow)/inflow from operating activities	(4,670)	4,028

16 Financial Instruments

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. NZ On Air's investments include on-call deposits, short term deposits and government stock. NZ On Air does not hold financial derivatives providing interest rate protection. NZ On Air is primarily a short term investor and carries any interest rate risk itself.

Concentration of credit risk

Credit risk is the risk that a third party will default on its obligation to NZ On Air, causing NZ On Air to incur a loss.

NZ On Air has a minimal credit risk in its holding of various financial instruments. These instruments include cash, bank deposits, New Zealand government stock and accounts receivable.

NZ On Air places its investments with institutions that have a high credit rating. There is no significant concentration of credit risk.

Foreign currency risk

There is no exposure to foreign currency risk.

17 Employee Remuneration

During the year, the number of employees of NZ On Air, not being members, who received remuneration and other benefits in excess of \$100,000 were –

Salary Band	Number of Employees 2001/2002	Number of Employees 2000/2001
\$100,000 to \$110,000	2	1
\$150,000 to \$160,000	–	1
\$160,000 to \$170,000	–	1*
\$170,000 to \$180,000	1*	–

*Chief Executive's total remuneration

18 Board Fees	2002 (\$000)	2002 (\$000)
David Beatson (Chairman)	25	27
Don Hunn (Chairman from June 2002)	2	–
Prof Albert Wendt (Deputy Chairman)	11	4
Judy Callingham (part year)	5	–
James Coleman	10	10
Pamela Meekings-Stewart (part year)	–	1
Edie Moke-Reid (part year)	1	–
Hekia Parata (part year)	2	10
Gaylene Preston	8	9
Louise Rosson (part year)	5	8
Trish Stevenson (part year)	–	2

19 Related Party Transactions

NZ On Air is a wholly owned entity of the Crown. The entity enters into a number of transactions with State Owned Enterprises and Crown entities (for example, Television New Zealand Limited and Radio New Zealand Limited). These transactions are carried out on a commercial and arms-length basis (or as required by Ministerial directions made in accordance with Section 44 of the Broadcasting Act) and do not fall within the intended scope of related party disclosures. Where a member of the Board has an interest in a NZ On Air project, this interest is disclosed and the member does not take part in decisions relating to that project.

20 Post Balance Date Events

There have been no material events subsequent to 30 June 2002.

statement of objectives & service performance

for the twelve months ended 30 June 2002

This statement reports on **NZ On Air's** performance in relation to the objectives and targets set in its Statement of Intent for the twelve months ending 30 June 2002. Unless otherwise stated, the time of delivery of the service performance is for the twelve months ended 30 June 2002.

1.0 Programme Funding

1.1 Television Programmes

Outcomes

The broadcast of local programmes that reflect New Zealand identity and culture.

Local programmes and services supported by NZ On Air are well received by their audiences.

A diversity of programming is available to New Zealanders that would not be available on a wholly commercial basis.

Objective

To promote a diverse range of innovative programmes that reflects and fosters the different expressions of New Zealand's cultural identity and serves the needs of viewers as citizens, not simply as consumers.

Performance Targets

Quantity and Cost

To allocate funding to specific genres as follows –

Programme Type	Target Hours 2001/2002		Actual Hours as at 30 June 2002	
	Estimated Hours	Estimated \$ millions	Funded Hours	Funding \$ millions
Drama	49	17.1	53.5	17.4
Comedy	56.5	3.9	42.5	4.1
Children's drama	13	4.5	13	5
Documentaries	90	8.7	91	8.8
Information	–	–	–	–
Special interest programming for:				
- Children/youth	350	11	372.3	11.2
- Arts, culture & performance	110	3	101.5	3.1
- People with disabilities including Teletext in \$ target figures only	20	2.5	20	2.5
- Ethnic minorities	55	2.6	52.5	2.7
- Other minorities	55	2.2	77	2.1
- Innovation	10	1	25	1
Maori reversioning	85	0.3	31	0.2
Development	–	0.5	–	0.4
TOTAL	893.5	57.3	879.3	58.5

Performance Targets	Actual Performance 30 June 2002
<p>Quality</p> <p>The quality of NZ On Air's funding decisions is measured by the following targets –</p> <p>To achieve diversity within the range of funded programmes (as outlined in the table on previous page).</p> <p>To analyse levels of audience support for the programmes and services funded by NZ On Air. The results of this research will be measured against benchmarks established in 2000/2001.</p> <p>To analyse the levels of audience satisfaction for programmes that have been funded by NZ On Air. This will be achieved by:</p> <ul style="list-style-type: none"> Comparing expected viewing levels with AC Nielsen's daily surveys; Seeking feedback on overall satisfaction with NZ On Air-funded programmes in the annual 'Public Awareness' survey; and Within NZ On Air's budget constraints, performing qualitative research that considers the specific viewing preferences of audience groups. 	<p>Achieved as outlined in the foregoing table. Six funding rounds were held during the twelve months covered by this report.</p> <p>Drama targets have been exceeded by four and a half hours. Children's drama funding has been committed and will be allocated by calendar year-end.</p> <p>Forty two and a half hours of comedy have been achieved with an overspend of \$200,000. The failure to achieve the target of 56.5 hours was due to the funding of two high cost/low yield series of Spin Doctors.</p> <p>Targets for children's, other minorities and innovation have been exceeded.</p> <p>Arts, culture and performance has achieved 101.5 hours for an overspend of \$200,000. The failure to reach the target of 110 hours was due to rising costs in this area, partly due to a general drying up of sponsorship dollars, and to a growing broadcaster commitment to screen, but at lower financial contribution levels.</p> <p>Maori reversioning targets were underachieved due to the delay in TVNZ contracting the first Te Karere reversioning commitment. This meant that the projected second commitment did not occur.</p> <p>Achieved. Results of a survey conducted by NFO CM Research were received in August 2001 (see below).</p> <p>Achieved. NZ On Air regularly reviews the survey data prepared by AC Nielsen.</p> <p>In the 2001 survey, sixty three percent of respondents agreed, "NZ On Air does provide programmes and activities that I enjoy". Sixty six percent of respondents agreed, "NZ On Air provides good quality and interesting programmes and services". Both of these questions were new and will provide benchmark measures for subsequent reports.</p> <p>NZ On Air commissioned NFO CM Research to undertake qualitative research on children's variety programmes including WNTV, Squirt and What Now Sundays in August 2001.</p> <p>A follow-up study to the 2002 report, Attitudes to NZ On Air-funded TV Programming & Local Content has been commissioned and will be completed by October 2002.</p>

1.2 Radio Services National Radio & Concert FM

Outcome

That New Zealanders have access to quality public radio services that provide a diversity of programming reflecting New Zealand identity and culture.

Objectives

To fund National Radio and Concert FM to provide the services required by the Charter described in the Radio New Zealand Act 1995 and to assist NZ On Air to meet its objectives under the Broadcasting Act 1989.

To ensure that the contract with Radio New Zealand for the funding of National Radio and Concert FM includes conditions requiring the services to be maintained at such a level that their audiences consider that they are of high quality.

Performance Targets	Actual Performance 30 June 2002
<p>Quantity</p> <p>The new contract between Radio New Zealand and NZ On Air requires National Radio and Concert FM to deliver specific broadcasting services, which meet the requirements of the Radio New Zealand Charter (which is set out in Section 7 of the Radio New Zealand Act 1995).</p>	<p>See the table below.</p> <p>Radio NZ met or exceeded all agreed targets with the exception of targets (f) and (g) for National Radio. This was due to a change in a format decision for the station, which meant that the previously negotiated targets were unachievable.</p>

Programme Type	Target Hours 2001/2002 ^{Note 1}				Actual Hours as at 30 June 2002			
	National Radio		Concert FM		National Radio		Concert FM	
	Broadcast Hours	% Total Hours	Broadcast Hours	% Total Hours	Broadcast Hours	% Total Hours	Broadcast Hours	% Total Hours
A. Intellectual, scientific and cultural development. Informed debate and critical thought.	7,266	83%	Note 3		7,419	85%	Note 3	
B. Information, special interest and entertainment. Reflect cultural diversity including Maori language and culture.	7,418	85%	Note 3		7,930	91%	Note 3	
C. Varied interests within the community. Information, educational, special interest and entertainment.	1,310	15%	8,760	100%	1,618	18%	8,760	100%
D. Musical, dramatic and performing arts. New Zealand and international composers, performers and artists.	1,655	19%	8,420	96%	1,980	23%	8,408	96%
E. Nationwide service, highest quality. Sense of citizenship and national identity.	8,760	100%	Note 3		8,760	100%	Note 3	
F. Comprehensive independent, impartial, balanced news and current affairs. Regional perspective.	2,225	25%	255	3%	2,057	23%	295	3%
G. Comprehensive independent, impartial, balanced international news and current affairs.	1,084	12%	85	1%	1,055	12%	100	1%

Note 1 At the time the 2001/2002 Statement of Intent was prepared, target hours for the 2001/2002 year were being discussed with Radio NZ. The target hours above are the revised hours agreed upon by NZ On Air and Radio NZ following the publication of the 2001/2002 Statement of Intent.

Note 2 Particular programmes produced and broadcast by either National Radio or Concert FM have been assessed in terms of the contribution that the programme makes to Radio New Zealand's statutory Charter functions. Most programmes contribute to more than one Charter function.

Note 3 While Concert FM's programmes may broadly meet the intentions of Charter functions A,B and E, its primary role is to provide services intended by function D.

The contract also requires Radio New Zealand to deliver services to NZ On Air to meet its responsibilities under the Broadcasting Act 1989. They are –

Types of Programmes and Services:	Target Hours ^{Note 1}		Actual Hours as at 30 June 2002	
	National Radio	Concert FM	National Radio	Concert FM
Total broadcast hours including:	8,760	8,760	8,760	8,760
New Zealand content programmes which includes	7,479	–	7,931	–
- Maori language & culture	33 ⁸	–	369	–
- Special Interest	33 ⁶	–	35⁰	–
- New Zealand Drama	166	–	182	–
% of New Zealand music on rotate ^{Note 2}	33%	–	33%	–
% of New Zealand composition	–	3%	–	3%
% of New Zealand music performance	–	12%	–	12%
% of population able to receive transmission ^{Note 3}	97%	92%	97%	92%

Note 1 At the time the 2001/2002 Statement of Intent was prepared, target hours for the 2001/2002 year were being discussed with Radio NZ. The target hours above are the revised hours agreed upon by NZ On Air and Radio NZ following the publication of the 2001/2002 Statement of Intent

Note 2 In addition to the New Zealand Music content on rotate, National Radio produces and broadcasts feature programmes on New Zealand music.

Note 3 This is the proportion of the population able to receive National Radio and Concert FM via terrestrial transmission. As a result of an arrangement with Sky Television, 100% of the country is able to access a National Radio or Concert FM signal via a Sky Satellite dish and decoder.

Performance Targets	Actual Performance 30 June 2002
<p>Quality</p> <p>Under the current contract, Radio New Zealand is required to provide audience research to establish National Radio and Concert FM listenership and to demonstrate that the National Radio and Concert FM services have been maintained at such a level that the audience continues to consider that they are of a high quality.</p> <p>The AC Nielsen survey commissioned by Radio New Zealand in 1999 and repeated in 2000 provided quality benchmarks against which future performance will be measured.</p> <p>Overall audience satisfaction levels should not fall below 80% in the case of National Radio and 75% in the case of Concert FM. Other qualitative benchmarks should not fall below the levels achieved in the last survey in 2000.</p>	<p>Achieved. Radio New Zealand commissioned a third national audience survey, which was carried out by AC Nielsen in 2001. Another survey is planned to take place in 2002.</p> <p>The audience survey completed in 2001 showed a 4.5% increase in cume audience for National Radio and a 12% decrease for Concert FM when compared with 2000. RNZ's total audience remained unchanged.</p> <p>National Radio's audience satisfaction level has remained higher than 80%, but Concert FM suffered a drop in audience satisfaction, which Radio New Zealand has sought to address with format modifications early in 2002. The 2002 audience survey will gauge the result of this.</p>

Cost	Actual Cost to Date
National Radio	\$18,144,500
Concert FM	\$4,144,500
Total Cost National Radio and Concert FM	\$22,289,000

Access & Pacific Island Radio

Outcomes

That the interests of women, youth, children, persons with disabilities, minorities in the community (including ethnic minorities and those reflecting the diverse religious and ethical beliefs of New Zealanders) and non-profit community groups are adequately represented in radio.

That special interest audiences – including Pacific Island audiences – are catered for in areas of significant population.

Objectives

To contribute to the costs of maintaining access radio services for a broad range of non-profit community groups including in particular those specified in Section 36(c) of the Broadcasting Act 1989.

To contribute to the costs of maintaining and boosting Pacific Island community radio services in areas of greatest Pacific Island population and to fund the establishment of a Pacific Island radio network reaching areas of significant Pacific Island population.

Performance Targets	Actual Performance 30 June 2002
<p>Quantity</p> <p>To continue to fund the existing 11 access radio stations which serve communities of 50,000-plus population.</p> <p>To continue to fund the Pacific Island community radio services provided by Radio 531pi in Auckland and Samoan Capital Radio in Wellington.</p> <p>To establish a pan-Pacific Island community radio network to serve areas of significant Pacific Island population including Auckland, Hamilton, Tokoroa, Wellington and Christchurch.</p>	<p>Achieved. Funding was provided to access radio stations located in Auckland, Hamilton, Hawkes Bay, Manawatu, Wairarapa, Kapiti Coast/Horowhenua, Wellington, Tasman Bays, Christchurch, Dunedin and Invercargill.</p> <p>Achieved. Funding for Radio 531pi was increased from \$125,000 a year to \$200,000 a year for the 2001/2002 year and funding for Samoan Capital Radio increased from \$150,000 a year to \$160,000 a year for the 2001/2002 year.</p> <p>At the end of 2001 the Ministers of Broadcasting and Pacific Island Affairs announced funding of \$7.7 million for the establishment and operation of a four year pilot Pacific Island radio network on FM. Funding and evaluation responsibility for the pilot network rests with the Ministry for Culture and Heritage.</p>
<p>Quality</p> <p>To ensure that at least 60% of the programmes broadcast by funded access radio stations meet the needs of the groups specified in Section 36(c) of the Broadcasting Act.</p> <p>To ensure that Pacific Island radio services provide a range of programming suitable for Pacific Island audiences as determined through consultation.</p>	<p>An average of 75% of programmes broadcast by funded access radio stations consisted of Section 36(c) programmes.</p> <p>In addition, a special audit of each station's Section 36(c) programmes was close to completion by year-end.</p> <p>531pi in Auckland and Samoan Capital Radio in Wellington provide suitable programming. Samoan Capital Radio included reports on community consultations in its application for funding for 2002/2003.</p>
<p>Location</p> <p>NZ On Air's current access radio policy identifies areas of 50,000-plus population as a priority. Funded access radio services are located in Auckland, Hamilton, Hawkes Bay, Manawatu, Wairarapa, Kapiti Coast/Horowhenua, Wellington, Tasman Bays, Christchurch, Dunedin and Invercargill.</p> <p>To date, NZ On Air has responded to initiatives to establish Pacific Island radio services in areas of greatest Pacific Island population – Auckland and Wellington. Once spectrum allocation has been confirmed, NZ On Air will fund the establishment of a pan-Pacific Island radio network serving other centres of significant Pacific Island population, including Hamilton, Tokoroa and Christchurch as well as Auckland and Wellington.</p>	<p>Achieved.</p> <p>In December 2001, funding was allocated, through the Ministry for Culture & Heritage for the establishment of a pilot Pacific Island radio network with studios in Auckland, Wellington and Christchurch, and transmission coverage of over 85% of New Zealand.</p> <p>The announcement of the pilot network was made by the Ministers of Broadcasting and Pacific Island Affairs. It is not yet clear how this will affect existing services funded through NZ On Air, but because the network is a pilot project, other services will be maintained, and NZ On Air will encourage new programming initiatives during the pilot period.</p>

Cost	Actual Cost to Date
Access Radio	\$1,860,400
Pacific Island Radio	\$525,000
Total Cost Access and Pacific Island Radio	\$2,385,400

Commercial Radio Programmes

Outcome

That the interests of youth who are commercial radio users are catered for through dedicated youth radio shows; and that radio drama and spiritual/values-based radio shows are available on commercial radio.

Objectives

To fund –

- at least three nationally-syndicated youth radio shows which deal with youth issues and youth interests for broadcast on commercial radio stations that are popular with the youth audience; and
- at least one radio drama series on commercial radio and at least one spiritual/values-based radio series on commercial radio.

Performance Targets	Actual Performance 30 June 2002
<p>Quantity</p> <p>To fund at least 50 weekly one-hour episodes of Rampage, Te Puutake and The Voice for broadcast on at least 20 radio stations each or on commercial radio networks with equivalent audience reach; and</p> <p>To fund at least one radio drama series and at least one spiritual/values-based radio series that will play on at least 20 radio stations each or on commercial radio networks with equivalent audience reach.</p>	<p>Achieved.</p> <p>Achieved for a spiritual/values based radio series (Scrubcutter), and Christmas Day and Easter Special Broadcasts. NZ On Air also funded part of a bi-lingual political series for iwi stations and a series of arts vignettes which played on two commercial networks.</p>
<p>Quality</p> <p>Indicators of the success of the shows – such as target audience feedback, audience numbers, numbers of radio outlets and award nominations and commendations – will be monitored through the year.</p>	<p>Monitoring is continuing. Target audience feedback for Scrubcutter, for example, was very positive, with numerous letters being received in support of the series.</p> <p>Artbeat and Easter Real Time were both finalists for "best daily or weekly series" in the NZ Radio Awards, held in May 2002.</p>
<p>Cost</p>	<p>Actual Cost to Date</p>
<p>Total Cost of Commercial Radio Programmes \$586,040</p>	<p>\$571,165</p>

1.3 Maori Broadcasting

Outcome

That Maori language and culture is promoted by providing funding for television and radio broadcasting.

Objective

To fund and promote programming intended for a general audience including Maori, which provides for adequate representation of Maori and Maori interests.

Performance Targets	Actual Performance 30 June 2002
<p>Quantity</p> <p>As a condition of funding, to require that upwards of 15% of hours funded within a television 'umbrella' funding arrangement involve substantial Maori creative participation on a topic of relevance to Maori language and culture.</p> <p>To fund other television programmes featuring Maori and Maori interests intended for a general audience as funds permit.</p> <p>To require children's programmes funded by NZ On Air to promote Maori language and culture as an essential aspect of the programme.</p> <p>To ensure that National Radio produces and broadcasts at least 260 hours a year of programmes reflecting Maori language and culture. A new funding contract with Radio New Zealand, including programme targets, is currently being negotiated. NZ On Air is seeking an increase in the hours devoted to Maori language and culture in the context of these negotiations.</p> <p>To ensure that upwards of 15% of the music videos funded by NZ On Air during the year, 15% of the tracks on Kiwi Hit Disc, 15% of the new recording artists grants and 15% of the tracks played on key syndicated radio shows are by Maori artists.</p> <p>To produce up to four volumes of Iwi Hit Disc for distribution to every radio station in the country.</p>	<p>Five documentaries of the 25 hour Documentary NZ strand are required to be Maori documentaries. All five have now been commissioned. Two documentaries within the 11 hour Inside New Zealand documentaries strand are required to be Maori documentaries. These have been commissioned.</p> <p>TV3 has been advised that Maori language and culture will need to be reflected in the proposed Inside New Zealand 1/2 hour documentary series.</p> <p>One documentary of the 7-hour TV2 documentary strand is required to be a Maori documentary. This documentary has been commissioned.</p> <p>The following programmes feature a significant amount of Maori content, or are ones (marked *) where NZ On Air has encouraged producers to reflect this part of NZ identity and culture:</p> <ul style="list-style-type: none"> Killing Tomorrow* Spin Doctors II* Lawyers* Children Of Gallipoli The Trouble With Men* Maori Sports Awards Showstoppers* The Summit The Big Art Trip* Hard Out* Bro' Town Mataku Dolly Mixture* No. 8 Wired* Mercy Peak II* (1st half) Space 2002* Squeeze 2002* Polyfest 2002 Virginity: The Men* So You Think You're Funny* Pulp Comedy* Mercy Peak* (2nd half) Street Legal III* The Billy T Awards 2002 Grass Roots Business The Big Art Trip II* The Living Room* Frontier Of Dreams* (1st half) Some Of My Best Friends Are* Freaky Dramas* <p>Maori language and culture are predominant in Mai Time and are reflected where appropriate in all children's programmes. This is reflected in NZ On Air's funding contracts for the production of these programmes.</p> <p>The new contract with Radio New Zealand for the funding of National Radio includes an increased Maori programming target of 338 hours for the 2001/2002 year. This target was exceeded for the year by 31 hours.</p> <p>22 of the 101 music videos funded for the year featured Maori artists (22%) and 25 of the 95 songs on the Kiwi Hit Disc (26%) featured Maori artists. Maori artists' contribution to the radio shows is to be measured.</p> <p>Iwi Hit Disc 7 was released in July 2001. Iwi Hit Disc 8 and Iwi Hit Disc 9 were released in January 2002. Iwi Hit Disc 10 was released in June 2002.</p>

Performance Targets	Actual Performance 30 June 2002
<p>Quality</p> <p>Performance measures to be applied are –</p> <ul style="list-style-type: none"> A Maori broadcasting hui will be held during the year in order to survey progress made by NZ On Air in meeting the Maori broadcasting performance targets outlined above. Six monthly reviews of the implementation of NZ On Air's Te Rautaki Maori will be conducted. NZ On Air consults regularly with Radio New Zealand management to ensure that progress is being made to (a) reflect Maori language and culture; and (b) extend the audience for National Radio's Maori programmes via Maori radio. 	<p>Two Maori broadcasting hui were held during the year. The first took place in August 2001 and the second in December 2001.</p> <p>A review was conducted in April 2001. A further review was scheduled to be conducted by year-end. However, due to changes in Board membership, including a newly appointed Board Member to the Maori Strategy Sub-Committee, it was decided that the review would take place in the latter half of 2002.</p> <p>Achieved. Maori programming issues were discussed with Radio New Zealand in the context of the funding contract negotiations.</p>

Cost	Actual Cost to Date
<p>Estimated funding for general mainstream programmes featuring Maori</p> <p style="text-align: right;">\$3,700,000</p>	<p>(see Note 1 below for the breakdown)</p> <p style="text-align: right;">\$4,619,384</p>

Note 1 Breakdown of funding for general mainstream programmes featuring Maori as at 30 June 2002 –

	Cost
Television Programming	\$3,789,583
Radio	\$719,801
NZ Music Videos	\$110,000
Total	\$4,619,384

The table above can be explained in more detail by the following notes:

a)

Television Programmes	Funding
Children Of Gallipoli	\$179,942
DNZ – 4 Titles	\$320,000
INZ – 2 Titles	\$180,000
Mai Time 2002	\$870,000
Maori Sports Awards	\$68,340
Mataku (Development)	\$40,000
Mataku (Production)	\$1,660,000
Polyfest 2002	\$200,000
The Billy T Awards 2002	\$115,432
The Summit	\$65,869
TV2 Documentary – 1 Title	\$90,000
Total	\$3,789,583

b) The estimate for Radio is based on 3.86% of the total funding provided to National Radio as Maori programming occupies 3.86% of programme hours (3.86% * \$18,145,000). This estimate also includes \$19,404, for part funding of a series of bi-lingual political specials for play on iwi stations.

c) Twenty-two music videos (at a cost of \$5,000 per video) featuring Maori artists were funded this year. It is important to note that Te Mangai Paho is now funding music videos by Maori artists and this has impacted on the number of Maori music projects submitted for NZ On Air's scheme.

1.4 New Zealand Music

Outcome

That there is more New Zealand music played on the radio.

Objective

To increase the amount of New Zealand music played on radio – particularly, commercial radio.

To encourage and help all radio stations to play more New Zealand music.

Performance Targets	Actual Performance 30 June 2002
<p>Quantity</p> <p>To progressively increase New Zealand music content on commercial radio to 15% - 20% or more as measured by the quarterly surveys of radio station airplay logs collected by APRA (the Australasian Performing Right Association) and published in the radio industry trade journal, Median Strip.</p> <p>To assist with the international release and marketing of at least four albums by New Zealand artists that have first proved successful on the domestic market (matching funding of up to \$50,000 from the record company involved with the project).</p> <p>To fund at least 14 new albums by New Zealand artists with a proven commercial radio track record in order to get at least four songs off each album that meet NZ On Air's established "significant airplay" benchmark (matching funding of up to \$50,000 from the record company involved with the project).</p> <p>To fund at least 60 single recording projects by new New Zealand artists who have commercial radio airplay potential and to achieve "significant airplay" on commercial radio from at least 75% of the funded projects.</p> <p>To establish a partnership with a music television provider that will increase the opportunities for music videos to play on free-to-air television from 7 hours a week to at least 25 hours a week.</p> <p>To fund at least 100 music videos by New Zealand artists for broadcast on every music video outlet currently on air.</p> <p>To fund at least one regular daily or weekly New Zealand music show on all major commercial radio networks and to fund dedicated New Zealand music shows on all seven b.net student radio stations.</p> <p>To produce at least five volumes of Kiwi Hit Disc; at least four volumes each of Indie Hit Disc and Iwi Hit Disc; and at least two volumes of the A/C Hit Disc for distribution to every radio station in the country.</p> <p>To assist record companies with the costs of radio remixes of at least 25 songs that have the potential to get more commercial radio airplay in a remixed form.</p>	<p>Monitoring of NZ music content on commercial radio is now done via Radio Scope, in line with the Government's agreement with the Radio Broadcasters' Association for the new NZ Music Code. According to Radio Scope, NZ music content on commercial radio in the quarter to 30 June 2002 was 14.70%, up from 13.19% reported by Radio Scope for the March 2002 quarter.</p> <p>Six projects were funded during the year – Virgin Records/Salmonella Dub for Inside The Dub Plates; Sony Music/Stellar for Magic Line; Sony Music/Che Fu for Navigator; Warner Music/Feelers for Communicate; Warner Music/Anika Moa for Thinking Room; and Flying Nun Records/The D4 for 6Twenty.</p> <p>14 album projects were funded during the year – albums by Tadpole, Strawpeople, Herbs, Rubicon, 3 The Hard Way, Barry Saunders, Bryan Bell, King Kapsi, Voom, Breathe, Augustino, goodshirt, Nurture and Fur Patrol.</p> <p>49 new recording projects were funded during the year. Airplay results were monitored regularly. As at 30 June 2002, 32 of the 50 singles so far released to radio had achieved "significant airplay" – equating to 64%.</p> <p>NZ On Air deliberately limited the number of new recording projects in 2001/2002, in order to keep pace with the rate that commercial radio can absorb new music by largely unknown artists.</p> <p>NZ On Air contributed funding towards the Satellite Pictures/TV2 music channel-within-a-channel, M2. The target increase in hours was therefore achieved.</p> <p>Funding was allocated to 101 music videos during the year.</p> <p>Achieved. Seven music shows played on commercial radio stations around the country during the year, in addition to the NZ music shows that played on the b.net, and the un-chart-ed show. The seven are -</p> <ul style="list-style-type: none"> The Beat Files (the ZMs) Keeping It Kiwi (various) Soundcheck (The Rock) The Classic Files (Classic Hits) Kiwi Classic Album (Classic Hits) NZ Music Revolution (the More FMs) The Slab (The Edge) <p>During the year, NZ On Air produced six Kiwi Hit Discs; four Indie; four Iwi; and one A/C disc. The discs were distributed to all radio stations.</p> <p>Nine radio remix projects were funded during the year. The demand was lower than anticipated, but industry feedback confirms that the initiative is worthwhile.</p>

Performance Targets	Actual Performance 30 June 2002
<p>To provide Radio Hits funding for at least 40 records that have picked up "significant airplay" on commercial radio (provided those records have not already been funded through the Phase Four Albums or New Recordings tiers).</p>	<p>29 Radio Hits projects were funded during the year (based on airplay in the June, September and December 2001 quarters and the March 2002 quarter).</p>
<p>To contract three pluggers (New Zealand music promotion people) to promote the use of NZ On Air's hit disc catalogue at commercial radio.</p>	<p>NZ On Air is now funding fewer Radio Hits projects, as more Phase Four-funded songs achieve "significant airplay". A song that has already been funded via one of the Phase Four schemes is not also eligible for Radio Hits funding.</p>
<p>To run a New Zealand music promotions campaign including publishing at least 6 issues of the Fresh Air magazine for distribution to every radio station in the country; partnering with the Kiwi Music Action Group in promoting NZ Music Month and the NZ Music Showcase; presenting at least 10 Double Digits plaques; partnering with key commercial radio networks in promotions that increase the presence of New Zealand music on air; and mounting at least four Kiwi Hit Disc showcases for key commercial radio programmers.</p>	<p>Achieved.</p>
<p>To partner with the NZ Music Industry Commission in mounting at least one major seminar or workshop on writing and production techniques that improve the chances of a record achieving "significant airplay" on commercial radio.</p>	<p>Achieved.</p> <p>Twelve issues of Fresh Air magazine were published and distributed.</p>
<p>In order to make sure that all funded records, music videos and tracks on the hit discs will receive significant television and radio airplay, NZ On Air will consult television and radio programme directors before selecting projects that will get support and will obtain from them an assessment of the airplay potential of the songs.</p>	<p>NZ On Air contributed to NZ Music Month in May, including partnerships with radio networks in live-to-air promotions, and then organised (with APRA and the MIC) the NZ Music Showcase at the RBA conference.</p>
<p>In order to guarantee exposure for New Zealand music via networked and syndicated radio shows, NZ On Air will require the producers of such shows to produce written commitments to broadcast the shows from at least 20 radio stations each or from a commercial radio network with equivalent audience reach.</p>	<p>No such partnership opportunities arose during the year.</p>
	<p>Achieved.</p>
	<p>Achieved.</p>

Cost	Actual Cost to Date
New Zealand Music	\$3,823,953

2.0 Transmission Coverage

2.1 Television Transmission Coverage

Outcome

To provide cost-effective transmission coverage of TV One and TV2 to communities that are unable to receive a commercially viable signal.

Objective

To work with TVNZ to implement more cost-effective provision of TV One and TV2 to communities that are unable to receive a commercially viable signal.

To subsidise TV One and TV2, where necessary, to maintain transmission coverage to certain communities mainly in remote areas (approximately 14,000 households) which NZ On Air considers to be non-commercial and currently unable to be delivered by more cost-effective means.

Performance Targets	Actual Performance 30 June 2002
<p>Quantity & Location</p> <p>NZ On Air will continue its negotiations with TVNZ, and where necessary perform cost-benefit analyses, in order to implement more cost-effective delivery of TV One and TV2 to communities in remote non-commercial areas.</p>	<p>NZ On Air is currently in discussion with TVNZ to determine an appropriate level of non-commercial transmission coverage funding following the network's digital transmission arrangement with Sky Television, which took effect in January 2002.</p> <p>NZ On Air has begun work on a non-commercial transmission options paper for future funding of non-commercial transmission now that TV One and TV2 are available on Sky's digital satellite platform. Research to assist in completing the options paper has been commissioned, and was close to completion by year-end. It is expected that the options paper will be completed in September 2002.</p>
<p>If necessary, to subsidise the cost of transmission to those areas which are non-commercial in order to maintain TV One's coverage at 99.7% of the population.</p> <p>If necessary, to subsidise the cost of transmission to those areas which are non-commercial in order to maintain TV2's coverage at 99.5% of the population.</p> <p>To reassess, if necessary, the cost-benefits of providing TV One and TV2 to households in remote non-commercial areas using TVNZ's existing terrestrial transmission system</p>	<p>Achieved. Funding of \$1.15m was approved for TVNZ, to subsidise non-commercial transmission operating costs for TV One and TV2, for the year ending 30 June 2002.</p> <p>Achieved. As above.</p> <p>See above.</p>
<p>Quality</p> <p>Where NZ On Air subsidises transmission coverage, the broadcaster will make available to the agreed number of potential viewers in the coverage area a signal suitable to provide a received picture quality that conforms to the International Radio Consultative Committee recommended standard R500-4 of PQ3 or better.</p> <p>NZ On Air will obtain technical advice where necessary to validate any technical issues that relate to transmission coverage.</p>	<p>Achieved. TVNZ has provided transmission to the agreed number of potential viewers in subsidised coverage areas. The signal conformed to International Radio Consultative Committee recommended standard R500-4 of PQ3 or better.</p> <p>Achieved. Independent technical expertise has been obtained in evaluating transmission coverage funding applications, and in relation to the non-commercial transmission options research.</p>

Cost	Actual Cost to Date
Television Transmission Coverage	\$1,274,268

2.2 Radio Transmission Coverage

Outcome

That as many New Zealanders as possible are able to receive a community radio service.

Objective

To encourage the use of NZ On Air's scheme to make a primary-strength community radio service available to every community of 500+ people.

Performance Targets	Actual Performance 30 June 2002
<p>Quantity & Location</p> <p>To consider applications for funding of capital equipment to establish up to three new community radio facilities in areas of 500+ people that are not served by a primary-strength community radio signal. In assessing applications for funding, NZ On Air will give priority to areas where there has never been a primary-strength community radio service established on a commercial basis.</p>	<p>An application to extend a radio station's coverage into the Karamea area was submitted in August 2001, but was declined on the basis that Karamea already receives a primary-strength radio service through Radio Scenicland.</p>
<p>Quality</p> <p>Where NZ On Air subsidises a community radio service, the broadcaster will make available to the agreed number of potential listeners in the coverage area a signal suitable to provide a field strength of at least 54dBu per metre for FM or 60dBu per metre for MF(AM).</p> <p>NZ On Air will contract with the broadcasters to ensure that the community radio service broadcasts for 24 hours per day and that the programming includes local news, weather and community information and is capable of carrying local civil defence information in an emergency.</p>	<p>Achieved.</p> <p>Achieved.</p>

Cost	Actual Cost to Date
Radio Transmission Coverage	\$139,500
	NIL

3.0 Archiving

Outcome

That a representative range of New Zealand television and radio programmes with the potential to be of historical interest are archived.

Objective

To provide funding to the New Zealand Film Archive and Sound Archives Nga Taonga Korero Ltd to archive a wide range of New Zealand television and radio broadcasts, and to maintain the collections in line with accepted archiving procedures, including public access to the collections.

Performance Targets

Quantity

To provide funding for core archiving services for a wide range of television and radio programmes, which are likely to be of historical interest in New Zealand -

Service	Target Hours 2001/2002		Actual Performance to 30 June 2002	
	Television	Radio	Television	Radio
Selection and acquisition of programmes to be archived	654	1,300	658	1,421 ^{Note 1}
Preservation of programmes	170	1,700	175 ^{Note 2}	1,878
Public access to the archived broadcast programmes	Note 3	Note 3	Achieved	Achieved

Note 1 The total hours accessioned by Sound Archives Nga Taonga Korero Ltd included an additional 53 hours to make up for a deficit reported in the previous year.

Note 2 The NZ Film Archive found it difficult in the first six months of 2001/2002 to identify whether or not master material was held by TVNZ. They subsequently managed these issues and achieved the target of 170 hours for 2001/2002.

Note 3 Public access to archive material held by either the New Zealand Film Archive or Sound Archives Nga Taonga Korero Ltd is available during these archives' working hours in line with generally accepted archiving procedures.

Performance Targets	Actual Performance 30 June 2002
<p>Quality</p> <p>NZ On Air will engage an independent archiving consultant to review the archiving services six-monthly, (in particular, the diversity of programmes archived) that have been provided by the New Zealand Film Archive and Sound Archives Nga Taonga Korero Ltd.</p>	<p>By year-end, NZ On Air had appointed a new archiving consultant, in replacement of Jonathan Dennis. It is expected that the review of archiving services for the 2001/2002 year will be completed in September 2002.</p>
<p>Cost</p> <p>Archiving</p>	\$995,000
	\$995,419

4.0 Public Broadcasting Fee (PBF) Collection

The Public Broadcasting Fee (PBF) was the main source of NZ On Air's funding for ten years. In May 1999 the National Government announced its decision to abolish the PBF, with effect from 1 July 2000. The Broadcasting Amendment Act 1999 granted authority to the Broadcasting Commission to continue collecting outstanding Public Broadcasting Fees beyond that date.

NZ On Air continued collecting residual PBF throughout 2000/2001, since it remained cost-effective to do so. The net cost of collection as a proportion of revenue secured has been reviewed regularly.

NZ On Air had either written off or collected all but approximately \$2.4 million of PBF debt as at 30 June 2001. Given the uncertainty of the timetable for residual collection activity in 2001/2002, it was decided to retain a provision for doubtful debts equivalent to the full amount of debt remaining on our books. Successful collection of residual PBF during 2001/2002 was therefore reflected in an adjustment to the provision at year-end.

Performance Targets	Actual Performance 30 June 2002
<p>Quality</p> <p>The key targets for the financial year ending 30 June 2002 are:</p> <ul style="list-style-type: none"> Cash receipts from PBF debtors of at least \$1 million. Total collection costs of \$0.5m or less (50% of cash received). 	<p>PBF cash received for the twelve months to 30 June 2002 was \$951,118, or 95% of the target amount.</p> <p>Achieved. Total PBF Collection Centre, administration and debt collection costs for the twelve months ending 30 June 2002 were \$471,045 (or 49.5% of cash received).</p>

Comment

Outstanding PBF Collection

The total number of outstanding PBF debtors for the twelve months to 30 June 2002 is 109,697. This means that more than 89% of fee payers have now fully paid PBF owing, and their accounts have been closed.

Uncollected PBF Debt

The amount of uncollected PBF debt stands at \$15,107,191, but as at 30 June 2002, all but \$1,452,756 of this amount had been written off. As noted above, all remaining debt on the books (\$1,452,756) was provided for as doubtful debt.

Debt Collection Costs

Debt collection and enforcement costs remained cost-effective overall with about \$1.98 collected for every \$1 spent. Costs were reduced as activities were gradually wound up.

The overall collections and debt levels fell during the year, due to a reducing level of debt collection activity.

As at 30 June 2002, all external contracts (with the exception of Baycorp) to manage the collection of residual PBF debt were terminated. At the same time, NZ On Air established an internal monitoring and review system to manage the Baycorp contract, while the final wind-down of residual collection activity is completed.

All court cases still under action as at 31 March 2000 have been closed.

High Court Case

Since February 1998, a group opposed to paying the Broadcasting Fee have challenged the legality of NZ On Air collecting the Fee.

A High Court action, involving 34 plaintiffs, was served against NZ On Air on 6 October 2000. The Crown agreed to join as second defendants in regard to one issue (relating to GST) on 10 September 2001.

In November 2001, the plaintiffs withdrew the judicial proceedings against NZ On Air in relation to the Commission's handling of applications for PBF concessions. However, the claim that GST had wrongly been applied to the Public Broadcasting Fee remained on foot.

Communication initiated with the plaintiffs' solicitor on 30 April 2002 suggested that the case was not progressing. As at year-end, it seemed likely that the action would be discontinued.

statement of management procedures

for the twelve months ending 30 June 2002

Funding Allocation Process

Outcome

That NZ On Air operations are effective and efficient.

Description

In its planning and operations for the year, NZ On Air will be guided, both in its internal management processes, and its funding allocation policies, by the following key principles –

- New Zealand audiences (both television and radio) will be considered as citizens, not simply as consumers.
- NZ On Air will encourage innovation in broadcasting (which may include new initiatives within long-standing programmes).
- The risks and opportunities for public broadcasting afforded by new technologies will be analysed and planned for.
- NZ On Air will ensure New Zealand's platform of bi-culturality is widely reflected, wherever possible and appropriate.
- NZ On Air will ensure there are significant expressions of New Zealand's culture and identity, in all its diversity, across a range of broadcast media.
- Broadcasting's role in providing access to information for all New Zealanders to different expressions of arts, education, science etc will be recognised.

Objective

To allocate income derived from the Crown for the purpose of providing broadcasting services to Government and the New Zealand public as required by the Broadcasting Act 1989 (the Act) and directions issued by the Minister of Broadcasting pursuant to Section 44 of the Act.

NZ On Air's administration budget for the 2001/2002 year is maintained at the previous year's level. The transfer of a share of administrative and overhead costs, which were previously allocated to the collection of Public Broadcasting Fee has been absorbed within the total budget.

During the year, NZ On Air will continue to allocate funds for the production of radio and television broadcasts and programmes which reflect New Zealand identity and culture, Maori broadcasting, for special interest audiences (Section 36(c) of the Act), New Zealand music, archiving broadcasts of historical interest, teletext subtitles, and where necessary, ensure the availability of transmission to areas which would not otherwise receive a commercially viable signal.

The funding allocation process involves:

- determining priorities for allocating funds to meet audience needs in relation to NZ On Air's statutory responsibilities;
- making funding allocation decisions;
- contracting with broadcasting service providers; and
- monitoring contract compliance.

Management Procedures	Actual Performance 30 June 2002
<p>1 To consult regularly with broadcasters, producers, Maori, special interest groups and other relevant parties as outlined in Section 37(a) of the Act and, where necessary, modify policies in relation to changes in the broadcasting environment.</p>	<p>Achieved. For example, two consultation sessions were held with broadcasters and producers, in Auckland, Wellington and Christchurch. Two hui were held with Maori practitioners and broadcasters. Quantitative and focus group audience research was commissioned during the year (see below).</p> <p>Details of policy initiatives, in response to changes in the broadcasting environment, are outlined below.</p>
<p>2 To commission specific research, where necessary, to:</p> <ul style="list-style-type: none"> inform NZ On Air decision makers; understand particular audience needs; and obtain information about public preferences for NZ On Air services. <p>Research priorities for the year will include:</p> <ul style="list-style-type: none"> Focus group research into NZ On Air's funding for special interest programming; ratings and further quantitative research into Maori viewing behaviour; and a follow-up study to the 2000 report, Attitudes to NZ On Air-funded TV Programming & Local Content. 	<p>NZ On Air commissioned Paul Norris and Brian Pauling to complete a report on the "New Technologies and the Digital Future". This report has been completed and published.</p> <p>NZ On Air commissioned NFO CM Research to undertake qualitative research on children's variety programmes.</p> <p>NZ On Air engaged NFO CM Research to conduct a Public Awareness survey in the first half of 2002.</p> <p>Completed, published and presented to stakeholders in mid-2001.</p> <p>To be completed. Focus group research was underway by year-end. A Maori and Pacific Island booster sample was also added to NZ On Air's annual Public Awareness Survey.</p> <p>The follow-up study (focus group research) has been commissioned and will be completed by October 2002.</p>
<p>3 All complete funding applications received by NZ On Air by its published deadlines, will be considered by the Board within one month following the deadline.</p>	<p>Achieved.</p>
<p>4 All funding decisions will be made by NZ On Air's Board in accordance with the provisions of the Broadcasting Act, any directions issued by the Minister of Broadcasting and NZ On Air's current policies (as outlined in the funding guidelines available to the public).</p>	<p>Achieved.</p>
<p>5 To communicate NZ On Air funding decisions by letter to applicants as soon as practicable and by press releases where appropriate to the general public.</p>	<p>Achieved.</p>

6 To enter into funding contracts with service providers to obtain a range of broadcasting services. **Achieved.** See table below.

Broadcasting Services	Expected Number of Funding Contracts for 2001/2002	Actual Number of Contracts as at 30 June 2002
Television	150	122
Radio New Zealand	1	1
Access/Pacific Island Radio	14	14
Commercial Radio Programmes	3	4
Transmission Coverage	3	2
New Zealand Music	239	258
Archiving	2	2
Total	412	403

7 All funding contract requirements will be monitored and reviewed by NZ On Air on a regular basis from the time of signing the contracts to service delivery.

8 NZ On Air will audit a random selection of funding recipients throughout 2001/2002 to ensure that these service providers attain specified standards of performance and account for the use of the funds.

9 NZ On Air regularly reviews and where necessary updates its various risk management (eg Treasury policy, disaster recovery, and conflict of interest) and human resource (eg health and safety, and code of conduct/conditions of employment) policies and strategies.

10 NZ On Air's Te Rautaki Maori will include regular analysis and review of Treaty of Waitangi issues relevant to NZ On Air.

11 NZ On Air's audit committee has developed a work plan for 2001-2003, which addresses the majority of the risks facing NZ On Air. This plan will commence during 2001 and will be regularly monitored and, if necessary, revised by NZ On Air annually.

12 A review of NZ On Air's IT capabilities, conducted in 1999/2000 has been followed up by a work programme that has ensured network stability and is relevant to NZ On Air's needs.

13 NZ On Air's baseline staff will not be increased this year. The position of General Manager, Revenue & Marketing will be dis-established, however, and a reconfiguration of staff responsibilities will result in the creation of a new position. While residual PBF collection continues, a contract position to manage the activity will be maintained.

14 A contract position to provide mentoring and executive producer services to Maori practitioners will also be continued. NZ On Air will continue a staff training programme, to focus on time management, negotiation and presentation skills, and knowledge of Maori language and culture.

Achieved. For example, cost reports are a pre-requisite for television funding draw-downs, and are closely monitored by NZ On Air staff.

Achieved. A number of audits have been conducted this year (see below). As a result, NZ On Air has made changes to its internal monitoring procedures, and improvements to accounting/reporting systems have subsequently been discussed with the producers of these programmes.

Achieved. Continually monitored.

A new harassment policy was introduced, after consultation with staff, by year-end.

Treasury policy, travel and accommodation policies, and a health and safety report were all reviewed by the Board at its June meeting.

No issues identified during the year.

Achieved. A number of audits were conducted during the year, with satisfactory results across the board (these are listed below). Several audits highlighted the need for improvements to funding recipients' accounting systems. New monitoring procedures have been put in place as a result.

Audits conducted:

- Funding Recipient Compliance Audits for Special Interest Programmes;
- Governance Controls Audit;
- Contracts & Contract Compliance Audit;
- Music Video & Radio Programme Audits; and
- Rampant Media External Audit.

Achieved.

Position of Radio and Communications Manager was drawn up and advertised. The successful applicant was Bernard Duncan.

A new part-time position (Television Contracts Coordinator) was established, and filled by year-end.

The contract to manage residual PBF Collection was terminated at the end of June 2002, with management of the remaining activity brought in-house from that date.

Achieved.

Various staff members have attended time management, project management and strategic leadership courses, for example, during the year.

Consultation and Accountability

Description

To carry out its functions under the Broadcasting Act successfully, NZ On Air conducts regular consultation and research to ensure the programmes and services that it funds meet audience needs. NZ On Air also has reporting systems to provide full accountability to Government for the services it provides.

Objectives

To operate an effective two-way communication process (including consultation, research and publications) with Government, and the users of NZ On Air-funded services (NZ On Air's customers), and broadcasters, programme producers, Maori, transmission suppliers, archivists and other suppliers (NZ On Air's service providers); and

To assess the needs of customers by research and consultation; and

To be accountable by informing customers and service providers of NZ On Air policies, requirements, decisions, and results.

Management Procedures	Actual Performance 30 June 2002
<p>Provide external information by –</p> <p>Publishing NZ On Air's Statement of Intent for tabling in Parliament and for issue to the public at the beginning of the financial year.</p> <p>Publishing any new NZ On Air funding policies and guidelines within one month of adoption and circulating them to all interested groups.</p>	<p>Achieved. NZ On Air's Statement of Intent was tabled on 8 August 2001.</p> <p>A consultative process on financial assessment, equity, marketing and development issues for television funding was conducted. As a result, a staged implementation of new policies is underway, with guidelines in respect of contingency/production company overhead fees, financial assessment of certain projects & NZ On Air's equity position taking effect from 1 January 2002.</p> <p>Following further consultation, new policies with respect to the back catalogue of funded television programmes, programme re-packaging loans and travel loans were published, and will come into effect from 1 July 2002.</p> <p>Achieved.</p> <p>Achieved. NZ On Air's Annual Report for the year ending 30 June 2000 was tabled on 3 October 2001.</p> <p>Achieved.</p> <p>Achieved. NZ On Air subscribes to, and regularly consults, the people meter survey data prepared by AC Nielsen.</p> <p>NZ On Air extracts information monthly from Median Strip and regularly from Research International NZ Limited's website.</p> <p>Achieved. A Public Awareness survey was conducted, and focus group research had been commissioned by year-end.</p> <p>Achieved. A follow-up (peer) review of special interest programmes was, for example, commissioned by year-end.</p> <p>Achieved. Children's variety programming research informed NZ On Air decision-makers and stakeholders in the consideration of funding applications in October 2001.</p> <p>Achieved. An action plan was approved and implemented to assist regional broadcasters, so that co-venturing and broadcast opportunities could be maximised.</p> <p>Consideration was also given to NZ On Air's funding policies for the new Maori Television Service.</p>
<p>Communicating NZ On Air funding decisions by letter to applicants and by press releases to the general public.</p> <p>Publishing NZ On Air's annual report within three-months of the end of the financial year.</p> <p>Providing quarterly reports to the Minister of Broadcasting.</p> <p>Consult by –</p> <p>Securing regular audience survey information for television and radio in order to measure audience response to NZ On Air-funded programmes. Survey information to include –</p> <ul style="list-style-type: none"> • Daily TV programme ratings; and • Topline metropolitan and provincial radio audience surveys data. <p>Where necessary, commissioning specific research to –</p> <ul style="list-style-type: none"> • Assess audience needs and preferences; and • Obtain information that will enhance NZ On Air's outcomes; and • Inform NZ On Air decision makers and NZ On Air's stakeholders. <p>Monitoring the development of the broadcasting environment, and where necessary, modify policies to provide for any changes in the environment.</p>	
<p>Cost</p> <p>Administration (including funding allocation process, accountability and consultation) \$2,100,000</p>	<p>Actual Cost to Date</p> <p>\$2,128,675</p>

To the readers of the financial statements of NZ On Air for the year ended 30 June 2002

We have audited the financial statements on pages 20 to 47. The financial statements provide information about the past financial and service performance of NZ On Air and its financial position as at 30 June 2002. This information is stated in accordance with the accounting policies set out on pages 20 and 21.

Responsibilities of the Board

The Public Finance Act 1989 requires the Board to prepare financial statements in accordance with generally accepted accounting practice in New Zealand that fairly reflect the financial position of NZ On Air as at 30 June 2002, the results of its operations and cash flows and service performance achievements for the year ended on that date.

Auditor's responsibilities

Section 15 of the Public Audit Act 2001 and Section 43(1) of the Public Finance Act 1989 require the Auditor-General to audit the financial statements presented by the Board. It is the responsibility of the Auditor-General to express an independent opinion on the financial statements and report that opinion to you.

The Auditor-General has appointed Jeffrey Galt, of Audit New Zealand, to undertake the audit.

Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Board in the preparation of the financial statements; and
- whether the accounting policies are appropriate to NZ On Air's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with the Auditing Standards published by the Auditor-General, which incorporate the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor acting on behalf of the Auditor-General, we have no relationship with or interests in NZ On Air.

Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion the financial statements of NZ On Air on pages 20 to 47:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
 - NZ On Air's financial position as at 30 June 2002;
 - the results of its operations and cash flows for the year ended on that date; and
 - its service performance achievements in relation to the performance targets and other measures adopted for the year ended on that date.

Our audit was completed on 19 September 2002 and our unqualified opinion is expressed as at that date.



Jeff Galt
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Six year comparison

Television Production Funding Statistics	2002	2001	2000	1999	1998	1997
By Producer						
TVNZ	15%	17%	21%	22%	23%	29%
TV3	0%	4%	2%	2%	2%	2%
Independent Producers	85%	79%	77%	76%	75%	69%
	100%	100%	100%	100%	100%	100%
By Broadcaster						
TVNZ	80%	72%	73%	83%	66%	78%
TV3	20%	28%	27%	17%	34%	22%
	100%	100%	100%	100%	100%	100%
Programme Type/Hours Funded						
Drama/Comedy/Children's Drama	109	122	73	66	60	62
Documentaries/Information/Innovation	116	139	120	104	119	99
Children and Young Persons	372	325	370	367	369	410
Special Interest	282	312	261	234	253	204
	879	888	824	771	801	775

television programmes

funded during the year ended 30 June 2002

Programme	Broadcaster	Producer	Episodes & Duration	NZ On Air Funding	% of Cost
Drama					
Crime Story	TV3	Kahukura Productions	1 x 2 hour	\$350,000	
Mataku 2	TV3	South Pacific Pictures	8 x 1/2 hour	\$1,660,000	
Mercy Peak I (second part)	TV ONE	South Pacific Pictures	9 x 1 hour	\$3,180,000	
Mercy Peak II (first part)	TV ONE	South Pacific Pictures	14 x 1 hour	\$4,887,224	
Perfect Strangers (additional)	TV2	Gaylene Preston Productions		\$100,000	
Killing Tomorrow	TV3	Screen-time-Communicado	1 x 1 hour	\$435,580	
Shortcuts 3	TV4	Halsey Street	13 x 1/2 hour	\$130,561	
Street Legal III	TV2	Screenworks Street Legal	13 x 1 hour	\$4,673,990	
Tosca's Requiem	TV ONE	Frame Up Films	2 x 2 hour	\$2,000,000	
Total Drama			53.5 hours	17,417,355	60%
Children's Drama					
Children's drama x 2		In development	10.5 hour	\$4,200,000	
Freaky Dramas	TV2	TVNZ Avalon Productions	5 x 1/2 hour	\$525,384	
Hard Out (additional)	TV2	Screenworks Limited		\$300,000	
Total Children's Drama			13 hours	\$5,025,384	98%
Comedy					
Big Comedy Gala 2002	TV2	Phoenix Television	1 x 1.5 hour	\$111,138	
Billy T Awards 2002	TV2	Phoenix Television	1 x 1 hour	\$115,432	
Havoc & Newsboy's Sellout Tour 3	TV2	TVNZ	10 x 1/2 hour	\$178,985	
Pulp Comedy VII	TV2	Phoenix Television	17 x 1/2 hour	\$295,913	
So You Think You're Funny?	TV ONE	Visionary Film & TV	7 x 1/2 hour	\$213,254	
Spin Doctors I	TV ONE	Comedia Pictures	7 x 1/2 hour	\$1,086,320	
Spin Doctors II	TV ONE	Comedia Pictures	8 x 1/2 hour	\$1,201,667	
The Panel II	TV3	Screen-time-Communicado	12 x 1 hour	\$436,303	
Willy Nilly II	TV ONE	Big House Film & Television	7 x 1/2 hour	\$500,000	
Total Comedy			42.5 hours	\$4,139,012	68%

Programme	Broadcaster	Producer	Episodes & Duration	NZ On Air Funding	% of Cost
Documentary					
American Highway	TV3	Production Line	6 x 1/2 hour	\$76,000	
Children Of Gallipoli	TV ONE	A C Productions	1 x 1 hour	\$179,942	
Christmas In The Jungle	TV3	ILC Productions	1 x 1 hour	\$42,223	
Coffee, Tea Or Me?	TV ONE	Gaylene Preston Productions	1 x 1 hour	\$145,694	
Colonial House	TV ONE	Touchdown Television	1 x 1 hr & 9 x 1/2 hr	\$402,670	
Country Calendar 2003	TV ONE	TVNZ Avalon Productions	13 x 1/2 hour	\$220,000	
Frontier Of Dreams (first part)	TV ONE	Whakapapa Productions	6 x 1 hour	\$1,801,483	
Give It A Whirl	TV ONE	Visionary Film & TV	6 x 1 hour	\$602,704	
Our Oldest Soldier	TV ONE	Ponsonby Productions	1 x 1/2 hour	\$60,000	
Prime Suspect (additional)	TV ONE	George Andrews Productions	1 x 1 hour	\$7,500	
Killing Tomorrow	TV3	Screen-time-Communicado	1 x 1.5 hour	\$84,210	
Secret New Zealand (additional)	TV ONE	Greenstone Pictures	6 x 1/2 hour	\$17,500	
Soundings	TV ONE	Hunter Productions	1 x 1 hour	\$172,624	
The Trouble With Men	TV ONE	Top Shelf Productions	25 x 1 hour	\$227,312	
Virginity - The Men	TV ONE	Big Pictures	1 x 1 hour	\$135,000	
Documentary New Zealand Series V	TV ONE		25 x 1 hour		
Anika Moa - The Making Of A Star		The TV Set	1 x 1 hour	\$114,428	
Top Heavy		Greenstone Pictures	1 x 1 hour	\$80,705	
Born To Be Big		Greenstone Pictures	1 x 1 hour	\$79,632	
Children Of The Famous & Infamous		A C Productions	1 x 1 hour	\$75,826	
Do Or Die: Lost In The Bush		Greenstone Pictures	1 x 1 hour	\$80,935	
Don't Let It Get You		Red Sky Film & Television	1 x 1 hour	\$65,600	
Face Value		Nona Films	1 x 1 hour	\$80,000	
Finding Natalia		Bright Spark TV & Video	1 x 1 hour	\$44,869	
Frontier Tales		Pipi Productions	1 x 1 hour	\$124,977	
Girls Behaving Badly		Greenstone Pictures	1 x 1 hour	\$80,057	
Gladiator		Screen-time-Communicado	1 x 1 hour	\$80,000	
Hitchhikers Guide To NZ		Greenstone Pictures	1 x 1 hour	\$82,707	
Kai		Greenstone Pictures	1 x 1 hour	\$85,473	
Mental Breakdown		Top Shelf Productions	1 x 1 hour	\$90,431	
The Glamour Boys		RSVP Productions	1 x 1 hour	\$80,000	
Von Tempsky's Ghost		Bright Spark TV & Video	1 x 1 hour	\$140,862	
Who Ate All The Pies?		Gibson Group	1 x 1 hour	\$79,500	
Workaholics		Hoggwash Features	1 x 1 hour	\$80,000	
Unallocated funding as at 30 June				\$463,998	

Programme	Broadcaster	Producer	Episodes & Duration	NZ On Air Funding	% of Cost
Inside New Zealand XI	TV3		11 x 1 hour		
Chinks, Coconuts & Curry Munchers		Kiwa Productions	1 x 1 hour	\$82,044	
Fraud		Greenstone Pictures	1 x 1 hour	\$89,853	
Happy Hour: Drinking In New Zealand		Paul Dodge Productions	1 x 1 hour	\$105,520	
I'm The King Of The Castle		Visionary Film & TV	1 x 1 hour	\$86,975	
In-Laws		Top Shelf Productions	1 x 1 hour	\$84,897	
Married - Again & Again		Raconteur Productions	1 x 1 hour	\$84,340	
One Man's Ceiling Is Another Man's Floor		Visionary Film & TV	1 x 1 hour	\$86,454	
Squeeze At Large		Pickled Possum Productions	1 x 1 hour	\$87,709	
The Man With The Plan		Cowgirl Productions	1 x 1 hour	\$83,500	
Tokyo Bros - Kiwis In Japan		Drum Productions	1 x 1 hour	\$97,657	
Unallocated funding as at 30 June				\$101,051	
TV2 Documentary Strand	TV2		7 x 1 hour		
A Hell Of A Noise		South Pacific Video Productions	1 x 1 hour	\$65,362	
Bodyguards - In The Line Of Fire		Cream TV	1 x 1 hour	\$74,000	
Favourite Body Parts		Top Shelf Productions	1 x 1 hour	\$75,769	
Gang Girls		Front Of The Box Productions	1 x 1 hour	\$78,735	
Lawyers		TVZoo	1 x 1 hour	\$75,666	
Motorway Patrol: The Quick & The Dead		Greenstone Pictures	1 x 1 hour	\$69,000	
Teen Pregnancy		Top Shelf Productions	1 x 1 hour	\$79,507	
Unallocated at 30 June				\$111,961	
TV3 Half Hour Documentary Strand	TV3		11 hours		
Life Goes On		Screentime-Communicado	8 x 1/2 hour	\$345,882	
Pride Of Place		Isola Productions	8 x 1/2 hour	\$342,201	
The Truth About Money		Visionary Film & TV	6 x 1/2 hour	\$256,227	
Unallocated at 30 June				\$12,690	
Total Documentary			91 hours	\$8,761,862	65%

Programme	Broadcaster	Producer	Episodes & Duration	NZ On Air Funding	% of Cost
Children & Young Persons					
Animation Station	TV3	Raconteur Productions	40 x 5 min	\$331,628	
Buzz & Poppy	TV2	Huhu Enterprises	13 x 7 min	\$150,000	
Mai Time 2002	TV2	TVNZ	35 x 1 hour	\$870,000	
Party Animals	TV2	Imagination Television	50 x 1/2 hour	\$889,438	
Pasifica Beats 2002	TV2	TVNZ	2 x 1 hour	\$71,540	
Smokefree Rockquest 2002	TV2	Screentime-Communicado	3 x 1/2 hour	\$224,865	
Smokefree Stage Challenge 2002	TV2	TVNZ Avalon Productions	7 x 1/2 hour	\$275,000	
Squirt 2002	TV2	Taylormade Media	40 x 1/2 hour	\$1,200,000	
Sticky TV	TV3	Pickled Possum Productions	200 x 15 min	\$964,150	
Suzy's World 4	TV3	Treehut Productions	66 x 10 min	\$690,000	
The Dress Up Box 3	TV3	Papageno Productions	16 x 5 min	\$260,000	
The Machine II	TV2	TVNZ Avalon Productions	18 x 1/2 hour	\$668,521	
Wannabes	TV3	Whitebait Productions	219 min (4.5 hr)	\$333,825	
Wannabes (additional)	TV3	Whitebait Productions	1 x 1/2 hour	\$41,652	
What Now/WNTV 2002	TV2	TVNZ Avalon Productions	195 x 1/2 hr & 40 x 2.5 hr	\$3,650,000	
WNTV Interstitials					
Artoonz	TV2	Flux Animation	15 x 60 sec	\$105,700	
Jessie.com	TV2	Whitebait Productions	12 x 90 sec	\$150,011	
Life On Ben	TV2	Republic Films	10 x 2 min	\$139,581	
Lost In Place	TV2	Halsey Street	12 x 60 sec	\$79,923	
The Goober Brothers	TV2	Republic Films	15 x 90 sec	\$124,776	
Total Children & Young Persons			372.3 hours	\$11,220,610	99%
Arts, Culture & Performance					
Aotearoa Hip Hop Summit	TV3	Front Of The Box Productions	1 x 1 hour	\$65,869	
Gather Round	TV3	Gibson Group	1 x 1 hour	\$76,500	
Mobil Song Quest 2002	TV ONE	C4 Productions	1 x 1.5 hour	\$100,000	
Polyfest 2002	TV2	Front Of The Box Productions	5 x 1/2 hour	\$200,000	
Showstoppers - The Event	TV2	S@tellite Media Group	1 x 1.5 hour	\$190,339	
Showstoppers - The Series	TV2	Jump Productions	6 x 1 hour	\$389,715	
Space	TV2	S@tellite Media Group	35 x 1.5 hour	\$698,965	
Squeeze 2002	TV2	S@tellite Media Group	35 x 1/2 hour	\$272,647	
Stadium Spectacular	TV ONE	C4 Productions	1 x 1.5 hour	\$153,900	
The Big Art Trip I (additional)	TV ONE	Screentime-Communicado		\$13,000	
The Big Art Trip II	TV ONE	Screentime-Communicado	10 x 1 hour	\$488,273	
Heavenly Pop Hits - The Flying Nun Story	TV2	S@tellite Media Group	1 x 1.5 hour	\$95,473	
The Living Room	TV3	Sticky Pictures	10 x 1/2 hour	\$379,266	
Total Arts, Culture & Performance			101.5 hours	\$3,123,947	77%

Programme	Broadcaster	Producer	Episodes & Duration	NZ On Air Funding	% of Cost
Innovation					
Bro'Town	TV3	Firehorse Films	6 x 1/2 hour	\$800,000	
Open Door III (additional)	TV3	Morningside Productions		\$21,522	
The Knowledge Breakfast	TV ONE	e-net Limited	8 x 2.75 hour	\$200,000	
Total Innovation			25 hours	\$1,021,522	45%
Maori Reversioning					
Ihi Frenzy	TV3	Kiwa Productions	1 x 1 hour	\$46,200	
Pukana	TV3	Cinco Cine Films	30 x 1 hour	\$127,249	
Total Maori Reversioning			31 hours	\$173,449	100%
Special Interest					
ANZAC Day Wreathlaying Ceremony	TV ONE	TVNZ Avalon Productions	1 x 1 hour	\$28,758	
Asia Down Under 2002	TV ONE	Asia Vision	42 x 1/2 hour	\$1,004,526	
Consecration Of Wgtn Cathedral Of St Paul	TV ONE	TVNZ Avalon Productions	1 x 1/2 hour	\$45,891	
Grass Roots Business	TV ONE	ScreenTime-Communicado	20 x 1/2 hour	\$100,000	
INSIDE/Out	TV ONE	Long White Cloud Productions	40 x 1/2 hour	\$1,005,000	
Maori Sports Awards 2001	TV ONE	Front Of The Box Productions	1 x 1.5 hour	\$68,340	
No 8 Wired	TV3	Gibson Group	36 x 1/2 hour	\$100,000	
Praise Be 2002	TV ONE	TVNZ Avalon Productions	47 x 1/2 hour	\$622,233	
QN 2002	TV2	Livingstone Productions	40 x 1/2 hour	\$990,842	
Some Of My Best Friends Are ...	TV ONE	AKA Productions	6 x 1/2 hour	\$280,067	
Style Pasifika 2002	TV ONE	Drum Productions	1 x 1 hour	\$123,157	
Tagata Pasifika 2002	TV ONE	TVNZ	52 x 1/2 hour	\$1,215,369	
Teletext Subtitling 2002	TVNZ	TVNZ Captioning		\$1,500,000	
The Royal Tour Of New Zealand 2002	TV ONE	TVNZ	3 x 1 hour	\$114,464	
Young Farmer Of The Year 2002	TV ONE	Dexterity Productions	1 x 1 hour	\$114,628	
Total Special Interest			149.5 hours	\$7,313,275	87%

Programme	Broadcaster	Producer	Episodes & Duration	NZ On Air Funding	% of Cost
Development					
Bottle Top Bill	TV3	Southern Star Entertainment Pty Ltd		\$15,000	
Bro'Town	TV3	Firehorse Films		\$7,500	
Dolly Mixture (additional)	TV3	Phoenix Television		\$13,250	
Four Quarters (Matou Uma)	TV ONE	Tala Pasifika Productions		\$5,000	
Letting The Children Speak	TV ONE	Hunter Productions		\$4,600	
Mataku 2	TV3	South Pacific Pictures		\$40,000	
One Black Friday	TV3	Visionary Film & TV		\$15,000	
Out Of The Loop	TV ONE	Isola Productions		\$10,000	
P.E.T. Detectives	TV2	ScreenTime-Communicado		\$20,000	
Riddle Of The Frozen Phantom	TV2	South Pacific Pictures		\$30,000	
Take A Chance On Me	TV ONE	Comedia Pictures		\$32,750	
The Black Prince (additional)	TV ONE	Gaylene Preston Productions		\$14,000	
The Strip II	TV3	Gibson Group		\$138,345	
Tiggie Thompson	TV3	Tiggie TV Limited		\$20,000	
Wrestling With The Angel	TV ONE	Ninox Films		\$15,000	
Total Development				\$380,445	
Grand Total				\$58,566,861	

radio programmes

funded during the year ended 30 June 2002

Programmes	Producer	NZ On Air Funding
Art Beat	Donna-Marie Lever & Annie Webster	\$19,750
Rampage/Te Puutake/The Rampant Chat Room & The Voice	Rampant Media	\$462,411
Christmas Special	Christian Broadcasting Assn	\$10,000
Easter 2002	Christian Broadcasting Assn	\$9,600
Scrubcutter	Christian Broadcasting Assn	\$50,000
Nga Tino Poutama	Ruia Mai	\$19,404
Total Radio Programmes		\$571,165

nz music projects

funded during the year ended 30 June 2002

Radio Programmes	Producer	NZ On Air Funding
95bFM (Auckland)		\$124,660
The Generator (Hamilton)		\$55,810
The Most (New Plymouth)		\$46,630
Radio Control (Palmerston North)		\$43,570
Active 89FM (Wellington)		\$63,120
98-RDU (Christchurch)		\$63,800
Radio One (Dunedin)		\$52,410
NZ Music Revolution	More FM	\$84,480
Keeping It Kiwi	P C Brain	\$97,500
un-chart-ed	Base2	\$55,000
Kiwi Classic Albums	Perry-Scope Productions	\$2,400
The Beat Files	Pagan Broadcasting	\$84,000
Music Unplugged	Anoar Ahmed	\$63,250
Flying Nun 21st Anniversary Special	Flying Nun Records	\$3,300
The Classic Files	Media Music	\$97,000
Soundcheck	Media Music	\$97,000
The Slab	The Edge	\$27,000
Total Radio Programmes: NZ Music		\$1,060,930

Music Videos / NZ On Air Funding of to \$5,000 each			
Song	Artist	Song	Artist
Bananas In The Mist	Pluto	Did You Do It All For Love?	Nurture
Forget It	The Mercenaries	Whale	eight
What You've Done	Tim Finn	Fast Times In Tahoe	Elemeno P
Heartbreaker	The D4	Nothing New	Tadpole
Some Velvet Morning	Space Dust	So I Cry	Lavina Williams
Any Kinda Weather	Meno Panteboy	Conversate	King Kapisi
Nesian Style	Nesian Mystik	Supa Day	betchadupa
Baby's Been Bad	Goldenhorse	Crazy	Garageland
Streets Don't Close	Sommerset	Rebekah	The D4
All It Takes	Stellar	In This Life	Michelle Kazor
Random	Che Fu	Synchronised Thoughts	P-Money
Push On Thru	Salmonella Dub	Hold Tight	Che Fu
Youthful	Anika Moa	Are You Waiting	Stellar
The Moths	D-Super	Do It	Erika Takacs
Crumbling	Slim	Hold Your Head	Zed
At The Onset	The Relaxomatic Project	Time	before friday
Condition Chronic	Tadpole	Good In My Head	Anika Moa
Sunny Daze	Mighty Scoop	Communicate	the feelers
Cry No More	Aaria	Now Today Forever	Tadpole
Don't Leave Home	Sola Rosa	Crazy Baby	En Masse
Exit To The City	The D4	I'll Never Know	Tim Finn
Life Is So Sweet	Garageland	Staring At The Ocean	Heavy Jones Trio
Sleepy News	betchadupa	Alive	Exit
Long Grass	PanAm	You Are A Star	epsilon blue
Free At Last	Cuffy & Leon D	The Wordperfect Show	Wordperfect
Hey Son	The Black Seeds	11/11	Kitsch
Smooth Machine	Lucid 3	Star	Stellar
A Boy	SJD	Get Some Sleep	Bic Runga
Taken	Stellar	Captain Zero	Augustino
Misty Frequencies	Che Fu	Thinking Of You	Hannah Donald
New Dog	Marystaple	Have A Heart	The Unusuals
What You Do	House Of Downtown	Can You Feel Me?	K'Lee
1+1+1 (It Ain't Two)	K'Lee	Moments Gone	eight
Tha Bromley East Roller	Salmonella Dub	Happy Song	Rubicon

Music Videos / Continued			
Song	Artist	Song	Artist
Portrait	Stoods	Rockstar	Rubicon
Beaten Again	Pine	Underground	Savant
It's On	Nesian Mystik	For The People	Nesian Mystik
Remember?	P-Money	Restless	Fuce
S.U.I.T	Blindspott	You're Right To Rock	Splitter
Alright With Me (Taking It Easy)	Carly Binding	Mr Radio	Fast Crew
Drop D	betchadupa	274 Whitney	Hilt
What You Want	PanAm	This Ain't A Lovesong	Gramsci
Coming Back Home	The Black Seeds	Stay Awake	Mighty Scoop
Fluid	Lucid 3	Rage	Dubious Brothers
Clav Dub	Rhombus	Giddy Up	Katchafire
Top Floor	Che Fu	Into	Subware
Nirvana	Elemeno P	No Ordinary Boy	Ben King
Lifetime Left To Wait	K'Lee	Little Angel	Theo
Falling In Love Again	Anika Moa	Problems	Salmonella Dub
Fishing For Lisa	the feelers	All Or Nothing	Rubicon
Hey Girl	Nurture		
Total Music Videos			\$504,852
Radio Hits / NZ On Air Funding of to \$5,000 each			
Song	Artist	Song	Artist
Beautiful	Nurture	Rock'n'Roll Mother	The D4
Your Kiss	before friday	Knock Yourself Out	Melaanie
Easy	Gramsci	King Kong	Voom
Blowing Dirt	goodshirt	Bruce	Rubicon
She's Jive	Pluto	Good In My Head	Anika Moa
Better Days	Tadpole	Into The Grain	Augustino
The Doo Song	Eye TV	Cry No More	Aaria
Nil By Mouth	Blindspott	Can You Feel Me?	K'Lee
Liquid Skies	DLT	Sophie	goodshirt
Youthful	Anika Moa	Worse For Wear	Eye TV
Asian Paradise	When The Cat's Away	Room To Breathe	Blindspott
Spinning A Line	Fur Patrol	Crumbling	Slim
Low	Slim	Hey Little	Pluto
Streets Don't Close	Sommerset	Party	The D4
White Trash	Steriogram		
Total Radio Hits			\$145,000

Hit Discs				NZ On Air Funding			
Kiwi Hit Disc				\$58,757			
Indie Hit Disc				\$15,355			
Iwi Hit Disc				\$40,000			
Total Hit Discs				\$114,612			
NZ Music Promotion				NZ On Air Funding			
Advertising				\$10,695			
Fresh Air in Median Strip				\$17,200			
Double Digits plaques				\$5,000			
NZ Music Awards 2002				\$90,000			
NZ Music Month 2002				\$5,000			
Total Music Promotion				\$127,895			
Phase Four NZ Music Plan							
More Plugger Power				NZ On Air Funding			
Pluggers				\$233,000			
Plugger support and promotions				\$106,909			
Total More Plugger Power				\$339,909			
More Music Television				NZ On Air Funding			
M2				\$300,000			
Total More Music Television				\$300,000			
Making & Marketing: International							
Artist		NZ On Air Funding		Artist		NZ On Air Funding	
Salmonella Dub	Inside The Dub Plates	\$50,000	the feelers	Communicate	\$50,000		
Che Fu	Navigator	\$50,000	Anika Moa	Thinking Room	\$50,000		
		\$50,000	The D4	6Twenty	\$50,000		
Total International						\$300,000	
Radio Remix Projects / NZ On Air funding of up to \$1,000 each							
Song		Artist		Song		Artist	
Better Days		Tadpole		White Trash		Steriogram	
The Myoclonic Twitch		Brubeck		Beautiful		Nurture	
Streets Don't Close		Sommerset		Did You Do It All For Love?		Nurture	
Blind		Tadpole		So I Cry		Lavina Williams	
Total Radio Remixes						\$8,000	

Making & Marketing: Albums			
Song	NZ On Air Funding	Song	NZ On Air Funding
Tadpole	\$50,000	King Kapisi	\$50,000
Strawpeople	\$50,000	Voom	\$50,000
Rubicon	\$50,000	Breathe	\$50,000
Herbs	\$50,000	Augustino	\$50,000
3 The Hard Way	\$50,000	goodshirt	\$50,000
Barry Saunders	\$30,000	Fur Patrol	\$50,000
Bryan Bell	\$50,000	Nurture	\$50,000
Total International			\$680,000
New Recording Artists / NZ On Air funding of up to \$5000 each			
Song	Song	Song	Song
Fast Times In Tahoe	Elemeno P	Beaten Again	Pine
Restless	Fuce	Underground	Savant
Around The Sun	Handsome Geoffrey	When We Were Young	Section Zero
1+1+1 (It Ain't Two)	K'Lee	Closer	Jan Wilson-Fletcher
New Dog	Marystaple	274 Whitney	Hilt
Long Grass	PanAm	What Do You Want From Me	Letesha
So I Cry	Lavina Williams	Stay Awake	Mighty Scoop
The Word Perfect Show	Word Perfect	It's On	Nesian Mystik
Never Gonna Change	Crumb	Clav Dub	Rhombus
Thinking Of You	Hannah Donald	Walkie Talkie Man	Steriogram
Crazy Baby	En Masse	Everywhere	Stylus
Take Me Back	Essence	Little Angel	Theo featuring Atilla Va'a
This Ain't A Lovesong	Gramsci	Winning & Choosing	Carly Binding
Enemy	Jester	Sunny Summer's Day	Crystal Fiti Semanu
Staring At The Ocean	Heavy Jones Trio	Crowded Room	Michelle Kazor
Lucy	Hooster	The Vampire Sunshine	Lucky Counrty
Portrait	Stoods	Natural	PanAm
Twice As Good	Damien Binder	Falling Faster Now	Soda
My Design	deluxeboy	Don't Go Losing	Dianne Swann
Moments Gone	eight	Uncertain	Sarah Wiig
11/11	Kitsch		
Total New Recording Artists			\$242,755

directory

Members

Don Hunn of Otaki **Chairman**

Albert Wendt of Auckland **Deputy Chairman**

James Coleman of Auckland

Gaylene Preston of Wellington

Judy Callingham of Auckland

Edie Moke-Reid of Rangiora

Staff

Jo Tyndall Chief Executive

Neil Cairns Television Manager

Brendan Smyth NZ Music Manager

Bernard Duncan Radio & Communications Manager

Elizabeth Morrison Finance & Administration Manager

Sally Courché Deputy Television Manager

Donnamaree Ryder Manager, Project & Financial Analysis

Annie Murray Television Contracts Coordinator (Part-time)

Robyn Andrews Personal Assistant

Anita Roberts Personal Assistant

Teresa Tito Personal Assistant

Trish Cross Receptionist (Shared with Broadcasting Standards Authority)

Christine Westwood Administration Assistant (Part-time)

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