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BUILDING A STRONG AND SUSTAINABLE PUBLIC BROADCASTING ENVIRONMENT FOR NEW ZEALAND

A PROGRAMME OF ACTION

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Virtually every household now has the means to receive some form of broadcast content. The sheer pervasiveness of broadcasting as a form of communication and shared experience means that it can have an especially significant impact on individuals, communities, and on society as a whole.

Broadcast media have the potential to reflect and explore every aspect of a nation's life, and so contribute to the shaping of its identity and to the promotion and support of democracy in an increasingly diverse society. Broadcasting can provide a credible forum where ideas are expressed freely and where information is available, creating opportunities for more open debate and public participation in all areas of life.

Broadcasting can reflect and strengthen common values, and provide for the diverse interests of New Zealanders. In a globalised world, it is important that we can see and hear New Zealand people and their stories and ideas, as well as have access to a range of foreign programming.

Developments in digital broadcasting technology present New Zealand broadcasters with new opportunities and challenges. Audiences are likely to increasingly fragment as they are faced with a proliferation of services, giving broadcasters opportunities for specialised services tailored to specific audiences. At the same time, this greater audience and content specialisation increases the value to New Zealanders of a shared public space.

Progress Since 2000

In 2000 the government adopted an extensive work programme on broadcasting issues. The aims of this work programme were to affirm and support the role of broadcasting in:

- contributing to New Zealand's sense of cultural identity
- extending the range of information necessary for people to participate in the democratic process
- providing for the interests of minority audiences.

This programme brought about a rebalancing of priorities following the restructuring of broadcasting in the late 1980s and its impact on the development of the sector throughout the 1990s – a period in which the idea of public broadcasting was in partial eclipse. The value of public broadcasting – and the role of public broadcasting institutions – has now been reasserted within a broadcasting environment that has both commercial and public aspects.

Recent Milestones

The major milestones since 2000 include:

- Objectives for broadcast content, to guide the development of the government's broadcasting policies to ensure that desired kinds of broadcast content are available to the New Zealand public (2000).
- Television New Zealand Act 2003, transforming the broadcaster from a state-owned enterprise into a Crown company with a set of statutory objectives (the Television New Zealand Charter).
- Direct funding of Television New Zealand for its Charter objectives.
- Māori Television Service Act 2003.
- Radio New Zealand Amendment Act 2004, following the first five-yearly review of the Radio New Zealand Charter.
- Framework for community and access broadcasting (2001).
- National Pacific Radio Network pilot (under way).
- Reservation of FM spectrum for public radio services (2001).
- National Radio FM transmission roll-out (under way).
- Radio New Zealand International digital transition (under way).
- Cabinet decisions on digital television, including a request to public broadcasters to develop digital plans (2003).
- Agreement in principle on an approach to the renewal of expiring broadcasting frequency spectrum, including access to spectrum for public and non-commercial broadcasters (2004).
- Increased public funding for broadcasting (from approximately \$108 million in 1999/2000, to approximately \$185 million in 2003/04).

Key Issues for Broadcasting in New Zealand Over the Medium Term

The government's work programme has now largely been completed. At the same time, continuing developments in the fast-changing broadcasting environment have to be addressed promptly and assertively to ensure that broadcasting provides the fullest possible range of information that New Zealand needs. A number of key factors need to be addressed:

- Since the abolition of the Public Broadcasting Fee in 1999, the government has lacked a consistent basis for deciding the appropriate level of funding for public broadcasting. Consequently, it has been exposed to demand pressures from individual organisations.
- The impact of globalisation is felt, seen and heard most graphically in broadcasting. Global media ownership and new digital technologies can reduce the viability and specific local focus of New Zealand programming unless we actively preserve and develop the capacity to reflect ourselves.

- The New Zealand broadcasting environment is predominantly commercial, with a high dependence on advertising revenue. Television New Zealand (TVNZ) relies on commercial income to a much greater extent than any comparable nation's public television broadcaster. Such dependence on generating commercial revenue influences broadcaster behaviour, in that the needs of viewers as consumers are given greater emphasis than those of viewers as citizens.
- Internationally, New Zealand is radically light-handed in its regulatory policy for broadcasting. The government currently has limited options for promoting commonly accepted principles and standards for public broadcasting, or for securing desired forms of content from the broadcasting sector as a whole.
- Pay television is growing rapidly and now has a base in approximately 40 per cent of New Zealand households. Its multi-channel, digital services and content selection (dominated by commercial, global-sourced programmes) are currently leading viewer expectations about programming choice. Pay television now adds valuably to the choice enjoyed by viewers. Nevertheless, the principle of universal access to a comprehensive service is central to the concept of public broadcasting. To make this a reality in the digital age, the government needs to ensure that its public broadcasters develop digital and other services in the near future.
- New Zealand has developed a great number of commercial radio stations, but, arguably, without comparable diversity in content, formats, or local character. If the government wishes to encourage universal access to information and entertainment through radio, further policies will be needed to support diversity of content and regional variety.

The Purpose and Vision of the Programme of Action

The Programme of Action is designed to build upon the government's recent policy initiatives and to future-proof a balanced mix of public and commercial broadcasting in New Zealand. This broadcasting "mixed economy" must be capable of supporting the aspirations of our society in a period of change. The single vision that is at the heart of the government's broadcasting policy is:

New Zealand Broadcasting – a shared space, informing and enriching a changing society.

A set of goals underlies this vision and the Programme of Action. These goals are to:

- reflect public broadcasting principles
- strengthen public broadcasting as a key element in the broadcasting "mixed economy"
- maintain a healthy private broadcasting and production sector
- provide a foundation for community and regional broadcasting.

Principles

The Programme of Action seeks to apply a set of principles for guiding the way a democratic government intervenes in broadcasting in the public interest – and it is through the consistent application of these principles that the broadcasting vision can be achieved.

Universality

Broadcasting must be both technically receivable and socio-economically and culturally accessible to all citizens. It should be aimed at the entire population, and seek to be "used" by as many people as possible. This does not imply "popularity" through the maximisation of commercial ratings, but instead "popularity" in the sense of providing for the full range of social and cultural interests. Broadcasting services should have universal appeal, with programming for a wide range of tastes and needs to "educate, inform, and entertain".

Diversity

Diversity is a complementary principle to universality. Broadcasting should reflect the diversity of public interests in the programme genres offered, the audiences targeted, and the subjects discussed. Over time, it needs to reach the whole public through the range, diversity, and subjects of the programmes it broadcasts.

Independence

Broadcasting should provide a credible forum where ideas are expressed freely, where information is available, where debate occurs, where high-quality content is valued, and where creativity is fostered. This is most likely to be achieved if public broadcasters are not dominated by commercial pressures or subject to political influence, and when they have available the incentives, tools and resources to act in the public interest.

Quality

Broadcasters' effectiveness in providing value to audiences requires high-quality services in terms of individual programmes, channel schedules, and the total range of programmes and services offered to audiences. Delivery of high-quality services to an audience, as distinct from delivery of an audience to a broadcaster's advertisers, requires that commercial imperatives do not undermine the ability of broadcasters to provide innovative, original and ambitious programming for each segment of the total audience.

Priorities

In order to achieve the stated vision and goals, and to continue to give effect to these principles in future broadcasting policy, a set of six priorities form the key elements of the public broadcasting Programme of Action for 2004-09:

Achieve adequacy and certainty of public funding for broadcasting – by identifying a sound basis for determining the appropriate level of public funding for broadcasting.

Strengthen public broadcasting – with a range of measures including investigating an appropriate ratio of commercial to non-commercial funding for TVNZ, to guide it in fulfilling its Charter obligations; investigating whether the company form is still the most appropriate structure for Radio New Zealand; and investigating the establishment of new radio services previously identified by the government (such as Pacific audiences and youth).

Facilitate the successful development of digital broadcasting services – by building on existing government policy in television and working with the radio industry in developing an approach to digital audio broadcasting.

Enhance regional and community broadcasting – by developing measures to ensure that smaller or locally based commercial broadcasters have the opportunity to participate in the provision of radio and television services, and by increasing support for local non-commercial radio and television.

Enhance independence and responsibility in broadcasting – by reviewing the current statutory definitions and functions of the Broadcasting Standards Authority, and investigating a possible modified role for a broadcasting authority.

Enhance the incentives for producing higher-quality content and schedules – by re-examining and where needed clarifying the statutory definitions and functions of NZ On Air to permit it to support a more diverse range of content.

Achieve Adequacy and Certainty of Public Funding for Broadcasting

Since the abolition of the Public Broadcasting Fee, funding decisions have been made on a case-by-case basis to support particular initiatives – an approach that exposes the government to demand-driven pressures for new funding. Conversely, the lack of a distinct stream of income for broadcasting (or a generally accepted overall level of expenditure for broadcasting) leaves decisions on particular allocations more open to the perception of political interference.

Arriving at a sound basis for determining an appropriate level of public funding for broadcasting would ease these pressures. It would also provide a level of certainty for the sector and a rationale for the government's level of commitment. Options to be investigated include multi-year funding at agreed set levels, or establishing a funding benchmark (to provide an indication of the overall fiscal commitment that appears reasonable when compared with other areas of government expenditure). The Programme of Action outlines those areas that are likely to have the greatest priority for funding if a sound business case can be made for them following detailed policy development.

Proposed Action

Level of public funding:

- Identify a sound basis for determining the appropriate level of public funding for broadcasting, to guide future budgetary priorities within the Programme of Action.

Strengthen Public Broadcasting

Increased globalisation, the proliferation of services and fragmentation of audiences, and the continued dominance of commercial values make increasingly valuable the role of public broadcasters. In an effective, sustainable and balanced “mixed economy” of broadcasting, public broadcasters take the lead in providing the range of information that New Zealanders need to strengthen identity, to enhance educational performance, and to encourage civic participation.

Public broadcasters’ mandates include providing universal access to the kinds of information that broadcasting is best able to provide: a comprehensive service covering all aspects of the nation’s life. They are expected to consider the interests of a range of audiences beyond the demographic groups that commercially driven broadcasters deliver to their advertisers. Private broadcasters, with the assistance of statutory funding agencies, undeniably provide some of the social goods associated with broadcasting – but their lack of legislative obligations and their predominantly commercial imperatives mean that they play a secondary role here.

The Programme of Action includes a range of possible measures that aim to build upon the already extensive policy programme since 2000. The intention is to restore public broadcasting to the centre of broadcasting activity in this country, and to strengthen and extend service provision for particular sections of the national audience.

Measures to be investigated include, first, an appropriate ratio of commercial to non-commercial funding for TVNZ to guide future funding decisions. This will assist it in giving effect to its Charter by serving all sections of the national audience. It is crucial that TVNZ is given the ability to plan with greater confidence and to develop the comprehensive service intended by its legislation. As part of the Programme of Action, the government will work with TVNZ to develop a framework for evaluating the continuing efficiency and effectiveness of its performance against the government’s expectation of social and cultural, (as well as financial), returns on its investment.

It is proposed to investigate funding Radio New Zealand directly, together with two other issues requiring investigation: working with Radio New Zealand in developing a framework for evaluating its performance against its charter; and whether the company form remains the most appropriate structure for Radio New Zealand as a fully funded broadcaster. Both the Radio New Zealand and TVNZ Charters will be due for review during the period of the Programme of Action, and so may require modification to reflect other aspects of the programme’s proposals.

The development of new national radio services – previously announced as government policy – is a further element in this priority area of strengthening public broadcasting. The relationship of the existing public broadcasters to these new services, and to the non-commercial and regional broadcasters, will also be investigated as part of the Programme of Action. TVNZ and Radio New Zealand already have a role in providing a range of

support services and expertise to such broadcasters. The Programme of Action seeks to encourage these support and “mentoring” practices and, where desirable, to extend them.

Proposed Action

Charters:

- Work with public broadcasters in developing a framework for the continuing evaluation of their performance in carrying out their statutory mandates.
- Carry out statutory reviews of the Radio New Zealand and TVNZ Charters.

TVNZ funding:

- Investigate an appropriate ratio of commercial to non-commercial funding for TVNZ, to guide funding decisions over the next six years.
- Investigate increasing the proportion of TVNZ’s revenues available to it for investment in its broadcasting operations by allowing TVNZ to reinvest surpluses in the pursuit of its public broadcasting mandate. Under this proposal, it will still be required to demonstrate efficient and effective capital use.
- Maintain TVNZ’s access to funding from NZ On Air.

Advertising levels:

- Explore with TVNZ a reduction of advertising during target periods, for example, children’s viewing hours.
- Address the issue of sponsorship of news and current affairs in order to enhance broadcaster independence from commercial interests.

Radio New Zealand funding:

- Investigate directly bulk funding Radio New Zealand to provide secure public funding and the capacity to take a longer-term approach to programme scheduling in fulfilment of its public broadcasting mandate.

Radio New Zealand institutional form:

- Investigate whether the company form is still the most appropriate structure for Radio New Zealand as a fully funded public broadcaster.

New public radio services:

- Review the National Pacific Radio Network pilot and determine the nature of future radio services for Pacific peoples.
- Examine the establishment of a youth service with a public broadcasting focus.
- Determine the relationships that Radio New Zealand should have with new public radio services.

Relationships:

- Encourage links between public broadcasters – for example, in developing a coherent and coordinated approach to the archiving of radio, television and other audio-visual content.

- Promote TVNZ and Radio New Zealand's use of resources and expertise to support other public and non-commercial broadcasters – for example, in training and programming.
- Explore options to provide greater certainty in TVNZ's continuing to commission a proportion of its programmes from independent producers.

Spectrum:

- Establish an appropriate basis for the allocation of spectrum rights to support public broadcasters in fulfilling their public broadcasting mandates.

Facilitate the Successful Development of Digital Broadcasting Services

The development of digital broadcasting internationally presents further challenges and opportunities for the production, communication, and use of audio-visual content. Digital broadcasting is likely to further globalise popular culture and – by increasing the number of broadcast channels that can be carried by a given quantity of spectrum – increase the flow of content of all kinds. This offers the prospect of new broadcasting channels and services, more specialist content, enhanced audio-visual quality, and content augmentation of various kinds. There is also the potential for New Zealand to advance this country's public broadcasting services, and to stimulate the development of internationally marketable technical and creative skills.

The development of digital television in New Zealand has become identified with pay television, and much of the increased future choice is likely to be in the form of subscription services. Part of successfully developing further digital services, therefore, is to see that the benefits of free-to-air public broadcasting remain universally available to New Zealand's diverse population. Public broadcasters' role in providing a depth of information and serving the interests of diverse audiences is likely to be enhanced by digital broadcasting, while their role in providing a shared experience and forum for ideas and debate is likely to become more rather than less important. This potential enhanced role for public broadcasting provides a motivation for ensuring that public broadcasters are supported to take a leading role in the digital era.

Public and private broadcasters face the challenge of identifying a successful business model and developing new forms of content in a period that is likely to be characterised by fragmenting audiences. In exploiting the potential of these new digital technologies, New Zealand has to contend with its small, dispersed population and difficult topography. The government has, therefore, wished to encourage co-operation within the television industry in developing digital broadcasting platforms, and to support investment by ensuring the availability of suitable spectrum. It has also requested that public broadcasters prepare to be major participants in the digital era.

The measures in the Programme of Action are intended to give continued momentum to the government's recent decisions on the development of digital television and to

facilitate a similar approach to digital audio broadcasting – on which the government is now carrying out consultations with the radio industry.

Proposed Action

With the sector:

- Encourage the development of digital television and radio services, in particular, by convening government-and-industry working groups.

Addressing key issues:

- Work with the sector to investigate spectrum allocation policies, infrastructural needs, economic models for digital services, successful free-to-air trials, and the appropriateness of setting dates for the switch-off of analogue transmission.

Public broadcasters:

- Enable public broadcasters to take a leading role in providing digital services and to set standards of digital programming in accordance with their public broadcasting mandates.

Enhance Local and Regional Broadcasting

New Zealand's broadcasting sector operates in one of the world's most deregulated regimes. For radio, this has led to a profusion of commercial radio stations but not to a comparable variety of ownership or, arguably, of programming formats. In recent years the government has become aware of concern about the entrenchment of an effective duopoly in commercial radio and the perception of a loss of local character. For television, the national focus of the free-to-air television networks leaves limited scope to provide for regional audiences.

Local and regional radio and television broadcasting, both non-commercial and commercial, make broadcasting more diverse by serving and reflecting communities in ways that are outside the scope of the national broadcasters. Access broadcasting has the additional benefit of providing opportunities for community participation – creating a forum that would be unlikely on a purely commercial basis, where the community can give expression to its particular concerns and interests.

The government currently makes licences available free of charge to non-commercial and access radio and television broadcasters. Local non-commercial radio broadcasters have been able to apply for operational funding from NZ On Air at a level that has remained static over the last decade. No funding is presently available through NZ On Air for regional television broadcasters. Increased support would help to realise the government's objectives in serving the diverse and specific needs of audiences.

These services could be developed further. The Programme of Action proposes the development of a new policy framework – and several specific actions – to support both *non-commercial* and *commercial* broadcasting for local and regional audiences. Measures

proposed to support non-commercial broadcasters would have a significant and valuable impact without signalling an open-ended commitment to an area of broadcasting in which demand can be expected to continue to grow. It is also proposed to ensure that smaller or locally based commercial broadcasters have the opportunity to participate in the provision of radio and television services.

Proposed Action

Policy framework:

- Develop a policy framework to support enhanced broadcasting for local and regional audiences in order to meet areas of identified under-provision.

Spectrum:

- Enhance local and regional broadcasting – in particular, by ensuring smaller or locally based commercial broadcasters have the opportunity to participate in the provision of radio and television broadcasting.
- Give due consideration to the public benefits of non-commercial local and regional services in allocating the remaining FM frequencies.

Funding:

- Provide additional support, including funding, for non-commercial and community radio and television broadcasting.

Enhance Independence and Responsibility

The continued independence of broadcasters needs to be two-fold: from political interference, and also from commercial pressures that would threaten the range of information and content available through broadcast media. This poses a challenge in an environment such as New Zealand's, characterised by a light-handed approach to regulation in broadcasting and the absence of a distinct income stream for public broadcasting following the abolition of the Public Broadcasting Fee.

When it comes to achieving objectives for broadcast content beyond what the market produces on its own, the government currently has limited ability to impose licence conditions about content, or to use other regulatory measures such as quotas. There has been some success, however, in encouraging voluntary local content targets – notably in radio.

This leaves the government with three main regulatory tools: public ownership (TVNZ, Radio New Zealand, Māori Television), public funding (NZ On Air, Te Māngai Pāho), and the promotion of standards (Broadcasting Standards Authority).

One possibility that the Programme of Action will investigate is whether the Broadcasting Standards Authority (BSA), or a modified version of the authority, could play a wider role in commenting on the behaviour and performance of the players in the broadcasting sector. One of the areas it could comment on is the extent to which effective independence is being maintained. Such a role would involve maintaining an overview of

the broadcasting environment as a whole, rather than monitoring the individual performance of broadcasters. Any monitoring role would remain the responsibility of government departments or shareholders.

There are a number of other reasons why it is timely to review the statutory functions and definitions under which the BSA operates. Amongst these reasons are the absence of other means of influencing the broadcasting sector, the findings and recommendations of the Television Violence Working Group, changes in the nature of broadcast content, changes in the nature of community attitudes, and the development of new technologies for conveying content (such as the Internet).

The BSA operates at arm's-length from the government and currently has a fairly narrow statutory role of ensuring the maintenance of industry codes of practice, including those relating to standards of fairness and accuracy. There is potential for a greater educative role to encourage a more critical approach to broadcasting content on the part of audiences, and to promote greater collaboration between broadcasters and audiences in the maintenance of agreed standards.

Proposed Action

BSA:

- Review the institutional arrangements, statutory definitions, and functions of the BSA, to investigate the desirability of broadening the role of the Authority in particular so that it can promote a wider range of the public's interests in broadcasting. A possible wider role could include:
 - guardian of the principles of public broadcasting as set out in the Programme of Action
 - the promotion of public awareness and understanding of media issues
 - a capacity to review, inquire into and investigate broader issues relating to broadcasting standards and principles (including the continued independence of broadcasters)
 - a watching brief on the effects of broadcasting trends on the choice of information and content available to audiences and on the independence of broadcasters
 - development of an approach that extends beyond complaints about programme content to take account of wider broadcasting issues
 - greater responsibility for commissioning research in relation to broadcasting principles, practice and standards
 - proposals for a collaborative approach between broadcasters, the public and the regulator in the formulation and dissemination of broadcasting codes and standards.

Enhance the Incentives for Producing Higher-Quality Content and Schedules

NZ On Air has been the principal source of public funding for broadcasting since its establishment in 1989. During that time it has efficiently brought about a quantity and diversity of local content on radio and television that would otherwise not have been achieved. NZ On Air will continue to have a central role in funding local content. Recent

measures, however, have supplemented the contestable funding delivered through NZ On Air with the tools of direct funding and statutory functions. These tools now give TVNZ a special role, alongside Radio New Zealand, in providing both local and international programming within the broadcasting “mixed economy”. Having reinforced the role of public broadcasters as institutions, the government wishes to ensure the effectiveness of its total funding for broadcasting – and this includes the funding for local content provided through NZ On Air.

As part of the Programme of Action, the functions of NZ On Air will be re-examined to identify where changes may be necessary to clarify its role and to permit it to support a more diverse range of content. This exercise will take account of the new kinds of content made possible by developments in technology (such as digital transmission and the Internet). The actions proposed in the Programme of Action are intended to support NZ On Air’s ability to foster innovation and to provide incentives for broadcasters to take a more comprehensive and ambitious approach to their schedules.

It is also proposed to promote an agreed approach between producers, funders and broadcasters on the allocation of equity and intellectual property rights. A proposal from the Television Broadcasters’ Council to permit advertising on Sunday mornings will also be investigated to see whether it would be an acceptable means of channelling additional revenue into the production of high-quality local programming appropriate for that time period.

Proposed Action

Contestable funding:

- Retain contestable funding for broadcasters and producers via NZ On Air.

NZ On Air:

- Re-examine NZ On Air’s statutory definitions and functions so that it can support a more diverse range of content and investigate alternative processes for funding broadcasters (including the allocation of block funding for broadcasters rather than on a programme-by-programme basis).

Codes of practice:

- Promote the development of a broadcasting industry code of practice for the allocation of equity and intellectual property rights between producers, funders and broadcasters.

Sunday advertising and local content:

- Examine the case for allowing private broadcasters to advertise (on a trial basis) between programmes on Sunday mornings – on the condition that the revenue so gained funds additional high-quality local programming for that time period.

