

Irirangi Te Motu
NZ On Air

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SPADA 2023

After The Party, After The Party Productions



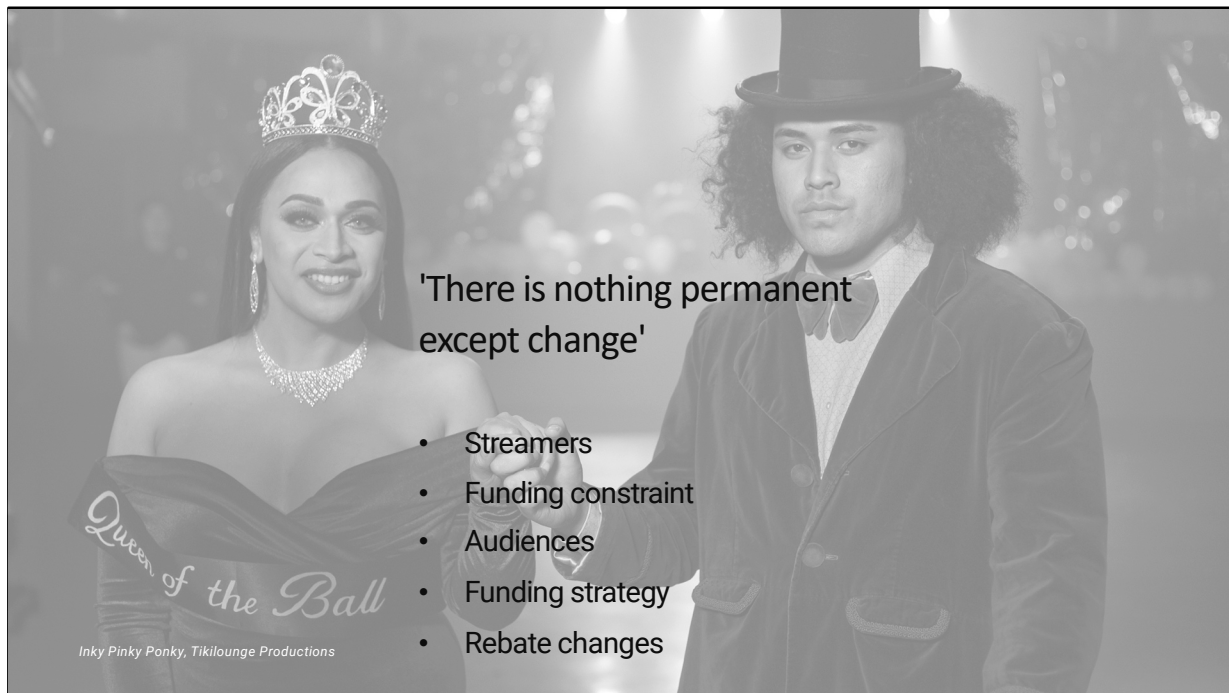
"Unprecedented times'... again

- Transitional strategy in answer to ANZMP
- COVID relief, Te Puna Kairangi, PIJF \$55m
- Rebate review and strike action

Last year we stood in front of you at this very conference with a new transitional strategy. It was in answer to the impending merger between TVNZ and RNZ that moved around \$45m of our contestable funds across to the new entity and another \$40m of platform funds across. We were facing the uncertainty of how we might manage a new ecosystem.

We created a strategy that acknowledged a significantly reduced contestable funding pot. We also suggested that caps on digital first and feature film support would be removed, targeted RFP's for priority audiences would be continued, a greater emphasis would be placed on content development and on research and insights and we would move to three screen funding rounds with a cap on production company and platform applications.

We noted that we were coming out of COVID and were feeling a little battered and bruised. And whilst COVID now feels like a distant memory (although not for all productions) we have rolled into other uncertainty and challenges that included a screen rebate review and then actors and writers strikes that placed a significant halt on runaway productions and vital work especially for crew. Not to mention the ongoing challenges of global competitors taking advertising dollars on one side and audiences on the other. So I want to acknowledge the difficulties everyone is feeling.



We are aware of a number of questions and concerns from the sector, and we will try and answer as many of them as we can in this presentation. I do want to start by noting that in the last financial year we received 427 applications for funding for a total of \$180 million. And we were able to fund 191 applications at \$87.8 million – that’s 44.7 percent of applications funded. Breaking that down a little we had \$73.7 million worth of Non-Fiction applications and an approval rate of 41.7%. And an ask of \$106.6 million scripted applications for 47.5%.

In this financial year (2023/24) we have received 328 applications from 188 contractors requesting \$157.4m so far. Not including the current Youth round. Round Tahī had 130 Scripted and Non-Fiction applications from 96 Contractors. The percentage of successful applications was 33.8%. Total amount funded was just under \$27.8m. So, we absolutely acknowledge the growing levels of disappointment from funding applicants.

Ultimately though our obligation is to the audiences of Aotearoa and as stated in our Act “to reflect and develop New Zealand identity and culture” by funding programmes about New Zealand and New Zealand interests, promoting Māori language and Māori culture, and ensuring broadcasting for women, youth, children, persons with disabilities and minorities in the community including ethnic minorities.

Looking ahead the funding strategy we released in February this year will continue. It acknowledges an ongoing and growing need for insights and data to inform funding strategies, the need for uplifting and developing content creators (especially where skills gaps exist) and the need to ensure content can be found by audiences but also the importance of focusing as much pūtea as possible on the creation of

content for audiences.

We need to try and work with the industry to lift the availability of funds for projects or somehow reduce the number of applications because the level of declines is not good for anyone.

The recent changes to the rebate provide an opportunity for us all. You would have seen recent examples of projects funded where we have taken a 'first in' approach on the assumption that this will provide producers with a greater opportunity to secure third party investment which in turn will allow them to access the rebate.

This is new for us, and we are seeking to take a prudent approach. All the funding offers are time bound for circa six months which assumes producers have adequate time to secure other financing but also allows a return of funds back should financing not be forthcoming. We have taken this position based upon feedback from producers who have experience of the rebate. We will continue to monitor this and of course are certainly open to providing the final gap funding for appropriate projects that have already found third-party finance.



Adventure is out there..

- Our organisational te rautaki Māori
- Internal assessment process update

Before I hand over to Amie, I just wanted to acknowledge a couple of other important streams of work we have going on.

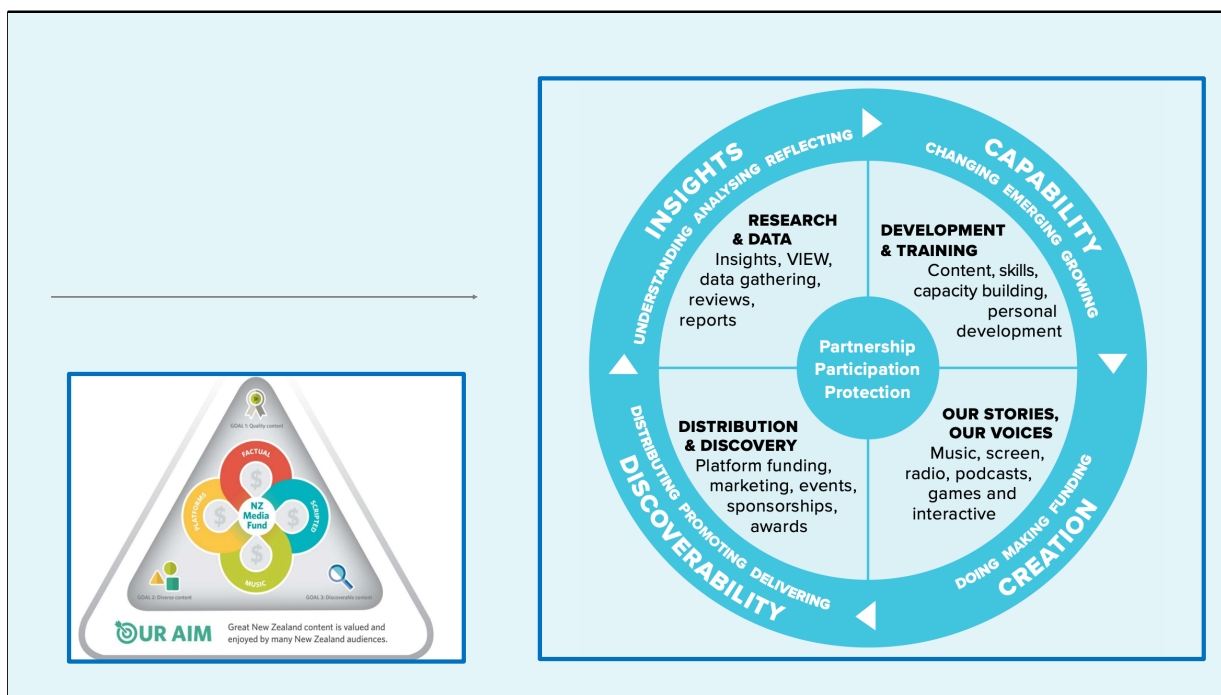
Firstly, the work that Raewyn our former Head of Journalism and new Head of Partnerships is leading for us in relation to our organisational Rautaki that will in turn flow through to our funding and music mahi.

This is critical work for us, and I acknowledge has been long awaited. We want to do this properly across our organisation. We are taking our Board through a draft strategy shortly so hope to provide further updates early in the new year.

We are also refining our assessment processes to ensure they are fit for purpose and as clear and transparent as possible. Kay Ellmers has been leading this work for us and again we are close to putting something out to the sector for further consultation. This also aligns with the Mahi Tahi work that was discussed yesterday.



I wanted to use the time I have to try and lift the hood up on our Funding Strategy as we have had a lot of feedback from the sector wanting to understand how it's landing, what's materially different to what we've been doing in the past, and where the pūtea is going across our new focus areas.



We’re 5 months into the roll out of this investment strategy which was launched in February of this year and came into play at the start of the financial year in July. Before I dive into the detail of how the pūtea has broadly been allocated against the various pou, I thought it was worth first reminding us briefly of how we got to this new strategy and why.

The previous strategy – the small triangle in the box on the left – was the NZ Media Fund and it was born in 2017 as a response to the rapidly changing digital environment. It signaled a significant shift away from prioritising linear funding to a platform agnostic model, and its four circles refer to the four key pou of the strategy – the funding of scripted content, factual content, music, and platforms.

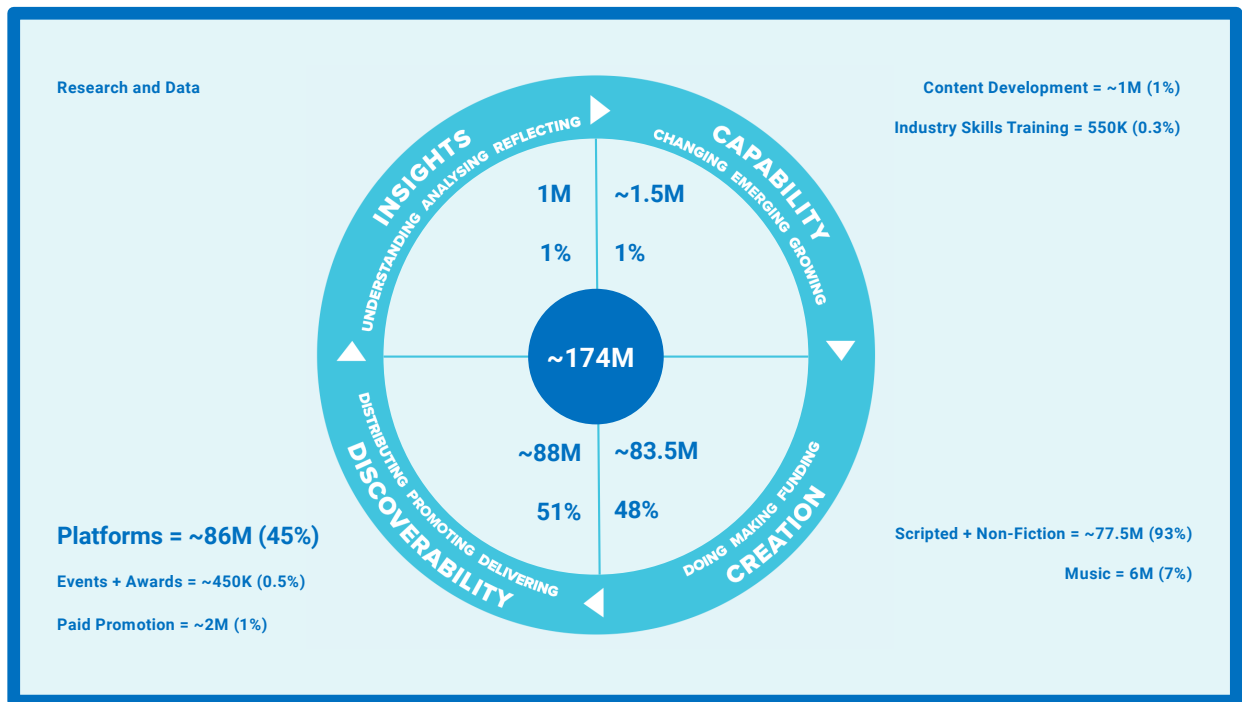
The NZMF was reviewed in 2020 and that report produced a tonne of thoughtful recommendations and considerations that we slowly started to implement. Then the merger emerged and as Cam noted, we were facing a future that would see us operating as a very different type of funding agency.

Despite the merger not going ahead, this turned out to be an opportunity for us as it acted as a catalyst for us to really look at the strategy and rather than tinker and tutu with the NZMF – we had to reimagine based on where the audiences had shifted in the preceding 3-4 years. I won’t spend too

much time talking through this and if anyone is interested - our investment strategy document on our website steps through the model in a lot of detail - but I did just want to briefly re-emphasise the high-level changes.

Which at a fundamental level, saw us moving from the NZMF model of almost exclusively funding content production – to acknowledging the holistic impact we have across the sector and the growing importance of the role of research and insights to better understand our priority audiences, skills development (especially where gaps and issues around equity exist), content funding (which is still the majority of what we do), and increasingly the discoverability of content, which includes recent efforts in the children's space to fund the promotion of content alongside the production of it.

A good example of this new strategy in action is in the youth space with research (both quant and qual) that we put out late last year, and which informed the youth funding strategy we released this year. Those of you who are engaged in the youth initiative that is synced with Round Toru will have seen the changes to our processes and policies that are in play as a result of what our research into youth audiences showed.

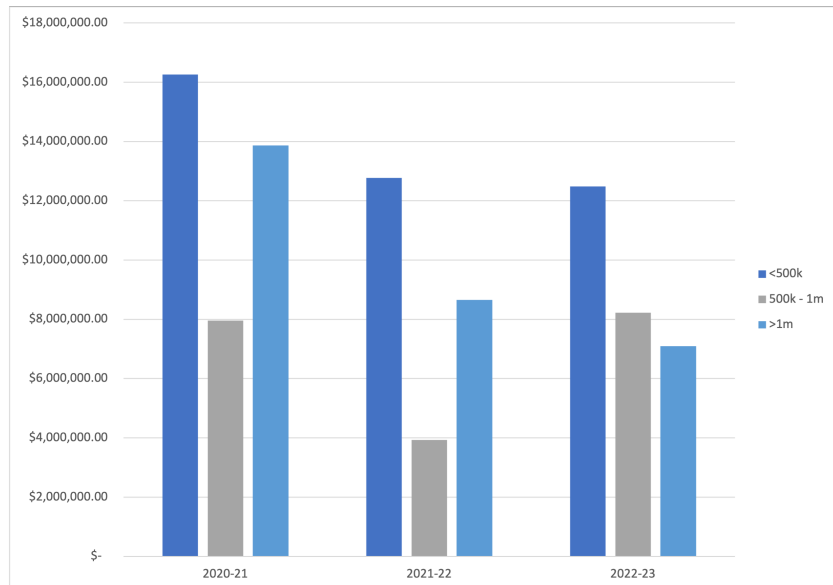


We have had comments from several producers and platforms regarding concerns around some of the new focus areas and what this means for content production funding in these constrained fiscal times so I thought it would be helpful to take us through those actual funding allocations - as a circle divided into four gives off the visual perception that it's quartered evenly - when in fact you can see from those numbers and percentages on screen that we've taken a conservative approach to those areas outside of scripted, Non-Fiction, Music and Platform funding.

Like every strategy, we will be reviewing it internally at the end of every financial year and tweaking allocations / iterating.

*Just a small note that I have excluded the one-off \$10M we received from government this year.

Non-Fiction Funding 2020/21 – 2022/23



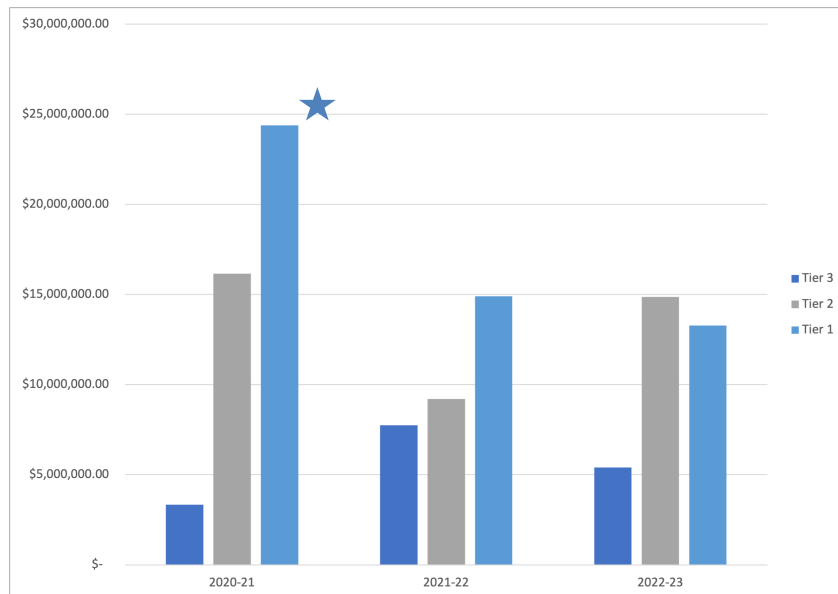
The next few slides are designed to address the questions about where the pūtea is being allocated across different budget levels for non-fiction, scripted, development and children's funding. We have had both pushback and praise from producers about opening up different tiers of funding across our key streams. For context, what we had historically prior to the NZMF was – broadly speaking – higher budget levels for linear content and smaller budget levels for what was then called the Digital Media Fund and was for small scale digital only projects. Opening up those funding tiers and lifting the lower level while also creating a mid-tier is in response to the changes we were seeing in terms of where audiences were consuming content and the declining linear viewership.

What you can see on the graph here is that the dark blue bar is for projects \$500K or under (the smaller tier), the grey bar is projects between \$500K-\$1M, and the lighter blue bar is project over \$1M.

The trend with the lighter blue bars indicates the number of large scale (>1M) projects are declining which we could potentially attribute to the declining PUTs environment and therefore a greater prioritisation of projects designed to be digital first ... although we note that when we launched this latest strategy, we also removed the \$500K cap for digital projects so we're interested in what the future holds for larger scale digital-first non-fiction projects designed to work first and foremost on digital and secondly on linear.

Like all data – once you dig into the detail you can see context and anomalies – and the reason the overall funding levels collectively are higher for the 20-21 FY is due to both one-off funding from government + COVID relief funding (which also ran across 2021-22).

Scripted Funding 2020/21 – 2022/23



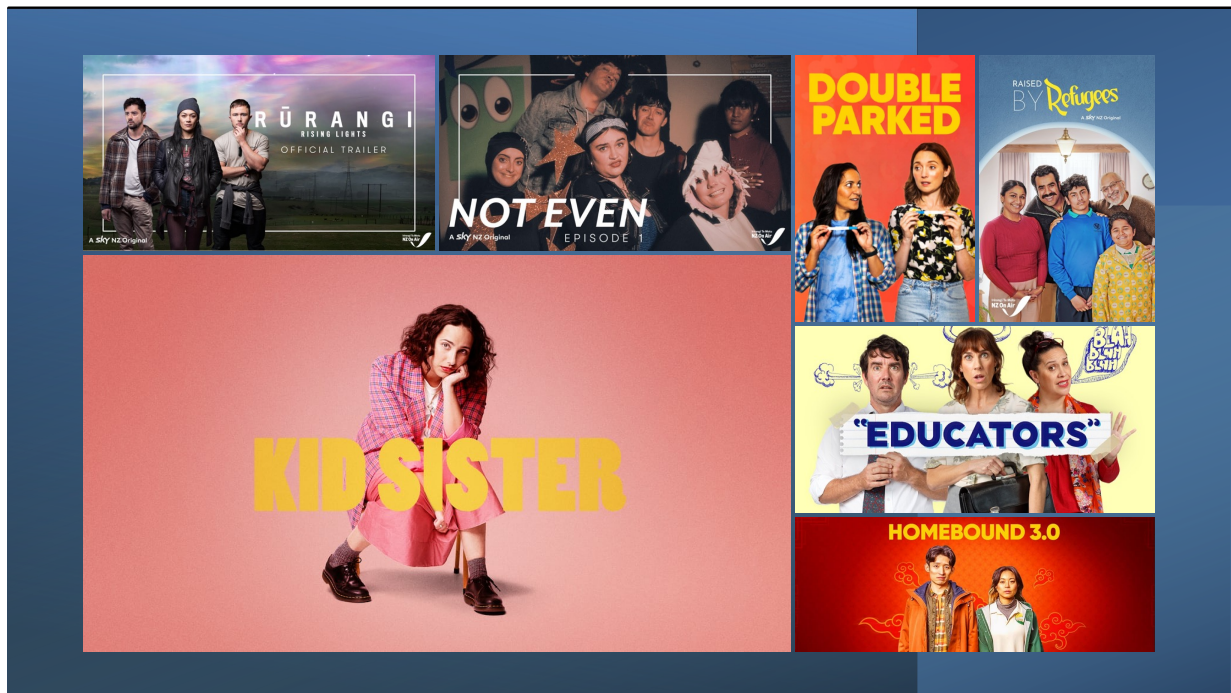
Turning to Scripted now, the same colour coding applies. The dark blue bar signifies Tier 3 projects (under \$1M), Tier 2 projects are the grey bars and these sit within the \$1M - \$3M bracket, and the light blue line signifies the Tier 1 projects (with total budgets of \$3M or more).

The star signifies one-off funding (that saw an additional drama, *Panthers*, funded in that financial year) so that's why that year is a bumper year.

You can see that the dark blue bars resembling the Tier 3 (<1M) projects have remained reasonably steady over the past few years and this will remain the case. We recognise the importance of offering pathways for development whilst balancing the need for larger scale projects that offer greater skills development and more employment opportunities. As a reminder – the types of wonderful projects and voices that have come through that Tier 3 include: Inky Pinky Pinky, Homebound 3.0, Kid Sister, Self Help, Hui Hoppers.

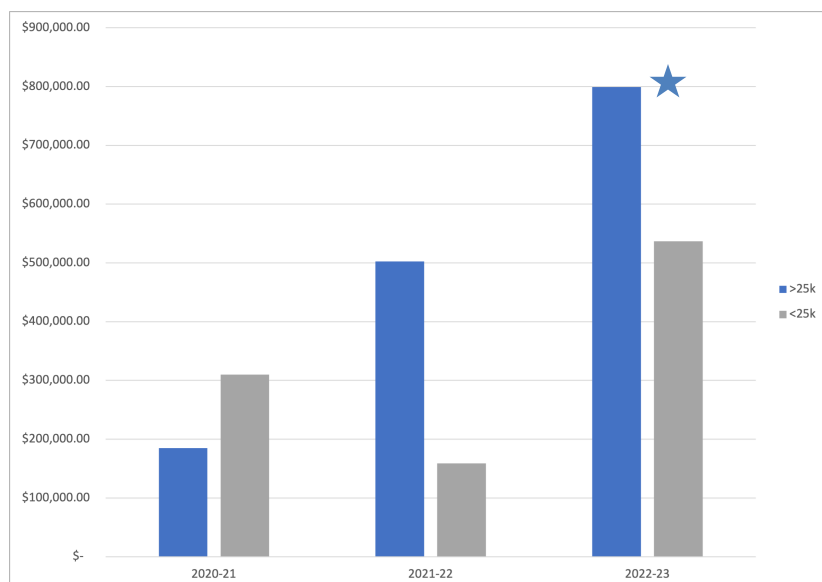
Tier 2 (1M – 3M) has also gone up and down across years but has been a strong focus area for us. If we look at the 21-22 FY, that grey bar constitutes seven projects versus the three for Tier 1. We recognise the challenges faced for producers working in the 1M – 3M space and we welcome projects scaling up

in second seasons once they find their audiences and their ambition and now that the rebate is part of the mix, we feel that Tier 2 isn't about undercooking budgets, it's about allowing producers and writers to cut their teeth on projects in order to then level up to larger scale productions.



It's Tier 2 funding that has brought through voices and scaled up projects like the ones on screen, and a significant number of international distribution deals for projects like these.

Development Funding 2020/21 – 2022/23



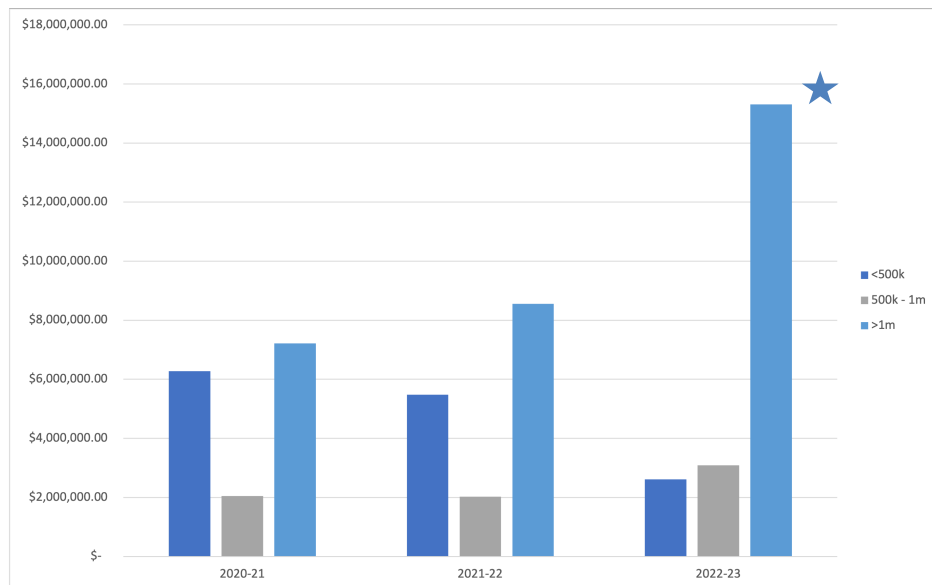
This slide looks at levels of development funding, which we've split into two buckets, the grey bucket is per project funding levels of \$25K or under, and the blue bar show projects that have had over \$25K funding each.

We have been listening to the sector around development and when I started at NZ On Air in 2018 we were allocating roughly \$400K per year against development, which increased to \$600K, and over the past few years has been closer to \$1M total across the year, which feels like the right level to hold it at for now given we understand the funding challenges around supply and demand. Having said that, the opening up of the rebate does mean that we want to ensure a reasonable pipeline of ambitious projects are making their way through development to take out to market.

We did actually invest more than the \$1M in last FY though, which was specifically to support the ambitions of children's projects that were pitching for the rebate. We had seen with the likes of Darwin and Newts, and Kiri and Lou, just how impossibly hard it was for those projects to package themselves up and get co-production partners without meaningful development pūtea so we allowed for a small number of children's projects to access higher levels of development pūtea at the start of last year's financial year, with the aim that they could then seek first-in rebate funding at the end of that financial year if their development mahi was in a good place to take to market, and that would give them

meaningful domestic market money attachment and a nice package to sell their wares abroad.

Children's Funding 2020/21 – 2022/23



Which segues nicely into the next slide, looking at funding levels for children's projects. Again, the dark blue bars represent projects of \$500K or less, the grey bar represents the mid tier of \$500K-1M, and the light blue bar represents projects of over \$1M or more.

We have roughly allocated \$14M every year for children's funding, and last year we actually bumped that up specifically to try and see if we could stimulate some rebate pick up for children's projects of scale as we've seen across the ditch how successfully that model has been working for the ABC with things like Bluey.

This is first-in funding though and it has a deadline for that pūtea to stay attached to these projects so if there isn't market interest drummed up (because we do know how hard it is out there) then that pūtea will return to the contestable funding pot in this financial year to be reallocated.




REBATE FUNDING

Children's

- Four projects
- \$7.7M allocated
- \$30.9M total budget
- Deadline Jan '24

Drama

- Four projects
- \$10.4M allocated
- \$36M total budget
- Deadline: Mar '24



Which takes us to a broader note on the changes to the rebate and the opportunity that has given to NZ On Air funding being able to be more widely accessed for rebate projects (where previously that could only happen with animation and children's drama).

I'll briefly just close on the children's rebate funding approach as that's not a new opportunity but the way we've approached it in the last year has been new. We invested in four projects earlier this year, and allocated \$7.7M across those projects, which had a combined budget of \$30.9M is their projected collective budget scope. Our first-in finance for those projects has a deadline of January next year which means that if those projects can't demonstrate some meaningful level of market interest or attachment, then that funding comes back into this year's contestable funding pot.

In terms of drama, given it's our first year, we ended up investing in four projects, and allocated \$10.4M across those projects which had a combined budget level of \$36M. Those projects have until March next year to drum up interest and attachment and hopefully they do, but if not, that pūtea will return to the contestable funding pot in this financial year as well.

So, you can see we're juggling the timings around this and how it will impact Round Toru, and like I

said, this is the first year, and there will likely be a tonne of learnings. We had hoped to bring together a rōpū of drama and children's producers together prior to the end of the year to discuss how this is working, but I think what we'll do is aim to do that post March when we have a clearer line of sight or what projects were able to get up, what ones made a strong case for having our funding deadline extended while they wrangled, and what ones didn't get pick up. I think from there, we'll be in a good place to update the sector on what the opportunities might look like in this space in next financial year.

“Do you think you currently have the balance of funding for new and emerging producers and platforms versus more established production companies and networks right? If not, what would you like to change?”

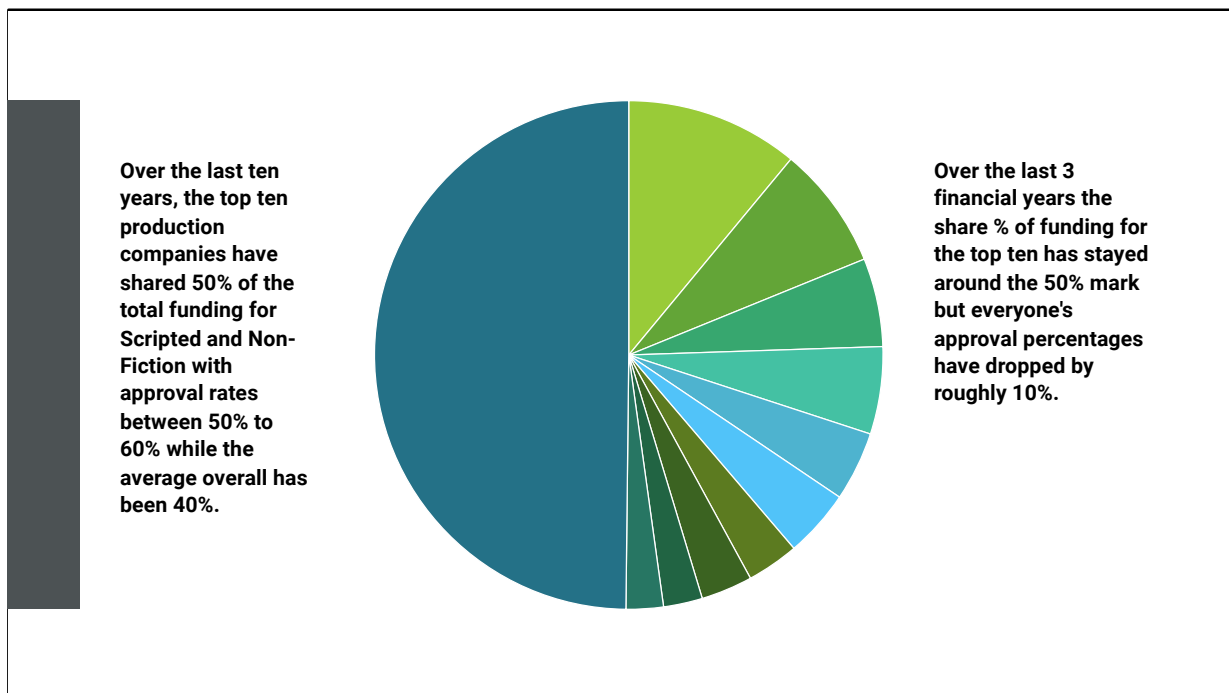
“To what extent do you see reacting to the health of the local production sector, and helping it where possible, as part of your remit?”

And lastly, we did ask and get questions sent in to SPADA from the sector, which has largely been what my whakaaro was built around, and these two questions felt very relevant, and I wanted to address them specifically.

I think both those questions are really fascinating, and there isn't a straight answer to either because it depends on the viewpoint of who is asking the question and the intricacies around the contexts of emerging and established and the interplay of the funding.

So, what I mean by that is, people's determinants of what a healthy sector looks like differs. For us – it's a balance of ensuring we have created enough opportunity in the way our funding is distributed that our growing and sustainable production companies look and feel like Aotearoa New Zealand, and that the projects coming through reflect that as well. I think where opportunities lie is in the established players supporting those emerging voices coming through – and we've seen that to great effect with projects like Kid Sister and the partnership between Simone Nathan and Greenstone, and there are a huge number of those examples that SPP, Screentime, Warners, Great Southern, you're all in that space so we recognise there's a lot of opportunity there and important scaffolding that can happen when you're talking larger scripted or non-fiction projects particularly.

I think the other point here is that our mandate and legislation, which does differ to the other funding agencies, is focused on audiences so our balance is trying not to spread the funding so thinly or so skewed that we're distorting the health or viability of the production sector, but at the same time, we're focused on audience outcomes and supporting projects for those priority audiences we're mandated to serve. But as you can see over the past few years, we have taken a more flexible approach to our remit because we absolutely acknowledge that delivering content doesn't exist in a vacuum hence our increased focus on developing creative talent, ensuring the content is found by audiences and unweighting research to inform all this mahi.

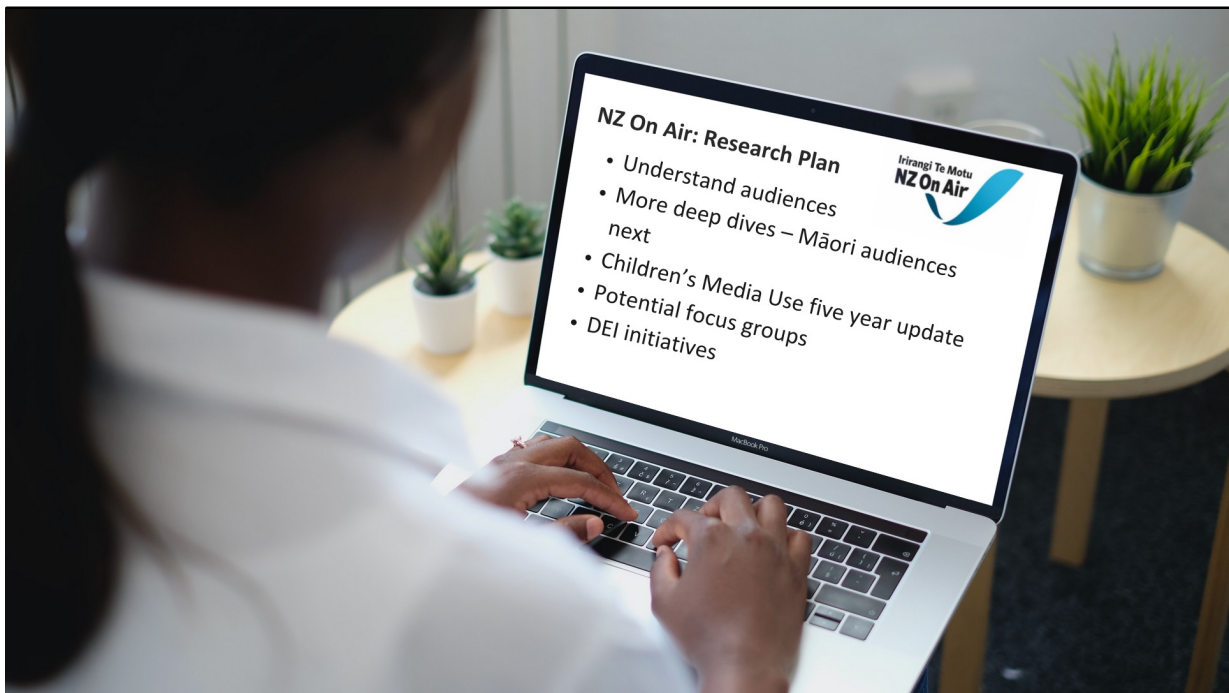


But if you look at this last and final graph, you can see here that 50% of our funding goes to a group of ten production companies with 50% being spread across the rest of the sector.

The other point to make, and this goes to the question of emerging platforms versus established platforms. I think that's another area where the stats show we're taking a measured approach to this. So for example, almost 74% of the scripted and non-fiction funding in Round Tahi went to networks.

Where we are focusing on new terrain around social media platforms, we're being clear that this must be research-driven and at the moment it's just contained to tamariki and youth content because that's what our audience data overwhelmingly points towards, so we're not taking a wholesale approach to moving away from our local platforms and networks. They're still the majority recipients of our funding.

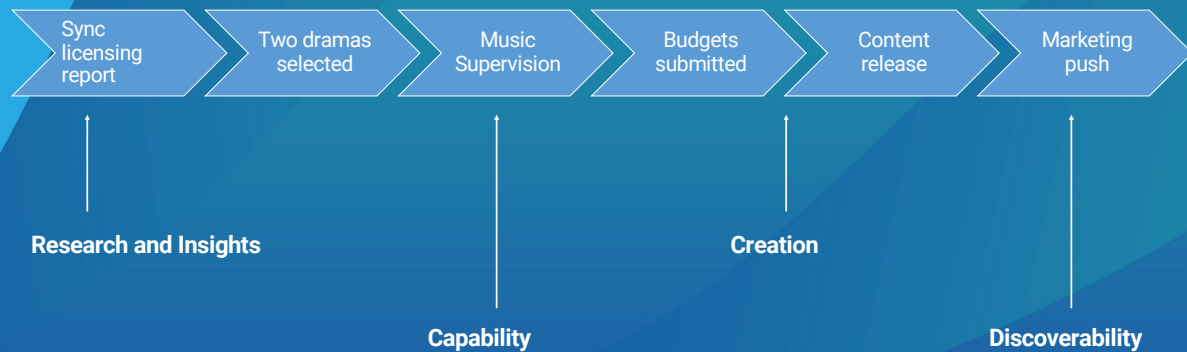
So, from our vantage point, we're okay with that balance, and like everything, we'll keep looking at it, listening to the sector and assessing what the rest of the sector and the other funding agencies are doing to understand our impact in the ecology.



- Our research plan is underpinned by a need to understand audiences, what they're consuming, where and why. WATA integral to this.
- Qual deep dives - Youth Audience, and prior to that Chinese and Indian New Zealanders.
- One deep dive a year, in addition to the general WATA – next year will be Māori audiences
- Children's Media use research – done every 5 years – next one will take place in the 2024/25 year.
- We are keen to explore using focus groups on a regular basis to continue to add to the picture we are building of what makes content successful with different audiences.
- Diversity, equity and inclusion has driven several successful capability-building initiatives. We are hoping to expand our Diversity reports, which currently look at ATL roles, to encompass all cast and crew. This expansion will help with the momentum towards enabling and supporting a truly inclusive workforce.
- And we will have a Seen on Screen update coming soon.



In practice, we see the negotiation for those [music sync rights] happening after the fact, at the tail end of the production. The impact is generally a shortfall in the budget forecasts to effectively secure the rights required.” – Paul McLaney



"The funds will support creation of innovative content.

It will be used to deliver trusted public media news, information and entertainment through cross- sector collaboration.

Its aim will be to reach groups who are currently under-represented across the media system (such as Māori, Pacific, Asian, rangatahi and children)."

\$10M one-off

- \$5M – Youth
- \$2M – Pacific Media
- \$2M – Supporting Māori-owned production company projects
- \$1M – Music

\$10M

We have been lucky to receive a one-off \$10M in this financial year, and the italicised text up on screen was pulled directly from the Ministry regarding what that \$10M (at a non-editorial level) was expected to achieve.

One of the things we looked at was high-impact, and areas we would otherwise have loved to be funding and supporting were it not for constrained funding. We've invested 50% of this one-off funding towards our big youth initiative, which is running in Round Toru, and in large part, this decision was driven by how this group is one of the most difficult to reach with quality public media content, and it's also a powerful intersectional cohort so we know that our Māori and Pasifika youth are key audiences we want to reach and will be a key focus of that youth initiative.

Alongside our intention to deliver to rangatahi in the youth fund in Round Toru, our \$8M co-fund with Te Māngai Pāho (\$4M each) spoken about yesterday, and the baseline mahi that I alluded to in my opening statements around deepening our te rautaki Māori which we will be in a position to shine a light on early next year, we are committing a further \$2M out of this \$10M dedicated to projects from Māori-owned production companies.

We have also taken the opportunity to develop a fantastic Pacific Media partnership which Nicole will

talk to next, as well as a boost in new music funding targeting those priority audiences.



Introducing....

**The Aotearoa
NZ / Pacific
Regional Media
Fund**

Gahua

- Cross Agency Partnership with Pasifika TV
- Two Expressions of Interest went out this week to Aotearoa based Pasifika producers and one out to Pacific Island based producers/broadcasters
- Seeking 10 interested parties from Aotearoa and in the Pacific to co-produce original Pasifika screen content
- Two-day Auckland workshop (online and virtual) to work on ideas and applications
- Fund six projects up to \$250k each with up to \$60k for music composition/licensing
- Primary platform will be Pasifika TV
- In a mix of English and various Pasifika languages
- We encourage projects to be shot in the islands
- Two Executive Producers will oversee projects:
 - Stallone Vaiaoga-loasa - Scripted and Stephen Stehlin - Non-Fiction.

