

Television New Zealand's Charter :

**The struggle between social responsibilities
and commercial imperatives.**

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Certificate of Authorship

“I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person nor material which to a substantial extent has been accepted for the award of any other degree or diploma of a university or other institution of higher learning, except where due acknowledgement is made in the acknowledgements.”

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Contents Page

ACKNOWLEDGEMENTS.....	3
CONTENTS PAGE.....	4
ABSTRACT	6
INTRODUCTION.....	7
CHAPTER 1 :.....	16
THE HISTORY OF BROADCASTING IN NEW ZEALAND	16
<i>Background</i>	16
<i>Political Interference</i>	23
<i>Balancing ‘public service’ and ‘commercial needs’</i>	29
<i>The 1980s</i>	36
CHAPTER 2 :.....	38
THE DEREGULATION OF TELEVISION BROADCASTING IN NEW ZEALAND	38
<i>Background</i>	38
<i>Politics</i>	39
<i>The Legislation</i>	42
<i>The Restructuring of TVNZ</i>	45
<i>News and Current Affairs</i>	50
<i>Foreign Programmes</i>	56
<i>Local Content</i>	58
<i>Problems with NZOA</i>	59
<i>Minority programmes</i>	61
<i>Viewers Protest</i>	63
CHAPTER 3 :	67
FROM THE DEREGULATION OF BROADCASTING TO	67
THE MAKING OF THE TVNZ CHARTER.....	67
<i>Background</i>	67
<i>Politics</i>	70
<i>More restructuring at TVNZ</i>	72
<i>The Measurement of Success</i>	81
<i>Advertising</i>	83
<i>License Fee</i>	84
<i>The Making of the TVNZ Charter</i>	86
CHAPTER 4 :.....	91
THE IMPLEMENTATION OF THE TVNZ CHARTER : DELAYS, PROGRESS AND CHANGES	91
<i>Background</i>	91
<i>Politics</i>	94
<i>New Legislation</i>	96

<i>Restructuring of TVNZ : Key Appointments</i>	<i>100</i>
<i>Charter Programmes</i>	<i>109</i>
CHAPTER 5 :	112
CRITICISM OF THE “RE-REGULATION” OF BROADCASTING.....	112
<i>CROC Vs SOE.....</i>	<i>114</i>
<i>Dividend.....</i>	<i>118</i>
<i>Funding.....</i>	<i>120</i>
<i>Advertising.....</i>	<i>124</i>
<i>Making Room for Charter Programmes</i>	<i>127</i>
<i>Local Content Quota.....</i>	<i>129</i>
<i>Competition.....</i>	<i>132</i>
CONCLUSION.....	136
APPENDIX.....	ERROR! BOOKMARK NOT DEFINED.
<i>Appendix 1 : Steve Maharey</i>	<i>Error! Bookmark not defined.</i>
<i>Appendix 2 : Marian Hobbs.....</i>	<i>Error! Bookmark not defined.</i>
<i>Appendix 3 : John Farnsworth.....</i>	<i>Error! Bookmark not defined.</i>
<i>Appendix 4 : Glen Sowry</i>	<i>Error! Bookmark not defined.</i>
<i>Appendix 5 : Des Monaghan.....</i>	<i>Error! Bookmark not defined.</i>
<i>Appendix 6 : Rick Friesen.....</i>	<i>Error! Bookmark not defined.</i>
<i>Appendix 7 : John Dee.....</i>	<i>Error! Bookmark not defined.</i>
<i>Appendix 8 : Fred Goldring.....</i>	<i>Error! Bookmark not defined.</i>
<i>Appendix 9 : Jo Tyndall</i>	<i>Error! Bookmark not defined.</i>
<i>Appendix 10 : Claire Harris</i>	<i>Error! Bookmark not defined.</i>
<u>Appendix 11 : TVNZ Charter.....</u>	<u>197</u>
<u>Appendix 12 : TVNZ Draft Charter.....</u>	<u>200</u>

Abstract

The research for this thesis started just before the TVNZ Charter was released in 2001. It followed the discussion regarding the new direction for the broadcaster to follow a more public service role. The data gathering was conducted through to post Charter implementation and captured the uncertainty surrounding the shift in policy. Although the aim of the TVNZ Charter was to raise the standards of public service broadcasting the introduction of this new policy was marked by confusion as to how this would be achieved, funded and monitored.

The TVNZ Charter was introduced with the prescription that TVNZ find a balance in achieving public service needs in television as well as maintaining the revenue from advertising. This was because the government was not willing to provide sufficient funding for a non-commercial service and hence the result was always to be a hybrid model. It was frequently emphasized that Charter programmes should rate well and there was strong stress on the importance of retaining and attracting audiences.

The core changes leading to the introduction of the TVNZ Charter owe their origins to the major policy turning point of 1989/1990, when broadcasting was deregulated in New Zealand. The free market provided programmes with a focus on entertainment and the previous dictum that they should also educate and inform was no longer spelled out in the Broadcasting Act. As only one of the traditional principles of television was being satisfied, there was a measurable decline in programmed diversity and it is argued, quality. The freedom of deregulation allowed TVNZ to pursue the goal of earning as much advertising revenue as possible. Therefore, the TVNZ Charter was hailed as a significant change of direction to ensure that public service needs were met.

Even though it can be argued that many positive changes have resulted since the TVNZ Charter was mooted, it is argued that the drive to reposition TVNZ as a public service broadcaster seems to have resulted in a very diluted form of public service broadcasting. A major shift in direction has been compromised by a fear that significant changes in programming would result in a dramatic loss of vital advertising revenue.

Introduction

“The influence exerted by television depends on the answer to the questions :

Who controls?

Who decides what will be shown and when, and in what way?

**To have this control is to have an immense power,
the extent of which is not yet appreciated in New Zealand by those who wield it,
not by those who are subject to it.”**

Ian Johnstone, (1968, p 9)

The year 2003 will be referred to as a landmark in the history of broadcasting in New Zealand. The TVNZ Bill, which passed through parliament on the 27th of February 2003, changes the structure of TVNZ and effectively allows the TVNZ Charter to be implemented from 1 March 2003. The Bill which was passed by 67 votes to 47 in parliament, with Labour, the Green Party, United Future and Progressive Coalition voting for it and National, Act and New Zealand First opposed, has had a lengthy struggle to see the light of day.

As a set of guidelines for the public broadcaster to work towards to become a more socially responsible broadcaster, the TVNZ Charter is expected to steer the company from its commercially-driven culture that was the result of the 1988/1989 deregulation. The changes and impact of this ‘re-regulation’ will no doubt be of intense interest to media watchers. As a period of re-direction to correct trends in television broadcasting since the deregulation, comparison between pre- and post-

charter will be a point of reference for the success or failure of the Charter. Therefore, this Charter era has significant importance not only to the broadcasters and government but also to independent programme makers, journalists, media academics and especially the viewers themselves. As a public broadcaster TVNZ has always been the subject of intense interest. Its high profile and the fact of it being one of the favourite toys of politicians has meant it has had more criticism than any other broadcaster in New Zealand.

The introduction of the TVNZ Charter proves that criticisms levelled at TVNZ since deregulation have had an impact. For example, *One Network News* with the announcement of the Charter, has removed some of the chit-chat style of presentation, comments between anchors as a technique to make the news package friendlier and more digestible. These were criticised by Brian Edwards, who described it as the “Coochie-Coo News” (Edwards, 1992, p 23) and in Dr. Joe Atkinson’s ‘Americanisation of *One Network News*’ (Third Annual Chapman Lecture, University of Auckland, 20 May 2002).

The TVNZ Charter objectives call for more balanced and diversified programmes. This acknowledges the lack of many types of programme on prime time television. Many of these problems are the result of the deregulation of broadcasting in 1987, a development many media watchers and academics in New Zealand have analysed and written about. This literature concluded that the role of public service broadcasting was eroded due to the emphasis on commercial success and winning the battle for ratings.

The government has also addressed the problem of ethnic minority programmes being marginalised. Among the objectives agreed by the cabinet and embodied in the TVNZ charter is ‘ensuring all New Zealanders have reasonable and regular access to broadcasting representing the uniqueness and diversity of New Zealand life, recognising that the histories and stories of *whanau*, *hapu*, and *iwi* are integral to any description of that life.’ (TVNZ Charter, 1 May 2001) Even in a world exploding with information, it is recognised that there is a role for a public broadcasting system that will enrich and help to define and reflect national identity. (Price, 1995, pp. 4)

George Gerbner, President and Founder of the Cultural Environment Movement, wrote about the way media shapes attitudes and opinions when he described representation in the fictional world (of television) as signifying social existence, whilst absence means symbolic annihilation. (Gerbner, 1972, p 44) This illustrates the influence of representation and under-representation of ethnic groups on television. By initiating a new policy, the government is tacitly acknowledging this annihilation, as well as the pervasive power of television. As stated in *Broadcasting Policy : Objectives and Mechanisms*, among the reasons for the government’s involvement in broadcasting content is their potential to reflect and explore every aspect of a nation’s life and thus contribute to the shaping of its identity. “They have an unparalleled capacity to provide a shared experience, make minority voices heard and through programme selection and exposure, influence the agenda of topics and issues which is presented for the attention and consideration of the public.” (Hobbs, 2000)

Adding to the problems identified with TVNZ programming after deregulation is continuing low levels of local content. This has occurred despite the questionable methodology adopted by New Zealand On Air in its annual surveys, for example the sports category 'which can contain a high level of overseas content and still be classified as a New Zealand programme' (NZOA, 2002,p 26)¹ There are also a significant number of entertainment shows which are copies of overseas formats and they are included as local content, not to mention those which are sponsored by advertisers like Mitre 10 Dream Home, and McDonald's Young Entertainers. (NZOA, 2002,p 26)

According Tracey, there are eight principles of public service broadcasting; *universality of availability; universality of appeal; provision for minorities, especially those disadvantaged by physical or social circumstance; serving the public sphere; a commitment to the education of the public; public broadcasting should be distanced from all vested interest; broadcasting should be so structured as to encourage competition in good programming rather than competition for numbers and the rulers of broadcasting should liberate rather than restrict the programme-maker* (Tracey, 1998, 27–32) These key principles of public service broadcasting was based on a Tracey's study of public service broadcaster in UK and USA. According to Britain's Broadcasting Research Unit, public service programmes should cater for all interests and tastes, that minorities, especially disadvantaged minorities, should receive particular provision; that one main instrument of broadcasting should be directly funded by the body of users; and that broadcasting

¹ From Notes on Methodology, Appendix 1, Point 10, 2001 Local Content Report from NZOA.

should be structured so as to encourage competition in good programming rather than in competition for numbers.” (Cocker, NZH, 21 June 1994, Section 1, p 8)

Equally as important, it is hoped that Charter programmes will give balance and provide choice to the dominance of entertainment programmes on most of the television channels in New Zealand. As Ben H. Bagdikian puts it, “To give citizens a choice in ideas and information is to give them a choice in politics. If a nation has narrowly controlled information, it will soon have narrowly controlled politics.” (Bennett, 2001, p211) The requirements of the TVNZ Charter are also similar to that of definitions of other public service broadcaster in UK and USA, and therefore face similar problems and difficulties. For example, the issue of balance and providing choice to viewers, which is a complex one as debates surrounding what good public service broadcasting tend to move between having universal appeal and provision for minorities. This is part of Michael Tracey argument, in his search to define public service broadcasting. “Public broadcasting does not expect that it can please all the people all the time – indeed it sees in that approach precisely the kind of populism which nurtures cultural mediocrity, as quality is sacrificed in the altar of maximising the audience size. Public broadcasting does, however, believe that well-produced programmes can please a lot of people a lot of the time, and everybody some of the time.” (Tracey, 1998, p27).

There is also evidence that the independent production industry in New Zealand believes that changes to TVNZ’s approach are overdue. The experiences of producers and directors having to re-edit their programmes to make it more sensational as demanded by TVNZ is just another of the publicly known practices.

Linda Clark who is a journalist on Radio New Zealand has stated : “Every independent filmmaker I know, who puts things through the great mincing machine (TVNZ) has a lot of difficulty getting their product through that mincing machine that is not substantially changed or altered.” (*Nine to Noon*, 5 March 2003)

The commercialisation of TVNZ is also a result of the lack of funding which has been a feature since the birth of television in this country. “On a per capita basis, the New Zealand Government invests \$12 a year in television while in Australia, the same figure is \$45. In the UK it is \$144 per head and in Canada \$44. If these figures are adjusted by the various revenue raising mechanisms imposed on television across the countries the difference is even more dramatic. New Zealand spends \$3 per head annually while Australia spends \$30 and the United Kingdom \$122 per person.” (Wallace, July 2000, p3) However, it must be taken into account that unlike other countries, television in New Zealand was never as popular as viewing figures would indicate in a number of other countries.

“By international standards, New Zealanders are not heavy viewers of television and despite all the descriptions of New Zealand as a ‘media saturated society’, with television as an all-powerful medium influencing elections, consumption, and the general cultural health of the country, only a minority of the total population watch television with any regularity. The average audience size seldom rises above 50% of the potential audience for evening television. An average audience of between 35-40% is the norm, which is around half the size that US networks would regard as acceptable.” (Lealand, 1991, p71)

The first national Time Use survey found that New Zealanders spend just under two hours (119 minutes) watching television or videos per day as a primary activity.² Nearly 88 percent of leisure time is spent on watching television which makes it the most popular leisure activity. Even though New Zealanders are less addicted to television and less demanding in what they watch, it is no doubt that television is an effective medium. In the *Broadcasting Policy : Objectives and Mechanism* (Hobbs, 6 July 2000), it was stated among the reasons for the government's involvement in broadcasting is because it is so pervasive. "They can exert a powerful influence on the kinds of information readily available to its citizens, helping, for better or worse, to shape opinion and condition perceptions." (Hobbs, 6 July 2000)

It comes as no surprise that the changes to broadcasting were again initiated by politicians, a tradition in the history of broadcasting in New Zealand. "New Zealand broadcasting had begun on a quasi-British BBC model, but that model has never been closely realized; Labour and National governments had never relinquished the right to intervene in broadcasting policy." (Herman & McChesney, 1997, p 180) Herman and McChesney specifically point to Broadcasting Minister Hugh Templeton's quoted words, "No corporation as big as broadcasting should work without ministerial control...broadcasting is too important to leave to broadcasters alone."³

² The survey of 8500 New Zealanders age 12 and above also found that there was a further 48 minutes a day of television viewing which is combined with simultaneous activity when engaged in some other task. The research was conducted between July 1998 to June 1999. (www.stats.govt.nz/domino/external/web/prod_serv.nsf/htmldocs/Time+Use)

³ Quoted from Alan Cocker's *Broadcasting myth and political realities : New Zealand's experience in comparative perspective*. *Political Science*, 46(2) p 251)

No doubt the criticism of political interference will once again loom in the latest changes for television, but equally as important is that the TVNZ Charter marks the acknowledgement by the government that television as a medium should not be left purely to private commercial provision. Interestingly, this also means that the free market model, which has been tested for some 13 years failed to fully serve the public's need as far as the government was concerned.

This thesis documents the issues surrounding the introduction of the TVNZ Charter, based on a political economy perspective, and re-visits the history of broadcasting in New Zealand. The methodology of this thesis takes the approach of a written style historical documentary, reviewing literature and monitoring the media on the development of the TVNZ Charter. The qualitative analysis based on a compilation of media clippings as a primary source was helpful as a historical study, giving a timeline as to the strategies and progress made to change a policy. The media also reported a lot on the drastic changes and at times chaos within the broadcaster, particularly in the areas of key appointments and human resources. For the purpose of this study, which focuses on how and why the Charter was introduced and following what and when changes are made in order to implement the new policy approach.

Other literature written about New Zealand and international broadcasting gave a fair comparison and foundation to the theory and historical background. The information gathered from interviews was helpful to confirm certain points, and for further detailed information, however as the interviews were conducted during period of upheaval due to major restructuring, many potential interviewees refused to

comment. Other participants gave brief and safe answers, not willing to provide any further information. It must be taken into consideration that it was a sensitive period as the ground was shifting all the time with changes in job roles, accompanied with redundancies and resignations, but also many did not know or understand what direction the TVNZ Charter was heading.

Overall the thesis aims to take the reader on a journey through years of turmoil within TVNZ, marked by an unbroken chain of political interference, leading to the adoption of the TVNZ Charter.

Chapter 1 :

The History of Broadcasting in New Zealand

E kore e ngaro nga tapuwae i nga wa o mua,

he arahina ke tatou ki te huarahi nei,

me hangaia e tatou ano.

(We can never erase the footprints of our past,

they lead us to the paths of the future we care for ourselves.⁴)

Background

This Maori proverb suggests that a people's future is determined by their past, which illustrates the nature of broadcasting in New Zealand. The move to introduce a Charter for Television New Zealand is linked to the history of broadcasting in New Zealand, and is seen as an attempt to fix problems originating from decisions made in the past. The experience of political interference in broadcasting, and funding issues since public broadcasting began in New Zealand are rooted in the culture of its operation. The history reveals the policies of the decision makers which were

⁴ This Maori proverb taken from www.otago.ac.nz/maoricentre/html/who.html

marked by almost constant change as the pendulum swung between ‘public service’ requirements and commercial demands in public television. These changes were a mix of pragmatic policy and, on occasions altruism, as they sought to find the right model to suit New Zealand broadcasting and fix problems created by previous policies.

The roots of the problems can be traced back prior to the introduction of television to when radio was the only form of broadcasting in this country. In 1931 the government started up a BBC-style board in order to secure broadcasting from private hands, however the board to be filled by political appointees (Cocker, 1994b, p240). With financial pressure, and also partly influenced by the first Labour government which came into power in 1935, it was inevitable that the board favoured state control instead of public control. As a result, twenty-two private radio stations were nationalised to create a state monopoly. This was also prompted by the financial struggles of these stations, because of the government’s refusal to grant a subsidy from the licence fee and their rejection of a request that they be allowed to run advertisements (Butterworth, 1989, p148).

Also during the radio years, political parties fought over broadcasting and tried to influence it. “Although in New Zealand the National Party railed against Labour’s use of radio from 1935 onwards, when National came to power in 1949 it retained full departmental control of the New Zealand Broadcasting Service, though this was clearly in conflict with the stated ideal of the organisation as independent and impartial.” (Cocker, 1994, p246-247) This was particularly so during Michael Joseph Savage’s Labour government, which was in power between December 1935

and March 1940. “Under the Savage Labour government, radio was perceived as a counter-balance to the anti-Labour press. From 1936 the YA stations provided regular parliamentary broadcasts. This enabled Labour politicians to publicly argue for their legislative programme against conservative opponents. However, Labour’s egalitarian ideas did not extend to the structure of communication itself.” (Hope, 1996, p17)

It must also be pointed out that at that time media and radio broadcasting were heavily influenced by politicians. “Broadcasting was firmly regarded as existing to support the purposes of the state.” (Cocker, 1994b, p240) Cocker, also noted the intensity of the party-political use of broadcasting through the thirties and forties, with the result that “the party in opposition was always deeply suspicious of any broadcasting policy enacted by the party in power” (Cocker, 1994b, p245).

According to historian James Belich, although the introduction of television was considered by the government in 1949, the delay in bringing the new medium to the public “was probably because the tight society considered it an unnecessary and vaguely effete luxury, nothing was done during the 1950s except for some closed-circuit demonstration transmission.” (Belich, 2001, p 426) However, in his book *The Right Channel*, Ian Johnstone wrote that the delay was more because of government’s reluctance to fund it. “As in so many things, New Zealand resembles the Britain of a few years ago. Here, television is the responsibility of a monopoly organisation, a Public Corporation which is independent of the State, but subject to its general surveillance, and to its particular direction in one or two matters such as money.” (ibid, 1968, p 10)

In an unpublished University of Auckland MA thesis on aspects of the early New Zealand television audience 1960 – 1975, Ashley Gorringer found that because of the pressure from the public, in 1954 it was suggested in Parliament that loans should be taken out to finance the setting up costs of television.⁵ It was reported in the *Truth* that by choosing to do nothing the government had ignored the wishes of both the New Zealand public and the electronic firms that had been willing to set up television on a private basis.⁶ The government's position became clearer when the Minister Charge of Broadcasting, Ronald Algie stated that he was not in a hurry to get a television service going.⁷

In contrast, Labour as the opposition campaigned for the introduction of television during the 1957 election campaign. It stated that if it won, it would introduce television in its first three years of office. (Day, 2000, p20) Although Labour won the election, economic recession caused a state of 'semi seige' (Gorringer, 2002, p17). However, despite the economic problems, the government tried to get television going. On the 23rd of February 1959, the NZBS experimented by broadcasting the Queens 1953-4 visit (NZH, 24 February 1959, p10). On the 28th of January 1960, the Minister of Broadcasting, Ray Board announced that the Labour Government would bring television to New Zealand. However, Labour lost the election at the end of 1960, and the introduction of state television was left to the incoming National government (Garbutt, 1988, p3).

⁵ New Zealand Parliamentary Debate, 1954, 304, p1556, quoted by Gorringer.

⁶ *Truth*, 3 November 1954, p18, quoted by Gorringer.

⁷ NZPD, 1957, 313, p2312, quoted by Gorringer.

Television broadcasting in New Zealand started on 1 June 1960, with a British drama series, *The Adventures of Robin Hood*. (Boyd-Bell, 1985, p 74).⁸ The broadcasts were only two to four hours a day, with advertising allowed only on alternate nights (Official Year Book, 1990, 340). The level of interest from the public came also as a surprise. It was so enthusiastically embraced by the public that half a million expensive sets were sold by 1966. By 1970, television was available in 77 percent of New Zealand homes, compared with 71 percent in Australia, 86 percent in Britain, 92 percent in Canada and 93 percent in the USA (OYB 1990, 170). The capacity to broadcast nationally came in 1969 – an important development that enabled all New Zealanders to see and hear the same thing at the same time (Claudia Bell, 1996, p 128-129).

Even in the early years there were complaints about the level of advertising. “The Auckland Star reported 72 commercials in 4 hours on that Saturday night, seventeen commercials in *Laramie* alone. Reg Truman of Mt Albert timed 8 minutes and 45 seconds of commercials between 9.00 p.m. and 10.00 p.m., alleging a breach of the 7 minute per hour maximum (Boyd-Bell, 1985, p82).

The year 1961 marked the end of direct control by government with the introduction of the 1961 Broadcasting Act. This was the year when the New Zealand Broadcasting Corporation (NZBC) was created to replace the New Zealand Broadcasting Service (NZBS), in a model which resembled the structure of the BBC (Day, 2000, p 42-46). The BBC model of public service broadcasting was not adopted in a pure form, with many improvisations to suit New Zealand’s

⁸ The early years of New Zealand television was dominated by programmes from Britain and US. (Lealand, 1990, pp 69 – 75)

circumstances and there were plenty of opportunities for political intervention. Thus the hybrid model was described as ‘a product of political compromise and administrative practicality’ (Gregory, 1985, p 39).

Old habits persisted; not only traditional managerial practices but political tentacles could be found in the governing legislation of the new corporation. Under section 11 of the Act, the NZBC was to ‘comply with the general policy of the Government of New Zealand with respect to broadcasting, and shall comply with any general or specific directives given in writing by the Minister pursuant to the policy of the Government in relation thereto.’ The government also maintained a tight control over capital expenditure under section 12 of the Act and appointed the highest positions in both the administrative and policy areas of the corporation under sections 3 and 16. The Act seemed to ‘carry ample clauses to ensure that the government continued to have the whip hand.’⁹ (Cocker, 1994, p246-247)

According to Comrie, the difference between the NZBC model and the BBC was funding. “Geography and the small, scattered population of New Zealand forced the Government to augment the licence fee. It chose advertising rather than appropriation (Comrie, 1992, p14). The main problem of the model being semi-commercial was that it did not give the broadcaster the independence of a full commercial model but left a dependency on the government for funding. Hence, it created a vulnerable broadcaster that lacked the ability to ward off government

⁹ Rhodes, 1977, p25, quoted by Cocker.

interference. This mixed system had formed the character of New Zealand broadcasting from as early as the 1930s.¹⁰

In 1973 the report from the ‘Adam Committee’ outlined the concerns about the lack of public consultation in determining the mixed model. “What does matter is that there was no proposition put before the public to eliminate the mixed system. Indeed, the new Government stands pledged to nationwide radio and television coverage of both commercial and non-commercial character. Accordingly each of the corporations, whether radio or television, has been given this same commercial and non-commercial character by providing that each have a share in licence revenue and that each corporation will broadcast in part with advertising and in part without it” (Report of the Committee of Broadcasting, 31 July 1973, p 17).

This chapter will now focus on the two main themes of the New Zealand ‘mixed’ funding approach. The continuous struggle between balancing public service responsibility and the need for commercial revenue and the ongoing issue of government interference in broadcasting matters.

Since the first television broadcast in New Zealand on June 1, 1960 a generation after Britain and the US embraced the new medium, TV here has been the ultimate schizophrenic. It has dressed like a public broadcaster in the style of the BBC or ABC but taken every opportunity to preserve its market dominance and maximise its revenue (NBR, 4 May 2001, p 21).

¹⁰ **As to the resources necessary to sustain independence, the situation New Zealand has been familiar since the 1930s with a mixed system of support for public broadcasting from**

Political Interference

The influence of government, be it National or Labour has loomed over the public television broadcaster in New Zealand over all of its history. The differences between National and Labour's view on broadcasting has on occasions been quite marked. For example, while the Labour government proposed state control along the lines of radio when planning television's introduction¹¹ (Gorringer, 2002, p 22), the National Party planned for the eventual advent of a private enterprise system. In its 1960 manifesto the National party proposed to give 'the opportunity for private enterprise to provide programmes', however it was not clear if they were to be allowed to own and operate stations (Gregory, 1985, p60).

The print media at that time also speculated about the political intentions of government in broadcasting. The *Truth* reported that the Labour government was going to use broadcasting as a tool in the election.¹² There were also suggestions that government television would mean that it would be "completely controlled by the State so that the Socialist Government would have control of this most powerful implement for political propaganda purposes¹³" (Gorringer, 2002, p22 - 23).

Despite all the speculations in the press about the manipulation of broadcasting, there were attempts to steer the broadcaster towards a public service model. A report¹⁴ by W.B. Sutch as early as 1959 suggested this form. A number of commentators saw

commercial and non commercial revenues in the form of earnings from advertising and receipts from license fees. (Report of the Committee of Broadcasting, 31 July 1973, p 17)

¹¹ *Evening Post*, 25 February 1960, quoted by Gorringer

¹² *Truth*, 4 October 1960, p34, quoted by Gorringer

¹³ *NZPD*, 1960, 322, p359, quoted by Gorringer

¹⁴ *The Economics of Television*, by WB Sutch, Industries and Commerce, 28 July 1959

the potential of this new medium and the importance of it. The report from the Committee of Broadcasting in 1973 commented : “In coming to its conclusions the Committee has been greatly helped by the public of New Zealand which has shown itself deeply concerned with the future of its broadcasting. The Committee’s visits which have taken its members to almost all the main concentrations of population and, as well, to many isolated districts, where the dependence on radio and television is the greatest, have revealed a striking resolve not to regard broadcasting merely as a national plaything” (Report of the Committee of Broadcasting, 31 July 1973, p 7).

The earlier Sutch report in 1959 strongly considered the public good perspective. For example, its discussion about the production of locally produced programmes. Sutch suggested that the services should have as much local content as possible “to ensure that the service provided is one especially suited to our own needs and social requirements.” The local programmes and production would give the opportunity for the film industry to develop as well as to contribute to national identity (ibid, 1959, p 22).

A decision to make television programmes of our own should be a deliberate act of policy and not a course to be adopted only when public pressure demands it and to be set aside because such programmes will in most instances be costly to produce. Public interest in major sporting events will clearly demand a wide television coverage of such events as international rugby, but may not demand good quality New Zealand educational films for use in schools, or programmes dealing with our social, economic or cultural activities which should enrich the lives of all of us (Sutch, 1959, p 22).

Although in October 1960 there was a local programme which featured chef Graham Kerr, it was not until the early 1970s when a substantial amount of local content was produced. Further, when television did venture into the production of local current affairs programming it ran foul of political sensitivities.

The late 1960s had been punctuated by allegations of political interference in programming. Compass producer Gordon Bick resigned in 1966, claiming Muldoon influence on a programme on decimal currency changeover. Senior frontman Ian Johnstone parted company with NZBC in similar circumstances and “Gallery” frontman Brian Edwards quit in 1971 when the corporation canned his pilot talk show pitting Muldoon against three radical activists. NZBC chairman Major General W.S McKinnon repeatedly denied membership in the National Party. Others of his board members, unashamedly party officials, could not make similar claims (Open Government Report, 1982, p9).

The frustrations of journalists were largely because they felt controlled by the state, and were not allowed to take the role of the fourth estate. This tradition of attempted government control over journalism in this country goes back to when radio news broadcasts began, the daily bulletin was first prepared by the Prime Minister’s Department and later by the Tourist and Publicity Department. The first journalists were not appointed until just before the New Zealand Broadcasting Corporation was set up in 1962 (Comrie, 1996, p25). “It was ...increasingly acknowledged in the post-war years that the method of preparing radio news was inadequate. The New Zealand content of news bulletins continued to be controlled by the information section of the Prime Minister’s Office (Day, 1994, p288).

One of the most obvious examples of the lack of independence of the media was the way Prime Minister Muldoon brought pressure to bear on television journalists and their corporation chiefs. An ex-journalist who experienced the Muldoon era is Ian Fraser, who was appointed the CEO of TVNZ in 2002. He first left the broadcaster in 1984. “He was tired, he felt the bosses didn’t support him during the time Muldoon blacklisted him and he must have become a pain for them. Every time they had to go to the government for more cash they had to apologize for him” (Metro, Feb 2003, p 50). Wayne Hope has however, highlighted a degree of progress towards a fourth estate role for television journalism and individual journalists sought greater journalistic independence.

The first series of Gallery heralded Brian Edwards as interviewer, television personality and defender of the public good. He demonstrated that one could challenge ministers, criticise police and be sceptical of overseas celebrities, all on national television. Journalistic autonomy was further enhanced by Labour’s 1973 Broadcasting Act. The old ministerial portfolio was abolished and replaced by a seven member council presiding over Radio New Zealand and a competitive two channel colour television system. By the 1970s public broadcasting had replaced the crude state-led model (Hope, 1996, p19).

However, in the late 1970s TVNZ re-established a central newsroom for both channels, effectively removing competition. Johnstone argues that the move came from Muldoon’s recognition of the power of television and his reluctance to allow the potential for other politicians to use it to win over the public. Muldoon himself had made great use of this potential during his 1975 election campaign (Johnstone, 1968, p 94 - 100). Johnstone’s view is supported by claims by Brad Fischer, who

masterminded the advertising for National's 1981 campaign. "1975 was really the first time when television and advertising had a profound impact on an election result in this country" (Whitney, Metro, Oct 1984, p51). It can be further argued that the government's influence over television journalism grew during the time of Robert Muldoon, between Dec 1975 and July 1984, as the funding for broadcasting was tightened as a method of control.

Funding

One of the changes brought in during the Muldoon government was the Broadcasting Act of 1976. This entailed a number of detailed economic restrictions. The conundrum of public television's conflicting roles between being a public service broadcaster and having to serve its commercial needs is illustrated in this piece of legislation.

Section 17 defining the functions and powers of the Corporation contains an admixture of conflicting commercial, advisory and public service roles. Organisational and operational matters are expressly prescribed thus requiring the BCNZ to operate within a relative structural straitjacket. Almost in contradiction to the public service responsibilities, the financial provisions of the Act impose a requirement on the Corporation to act in a commercial manner and declare a dividend. In their detail, however, they inhibit the Corporation's freedom to operate with commercial flexibility. Ministerial approval is needed for all major borrowing, expenditure and investment. The Ministers of Broadcasting can and have given the broadcasters policy directives which also affect financial management freedom (Cocker, 1988, p1).

It was also between 1975 and 1986 when the public broadcasting fee was frozen. Muldoon did not raise the broadcasting fee for 11 years. It was believed by broadcasting executives that he did this deliberately in order to control the broadcaster. During this period the broadcaster had to rely heavily on advertising money for survival. “In spite of the PBF increase in November 1986 (for the first time in 11 years) the fee level has failed to keep pace with inflation. Whereas the fee accounted for 23% of net operating income in 1981/1982 this proportion had fallen to 14% by 1987/88. This has meant that BCNZ has had to rely increasingly on its commercial income over the past decade (Cocker, 1988, p5).

There is divided opinion as to whether the mixed funding model is appropriate. Ian Johnstone wrote in 1968 that the way television was funded was not a problem. In his view advertising was not a factor that affected broadcasting. He wrote: “There is no doubt that the competent television system we now boast would have cost viewers and Government a great deal more without commercials. The NZBC would have been foolish to ignore all that money proffered by advertisers and I think the Corporation has done a good job of balancing advertising demands and its responsibility to viewers. The week is neatly carved up, the commercials are not too objectionable, and apparently have considerable selling power. One of the refreshing things I found in television was the complete absence of pressure from advertisers or commercial interest.” (Johnstone, 1968, p17)

However, it grew into a problem later as advertising revenue became the main source of income. A report from the Steering Committee on the Restructuring of the Broadcasting Corporation of NZ on SOE Principles found that advertising dollars

grew sevenfold in 10 years. “Over the past decade the television advertising market has grown from \$38 million in 1977/78 to \$274 million in 1987/88.” (Cocker, 1988, p27) The growing dependence on this income came to dominate the approach to the ‘mix’ of programming and its scheduling.

Balancing ‘public service’ and ‘commercial needs’.

The desire to have a second channel started early, even before television broadcasting began. It was reported in the New Zealand Herald in 1959 that the Television Society, the Association of New Zealand Advertisers and the Associated Chambers of Commerce had all set out their views in support of a mixed system of one commercial and a second non-commercial station (NZH, 11 March 1959, p18). Then, in 1964, the Corporation recommended to the government that it should be allowed to establish a second channel (New Zealand Parliamentary Debate, 1965, 3402).

The *Extension of Television Services in New Zealand* in July 1969 found that 85 percent of respondents would prefer a second channel, compared to the five percent who preferred an additional radio station. When asked again in November 1969, the respondents were asked to indicate what organisations they thought should run a second channel. A private company or individual (29 percent) or the NZBC (23 percent) (Report of the NZ Broadcasting Authority, 1971, p25). In the report, Mr Quimet said : “In my opinion the key question which, when answered, will provide the framework for all other elements to fall neatly into place, is whether New Zealand’s second channel should be ‘complementary to’ or ‘competitive with’ the

existing service? It cannot be both at the same time” (ibid, p27). The first license award in 1971 to a private provider would have created a competitive model.

Concerns regarding competition between the NZBC and the proposed new private second channel, the Independent Television Corporation (ITC), was voiced to the Broadcasting Authority and recorded in a report of the Broadcasting Committee in 1973. “The competing corporations would not have sought to complement each other but would instead have engaged in an outright contest for audience ratings. Programmes themselves would almost inevitably have fallen in standard and lost in variety. Television in New Zealand was thus confronted with a major predicament. A solution had to be found urgently to ensure that the costly extensions being planned to the television services would have the result of providing viewers with lively, high quality programmes and a genuine choice between them (ibid, 31 July 1973, p 5).

The incoming Labour government in 1972 promised colour television as well as setting out its main goal as “the best, most independent, and enterprising television they can put before the public (Report of the Committee of Broadcasting, 31 July 1973, p 16). The report advising the government acknowledged that the wider aspects of public service broadcasting can be lost in the struggle for revenue, however the public corporation model for the second channel as well as the first was chosen to keep the commercial potential while delivering public service broadcasting goals (Report of the Committee of Broadcasting, 31 July 1973, p 18). The uncertainty by having to juggle between these two contradictory roles for the two channels started from this point.

The idea behind this proposal was stated as being for “decentralisation, independence and the introduction of competitive enterprise within publicly owned broadcasting services” (Report of the Committee of Broadcasting, 31 July 1973, p 6). According to Cocker, Labour’s reconstruction had three aims : to decentralise what it saw as public broadcasting’s stifling conservative bureaucracy; to create independence, breaking the link between National Party politicians and politically appointed board members and to create a competitive internal environment as an alternative to introducing a privately-owned second television channel. (Comrie, 1996, p26)¹⁵

This 1973 report of the Committee of Broadcasting (also known as the Adam Committee) also recommended a way to break free from political interference by abolishing the Minister of Broadcasting and its replacement by the Postmaster-General as the Minister responsible (Report of the Committee of Broadcasting, 31 July 1973, p 10). This idea was supported by many who were concerned by the vulnerability of the broadcaster to political interference. “There could then be no way by which any Government could block or solicit programmes or influence the content of broadcasting except by public debate in the open marketplace (presumably in Parliament through the newspapers, the broadcasting media, or by open public comment)” (Ritchie, 1977, p8). However, while the independence of broadcasting under the Labour structure was at least an aim even if it had not been achieved in practice, the incoming National Government in 1975 clearly believed in control. Cocker (1994b, p251) cites Broadcasting Minister Hugh Templeton : “No corporation as big as broadcasting should work without ministerial control

¹⁵ **From Broadcasting myths and political realities : New Zealand’s experience in comparative perspective. *Political Science*, 46(2), p 234-254.**

...broadcasting is too important to leave to broadcasters alone.” The Labour appointed board was replaced by National appointees and further pressure applied to the Corporation over the license fee.

The Committee followed the Reithian form of public service broadcasting with its emphasis to inform, educate and entertain. Its suggestion for a second channel was to complement the first giving choice to viewers. The “guided competition” of TV 1 and TV 2 included provisions that would provide the public with “clear choice” in programme type and restrict competition between the channels. Restrictions preventing “like” against “like” programmes in the same timeslot showed a renewed commitment to the principles of public service broadcasting. However, when TV 2 came on air on 30th June 1975, the good intentions went out of the window because the structure lacked a mechanism to prevent the two channels from competing for advertising revenue, particularly when funding was tight.

The original plan to promote TV 1 as a national channel catering for a broad mature audience while TV 2 developed as a more “community” station with higher levels of entertainment programming, started well but soon they grew to compete against each other (Ritchie, 1977, p9). TV2’s ratings started to rise with its popular ‘telethon’ to raise charitable funds and TV2 was seen as stealing audience from its own sister channel. Initially, the competition was seen as healthy, as the blueprints of TV1 and TV2 were developed in such a way to attract different type of audience. However, by August 1976 TV2 managed to attract 51 % of the audience and problems started to arise (Spicer et. al, 1996, p8).

In 1977 growing competition between TV1 and TV2 to attract viewers started to affect the business of the two channels. Business strategies were undertaken to boost commercial performance. This affected the programmes. However, local production was helped by a specific local content quota which was set in 1975, which required a weekly minimum of 30% local content to be screened.

“The competitive-complementary formula resulted in the two channels watching one another more than either their audiences or their own screens. Both channels set-up news programmes that could not be distinguished from one another in content and varied only in trivial ways in format, though each has its own news staff, front men and commentators. In the carve up of overseas programmes the balance was exquisitely precise, western for western, hospital drama for hospital drama; we await the ultimate with *Six Million Dollar Man* on Channel 1 and *Bionic Women* on Channel 2!” (Ritchie, 1977, p15).

On the positive side, the entry of TV2 resulted in a huge increase in current affairs programmes. Ritchie listed these programmes as : *Platform, Focus, Seven Days, Compass, Survey, Town and Around, Inquiry, Gallery, Nationwide*. However, he again pointed out that these current affairs programmes were subject to the government’s heavy handedness. “The half-life of a hard-hitting TV interviewer tends to be short-lived even though their audience attention tends to be very high. New Zealanders, it seems, like to see, to use a rugby football metaphor, the boot go in, but he who does the kicking will likely lose his job by political harassment” (Ritchie, 1977, p15).

Adding to the problems was the same old story of a lack of funding. The plan to cut costs and bring the two channels under one umbrella seemed to be a solution. In 1979, Channels One and Two were united as TVNZ. Although BCNZ chairman and chief executive Ian Cross viewed this as a chance to ensure complementarity in programming, many broadcasters saw it as a further example of repression (Comrie, 1996, p 27).¹⁶ Ian Cross, who called TVNZ “the battered baby of New Zealand politics” (Cross, 1988, p236) had difficulties convincing his staff that the amalgamation of the two channels was an improvement. It was viewed by many of his staff, politicians and the general public as a sinister political move to curb their independence and they dismissed arguments that it had been done so as to provide complementary programming. (Cocker, 1996 , 116)

Gregory’s (1985) study of the rise and fall of the NZBC analyses the struggle for control of the Corporation. It was initially intended that the Corporation should be protected from direct parliamentary control and questioning, but early battles soon brought this principle into question. Gregory found the independence of the NZBC depended largely on the personalities of politicians, board chairman and broadcasting executives. For example the post of Ian Cross as the Chairman and the Chief Executive meant that, ‘once again the public broadcasting organisations top official is appointed by and holds office at the government’s pleasure (Gregory, 1985, p106)

“The quest for the advertising dollar has led both channels into a ratings game which had not only precluded complementary placements between programmes of differing audience appeal, but in doing so had also tended to vitiate public television’s ability

¹⁶ Farnsworth’s unpublished PhD thesis, *Two channel New Zealand television : ambiguities of organisation, culture and profession*, 1989, University of Canterbury, quoted by Comrie.

to cater for the widest possible range of viewing preferences (Gregory, 1985, p99). Ian Cross described this as the “fighting cocks” of competition being incompatible with the “love birds” of complementary programming (Cross, 1988, p62)

By 1982, the Open Government Report stated that “the licence fee share has fallen below 28 percent of total revenue, leaving advertising to make up for the balance. The monetary value of the fees has risen progressively only because of the continuing conversions from black and white to colour TV licences” (Open Government Report, 1982, p5-6). The deterioration of local content in the two channels became obvious when a UNESCO study calculated local content on television in 1983 : Great Britain logged 85%, Australia 50% and New Zealand 25% - including sports, game shows, news and current affairs –strong evidence that in a market of only 3 million people, financial logic worked powerfully against public television’s ability to reflect the full diversity of national life.¹⁷

Other financial problems which compounded the effects of the frozen license fee in this period was the cost of settling \$38.9 million worth of BCNZ debts incurred in introducing colour television, covering the Commonwealth Games and finishing the Avalon television complex. While inflation soared, the BCNZ was pushed into increasing reliance on advertising throughout the nine years of National Government

¹⁷ **It is also like all other media in that television was predominantly showing English speaking, ‘Caucasian programmes’, with Pakeha presenters. It was only in 1980, when the first Maori programme, *Koha*, was broadcast. The programme was scheduled at a ‘minority timeslot’ on Sundays at 16.00. (Day, 2000, p 271) In 1982, the first Maori television news programme was broadcast for two minutes each day as a demonstration by TVNZ to promote Maori Language Week, and ended after the week was over. Then, in February 1983, *Te Karere*, a five minute news bulletin started broadcasting. (Browne, 1996, p156)**

from 1975. “Commercial imperatives arguably began to pervert public service commitments” (Cocker, 1994b, p251).

The problems of low local content, funding, and political pressure on television journalism was a frustration to many that worked in the industry. It was also a time when there were worldwide shortages of television staff. However, as television was so new, the majority of the viewers and television staff were excited and enthusiastic about the medium, yet senior staff were only too aware of the problems. According to Des Monaghan, because broadcasting was set up as a government department the failure lies with the board. “Historically broadcasting in New Zealand had been a government department and it was set up as an independent operation. But sadly, with one or two honourable exceptions, the various boards were at best timid and often excited by the opportunity to show their loyalty, they voted for the government of the day (Authors interview, 2003, appendix 5).

The 1980s

When the Labour government came into power in 1984, it was clear that there was to be a settling of political scores. In her PhD Comrie wrote that Jonathan Hunt, who was the Minister of Broadcasting described the “sacking” of Ian Cross as his first move. Jonathan Hunt told Comrie : “National had got themselves into a terrible mess because his whole appointment was illegal. There was no provision in the (Broadcasting 1976) Act for a chief executive who is also chairman of the Board” (Comrie, 1996, p 104).

In February 1985, the Labour government appointed a Royal Commission of Inquiry to look into the financing and operation of broadcasting. Its findings and recommendations to tightened existing regulation and impose further controls were to be largely ignored. Instead the deregulation process started when Labour was re elected in 1987 and Richard Prebble was appointed the Minister of State Owned Enterprises (Spicer, et al, 1996, p10). The deregulation process was driven by Prebble, and Chapter 2 outlines the politics behind this drastic action to open up the broadcasting market.

“As observers have noted, there is considerable irony in the fact that New Zealand, the first nation to legislate for state control of soundwaves, with the Wireless Telegraphy Act of 1903, should have created what the reforming Minister of Broadcasting, Richard Prebble, claimed was “the most open communications market eighty six years later.”

(Graham Murdock, from www.museum.tv/archives/etv/N/htmlN/newzealand)

Chapter 2 :

The deregulation of television broadcasting in New Zealand

**Government is not reason, it is not eloquence,
it is force; like fire, a troublesome servant and a fearful master.
Never for a moment should it be left to irresponsible action.**

**George Washington,
The First President of United States of America,
(1732 – 1799)**

Background

The turning point for television in New Zealand occurred in 1988 and 1989, when legislation was passed to change the structure of public broadcasting in New Zealand with a focus on success in a broadcasting marketplace. This focus clearly established that the key requirement for ‘public broadcasting’ was to serve the needs of consumers and not to function as a service serving the public’s needs as citizens.

The 1984 government was one fissured by conflicting principles among its members, and this profoundly affected policy making and government decisions. It was an era of the politics of subterfuge, a deception of the so-called ‘two-faced’ politics of the fourth Labour government. The drive of right wing policies by Roger Douglas and

Richard Prebble,¹⁸ was disguised behind the appearance of a 'left of centre' political party. As a result New Zealand citizens grew frustrated with the government and their opinion was clearly voiced in the 1990 election results.¹⁹

It was also a time when New Zealand was facing major economic difficulties. The historic 1987 world stock market crash hit governments and businesses worldwide.²⁰ In response, many governments were selling their State Owned Enterprises as privatisation seemed to be one way to mitigate against the further effects of recession. For example, Thatcherism in UK and Reaganism in USA privatised a number of government enterprises during that period. (Cocker, 2001, 300-301)

Politics

To many in the media in New Zealand 'deregulation' and the promise of less government interference and regulation were persuasive. The 'attacks' on broadcasting journalism by Prime Minister Muldoon were still fresh in the memories of many who worked in television broadcasting. After experiencing wave after wave of political meddling in broadcasting, the thought of allowing television to be determined by the market seemed to be logical. The idea of allowing the state broadcaster to be subject to competition and the idea of giving more choices to the viewers was well received.²¹ Besides that, the state broadcaster had financial

¹⁸ Roger Douglas and Derek Quigley set up a right wing party, the Association of Consumer and Taxpayers, ACT New Zealand in 1994 and in 1996 Richard Prebble was made the leader, the year the party won 6 seats in Parliament.

¹⁹ Labour's 56 seats were reduced to 29, while National rose from 41 to 67. It was the worst election result for Labour since 1931. (Vowles, J & Aimer, P, 1993, p 1)

²⁰ The New Zealand economy went into recession in 1988-1989 and this had an immediate impact on television revenue. (Horrocks, 1996, p 51)

²¹ Criticism was voiced that the prior to the deregulation there were many re-runs with television on air for approximately just over twelve hours most days. A random check on the

problems and this was blamed on its excessive bureaucracy. As a result it was haemorrhaging financially, and it was claimed that a major revamp was needed to make the broadcaster operate efficiently.

A Memorandum for the Cabinet State Owned Enterprises Committee from Richard Prebble, SOE Minister and Minister of Broadcasting, documented that when he became the Minister he insisted that the Department of Trade and Industry in conjunction with Treasury prepare a report on New Zealand broadcasting. The findings of the report recommended the need for a change in the direction of broadcasting including improving economic efficiency by introducing a more competitive and flexible market for broadcasting services (Smith, 1996, p35).

Although part of the drive to deregulate was based on the argument that government interference in television broadcasting was detrimental for democracy, the prime motive for 'reform' was based on economic efficiency gains. The fourth Labour government was heavily influenced by right wing economic policies and were strategically planning for the sale of state owned enterprises from when it got into government in 1984.

From 1984 to 1987 the Fourth Labour Government cut tariffs, deregulated the finance sector and floated the New Zealand dollar. Consequently, banking, finance and finance related investment expanded while industrial activity declined. These changes in economic structure subsequently transformed the

***The Listener* showed that in the first week of May in 1982, TV One broadcasted between 10.35 a.m. to 11.05 p.m. while TV Two screened between 2.30 p.m. to 11.30 weekdays. The last week of August in 1982, TV One extended its closedown time to midnight, while TV Two extended its broadcast for half an hour to midnight. Then, in the first week of May 1987, TV One broadcasted between 11.00 a.m. to midnights on weekdays while TV Two between noon to**

role of the state. Under the tutelage of finance minister Roger Douglas with Treasury backing, government departments such as telecommunications, lands and survey, forestry and mining were transformed into commercial enterprises. These measures emerged publicly in an ad hoc fashion, but they prefigured a full scale privatisation program after Labour's re-election in 1987, and during National's first term of government from 1990 (Hope, 1996, p 21).

After they were re-elected again in 1987 the urgency to privatise was now informed by the drive to rescue an economy which was suffering from a global economic recession following the world stock market crash in the same year. "Clearly this commercialism was the result of a political decision, but if the politicians were criticised for it they would reply : 'We have no choice.' The country was under so much economic pressure that organisations such as TVNZ had to learn to pay their way (Horrocks,1996, p 60).

The government did not waste time with the process of implementing the legislation to deregulate broadcasting after the 1987 election. On 24th February 1988, Prebble submitted the recommendations to the SOE Committee in cabinet, and by 26 April he announced publicly the deregulation of broadcasting to the National Press Club in Wellington. Then, on the 22 August 1988, Cabinet approved the recommendations of its State Owned Enterprise Committee, and as a result three acts implementing the new broadcasting policy were passed (Smith, 1996, p 38).

midnight. In the last week of August in the same of 1987, TV One started at 10.45 and finished at midnight while TV Two remain its 12 hour broadcast.

The Legislation

The attempt to clear away broadcasting regulation started with the abolishment of the Broadcasting Tribunal. Its function in watching over broadcasters and setting standards also gave the Broadcasting Tribunal a lot of power in terms of determining warrants to broadcast which were renewable for fixed term periods. The Broadcasting Act which was passed in 1989, replaced it with the Broadcasting Standards Authority, which monitored standards of “good taste and decency”. A standard that is subjective to individual interpretation and too loose to be measured (Cocker, 2001, p303).

The legislation also established the Broadcasting Commission, known as New Zealand On Air (NZOA) as a safeguard to achieve certain social objectives in a fully commercial market. Its role included collecting the public broadcasting fee and distributing it based on its funding objectives. These were to :

- Reflect and develop New Zealand identity and culture by promoting programmes about New Zealand and New Zealand interest, and promoting of Maori language and culture.
- Maintain and, where the Commission considers it is appropriate, to extend television and radio coverage to New Zealand communities that would otherwise not receive a commercially viable signal.
- Ensure a range of programmes is available to provide for the interest of women, children, disabled people and other minorities (including ethnic minorities); and

to encourage a range of broadcast that reflects the diverse religious and ethical beliefs of New Zealanders.

- Encourage the establishment and operation of archives of programmes that are likely to be of historical interest in New Zealand by making funds available.

The Broadcasting Corporation of New Zealand Restructuring Act changed TVNZ and Radio NZ into SOEs in December 1988, just 10 months after the recommendation to the SOE committee. The changes also meant that the Ministry of Trade and Industry (later Commerce) would be responsible for broadcasting advice²² (Smith, 1996, p 42). The last of the three broadcasting acts of the deregulation period is the Radio Communications Act passed in 1989, which allowed any broadcaster who placed the highest bid for a frequency the right to enter the industry (Cocker, 2001, p303).

Throughout the time of the policy being finalised and passed, the competitor TV3 was readying itself to go to air. TVNZ in preparing to face this newcomer, “spent untold millions in self promotion against the impending arrival of TV3” (Atkinson, 1994, p 149). Against tough competition from TVNZ, who had been in business for over 29 years and had its tactics well planned for the arrival of its competitor, TV3 went into receivership with a \$50 million deficit after only six months of broadcasting. This is partly to do with TV3’s disadvantaged position of aiming for a third share of the audience at launch when its transmission only covered only 68.4% of the country. This meant that they were not able to compete equally for advertising revenue (Cocker, 1996, p245). But also the foreign ownership laws restricting

²² **During that period of time, Prebble was sacked from cabinet, and his portfolio was returned to the previous Broadcasting Minister, Jonathan Hunt.**

overseas investors to holding no more than 5% of the company restricted their ability to attract foreign investment. Acknowledging the problem, Labour proposed to raise the limit to 15% for more flexibility but still to safeguard the broadcasting market from media moguls (Smith, 1996 p97-98). However, before they could pass the act, Labour lost the general election to National.

National made more changes to the broadcasting policy when it came into power in 1990. With difficulties finding a buyer for TV3, the government decided to lift its foreign ownership restrictions to save TV3 (Horrocks, 1996, p 61). On 30 April 1991, the National government through the Broadcasting Amendment Bill, lifted overseas ownership restrictions to allow 100% foreign ownership, with no special provision guarding against cross media ownership.²³

The legislation was passed with fifteen members of parliament opposing the 100% foreign ownership while 16 MPs were absent. Maurice Williamson, the Minister of Broadcasting, said that broadcasting should not be treated any differently than any other industry and he was convinced that necessary safeguards were in place. He compared broadcasting with telecommunications and said, “New Zealanders don’t care who owns their telephone. They want to know that it works and it’s cheap” (New Zealand Listener, 20 May 1991, p22). The decision to fully open the broadcasting market was also strongly opposed by Julian Mounter, CEO of TVNZ, and Steve Maharey, Labour’s broadcasting spokesperson in 1991. Maharey raised the point that all other OECD countries placed limits on overseas investment in

²³ **By December 1991, TV3 was owned and run by Canadians and Sky by Americans (Smith, 1996, p105).**

broadcasting. “They limit investment because they believe broadcasting has cultural significance” (Smith, 1996, p103).

In response to the objections of allowing 100% foreign ownership, Maurice Williamson responded, “Now my argument to those opposed to foreign ownership is simply this : if a foreign broadcaster broadcast programs that New Zealanders do not want to watch he’ll go broke, and if he broadcast programs that New Zealanders do want to watch he’ll get an audience and the others will have to lift their game to compete. No one’s dollars are at risk except those of the foreign investor (Lealand, 1991, p 71).²⁴

Mounter’s objection was understandable as TV3 could now be placed on a stable footing through the relaxation of foreign ownership legislation, and this meant that it was back in the market as competition to TVNZ. Despite all the problems that TV3 faced, it managed to steal viewers from TV One and TV Two. TV3 claimed that it managed to attract 22 percent of viewers during peak time (6 – 10 p.m.), although TVNZ’s measurement found that it was around 15%. In off peak hours TV3 performed well, drawing up to 28 percent of the viewers, compared to TV One’s 34 percent and TV2 38 percent (Smith, 1996, p 70).

The Restructuring of TVNZ

The changes that occurred after TVNZ was transformed into a SOE were profound. Restructuring within the company at management level snow-balled down to the end

of the food chain, affecting the culture of the entire company. The mission statements of the company clearly documented the changes. Paul Smith compared the 1990 TVNZ Annual Report to the 1976 public service philosophy set out that year's Broadcasting Act which was obliged by law to educate, entertain and inform. The objectives after deregulation were firstly be commercially successful and secondly to serve the people of New Zealand.²⁵

The deregulation of broadcasting came at a time when Smith believed TVNZ needed to spruce up its operation, which had suffered from all the years it had been run with a tight budget because of the government's decisions in the late 1970s to hold the broadcasting licence fee. The equipment used by the state broadcaster were among the many things that were not up to date with the new technologies of television. In the early 1980s, videotape cameras were introduced to New Zealand but conversion from film recorders to videotape recorders (also known as electronic news gatherers – ENG) was incomplete. In comparison, at that time Europe was already into cable and satellite technology while TVNZ still did not have live news trucks (Smith, 1996, p57).

Some reporters were still using typewriters and TVNZ did not have electronic graphics. These were just a few examples of the rundown nature of TVNZ listed in Smith's *Revolution in the Air*. The book also described the inefficiency of TVNZ's day to day operations. For example, TVNZ staff were scattered over 13 different buildings in Auckland. "Some news was still shot on film, but film processing was

²⁴ Lealand quoted from Rebecca Jackson's interview with Hon Maurice Williamson, *Networks* TVNZ No. 52, 16 May 1991, p 3

²⁵ The cover of the TVNZ Annual Report 1990 states : "Our mission is to operate a commercially successful electronic telecommunication business, acting with social responsibility, to provide quality television communications and related services through the achievement of commercial

not attached to the newsroom, which was in a different part of the town from the studios” (Smith, 1996, p57).

Julian Mounter was charged with the restructuring of TVNZ, with a clear mandate to make a profit. He believed TVNZ had to downsize to cut costs. In the drive for profit, many staff were made redundant. The redundancies that occurred within TVNZ were severe, and made over a short time period. By Christmas 1990, almost half of staff were made redundant (Smith, 1996, p 62). The consequences of such a drastic move by senior management was an atmosphere of fear, resentment and low morale among the remaining workforce.

It also meant that although some things operated more efficiently with the slashing of red tape, quality issues arose with the merging of workplace roles. For example, film crew were reduced from two people, a cameraperson and sound-recordist, to one camera/sound person. Many of the senior film crew were made redundant because they were on higher salaries. The lack of well trained and experienced technical staff affected the quality of locally filmed footage in the post deregulation period, as an interview with Fred Goldring, a cameraman who worked from the days of NZBC to the deregulation period, makes clear. Some senior staff who were made redundant were contracted back to their original jobs when management discovered that they had no-one with the same skills to replace them. This constant fear of the possibility of redundancy or the cancellation of contracts most staff are now on has led to an environment of fear and distrust (Author’s interview, 2003, Appendix 8).

success, and serve the people of New Zealand by presenting programmes which reflect and foster New Zealand’s identity and culture.” (Smith, 1996, p41)

The reduction of the number of staff to cut costs was accompanied by a desperation on the part of some staff to hang on to their jobs. As a result, staff members in fear of losing their jobs were willing to work longer hours and in situations they previously may not have found acceptable. The Employment Contract Act of 1991 added pressure on employees by “giving employers the ability and flexibility without outside involvement to organise their business according to the needs and demands of those enterprises and their employees” (The Southland Times, 22 October 1999, p6). The ‘de-unionising’ of the ECA caused a decline in work conditions, as employees negotiated their contracts individually rather than as a group, resulting in a steep decline in union membership and union power to fight for their rights.

In terms of dollars and cents, Mounter was successful in turning TVNZ into a money making machine. Smith quoted from the 1990 TVNZ Annual Report about the resurrection of Avalon television production studios near Wellington, which were abandoned when all the television operations were shifted to Auckland. In the new environment they were set up as an independent subsidiary and began to provide facilities to attract external clients. These rose from nil in 1989 to 700 in 1990. However, Farnsworth points to the vast increase of independent producers as accounting in part for this internal programme departments shrunk to children’s, religious and natural history programme sections (Farnsworth, 1992, p 203).

The commercial transmission arm of TVNZ, Broadcast Communication Ltd, was restructured as a commercial company. Its income rose from \$2.3 million to \$14 million in two years (Smith, 1996, p 62). In 1989, TVNZ’s non-advertising revenue

amounted to \$43 million and by 1992, it had grown to \$97.6 million (Smith, 1996, p63). The jump in revenue was largely as a result of BCL's services being utilised by TV3 and Sky Television. There was also revenue generated by BCL from providing transmission services to FM and AM radio as well as the NZ Police (Smith, 1996, p62).

Many critics regard deregulation as the reason why television changed for the worse. Most of the research on the deregulation period points to the same conclusion. Cocker listed three key factors resulting from broadcasting deregulation. The removal of regulatory impediments to ratings driven broadcasting, reliance on advertising, and intensified competition. Together they justified the period being seen as a turning point in the history of television in New Zealand. "The deregulation of broadcasting in New Zealand represents a low point in the policy maker's attitude towards its (broadcasting's) role and value. Its treatment as just another business in a free market denigrates the social, political and cultural role broadcasting performs" (Cocker, 1998, p18).

As a result, instead of offering more choice and diverse programmes on television, both TV One and Two were filled with programmes driven by ratings needs. Because of the pursuit of a mass audience, minority interests became more marginalized (McChesney, 1999, pp241). Robert McChesney who is a research professor in the Institute of Communications Research¹¹, identifies the problems of New Zealand television as a result of being one of the least regulated in the world,

without restrictions on advertising, a quota on local content and no restriction on foreign ownership.

News and Current Affairs

By reducing and eliminating the ‘public service’ responsibility of a state owned broadcaster, and allowing it to be run commercially, there were a number of detrimental effects. As Winter points out, the news operations were compromised for the sake of profit making. She points to the SOE Act of 1986, which states that a SOE is to attend to the “interest of the community in which it operates ... when able to do so.” (SOE Act 1986 s4(1)(c)). As its primary objective is to make a profit, the public interest is marginalized as a secondary objective (Winter, 1994, p149). Her research looked at the problems of measuring television performance based on ratings and the Target Audience Groups (TAGS). This is confirmed by Lealand’s research on ratings. “The research methodology ignores the viewers embeddedness in the social world because it is fashioned only to produce information in order to target them more effectively for marketing purposes. It (the viewer) is seen as an isolated consumer with a preference for items which provide a vicarious emotional experience from entertaining curiosities or other people’s tragedies” (Winter, 1994, p 152-153).

Researchers, who compared *One Network News*, local content, advertising, and other aspects pre- and post-deregulation found that there were significant changes. One such researcher is Joe Atkinson, a senior lecturer in Political Studies in University of Auckland. His research particularly focuses on One Network News. His content

analyses between 1985 - 1992 found that news items declined in length and there was an increased use of sound bites. Atkinson also found that the emphasis shifted from issues relating to politics, economics and industrial relations towards those of crime, human interest and natural disaster (Atkinson, 1994a, pp 97-98, 1994b).

TVNZ brought in American consultants to make the presentation of news friendlier, and more entertaining²⁶(Atkinson, 1994, p 96). Among the solutions proposed by Fred Shook, one of the consultants, were recognition of the “Hey Martha!” factor – the gripping visual tease that prompts a lone viewer to call others back to discover what is going on. Also, composing scripts in inexplicit speech to compel the viewer to turn back to the screens to find out what is being referred to. Further, an interview is cut into a ‘sound bite’ size, in order to be ‘catchy’ and reduce the risk of viewers getting bored by listening to a long interview. As a result of shortened interviews, the full picture and explanation were not given (Atkinson 1994a, p98). “Because it maximises viewership, such advice comes to be accepted as good television or effective communication – but it is not self evidently sound journalism” (Atkinson, 1994a p100).

Daniel Cook, a Ph.D student from the University of Auckland confirmed Atkinson’s research. He also found in his content analysis that in 1984 the news component of a 40 minute news bulletin was approximately 23 minutes, with 15 minutes of non

²⁶ Fred Shook, a professor of broadcast journalism at Colorado State University, Bill Brown and Barry Nash of Media and Marketing Inc from Dallas, and Ron Atkinson, an audience research specialist from Minnesota, came up with a plan to upgrade news production values, and cue desirable emotional responses in the audience. (Atkinson, 1994a, p 96) The arrival of the American consultants in 1988 coincided with a period of major changes within TVNZ. From the physical shift into the ultra modern Hobson Street premises with new technologies, and from the mental shift from public service to commercial broadcasting to latter being allied with fears about job security and newfound competition.”(Atkinson, 1994a, p 97)

news, while in 1996, it was approximately 26 minutes of news, 32 minutes of non news in an hour long bulletin. The commercial breaks had increased from 12% to 23% of the programme hour (Cook, 2002, p 143- 144).

Margie Comrie and Judy McGregor's research from Massey University also supported Atkinson's in regards to the increase in crime news. They found that crime news increased from 18% to 41% on TV One, and from 40.9% to 53.6% on TV 3, between 1990 and 1994. (Comrie & McGregor, 1995, p1) This was not related to any increase in the crime rate but had more to do with how television newsrooms chose to report crime as news, because of its human interest and the fact that it can be sensationalised. Furthermore, crime is very visual and is considered by news operations as easy to cover.

When journalists did the serious in-depth stories, they got into trouble with politicians. For example in April 1990, the *For the Public Good* documentary screened on TV One, led to writs amounting to \$7 million against TVNZ by cabinet ministers and business leaders and this led to the dismissal of three key journalists. The documentary was about the interest from businesses in the sale of state owned enterprises which "resulted in covert campaign donations to re-elect Labour in the 1987 election" (Hope, 1996, p 25). This incident may indicate that part of the drop in standards of programming and news and current affairs was a result of TVNZ management's drive for profit, but it also points to the fact that the board of TVNZ did not operate as a wall of security to protect the editorial integrity of the fourth estate.

Much of the research from the academic world were supported by the observations of those who had worked in the industry. Former journalist Brian Edwards criticised One Network News as the “cootchie coo” news in regards to the staged presentation of the newsreaders. “When newsreaders allow their personal feeling about events to show, when editors dramatise and decorate the news, as if the facts cannot stand alone, they assume a role as interpreters of events to which they are not entitled” (Edwards, 1992, p 23).

According to Edwards, the entry of TV3 broke TVNZ’s news monopoly and because of the competition, it became crucial for the 6 –7pm slot to attract a majority of the audience as it had an important role in determining the ratings for the rest of the evening. The pressure to rate well and attract revenue drove TVNZ to make its news “entertaining as well as informative”. This meant that high quality national and international news which were essential for public service were deemed to be no longer affordable (Edwards, 1992, p20).

Edwards’ research showed that if the half hour of One Network News was stripped of advertising, sports, and weather, it comprised less than 15 minutes of domestic and international news, which was then spiced up with entertainment values (Edwards, 1992, p21). Unlike Edwards and others, Lindsay Perigo, who was also a journalist with TVNZ, disagreed this had occurred because of deregulation. He said : “Where Brian and I differ – we agree completely on our analysis for what happened – but he thinks the reason for it is deregulation. Now I don’t think that there’s a necessary association between dumbing down and commercialisation for precisely the reason that we discussed before with the ratings and affluent 40 plus audience,

etc. It is something peculiar to us. I watch private enterprise television on Sky, that is CNN – I don't see any of this touchy- feely stuff or this dumbing down nonsense. I see serious current affairs presented by credible anchors and interviewers” (www.mediawatch.co.nz - 13 October 2002).

However, Perigo was among those who disagreed with the restructuring and the changes that occurred at the time of the deregulation and he left TVNZ. He famously described the state of the news and current affairs as being ‘brain dead’. In an interview on the radio programme Media Watch he said that it is a myth that advertisers would not want to invest in serious current affairs programmes. He blamed the ‘brain dead’ status of television current affairs on the unwillingness of programmers to invest in quality programmes.

Perigo's comparison with CNN is inappropriate because this news channel has one purpose only which is to provide news and current affairs. This service is its core business and is bought by channels worldwide. TVNZ on the other hand is publicly owned with many other obligations, such as fostering local drama and comedy. His criticism of the style used by New Zealand interviewers is a result of changes made by the American consultants brought in to make the news more attention grabbing. The intention is to make more viewers tune in, resulting in an increase in ratings, and that will translate into dollars from advertisers. This links back to deregulation.

In a small and inelastic market such as New Zealand's, there is a tendency for commercial broadcasters to cluster together at the centre to compete for the most lucrative part of the audience. In effect, since access to information is restricted by commercial viability, minority and common good interests miss out in favour

of lowest common-denominator programming designed to appeal to the masses. The larger audience, moreover, the more pressing is felt the need to be ingratiating and to avoid giving offence, which tends to narrow the ideological range of news content (Atkinson, 1994c, p48).

Perigo's second point about the myth that advertisers did not want to invest in current affairs programmes highlights an important issue. As long as the programme, whether it is current affairs, sports or music, attracts viewers in the 18 – 49 age group, advertisers will be interested in sponsoring it, because people within this age group have the biggest buying power. Unfortunately, research shows that people in this demographic are not very interested in news and current affairs (Consoli, 2002). So, the decisions of the programmers depend on the advertisers whose purchases are based on ratings values, and again such criteria became dominant after deregulation.

When a broadcaster relies on advertising revenue either fully or in part, this means that programmes will be compromised for the sake of ratings. When the broadcaster is competing to get a bigger slice of the advertising dollar, placing similar programmes head on with its rival will ensure the competition is matched.

As the Broadcasting Act of 1989 (s81) allowed advertising on national free to air channels everyday of the year, except Good Friday, Easter Sunday, Christmas Day, Anzac Day, and Sunday mornings, advertising increased dramatically. Avril Bell, from the Sociology Department at Massey University quoted from the 1992 TVNZ Annual report that advertising revenue that year accounted for 72 percent of the income of TVNZ, while the broadcasting licence fee only made up 6 percent. The

rest came from trading activities (Bell, 1995, 183). Her research is backed up by recent research which found that advertising flooded television with 15 minutes of ads per hour on primetime by 1994 (Hope & Johnson, 2001, pp 182).

Foreign Programmes

The increase in foreign programmes was also about cost and advertising income. Overseas programmes have proven figures about the ratings they may manage to attract. This certainty gives them an advantage when television stations are seeking to attract advertisers. In competition with TV3, TVNZ bought a lot of overseas programmes. Smith quoted from the 1990 Annual Report that there were \$64 million of bought programmes not transmitted, compared to \$48 million in the previous year (Smith, 1996, p63).

However, a lot of the foreign programmes bought were of a light entertainment nature and did not display a wide range of variety. Gordon McLauchlan in Smith's *Revolution in the Air* points to the lack of choices in the open broadcasting market. He quoted Howard Stringer, former CBS President, from the 1990 Fleming Memorial lecture to the Royal Television Society, *Free Market Fairy tales and the Pursuit of Quality Television*²⁷ (Smith, 1996 p166). "But more choices may not necessarily mean better choices. Choice proliferation has an effect that futurist Alvin Toffler once described as the Law of Raspberry Jam – the wider any culture is

²⁷ The quote was reproduced from Broadcast, 20 April 1990.

spread, the thinner it gets. Paradoxically, mediocrity can grow like crabgrass in a highly competitive television environment if economics alone dictate direction.”

Atkinson’s research found that since deregulation New Zealand television became flooded with ‘more foreign, more American-sourced offerings’. The amount of local content on television dropped²⁸ and even programmes that were considered ‘local’ by NZOA had ‘marginal relationship to our national culture’ as they were affected by the commercial mind set (Atkinson, 1984, 150). This is supported by Cocker’s research ten years later. While comparing the 1986 (pre-deregulation) figures with those of 1990 and 1994, Cocker finds “ the programme range has narrowed with the genres of music, minority and special interest, arts, religion education and public access, and children’s programming disappearing from the prime time schedule (Comrie, 1996, p71).²⁹ Cocker also uses a measure of programme diversity to show that, despite an increase to three channels, there is only a very marginal increase in choice for viewers in 1990 and 1993 over that offered in 1987, when only two channels were operating. There was a rise of entertainment programmes between 1986 and 1990, especially on Channel 2.

Viewers were quick to respond to the rapid and severe changes on screen. In October 1991, research entitled *The Public Attitudes to New Zealand’s Identity, Culture and Media* found that television viewers wanted to see more local programmes and fewer American imports. “While most want to see a good mix of programmes from many countries, they would prefer Australian or British

²⁸ **Local content dropped from 23.9% in 1988 to 21.3% in 1997. (Local Content Surveys 1988 - 1997)**

programmes which reflect values similar to our own” (NZH, 1 October 1991, p 19 Section 1).

Local Content

The rise in foreign programmes muscled out local content. Local content dropped from 23.9% in 1988 to 21.3% in 1997 (Local Content Surveys 1988 - 1997) Despite the efforts of NZOA, New Zealanders remain a minority on their own television screens, said Ruth Harley the first CEO of NZOA. “The number of hours [of local programming] has increased, but the amount of broadcasting has grown as well.” (NZH, 23 June 1995, p18)

The New Zealand Herald reported on a survey which was based on New Zealand programmes screened as listed in the Listener between 1988 and 1990, which showed that the proportion of local programming “fell significantly, by nearly a quarter, in the first full year of competitive television.” It must be pointed out that the Commonwealth Games, the elections and Telethon in 1990, and the increase in prime time sports were largely responsible for more hours of New Zealand programmes in peak time (NZH 6 March 1991, p18). This meant that if sports, election and telethon were excluded then there was just a trickle of local content shows.

Merv Norrish, chairman of NZOA at the time, stressed that the decline was particularly noticeable in drama and comedy. “They are becoming endangered

²⁹ Alan Cocker’s paper *Broadcasting deregulation and content diversity : the New Zealand experience*, presented to the International Communication Association Conference, Sydney in

species, representing only 1.3% of total NZ content and with a shortage of drama and comedy proposals coming to NZOA for funding considerations” (NZH, 6 March 1991, p18). Seven years later, the figures were still depressing. In 1998, the chairman of NZOA, David Beatson said that a NZOA local survey showed only a 3% increase in first run local content on television over the previous year. New Zealand had only 21% of local content on its free to air channels, and 25% of that were repeats (NZH, 16 April 1998, p A12). Hours of New Zealand programming on the network channels had risen slightly, but Beatson said he was concerned at the levelling off of local content compared to the total output. The 5064 hours of local programmes comprised of 19.2% of the network’s schedules in 1996, compared to 19.7% in 1995 (NZH, 22 April 1997, p B10).

Problems with NZOA

“NZOA funding will clearly have to target New Zealand drama and comedy, especially for prime time programming, since the cost of producing is not commercial and obviously not an attractive investment for television broadcasters” (Merv Norrish, NZH, 6 March 1991, p18).

The operation of NZOA (the Broadcasting Commission) had loopholes which existed from when it was established in 1989. Although New Zealand On Air was set up as a safeguard to develop programmes that reflect New Zealand identity and culture on television under the deregulated model, the system did not work effectively because the Broadcasting Act failed to give NZOA some authority to direct the broadcaster. For example, NZOA does not have the power to determine

whether a programme it funds is to be broadcast. Prior to getting funding approval from NZOA, programme producers must get an agreement from the broadcaster, either TVNZ or TV3, that the programme will be scheduled. The project's probability of being aired depends on the potential size of the audience (Bell, 1995, p 187 – 188). The broadcaster's decisions are based on whether these programmes or documentaries are worthwhile based on ratings.

Broadcasters are most interested in local material when it fills a current gap in the schedule, that is, a specific gap in the range of products available from overseas. Even program-makers are surprised to learn that broadcasters are prepared to turn down programs for which NZOA is willing to put up 100% of the budget. The overriding factor may be the opportunity cost to the broadcaster who can purchase an overseas program for \$2000, say, which attracts far more advertising revenue than the free local program (Horrocks, 1996, p57).

Besides the problems with commissioning programmes, NZOA does not determine any quotas for local content or local content standards (Mogridge, 1998, pp 18). A specific local content quota that was established by TVNZ in 1975, which required a weekly minimum of 30% local content to be screened, was abolished before deregulation. Broadcasting licences are issued to the highest bidder with no programming conditions attached. This is an even more light-handed regime than that of the United States (NZOA Research, 1999, pp16). Another reason for limitations with NZOA is that funds for television were limited by having to share the funding pool with radio, support for the local music industry in the form of music videos, funding archives and the extension of broadcasting signals to remote areas.

Nearly half of NZOA's annual funding goes to these activities with the rest to television production.³⁰

Minority programmes

“There is also a psychological factor – the attitude shared by TVNZ and TV3 that they are fighting a long term war across the whole schedule so that even off-peak hours seem important. To broadcast a minority programme is to allow one's competitor to ‘win the slot’” (Horrocks, 1996, p57).

The structural problems inhibiting the effectiveness of NZ On Air together with the commercial imperative impacted badly on minority programmes. Minority programmes are 100% funded by tax payer money, and are provided free of charge to TVNZ and TV3 for broadcast. The timeslots in which advertising was not allowed was then used by the broadcasters to screen special interest programmes funded by NZOA, in particular on Sunday mornings.

Having a competitor for the first time could have made TVNZ focus on becoming more of a public service model but instead its SOE requirements meant that it focused narrowly on attracting large audiences for maximum revenues. Educational programmes, minority programmes, and others of a ‘non commercial’ nature suffered during this period. In particular, TVNZ was criticised for not representing ‘tangata whenua.’ It was argued by some Maori that their status as partners of the

³⁰ According to the NZOA Statement of Intent 2001/2002, the funding allocation for television remains 64% from 2000/2001(p.5). The funding for television dropped from \$55.7 million in 2000/2001 to \$48.6 million for 2003/2004 (ibid, p 28)

crown in the Treaty of Waitangi meant that their representation in broadcasting should be regarded as equal to Pakeha. In September 1986, the Royal Commission on Broadcasting released a report which stated : “There is no doubt in our minds as to the validity of the demands for a greater share of the resources of broadcasting and the benefits of bi-culturalism.” (Browne, 1996, p150) And yet, NZOA have had difficulties in carrying out the objective ‘to promote Maori language and culture.’

Atkinson’s research seemed to support the claim that television is racially biased. He found that of 285 on screen personnel in 1993 (excluding presenters and reporters) 92% were white Europeans (compared to 74% in the population at large), whereas Maori and Pacific Islanders were disproportionately silent, a trait they share with all other ethnic groups. And 80% of all onscreen appearances were male (Atkinson, 1994c, p 56 - 60).

The poor television record in relation to representing Maori culture, has been identified by many writers as a problem. Lealand and McGregor relate the problem to the lack of Maori staff, (Lealand, 1990, pp 73) & (McGregor, 1996, p241) while Derek Fox, a Maori broadcaster, described the prejudice he experienced while on Te Karere, a Maori news programme, as being based on the lack of understanding and respect for Maori. He exemplified the fact that it took almost 10 years to draft a broadcasting policy to ensure the correct pronunciation and spelling of Maori words (Fox, 1990, p 106).

Although the broadcaster puts a lot of stress on the ratings, this measurement of the audience is flawed. The people meter only measures the watching habits of 440

homes or 0.034% of New Zealand's viewing public, which makes up a potential 3,128,000 citizens aged 3 and more (Lealand, 1998, p37). "If the overall size of the people meter panel seems inadequate, there are worse problems with the types and range of people in this panel." The people meter which is used to measure the audience's size and their demographic is problematic, as the sample audience does not reflect New Zealand's cultural diversity. The distribution of the peplemeter in areas of concentration of Maori populations in Northland and East Coast remains questionable. Other than that, different ethnic groups in New Zealand have different watching habits. Ethnic groups with income below average tend to use television as their primary source of entertainment at home (Lealand, 1998, pp 40).

Viewers Protest

It is perhaps unsurprising that there were signs that viewers started to turn off their television sets. "There was an average decline of around 2% in television ratings during 1992, an unprecedented national television turn off campaign, and a flood of letters to the editor, magazine articles and radio commentary about declining news and current affairs standards" (Atkinson, 1994b, p151). This claim is also supported by the AGB McNair survey which Atkinson quoted from. The report showed that there was a 9% drop in One Network News viewership in the first five years after deregulation. This might plausibly be attributed to competition from 3 News, but there was no comparative rise in the latter's ratings and One's fall was especially

steep among older age groups who weren't targeted by its rival (Atkinson, 2002, p 8).³¹

In a broadcasting conference in Auckland, Ruth Harley said that the decline in television ratings is associated with the changes in news values in One Network News since deregulation. She suggested that the New Zealand audience might be starting to tire of a morselised diet of crime, disaster, war and macho sports coverage (Ballard, 1994, pp 65).

In *Power and Responsibility – Broadcasters Striking a Balance*, Ballard supported Harley's claim that the audience's intelligence was often underestimated by broadcasters (1994, p 65). She quoted Peter Jay and John Birt in the 1980 Official Programme of the Edinburgh International Festival (1980, p 29-37) :

“In an age of more and more education, combined with more exciting events and more pressing problems, it would be odd if popular curiosity were becoming shallower. While 80-90% of any viewer's television appetite may well be for entertainment or for programmes about his particular interest, the remaining 10-20% is for knowing what is happening-- and why-- in the world around him. That part of his appetite naturally demands lucid intelligible information and explanation, not more entertainment disguised as “popular” (i.e trivial) stabs at haphazardly chosen stories of the moment”

According to Robin Foster, director of communications practice for the British policy research company NERA, public service broadcasters should not only ‘show a

³¹ (From AGBMcNair “Analysis of News Audience Levels, 1980-1993, “Report prepared for Saatchi and Saatchi and New Zealand On Air, Auckland, April 1994)

willingness for their performance to be measured and evaluated’ but also seek ‘guidance’ (through regular surveys of viewers) on the nature of the service viewers think public service television should provide (Foster, 1992, p224). The deregulation of broadcasting in New Zealand started with some consultation but public participation was essentially lacking in the drafting of the legislation. In implementation there was no guidance or feedback. Instead findings from surveys and research simply fell on deaf ears.

The race between TVNZ and TV3 to drown viewers with light entertainment programmes and advertising caused some viewers to turn off as shown in the surveys, but the broadcasters did not change their tactics. Although there was not much channel choice for viewers, with only three free to air channels until TV4 entered the market in 1997 and Prime in 1998, TVNZ’s share of viewers has been in decline. In 1992, TV One had 47.1% and in 2002 it had dropped to 39.7%, while, TV3 rose from 15.8% in 1992 to 20.1% in 2002. The trends are also similar for off peak viewing (ACNielsen, 2002, slide 28).

Although it can be argued that the decline in viewership is related to social trends rather than any fault in television programming, this could be seen as an excuse. It is contrary to a survey from *The Economist*, which stated that : “Despite the formidable array of new gadgets – electronic games, computers, portable MP3 players, mobile telephony – that is now rivalling television set for attention, the flickering image on the 75 year old box still captivates people.” (*The Economist*, 13 April 2002, p 3) Research in New Zealand provides similar evidence. An ACNielsen Media Research paper, *The Year in Television 2002*, found that the average time people spent

watching television in 1992 is 2 hours and 41 minutes, and ten years later, it had grown another 10 minutes (AcNielsen, 2002, slide 31).³²

Television stations locked in a battle to win the day to day ratings contests do not take a longer term view of viewership. However, in the case of TVNZ, when viewers from both channels are turning away, it is then a reflection that viewers' tastes are not being satisfied by the public broadcaster. It cannot be argued that the viewer's palate for light entertainment has increased as even TV2 which targets the youth market, is also losing viewers. TV2 had 36.1% of viewers in 1992 for peak time viewing between 6 p.m. to 10.30 p.m., and dropped to 23.9% in 2002 (ACNielsen, 2002, slide 28).

³² In this study of 10 years viewing trend, it is obvious that the channel share of TV One and TV Two have been reduced by other channels. For example, based on peak time (1800 – 2230), TVOne decreased from 47.1% in 1992 to 39.7% in 2002, and TV Two from 36.1% to 23.9%. In the same period TV3 increased from 15.8% in 1992 to 20.1% in 2002 and Sky from 0.6% to 10.1%. (Nielsen Media Research, The year in television, 2002, Viewing Trends, Slide 28)

Chapter 3 :

From the Deregulation of Broadcasting to the Making of the TVNZ Charter

Where is wisdom we have lost in knowledge?

Where is knowledge we have lost in information?

By T.S Elliot (1888 – 1965), US-English poet, playwright

From “The Rock”

Background

The period of 1990 to 1999 was marked by thriving commercialisation in television because of the government’s deregulation policies. TVNZ saw its main focus as being a commercial and profitable entertainment business and returning a substantial profit to its shareholder, the government. At times the company went further to please its shareholder. For example, TVNZ paid a special dividend of \$ 20 million to the government in 1996, and again of \$ 70 million in 1999. This caused an outrage among television producers, claiming that it would lead to poorer quality television. Jonathan Dowling who was the president of the Screen Producers And Directors Association (SPADA) at that time said : “Whoever made the decision to deliver \$70 million back into Government coffers is absolutely taking away the ability of TVNZ

to deliver a higher level of programmes in terms of quality dramas and documentaries” (NZH, 30 June 1999). In response, Tony Ryall, then Minister of State Owned Enterprises said that it was rubbish to suggest the payout would hit viewers (NZH, 30 June 1999).

It was also a time when the broadcaster was flexing its business wings and was investing in long term plans to expand its business, such as buying up shares³³ in businesses it saw as having potential gains, instead of concentrating on its core television business. Several failed deals appeared to show that they were not good at both. On top of that, the turmoil of continuous restructuring, partly caused by changes in the key management personnel, meant that strategic directions kept on altering. It continued the uncertainty that had existed from the changes and redundancies ushered in by Julian Mounter at the beginning of the 1990s.

The commercial culture of TVNZ led to a high-handed approach to NZOA, programme makers and even advertisers. TVNZ’s treatment of NZOA funded programmes, appeared arbitrary. *Asia Down Under* (formerly known as *Asia Dynamic*), a programme which focuses on the Asians in New Zealand was changed from its time slot four times between 1997 to 2002.³⁴ Such treatment created a lot of

³³ The National Business Review on 16 June 1995 reported that TVNZ pulled out its 29.5% stake in the Asia Business News Channel. (ibid, p7) TVNZ owned 35% of shares in Sky Television and formed a partnership with Clear Communications. In June 1999, TVNZ had sold of the last of its 12.6 % of shares in Sky, which was worth \$126 million. (NZH, 8 June 1999) Official papers released by the Labour government revealed that the previous National Government demanded a \$100 million special dividend from TVNZ after it sold its Sky and Clear shares. “The board had already agreed to hand over \$70 million and surrendered another \$30 million soon after words.” (NZH31 May 2000)

³⁴ Between 1994 to 1997, *Asia Dynamic* screened at 08.30a.m. on Sundays. In 1998 it was changed to Saturdays at 09.30a.m., then in 1999 and 2000, it was brought forward an hour to 08.30 a.m. In 2001, the programme was moved to Thursdays at 11.00 p.m. and then 2002 it was returned to Sundays at 08.30a.m.

frustration among the people in the television industry when dealing with the public broadcaster.

Adding to the problem was the drop in local content. Although the New Zealand On Air Television Local Content Survey showed that local content increased in the first four years of the deregulation, after that it began to decline with 1996 being the lowest ever.³⁵ As a consequence, support for changes to broadcasting regulation grew.

Mounting criticism of TVNZ was often voiced in broadcasting conferences, and fuelled a growing demand for change. At a New Zealand Broadcasting Summit in 1996 Graham Kelly, Labour Spokesperson on Broadcasting, gave a speech which outlined the problems of deregulated broadcasting. He mentioned that regional news had been dropped by the national networks, among many other problems diluting public service broadcasting (Institute for International Research, 23 April 1996). Even as early as 1990, Hugh Rennie, a lawyer and former chairperson of BCNZ said, at the Public Sector Broadcasting in the Nineties Seminar that “TVNZ as an SOE has been hamstrung by profit-driven, bureaucratic Treasury intervention which has extracted maximum profits, placed TVNZ’s management team under limits and supervision no private sector company would contemplate, and driven the channel to put profit ahead of most other considerations” (Hawke, G.R ed, 1990, p 29).

³⁵ 1988 - 23.9%, 1989 - 31.8%, 1990 - 24.2%, 1991 - 31.7%, 1992 - 30.2%, 1993 and 1994 - 23.2%, 1995 - 19.7%, 1996 - 19.2%, 1997 - 21.3%, 1998 - 24%, 1999 - 23.4%, and 2000 23.5% of local content on the television schedule. (NZOA 2000 Local Content Survey, Appendix 3, p 29)

The opposition Labour Party began to make public service pledges in their election manifestos on broadcasting. The origins of the TVNZ Charter go back to the Labour Manifesto in 1993. The 1993 and subsequent manifestos documented the proposals and indicated changes to broadcasting which provide clues to the evolution of the policy. The formulation of policy leading to the TVNZ Charter is crucial as it shows what issues were viewed as important. This chapter outlines the criticisms of deregulated television and traces the development of policies which were formulated to address those criticisms and led to the TVNZ Charter.

Politics

In 1990 and 1991, the world political scene was dominated by the Gulf War, which created some economic uncertainty although the global economy was moving upward after the 1987 stock market crash. New Zealand had opened up its immigration policies and that resulted in an influx of migrants from Asia, as well as international students in the 1990s. However in 1997 the economy started to fall again, and declined even further when the Asian economic crisis occurred in 1998. It was also a time when National was in power, governing independently from 1990 till 1996, and with MMP in 1996, National governed with NZ First as its coalition partner. National's policy continued the demand on TVNZ to produce worthwhile returns to its government shareholder.

When National came into power in 1990 its intentions for TVNZ was just to continue the position of its predecessor government, which was that it run as a successful business. However, a key difference was that National was always understood to be

in favour of the sale of TVNZ.³⁶ Other than milking the cash cow for a bigger annual dividend each year,³⁷ the profit would also influence the value of the company, hence would be used to determine the selling price. This strategy was outlined by Shaun Brown, who was the Head of Television at TVNZ.³⁸ (Lecture for the Masters of Communications Studies, Investigative Journalism major at Auckland University of Technology in 29 October 2002.)

In an interview for the *Sunday Star Times* Brown stated, “It would have been less damaging if we had been sold, although I personally don’t agree with that, but what was really corrosive was that every year the decision was put off about selling us. In my view that’s where the balance really started to shift. We were simply unable to fund certain areas. Expensive programming and maybe programmes that weren’t totally ratings focused were inevitable casualties of the short-term profit maximization plan.” (Sunday Star Times, 7 October 2001, pA11)

In preparation for the sale, TVNZ was given the brief to attract a good price for the day it was put on the market, and management looked for ways to enhance the value of the business for potential buyers.³⁹ Less money was invested into news and

³⁶ In 1997, Prime Minister Jim Bolger and his deputy Winston Peters said that due to the changing circumstances, it is possible that all publicly-owned channels could be put up for sale. (The Nelson Mail, 10 October 1997, Ed 2, p. 7) Previously, TVNZ is listed as a strategic asset and cannot be sold under the Coalition Agreement. (The Dominion, 26 May 1998, E2, p1)

³⁷ “In the first five years as an SOE, TVNZ computed just under \$ 60 million to the government’s coffers. Between 1994 and 1998, it handed over \$180 million more. In the six months of last year alone, its political masters extracted an extra \$ 106 million, thanks to the sale of several of its last remaining investments.” (NZH, 6 February 2000)

³⁸ Shaun Brown is now the head of television in SBS in Australia. (NZH, 12 November 2002) He first started as a reporter for NZBC in 1971, and became the Head of News and Current Affairs in 1988 replacing Paul Norris. Brown was also involved in axing *Dateline Monday* which was hosted by Ian Fraser, and re-launched *One Network News* at six in the evening and later extending it to one hour. He was part of the team which introduced *Holmes*, *Breakfast* and *Midday* and in 1997 he became head of TV One.

³⁹ Rosanne Meo, Chairwoman of TVNZ in 1998, said that TVNZ was tidying up its books in preparation for its possible sale. (The Dominion, 26 May 1998, Ed 2, Pg 1)

current affairs, and there was a greater reliance on NZOA to fund programmes to fill the schedule. On the other hand, TVNZ did spend money in areas sensitive to ratings competition. For example, paying presenters with a high profile large salaries in order not to lose them to TV3.⁴⁰

More restructuring at TVNZ

The restructuring following deregulation resulted in redundancies and many resignations, particularly of those who disagreed with the direction of TVNZ was taking. Replacements who were brought in understood the company's commercial imperative. Even so the turnover of top executives was considerable.⁴¹ The continuous changes in management meant that staff often had to readapt to new leadership styles. For example, under Neil Roberts (CEO) and Roseanne Meo (Chairman), TVNZ went through a major cost cutting exercise to keep profit targets up (Sunday Star Times, 10 August 1997, Ed. A, p 11).⁴²

⁴⁰ It was reported that Judy Bailey's salary had been estimated at between \$300,000 – 400,000 per annum. While the bottom end of the scale for presenters was predicted around \$130,000 a year in 2000) Paul Holmes, on the other hand had been widely known to be the highest paid staff, ranging between \$700, 000 and \$800,000. (NZH, 31 March 2000)

⁴¹ Brent Harman who was the CEO of TVNZ left after conflicts with the chairman at that time, Norman Geary in 1995. Chris Anderson, who was replaced him resigned in 1997. One of the reasons is that he felt bad not succeeding to achieve his expectations to privatised TVNZ. Michelle Boag was forced to resign from the board after accusations of political interference. (Sunday Star Times, 10 August 1997, Ed. A, p 11)

⁴² Roberts announced in Nov 1997 that hundreds of jobs would go to independent programme makers, contracted to make programmes to TVNZ. The restructuring known as the Great New Zealand Television Project, split the three TVNZ channels; TV One, TV 2 and MTV into three separate business units. (The Evening Post, 3 November 1997, Ed 3, p 3) It was also the year that advertisers held back in their spending, because of the increase competition in the television industry. It was reported that some 40 channels will be available in 1998. (The Dominion, 3 November 1997, Ed 2 p3)

Among those with influential roles as TVNZ was readied for privatisation in the late 1990s were Rick Ellis, Shaun Brown and Paul Cutler. Ellis, who was appointed as the CEO of TVNZ in February 1998, previously worked in the airline and computer industries. He was the first non-journalist to take on the top job at TVNZ and his lack of experience in the media was blamed for many of the perceived 'failures' of his term. In fairness, although some of the difficulties may have been because of failures of judgement there were also problems which were unavoidable because of the situation in the television industry at that time. The NZ Herald listed several of the unfortunate situations which Ellis inherited. When he came in, advertising revenues were already down five percent, resulting in a \$11 million loss in revenue. Overseas programming costs rose 81 percent between 1998 and 2002, while labour costs increased by 14 percent. The depreciation of TVNZ's investments in technology rose by 42% (NZH, 23-24 June 2001, p C1).

However, among the major mistakes made when he was Chief Executive, was the drive to do a digital deal with British cable giant NTL in 2000. A move later rejected by government after considerable work and an estimated loss of a \$200 million business (NZH, 01 August 2001). Another set back to the development of digital television occurred again in 2001 when Telstra Saturn decided to pull out from its partnership with TVNZ in the pay television business. As a result TVNZ was left with few choices in order to secure itself a digital platform. The public broadcaster had been resisting joining the Sky Television platform, but finally relented in December 2001. (<http://www.sky.co.nz/index.cfm?pageID=82>)

“Ellis has made no secret of the fact that he was hired by National to prepare TVNZ for sale. By the time, he got his feet under the new desk, Jim Bolger had been ousted as Prime Minister by Jenny Shipley and the privatisation plans were shelved” (NZH, 23 –24 June 2001, p C1). Just before Ellis came in there was a major restructuring where there were to be “no sacred cows”, hence its code name “Operation Hamburger”. However, when he arrived he embarked on another restructuring exercise as the previous one in his view was “fairly ineffective” (NZH, 23 –24 June 2001, p C1).

When Ellis joined TVNZ, he promised to bring “a business focus as opposed to a pure television focus.” TVNZ’s profit doubled in 1998, despite the fall in revenue, and the profit for the first half of 1999 also increased. It was also under his management that the ratings picked up slightly for the first time since TV3 joined the free to air broadcasting market. Between 1990 and 1997, TVNZ’s average share of ratings fell from 88 per cent to 69 per cent. Between 1998 and 2000, their share rose one percent to 70% (NZH, 6 February 2000).

However, when the Hawkesby affair broke out TVNZ’s management came under close critical scrutiny. This ‘affair’ also exposed the extent of the competitive lengths the competing television stations were prepared to go to. The court case resulted in a \$ 5.9 million pay out in compensation to John Hawkesby.

TVNZ had approached Hawkesby in early 1998, when he worked as a presenter for *3 News*, and asked him to join One Network News as a co-anchor with Judy Bailey to replace Richard Long. By February the twelfth, the deal was signed, with Hawkesby

accepting the \$750,000 per annum salary, which was to rise to \$850,000 in 2004. This contract was later to be terminated on the grounds of “serious misconduct and gross incompetence”. Hawkesby’s on air partnership with Judy Bailey was short lived after it led to falling ratings, TVNZ brought back Richard Long and came up with the above grounds for terminating Hawkesby’s contract (NZH, 8 February 2000).

In the resulting court case TVNZ’s reasons were dismissed and judge Sir David Tompkins QC awarded Hawkesby \$5,259,375 million (plus interest), while criticizing TVNZ for failing to prove that Hawkesby’s on-air performance caused the drop in ratings and affected the business of TVNZ. Judge Tompkins considered that by terminating the contract, TVNZ breached the agreement.

Prime Minister Helen Clark said : “The TVNZ board would be held accountable for this blunder.” She continued, “The public, which after all owns TVNZ, is now entitled to a full explanation of the events which culminated in the awarding of this settlement. Millions of dollars have gone up in smoke in the settlement, and now more will be spent on legal fees and public relations smokescreens” (NZH, 8 February 2000). Who was really behind the idea to ‘poach’ Hawkesby and so spark the ‘Hawkesby affair’ remains unclear. Rosanne Meo, chairman of the board, refused to take responsibility and Neil Roberts who as the general manager approached Hawkesby, had died before the case reached court.

Regional Television

In response to the criticisms about the lack of public service programming TVNZ pointed to its regional Horizon Pacific service. Horizon Pacific, which operated from Auckland, Wellington and Dunedin, was competitive against regional channels like Max, Mainland, and Eastland.⁴³ However, it was competition that was not on an equal footing as Horizon had access to TVNZ's resources and programme buying power (Sunday Star Times, 20 July 1997). Horizon Pacific screened mainly foreign programmes and later added the BBC World Service, and was promoted as providing regional public service broadcasting (Smith, 1996, p 92). As Cocker commented, the term "regional public service television" is an oxymoron, as one of the fundamental concepts of public service broadcasting is the principle of universality which is contradicted by the limited coverage of regional television. Another reason why TVNZ was interested in regional television was because of the ongoing criticism about the lack of programming that reflected regional interest (NZH, 21 June 1994).

It also helps use up that stock of material expensively bought as part of 'output deals' with major distributors – deals which involve buying a wide ranging package of production wanted and unwanted, in order to secure the few plum top rating series and prevent them from being sold to TV3. And, not least among the considerations, regional television is the disposable runt of the TVNZ litter which might be fostered out as a future public broadcasting sop to

⁴³ A private company Allpar Holdings Ltd, which later became Max tried to acquire the regional frequency in 1990, offering \$145,000 just \$3000 short of the winning bid. The then privately-owned Horizon Pacific network eventually set up the ill-fated regional networks, which were later acquired by TVNZ. (Sunday Star Times, 20 July 1997, Ed A, p 13)

the Government while the company retains its prized two national channels and gets on with the business of making money (Cocker, 21 June 1994).

Unfortunately, by 1997 Horizon Pacific was no longer cost effective to run with reports claiming that TVNZ had lost at least \$20 million with Horizon Pacific. (Sunday Star Times, 8 June 1997, Ed A, p11). 1997 was also the year which TV3 launched its youth channel, TV4, and TVNZ changed Horizon Pacific into an MTV channel offering foreign music and entertainment for the young market as a competitive move (Waikato Times, 27 June 1997, Ed 2, p17). A year later, MTV proved to be unprofitable and was closed down (The Press, 30 May 1998), at an estimated cost to TVNZ \$36.14 million (The Dominion, 26 May 1998, E2, p1). With the closure of its regional television service TVNZ could no longer point to providing public service programming and attention focused back to this provision on its main services.

Scheduling Wars

The heavy commercial competition between TVNZ and TV3 reached a point when NZOA publicly criticised the two broadcasters. This occurred in 1997, and the NZ Herald reported that NZOA threatened to cut money from TVNZ and TV3 documentaries if the networks did not end a scheduling war. The TV3 *Inside New Zealand* series screened head to head with TV One's *Tuesday Documentary* at 8.30p.m. on Tuesday. The funding contract between NZOA and the broadcasters only required the documentaries to be played in primetime. The lack of authority NZOA had to influence scheduling was again exploited by the broadcasters so they could use the documentaries as a competitive tool for commercial benefit.

Chris Prowse, the CEO of NZ On Air at that time, questioned whether the networks could therefore afford to contribute more to the programmes. "We've more or less relied on the goodwill of the broadcaster to try and avoid this sort of thing happening. Now this has happened we may have to look at amending our contracts to make sure it does not happen again" (NZH, 01 April, 1997, pB6). In response to Prowse's comments, TV3's programming head Gary Brown said his network would not allow itself to be constricted in good programming choices by any NZOA contract changes. "We simply would not be interested in having that kind of restriction put against us" (NZH, 01 April, 1997, pB6).

This episode demonstrated that the structures created by the broadcasting reforms of the late 1980s did not have the capability of providing or imposing public service needs. NZOA was unable to insist that broadcasters of NZOA supported

programmes played them in prime slots and at complementary times. For example, the placement of the *Immigrant Nation* documentary series, although targeted for mainstream audience, was screened in inappropriate programme spots. Screened on TV One in January 1995 during the summer holidays (Roscoe, 2000, pp 248) in a 'dead end' slot, the programme managed to rate well. However, the success of this series did not change the "play safe" conservative approach of TVNZ. As Jane Roscoe commented: "The irony is that while these local documentaries do seem to attract reasonably sized audiences, broadcasters continue to see them as 'risky'" (Ibid, pp 247). The broadcaster continues to choose cheaper but popular overseas programmes that will deliver a sizeable audience to the advertisers, over a local documentary that may not produce the same size audience.

NZOA and TVNZ

NZOA's tensions with TVNZ had started from the day the Broadcasting Commission (NZOA) was created. Besides being a constant critic of TVNZ's local content and schedules, NZOA was seen by TVNZ as a gatekeeper to funding. "There was a strong conflict over the role of New Zealand On Air during 1989-1990, because TVNZ had its own plans for the new organisation. It wanted NZOA to keep away from drama and from prime time and to confine its funding to off peak minority programmes" (Horrocks, 1996, p 54).

The changes in the structure of the state broadcaster's operation since deregulation caused some resentment about the responsibility of NZOA to provide a contestable

funding model. Dr. Ruth Harley, the first CEO of NZOA said that building the organisation from the ground up had provided a number of challenges, not least of which was dealing with the old broadcasting corporation. “I am thinking of the vested interest. Those who used to sit around the board table at BCNZ ... as decision-makers, they did not welcome new decision-makers” (NZH, 23 June 1995, p18). While Julian Mounter, CEO of TVNZ at the time of deregulation said, “We have tried hard to work well with NZOA but the amount of money currently committed to making New Zealand programmes for TV One and Channel Two is down on previous years to such an extent that it gives grave cause for concern” (NZH, 6 March 1991 p 18).

Besides lacking authority over TVNZ, most of the social objectives of public broadcasting were all lumped on to NZOA, with no support mechanisms to carry them through. This can be compared to Australia, where the ABC (Australian Broadcasting Corporation) provides public service programmes and the government also set up the SBS television service to cater for the interests of the ethnic minority communities (Cocker, 2001, p 302). And importantly in Australia there is a 55% local content quota by genre imposed on commercial television broadcasters. Finally, commercial broadcasters in Australia also have ownership restrictions; and anti-siphoning rules, which secures the rights for sporting events for free to air broadcasters against pay television (Television Broadcaster’s Council, July 2000, p37).⁴⁴

⁴⁴ **The report also stated that the Keating government had established a fund from the general taxation (A\$20 million a year) to support independent television production for commercial network broadcast, in 1995, however it was later abolished by the Howard government in 1998, arguing that taxpayers should not be subsidizing commercial stations. (Television Broadcaster’s Council, July 2000, p37)**

The failure of NZOA to carry out its objectives in promoting Maori language and culture, prompted the establishment of a separate funder. Te Mangai Paho was created as a result of the Broadcasting Amendment Act 1993, section 53B, and was set up “to promote the Maori language and Maori culture by making funds available, on such terms and conditions as it thinks fit, for broadcasting and the production of programmes to be broadcast” (www.tmp.govt.nz/television/tv.htm).

The Measurement of Success

The ratings which are used religiously by broadcasters in New Zealand as a form of measurement for the success or failure of a programme, pose a problem in themselves. The ratings system based on the peplemeter is suitable for commercial purposes. The peplemeters have a strong focus on the advertiser’s needs and splits the demographics of the audience based on consumer spending behaviour, called TAGS (Target Audience Grouping System). The system gives instant results on the estimated quantity of viewers, which stands as an indicator to the success rate of the programme the advertiser has invested in. The peplemeter was adopted in May 1990, with a sample size of 440 homes, with approximately 1050 individuals (Lealand, 1998, p 38). Ten years later, the sample size increased slightly to 470 homes, with approximately 1150 people of 5 years and over recruited as the “Mini New Zealand” to project the taste of 3.6 million people and 1374 million households (www.acnielsen.co.nz).

Geoff Lealand from Waikato University argues that this system of measurement is irrelevant. The peoplemeter, other than being spread too thinly does not represent the cultural diversity of New Zealand. It also does not address the problem of how and what information the peoplemeter gathers. For example, the peoplemeter will report that a programme is watched, however, it could be that it is purely measuring presence in the room where the television is on. There is also no consideration of how people use television, which varies depending on socio-economic status, education and ethnicity. In his article, Lealand noted the lack of peoplemeters in areas of concentrated Maori populations in Northland and the East Coast, or how many Maori in the panel represented the 523,374 Maori in the New Zealand population, based on the 1996 Census (Lealand, 1998, p40).

Most importantly the peoplemeters do not measure how well programmes are appreciated, although the function does exist as confirmed by Claire Harris, the Director of Television Services for ACNielsen (Author's interview, 2003, Appendix 10). Public service programmes score highly on appreciation indices but this has never been measured in New Zealand.

Advertising

Despite the heavy commercialisation and the sense of desperation for advertising revenue, TVNZ have not always been in a rosy relationship with the advertisers. Advertisers complained about scheduling wars, and the relationship between advertisers and the company heated up when TVNZ did a ‘dramatic last minute programme reshuffle that some say makes buying airtime a lottery’ (NBR, 15 April 1994, p5).⁴⁵ Colenso media director Peter Myles accused TVNZ of gaining ratings at the expense of the advertisers.⁴⁶

The problem of television screening too much advertising became a concern for advertisers. Quantity instead of quality led to ineffective messages to viewers. In 1992, the advertising clutter prompted the Association of New Zealand Advertisers (ANZA) to commission research to “provide information not available from the peplemeter” (NBR, 2 October 1992, p57).

In 1997, TVNZ commissioned a report in response to “growing pressure from advertising agencies and the public to reduce its advertising ‘clutter’”. The report found that viewers were sitting through advertising breaks with little channel switching and this was used to reassure advertisers that their messages were being viewed. However, it was also noted that TVNZ was one state owned broadcaster

⁴⁵ “In one case advertisers who’ve spent \$9000 buying a pot in Roseanne now find they’re paying the same amount for an unproven new comedy, *Grace Under Fire*. Other changes involve *Under Investigation* being shifted from the news sodden Wednesday night. It’s now at the centre of a stronger TV2 line up on Thursday, its rival’s new *Beverly Hill 90210* night.” (NBR, 15 April 1994, p5).

⁴⁶ TVNZ’s policy allows advertisers to stay in the same spot with the new programme and pay the new price, or they can withdraw and try to reschedule, however if the clients pull out, ‘it could also jeopardise their VID, volume incentive discount’ (NBR, 15 April 1994, p5).

with the highest advertising ratios in the English-speaking world. In the same year it was reported that Prime Minister Jim Bolger and his deputy Winston Peter were looking at a revamp of TVNZ, which included a possible cut in advertising from 15 minutes to 10 minutes per hour (Sunday Star Times, 16 March 1997, pA1). However, it was not until 2000 that TVNZ announced that it would cut down advertisements as an experiment, although denying that the move was the result of the advent into office of the Labour-Alliance government at the end of 1999 with a manifesto seeking a less commercially-driven more public service TVNZ (NZH, 14 January 2000).

License Fee

“Once commercialism begins, it is very difficult in the long run to justify receiving a public subsidy. In NZ, for example, years of having public television chock full of commercials has weakened whatever resolve there is toward keeping the system publicly owned. And once the public subsidy goes, the public broadcaster loses its commitment to provide a service to the entire population.” (McChesney, 1999, p241)

Contrary to research material which points to public criticism about the lack of local content, when it comes to paying the license fee to fund local programmes, the public is not supportive. It could be argued that television licence fee payers disagreed with how their money was used or with the treatment TVNZ was giving NZOA funded

programmes. However, instead of demanding and publicly lobbying for a change, the licence fee was simply resisted and grew increasingly unpopular. A book by Ian Wishart, entitled *Beating Big Brother : How People Power Turned Off the T.V. Tax*, documented the anti-television license campaign with court cases about people who refused to pay the fee. The Anti-Television License Campaign claimed that in total there were over 70,000 people who did not pay the annual \$110 fee (ibid, 2000, p170).

Jo Tyndall CEO of NZOA, in a letter in response to the invitation to write about the abolishment of the fee said that the National government had started to consider abolishing the fee since 1995 (Wishart, 2000, p 176). However, it was in 1999 when Treasurer Bill Birch and Communications Minister Maurice Williamson announced that the \$110 fee would be abolished because it had “become increasingly inappropriate” (The Dominion, 21 May 1999, Ed 2, p 3).

Yet there were those who saw the importance of keeping the broadcasting licence fee. Bruce Wallace, Director of the Television Broadcasters Council said free to air broadcasters had supported the fee and NZOA, who had been asking for increased funding, obviously saw the need for the broadcasting fee to exist. Jo Tyndall said that the abolition of the fee was “part of a short term answer that does not resolve the longer term social issues that arise and that were behind the very reason for government involvement in the broadcasting sector” (The Dominion, 21 May 1999, Ed 2, p3).

Labour MPs at the time of the government announcement described the abolition of the fee as a strategy to win voters, but stated they would not vote against it because it was an inefficient system (The Dominion, 22 May 1999, Ed 2, p2). Equally as important was that the public was not consulted about the policy changes, as Jane Wrightson, CEO of Screen Producers and Directors Association pointed out (The Dominion, 22 May 1999, Ed 2, p2).

Geoff Lealand, argued that having direct funding from the general taxation meant that there was an increased chance of government saying ‘I don’t like you this year so I’ll give you less money’ (Waikato Times, 17 May 1999, Ed 2, p 1).

The Making of the TVNZ Charter

When the Labour party won the election in 1999, it was certain that some form of change to TVNZ would take place, and indications pointed in the direction of re-regulating television broadcasting.⁴⁷ Because of all the problems which had caused dissatisfaction and had been indicated by a number of audience surveys, the Labour government was encouraged to return TVNZ to the role of a public broadcaster. It was clearly specified in the 1999 Labour Manifesto which outlined the broadcasting changes the party planned to make.

⁴⁷ “Labour’s broadcasting spokeswoman Marian Hobbs said that she could see the proportion of local programmes falling further with the expansion of channel and satellite channels, unless Government intervened.”(NZH 22 April 1997, p B10)

However, the 1999 manifesto policies reflected Labour thinking through the period it was on the opposition benches and the blueprint of the TVNZ Charter goes back to Labour's Manifesto in 1993. It stated that : *Labour intends to establish a Charter covering the broadcasting responsibilities of Television New Zealand and review the obligations the company has to pay a dividend to Treasury* (1993 Labour Manifesto, p6).⁴⁸ In 1995 the party initiated a public discussion which highlighted one of the most important issues - advertising on television. *Labour is proposing to cover advertising in the charter for public television. The charter could place restrictions on the content and timing of advertising, for example, restricting advertising during news and current affairs programmes* (Labour's public broadcasting discussion paper, February 1995, p18).

Then in Labour's Manifesto for 1996 acknowledgement of the conflicting demands of delivering quality public service and having to maximise profit under the SOE Act was stated. In its pledge Labour opted for the Charter and to require the appointment of a Board of Governors for TVNZ with the responsibility to ensure that TVNZ implemented the public service television charter while continuing to run in a business-like manner. The objectives were detailed and some of them were to finally make it into the TVNZ Charter. For example, it requires TVNZ, to "educate, inform and entertain", and produce quality, innovative programmes reflecting the varied interests within the community and to contribute to a sense of national identity.

⁴⁸ **The Charter drafted in the 1993 Manifesto pledged to ensure that the state owned broadcaster is clearly defined as having social and cultural responsibilities which match the aspirations of New Zealanders. It is anticipated that changes can be made which will allow Television New Zealand to address such issues as the amount of advertising on screen, news and current affairs programming, New Zealand content and other issues which have been publicly debated over the years. (1993 Labour Manifesto, p6) The lowering of violence on television is also included. (ibid, p7)**

However, the requirement *to encourage awareness of New Zealand internationally* (p7), was later dropped and was not found in the 1999 Manifesto.⁴⁹

The issue for the need to have a television charter was also raised by several speakers in a conference organised by NZOA and The Institute of Policy Studies of Victoria University on 31 August 1999, just before the general election. (*Counting The Beat – Broadcasting Policy in New Zealand* Conference Paper 1999) Then two months later Labour in their manifesto explained that the reason the party wanted to retain both channels in public ownership was because it wanted quality broadcasting to reach people of all ages in all sections of the population. (p 35) It also said that the TVNZ Charter was modelled on Radio New Zealand's. All of the seven objectives made it into the TVNZ Charter, but the crucial difference between Labour's "campaign promises" and its actions since it came into power was its promise to support regional television.⁵⁰

On 11 April 2000 the Cabinet approved of the development of the broadcasting policy (www.executive.govt.nz/sppech.cfm). On the 6 July 2000, Marian Hobbs issued a statement that the priority would be given to draft the TVNZ Charter. Two months later the draft of the TVNZ Charter was released (19 September 2000). Although very similar to the finally released version, it took approximately eight

⁴⁹ The 1996 Manifesto also addressed the need to restrict commercials to a maximum of 5 minutes for children's programme, (p8) and encourage the development and maintenance of regional broadcasting, while Horizon Pacific regional channels to run programmes for ethnic and community groups along similar lines to access radio. (p11)

⁵⁰ The 1999 Manifesto stated that Labour promised to conduct a review of barriers to its development, such as transmission cost and spectrum availability; investigate ways of providing finance or spectrum allocation to encourage the growth of such community broadcasting. This would assist specialist broadcast such as those for people with print disabilities, and ethnic communities being able to broadcast in their own languages on issues of concern to their

months for the TVNZ Charter to be formally released. The only clause which was dropped is the objective for TVNZ to *feature programmes that serve the regions of New Zealand, and that reflect the regions to themselves and to the nation as a whole* (www.executive.govt.nz/speech.cfm - 19 September 2000).

The TVNZ Charter was a long period in gestation, but it did finally managed to see the light of day after the idea had been floated some 10 years before. The TVNZ Charter had been through various stages from manifesto suggestion to legislation in Parliament, and there were consultations with industry people and public input.⁵¹ It must also be noted that this change in television broadcasting policy was initiated by politicians, not by the broadcasters themselves. Therefore, it may be true that the TVNZ Charter represents the needs and wants of the citizens, as the Minister of Broadcasting Marian Hobbs claims.

However, a key issue was that TVNZ as a result of deregulation was filled with individuals who had a different understanding of what made successful television. It can be argued that the management of TVNZ were following orders from the government to run TVNZ as a profit generating business, and examples of special dividends returned to the government as described earlier in this chapter showed the tendency to please its shareholders.

communities; ensure that there will be spectrum space available at nil or low cost for non profit community broadcasters. (p 38 – 39)

⁵¹ The draft charter was released for public consideration on September 19 2000 and people had some six weeks to comment. “There were a total of 167 submissions, 108 from individuals and 58 from broadcasting stakeholders (organizations and individuals who work in broadcasting). Close to a third of the submissions supported the charter, a further 40 per cent supported the charter but with reservations while 14 per cent were not supportive.” (Hobbs, 2003, author’s interview, Appendix 2)

The changes in broadcasting which were initiated by politicians instead of by people who understand the broadcasting industry best, is again another dilemma. However, if politicians did not make moves to change broadcasting, it can be argued that changes will not happen if it is left to the broadcasters. The commercial culture in TVNZ has created a comfortable structure for TVNZ to run solely as a business instead of having to juggle with its social responsibilities.

The announcement of the TVNZ Charter resistance from within TVNZ. Some TVNZ staff were not looking forward to the new regulations and this resentment was encountered by the Minister of Broadcasting when dealing with the broadcaster. “I had some challenging debates with industry representatives, many of whom had matured in a climate of pure commercialism, providing the greatest number of viewers possible to the advertiser. While some would never be convinced of the value of a public broadcaster there were others who welcomed the advent of the charter and all that it stood for. It must be remembered that television, in particular, has always been a controversial area of broadcasting with no shortage of people wishing to express an opinion. And there is a serious conflict between broadcasters and programme makers and NZ on Air and the audiences. A Charter was one way to establish an agreed bottom-line” (Author’s interview, 2003, Appendix 2).

Chapter 4 :

The Implementation of the TVNZ Charter :

Delays, Progress and Changes

Of all great events under heaven,

When united for long, there must be separation,

When separated long, there must be re-unification.

From “*The Romance of the Three Kingdom* by Luo Guangzhong”

Background

The philosophy behind this old Chinese proverb written some 600 years ago, about the Han dynasty in China during the 2nd and 3rd century, captures a cycle of change, which the TVNZ Charter represents as a swing back to regulation. The year 2002 was filled with expectations about change to television broadcasting. The Labour government was high in the polls and hoped to govern alone and this was its motivation for calling an early election. (NZH, 12 June 2002) The results of the election were, however, a surprise with lower than expected voting for Labour and the high polling of United Future and New Zealand First. The retuning of the Labour led coalition meant that policy compromises would be required with the new

coalition partner, United Future, and the significant presence of the Green Party would also potentially influence the passing of the government's legislation.

It was also a year when the world economy was faltering due to the uncertainty in global politics as America led its campaign or 'war' against terrorism, sparked by the events of September 11 2001, and then a year later, the bombing in Bali on 12 October 2002. The collapse of significant companies like Enron, WorldCom and the global auditing firm Arthur Anderson added to the stress on international share markets with a slowdown in investment and economic growth. Indirectly this had an impact on consumer spending and effected advertisers' spending as well. In fact, the trend of soft advertising worldwide had started since in fourth quarter of 2000 with the burst of the dotcom bubble, and a sudden drop in marketing expenditure (The Guardian, 21 August 2002). *The Guardian* stated that 2001 saw 'the deepest advertising recession in fifty years' (The Guardian, 23 September 2002), which was confirmed by the 2002 ABN Amro Global Media Report, with an estimated of 5.7% decrease in global advertising (NZH, 28 March 2002). Chris Pomfret of Unilever and chair of UK marketing directors' committee said that the decline of television advertising expenditure was due to the "panoply of effective new media channels" which started to emerge in the past three or four years (The Guardian, 23 September 2002).

Inevitably the soft advertising dollar had an impact in New Zealand. In 2001, television advertising fell 4.4 percent to \$479 million (NZH, 28 March 2002, p C7). CanWest, owner of TV3 and TV4 reported its television revenue for nine months to May 2001 dropped 9.8%, with the loss of \$9 million, because of the soft advertising

trends and the weak kiwi dollar. TVNZ dropped 5% for the year ending June 2001, which resulted in a loss of \$11 in advertising revenue (NZH, 21 July 2001). TVNZ also blamed the loss of advertising revenue on the decision to drop infomercials on TV One (NZH, 30 April 2001). Although in the TVNZ's 2002 Annual Report, its advertising revenue increased by \$1 million to \$ 285.7 million, (ibid, p6),⁵² and it has been forecast that the advertising slump will recover in 2004.⁵³

The year 2002 ended with the possibility of a US led war against Iraq. World politics became more complex with North Korea's decision to reopen its nuclear missile plant, causing tension in the Asian region. If war is declared in Iraq the media will cover it, but sponsors and advertisers are wary of having the messages interspersed with images of war and do not want to be on television. With less advertising, television networks will have to support the funding of expensive reporting of the war. Eric Ober was the president of CBS News between 1990 and 1996, and experienced such difficulties during the 1991 Gulf War. He estimates that it would cost networks over \$ 1 million a day for the coverage. Without knowing when the war would end and in a time when a lot of the media companies are facing financial hardship, it certainly is going to be a tough time (NZH, 1-2 February 2003, p C6).

Despite the slow down in the global economy, the New Zealand economy has not been directly affected. The soft advertising revenue in 2002 did not hit as hard in New Zealand as it did overseas. This was partly due to a boom in real estate, and

⁵² **The increase of \$ 1million in advertising revenue is partly because TVNZ increased its advertising rates by 12%. (NBR, 6 December 2002, p 45)**

⁵³ **The US presidential election and the Athens Olympics in 2004 are expected to contribute to a 4.4% increase in global advertising. (The Guardian, 9 December 2002)**

also to consumer spending which led to an increase in advertiser spending in 2002 (NZH 16 October 2002, p E4). In fact, a weak Kiwi dollar in 2001 has since been strengthening against the American and Australian dollar.

Politics

As the Prime Minister called the 2002 general election four months early it caused a delay in implementing the TVNZ Charter. Marian Hobbs, the Minister of Broadcasting, decided that it was not appropriate to direct TVNZ to include the Charter in the company's Statement of Corporate Intent in the pre-election period. Due to the general elections being held on 27 July, TVNZ was given three months extension to September 30th, to file its final Statement of Corporate Intent (www.beehive.govt.nz/hobbs - 28 June 2002). The delay in Charter implementation was inevitable but in any event some amendments were still being added as late as December 2002.

One of the changes that was debated when the TVNZ Charter was released in May 2001 was the splitting off of TVNZ's Broadcasting Communications Ltd (BCL), the commercial transmission arm of TVNZ. This was particularly an issue if the state broadcaster was to be changed into a Crown Owned Company (CROC).⁵⁴ It was announced on the 25 June 2001, that the government had decided to change TVNZ

⁵⁴ *The TVNZ Bill states the nature and magnitude of the problem and the need for Government action. TVNZ is currently established as an SOE, which requires that it "be successful and efficient as business that are not owned by the Crown". This requirement means that TVNZ may implement its Charter to the extent that it maintains it enhances TVNZ's profitability. However, meeting Charter obligations in some cases may not be consistent with the requirements of the State-Owned Enterprises Act 1986 if the Charter does not maintain or enhance profitability. (2001, p6)*

into a CROC (Internal TVNZ Email, 25 June 2001), however the issue of whether to split BCL was left undecided. It was a decision that the government said it would look at in two years.

When the government announced their decision to split BCL on 18 December 2002, it was already 6 months away from its two years review time, therefore it was appropriate to include the clause in the TVNZ Bill which at that time had not been passed through parliament. “Cabinet decided on June 2001 to review its decisions to retain the transmission business within TVNZ Group after two years. It is now some 18 months since the decision was taken and with Parliament planning to complete its consideration of the TVNZ bill when it resumes in February, it is an opportune time to consider the issue at this point” (www.beehive.govt.nz/maharey - 18 December 2002).

The new coalition after the July 2002 election also brought changes in the cabinet. It did not come as a surprise that Marian Hobbs, who had been criticised for “terminal indecision” in handling the broadcasting portfolio, no longer wanted to be the Minister of Broadcasting. Steve Maharey, who was a senior media lecturer at Massey University before entering parliament, was perceived by Helen Clark to have the right experience to take on the job (The Listener, 12 October 2002, p26 - 27).

The new Minister of Broadcasting set a number of goals he wanted to achieve for television broadcasting. Although after being appointed the Minister of Broadcasting he did not specify a deadline for each of the key objectives, he hoped that the TVNZ Charter could be implemented as early as possible in 2003. Maharey also stated he

wanted to establish appropriate means to ensure more New Zealand content on television. He welcomed the formation of the Television Local Content Group, which aimed to develop three yearly local content targets (www.beehive.govt.nz/maharey - 20 December 2002). His other key objectives were to manage issues associated with the development of digital television and revisit the issue of violence on television.

New Legislation

Unlike the 1988/1989 deregulation legislation which was pushed rapidly through Parliament, the Charter and the TVNZ Bill took more time than anticipated. After the delay was announced in June 2002, the TVNZ Bill was planned to have passed through Parliament by the end of October and then, before Christmas 2002 (The Independent, 20 November 2002, p 34), but this did not happen. Instead an amendment to the bill was announced by Finance Minister Michael Cullen and Broadcasting Minister Steve Maharey on 18 December 2002.

The amendment proposed splitting TVNZ into two separate companies. TVNZ's broadcasting arm (TV One, TV Two and Satellite Services) would become a CROC, while Transmission Holdings Ltd (THL), which includes BCL and TVNZ Australia would become a State Owned Enterprise (SOE). The original TVNZ Bill proposed including BCL with the TVNZ CROC. "The split will result in increased transparency and accountability and allow the two parts to each focus to its charter while maintaining commercial performance. THL's purpose will be to operate as a

successful business”, stated Minister of Finance Michael Cullen (www.beehive.govt.nz/Maharey 18 December 2002).

There were also amendments with regard to the structure of the board to oversee the company. The new version of the bill proposed to have two separate boards. This amendment got support from United Future, who were opposed to the original proposal which required a three tier management with separate boards to look after the two arms, TVNZ and BCL, and to report to an overarching parent board (The Independent, 18 December 2002, p 35). Although not specific, United Future’s manifesto for broadcasting is similar to Labour’s except that they do not support a quota system. (www.unitedfuture.org.nz/unitedfuture/uf_govt/policy) and (www.united.org.nz/arts.html).

As Labour did not get the backing of United Future in the original bill, there was the possibility that the bill would not get enough votes to pass through parliament. This led them to seek support from elsewhere. John Drinnan of the National Business Review argues that setting up the Television Violence Project Group (NZH, 10 December 2002 – A5) and giving the green light to a \$300,000 study of television violence (NBR, 27 September 2002, p25) was a political move from a government seeking Green Party support to pass the TVNZ Bill. The Green Party strongly campaigned for an antiviolence clause in the TVNZ Charter (NBR, 27 September 2002, p25),⁵⁵ which was in line with Labour’s Manifesto in 1996. (ibid, p 10)

⁵⁵ **National Business Review quoted a 1999 Colmar Brunton survey on broadcasting standards that found that 31% of respondents listed violence as a concern, followed by nudity and sex scenes 20%), the amount of advertising (19%) and bad language (15%), in comparison to three complaints related to violence, out of 259 to the Broadcasting Standards Authority in year to 30 June 2002. (NBR 27 September 2002 p25)**

The Greens were also concerned that TVNZ's dependency on government for funding would put it in a vulnerable position, particularly if a right wing government came to power. They argued that the BCL being separated off as an SOE would open the door to it being privatised and would enable the company to be sold off.⁵⁶ Their proposal, which has some logic in the digital era, was to separate the two arms of public service television into content provider and distribution service (www.votegreen.org.nz/mediagallery/pressrelease/5898 - 19 December 2002). Added to this argument was a feasibility study report by Arthur Andersen and Chapman Tripp Sheffield which found that the splitting off of BCL into an SOE would not result in economic gains (Sunday Star Times, 22 April 2001).

Labour's other coalition partner in government, the Progressive Coalition, pushed in its election manifesto for a stronger stance to force TVNZ to carry out its social responsibilities. For example, in the restriction of advertising during children's viewing hours (Clause 11), sponsoring legislation to enable sporting events of national significance to be available through free to air television coverage (Clause 13) and exploring options to ensure public interest broadcasting like news and current affairs were free of commercial sponsorship (Clause 14) (www.progressive.org.nz/policy/policy-broadcasting).

On the other hand, the National Party were not supportive of TVNZ becoming a CROC. The broadcasting spokesperson, Katherine Rich said that "the SOE Act has the flexibility to allow the achievement of social objectives if the Government

⁵⁶ Among the few companies who would be interested in the sale of BCL, are Britain's cable giant NTL and Crown Castle, an American company whose Australian division is owned by a company with ties to New Zealand entrepreneurs Sir Michael Fay, David Richwhite, and the Todd family. (NZH 12-13 May 2001 C1)

compensates the SOE for endeavouring to meet them. The true aim behind making of the TVNZ a CROC was in her view to rein-in TVNZ (The Southland Times, 3 July 2001,Ed.1, p6).

National stated it wanted to encourage competition in the broadcasting sector with TVNZ generating its own funding without an increase in the government's subsidy. Even though they support an increase of local content from 54% to 60% for TV One and 24% to 30% for TV Two, National did not provide a strategy to achieve this. The party suggested only the removal of NZOA's recoupment of its investment requirements to enable the programmes to be marketed more effectively (www.national.org.nz/wcontent.asp?PageID=100009847).

New Zealand First's manifesto supported a voluntary local content quota system. The party also proposed to lower the dividend requirements on TVNZ, which they argue would enable reductions in peak time commercials, and encourage quality programmes. The idea of running TV 2 on a commercial basis to help fund TV One and Radio New Zealand was also suggested as one avenue to solve the funding for the part commercial state broadcaster with divided objectives (www.nzfirst.org.nz/policies/broadcasting.php).

The bill was to be brought to the House when it resumed in early February 2003. On this timetable it is hoped that it will be passed in time for the Charter to take effect on 1 March, at the beginning of the new programming season. Steve Maharey said that the new structure would not delay plans by TVNZ to launch programming that gives

effect to the Charter. This is exactly what Hobbs said just two weeks before she announced that the implementation of the charter was put on hold in June 2002 (MediaWatch, National Radio - 16 June 2002).

Restructuring of TVNZ : Key Appointments

Whether or not TVNZ is ready to implement charter programmes on its channels remains questionable. There is so much uncertainty apparent within the company. The debates fought over the TVNZ Bill in parliament are matched by the continuing saga of key personnel resigning from TVNZ.⁵⁷

The many key positions left vacant in TVNZ and low morale among the staff raises doubts about the functioning of the company. Bill Ralston claims that the changes caused so much confusion that many are unclear about the differences in the role of Head of Content and Head of Programmes, between a General Manager of Commissioning and that of Production (The Independent, 4 December 2002).

The challenge for Ian Fraser, who was appointed the CEO of TVNZ early in 2002 is to make 'Charter friendly' programmes and address the commercialised corporate culture within the company. "It is no secret that this government, in particular the Prime Minister, has considerable contempt for the "culture of arrogance" that

⁵⁷ **One of the key personel which resigned in the midst of the changes is Irene Gardiner, the senior programming commissioner. (NZH 1-2 February 2002, p A4)**

prevailed at TVNZ during Labour's first term. Senior government members talk of the need to purge the state broadcaster of some of its "warlord" executives who are seen as wielding too much personal power and who are opposed to the government's stated policy of making the channel a charter-driven public broadcaster." (The Independent 9 October 2002, p 16)

The appointment of those to undertake the change in corporate culture was seen as a clear signal that the organisation was to 'toe' the government line. Both Fraser's and Chairman Ross Armstrong's appointments were criticised by the National party as a political move as they are both friends of Prime Minister Helen Clark (SST, 10 Feb 2002, & NBR, 26 Jan 2001).

However, Ross Armstrong was to prove that he would not slavishly follow ministerial will. An article in the National Business Review reported that he was involved in a tense stand off between Marian Hobbs and the TVNZ Board in December 2000, and goes further to say that the minister threatened that if changes were not made to the programme schedules, the government would go ahead and split off BCL, which provides 37% of TVNZ's revenue (www.nbr.co.nz/JAN_26_2001/p17-2.html). Then again in November 2001 Armstrong battled against ministers and Treasury, opposing a three tier structure for TVNZ. However, he backed down in return for winning concessions about the board's make up (Sunday Star Times, 25 November 2001, pA3).

Armstrong also stirred controversy in his comments about Paul Cutler, the head of news and current affairs who resigned to work at CNN, Atlanta. An article by

Ralston in *The Independent* reported that Armstrong welcomed the opportunity to revamp TVNZ's news and current affairs in the aftermath of Cutler's resignation. The comments grew into accusations of the chairman interfering in news and current affairs (NZH, 16-17 June 2001, p B1). This was partly to do with One Network News' placing coverage of the issue as a lead story and sensationalising it with the claim that Armstrong said that Cutler's resignation is 'a change made in heaven' and produced 'a dream scenario' (NZH, 12-13 May 2001).⁵⁸

There were also reports on Armstrong spending \$40,000 on a London lawyer to provide advice on the controversial push to have more board influence over programming (NZH, 11-12 May 2002, pA6). He further also admitted to have wrongly claimed for some expenses and after he left the chairmanship there was an inquiry from Auditor General Kevin Brady to investigate KPMG auditors who failed to uncover expenses of \$5700 made by Armstrong in a trip to Paris (NZH, 24 December 2002, pA5). As a result, TVNZ will audit its staff's spending starting in 2003 (NZH, 26 November 2002, pA5).

Despite all that, it was his instigation to set up a private and public partnership (PPP) for the construction of toll roads, in order to "short-circuit traditional bureaucratic and consultation procedures", that cost him his job. PPP have been used effectively overseas on big projects with the involvement of private investment in the business, while the government oversees the regulatory development of any project. After a

⁵⁸ Armstrong who is known as Fix-It was appointed as the Chairman of TVNZ in February 2000, with a mission to steer the broadcaster towards a more public focused role. There were strong indications that the three people, Rick Ellis, Shaun Brown, and Paul Cutler who had hired, fired and created the Hawkesby affair would be axed. Tension between the newsroom and Armstrong, started just two weeks after he was appointed the chairman, with a disagreement over the coverage the lyprinol story.

certain period of time given for businesses to recoup back their investment and make a sizeable profit, the project's ownership then return to the government. The problem with the Armstrong scheme was that he stated the businesses involved would have "the opportunity to develop useful relationships at a political level". This, said his opponents, had hints of corruption (North and South, Dec 2002, p 98 – 99). This 'PPP-Armstrong affair' caused embarrassment to the government, as a document leaked out that Prime Minister Helen Clark and Deputy Michael Cullen had been briefed about this project. Armstrong was asked to resign from his roles as the chairman of TVNZ and Industrial Research Ltd (The Independent, 30 October 2002, p 16).

Bill Ralston argued that Armstrong's fall was caused by his own hubris (The Independent, 23 October 2002, p 14). Armstrong led TVNZ with a heavy hand, and was bold with his criticism of the broadcaster to the public. The changes he introduced were in line with the brief given by the government but resented by many of the staff, some of whom were affected by salary cuts and other cost cutting measures⁵⁹ (NZH, 18 February 2001). He started off with attempts to change the culture, but given that it is a tough job, he did not stay long enough to see it through.

Adding to the turmoil within TVNZ was the Parkinson Affair, which caused another key role to be made vacant in October 2002 (NZH, 11 October 2002, p A3). *The Independent* claimed that Tom Parkinson became a "victim of a cachinnation of a cabal of TVNZ executives before he even walked through the door" (The Independent, 9 October 2002). The news of his appointment as Head of

Programmes⁶⁰ of TVNZ was reported unfavourably in the media, which focused on his bankrupted company *Isambard*, and two other companies he was involved with which went into receivership. One cause of this unfavourable coverage was intense lobbying by TVNZ staff (NZH, 21-22 September 2002, pA11).

Parkinson, the former head of TVNZ's entertainment division between 1980 and 1984, was the favoured candidate of CEO Ian Fraser. According to Ralston, Parkinson would have made considerable changes to personnel and to the structure of TVNZ's programming and commissioning, and it could have been for those reasons that his appointment was so strongly resented. "Some executives may have preferred a more pliable person, preferably one who did not know the local scene, who could be better controlled from below, and was not so committed to charter-driven television and one not so obviously a strong ally of Fraser" (The Independent 9 October 2002 p 16). However, Fraser stated that his decision to appoint Parkinson as his right hand man was based on Parkinson's achievements in introducing a system for nurturing comedic and light entertainment talent, which would fit well with charter plans (The Independent, 11 September 2002, p 24).

Because of all the media reports, Parkinson decided not to take up the position and Fraser in his public statement said that : "He does not feel that he needs to constantly defend his record - neither do I – but he has got the impression that the way things are within the television production community he would constantly be on the defensive, and constantly distracted, by malicious rumours and innuendo that have been part of the whispering campaign against him" (NZH, 11 October 2002, p A3).

⁵⁹ **"The State broadcaster has identified \$15million in new revenue and savings, including cutting back on renting pot plants and the use of cell phones."**(NZH, 6-7 October 2001)

Such a reaction from the television community could be expected, particularly those who were affected by Parkinson's bankruptcy. Therefore the appointment of Parkinson appears to have been a naïve move, particularly at a time when TVNZ was being put under the media microscope. Besides, if Parkinson became the head of programming, there was a possibility that his decisions would be compromised by those who he owed favours to.

The process of 're-regulation' with the TVNZ Charter has similarities with the 1988/1989 broadcasting deregulation, particularly in the restructuring of the company. Since 2001, TVNZ has sought to bring its two channels under one manager, broken up its marketing department and scrapped several positions (NZH, 3 October 2001).

Although the TVNZ Charter marks a U-turn in television back to a more public service role, its implementation within the company brings back memories of a quite different change in corporate culture some 14 years ago. The aim during deregulation was to cut costs and staff numbers were slashed by half. Such severe implementation changed the culture almost in an instant, as fear of redundancy was strongly felt within the company. This time the plan was to change executives at the top in order to bring about 'cultural change' in the company, and the three key people identified were Rick Ellis, Shaun Brown, and Paul Cutler.⁶¹ These three positions were eliminated in the restructuring. A source said that removing Mr Brown's position was politically motivated. "When this Government came in ...they

⁶⁰ The position of Head of Programmes is a newly created role. (Metro, February 2003, p44)

⁶¹ These three people were appointed in the 1990s, as the National government to prepare TVNZ to be sold off, therefore many of their decisions were based on profit making, hence this corporate culture was rooted in the company.

really got into their heads that they wanted Shaun Brown, Rick Ellis and Paul Cutler. And basically it has taken them two years and they have got them” (NZH, 7 June 2002).

The changes in the structure meant the Head of Television role was merged into that of the CEO of TVNZ, and Shaun Brown’s position disappeared. The splitting of BCL from being a division of TVNZ to being a separate SOE meant that the new CEO’s role will solely be in charge of the television operations. On the other hand, although it has been reported that Armstrong scrapped the position of Head of News and Current Affairs held by Cutler, the position still remains.

Heaton Dyer, the new Head of News and Current Affairs was also another key appointment which did not last. He resigned a month before the TVNZ Charter was due to be implemented. The New Zealand Herald reported that TVNZ sources said that he was caught in the middle of the tension between Ian Fraser and Shaun Brown, which created an unhappy working environment (NZH 1-2 February 2003, p A4).

Dyer was appointed as the Head of News and Current Affairs at TVNZ in November 2001, with the main task of reversing TV One’s falling news ratings. The Sunday Star Times reported that a leaked internal document from TVNZ stresses the seriousness of the ratings drop which means that One Network News is struggling to maintain its advertising revenue. The loss of advertising revenue is estimated at \$2 million. Among the comments and key points documented in the report are : Is “anything being done about Richard and Judy?”, problems with the style, scripting

and feel of the news, and insufficient differentiation from 3 News (Sunday Star Times, 16 December 2001).

There are a number of theories presented as to why more people now switch to 3 News. One of them is that TV 3 had the advantage of being on Sky's remote control before the TVNZ channels were offered on this service.⁶² A report in *The Independent* based on market research which surveyed Sky digital home shows, found there was a significant drift from One Network News to TV3 News throughout 2001. For example, in the 18 - 49 year old demographic TV3 viewers in Sky digital homes grew from 12% to 36% while TV One news dropped from 55% to 35% within the period of approximately nine months (Independent, 10 October 2001, p 17).

Among the changes Dyer had seen through was the 'One News Centre', a CNN style studio in the middle of the TVNZ newsroom, which is incorporated with the new news and current affairs set. It is predicted to have cost more than \$2 million⁶³ to change the look of *One Network News*. The new set is in a vibrant orange colour, used for the first time on Monday, 10 February 2003, and is not just for One Network News but also *Breakfast*, *Telstra Clear Business* and *Holmes* (NZH, 11 February 2003, p A14). Although it has been criticised for being a cosmetic change and not

⁶² TV One and TV2 join Sky digital platform in December 2001. (Sky Annual Report 2002, p 12) TV3 joined in Jan 2000, and TV4 in March 2000. (<http://www.sky.co.nz/index.cfm?pageID=82>)

⁶³ Fraser put breaks of the development in May as he was concern that the construction would be disruptive for the journalist, if an early election was called. New Zealand Herald reported in December that the cost of the set has gone down by half. (NZH, 17 December 2002) On the other hand, during the launch of the new set, no one was giving the details on the exact cost. (Sunday Star Times, 9 February 2003, p F7)

‘charter’ motivated, the counter argument was that the changes were necessary as the One news set was seven years old (NZH 9 May 2002).⁶⁴

Besides the possibility of revamping the look of the newsroom at a lower cost, this newly adopted look is possibly out-dated in comparison with international news networks. CNN and BBC have been using this look for more than a decade. The studio development project was led by Shaun Brown and the idea had been around for at least a couple of years. According to Bill Ralston, the original plan, now scrapped, was “to create a local 24 hour channel running back-to-back news bulletins using one of the TVNZ satellite channels in its now defunct digital plan.” However, the article also stated that some within TVNZ claimed that the cost of the set could have been better spent on more resources, more reporters, and improved logistics to upgrade the content as outlined in the first line of the TVNZ Charter obligations (The Independent, 15 May 2002, p30). *In fulfilment of the Charter objectives, TVNZ shall provide independent, comprehensive, impartial and in-depth analysis of news and current affairs in New Zealand and throughout the world and of the activities of public and private institutions.*

⁶⁴ Another big budget project besides the face lift of the studio set, is ‘Inspiration’, a server based digital newsroom production system which cost approximately \$7 million. This development is perhaps a better investment in terms of technology, as it brings TVNZ in line with systems used by overseas broadcasters such as CNN, BBC, ITN, and CBC. (NZH, 18 February 2002) Although, it cost more, this project have been low key with little media attention compared to the high profile news set.

Charter Programmes

A programme developed to fulfil the news and current affairs objective of the Charter is *Sunday*. This brainchild of Dyer is being hailed as the current affairs show “designed to reflect NZ in the 21st century” (NBR, 30 August 2002, p32). In order to make room for it, TVNZ ditched 60 Minutes, a traditional U.S. format, to start *Sunday*, a concept “originated and developed in New Zealand for New Zealanders ...the biggest commitment that TVNZ has made to a new current affairs programme since the launch of Holmes,” said Heaton Dyer (NBR, 30 June 2002, p32).

It is interesting to note that *Holmes* was launched in 1989, the year when the deregulation of broadcasting came into affect and pushed the public broadcaster to be more commercially driven. As critics predicted, given the problems surrounding the charter, *Sunday* is torn by the need to attract a mass audience and its expectations to represent the new public service role of TVNZ. “It is light and tasty so as not to scare off a prime-time audience” (NBR, 30 August 2002, p32).

Max Adam, *Sunday*’s executive producer, said he wanted to explore different ways of filming and telling stories (NZH, 15 February 2002). Some of the techniques used by *Sunday* include a modern set with large video walls as a backdrop, contemporary music and interviews with celebrities (NZH, 15 March 2002, p A18). Style devices to make a programme appeal to a younger demographic were adopted by using filming techniques seen on shows for youth. For example, a continually moving camera and special effects at post production to either slowdown, speed up, colour or

texturize the picture to make it look different and unusual. There is also a tendency to film from a wide variety of angles in the name of artistic expression, which sometimes are not necessarily relevant to the content. These style 'gimmicks' could be viewed as unsuitable for news and current affairs.

Sunday's attempt to appeal to the young by doing interviews such as that with actors Will Smith and Tommy Lee Jones during the release of the *Men In Black 2* movie, or the all girls pop group Destiny's Child, seems out of place in the current affairs context of the show. However, it is TVNZ's strategy to maintain *Sunday*'s ratings against 20/20 screening on TV3. TV One is making charter programmes with a younger appeal to compete for the 18 – 49 age group, dominated by TV3.⁶⁵ This demographic is important as it is the age group most influential with their buying power as far as advertisers are concerned. As a consequence, there is a potential risk of losing the older audience, the traditional viewers of TV One.

In the article *The Graying of News*, John Consoli pointed to the increase of younger viewers to news programming due to the events of September 11. However a year later, the trend is shifting back. Younger viewers have returned to watching sitcoms, and "as for older viewers, news programming is really a safe harbor for them. There's not much else that targets them," stated Brad Adgate of Horizon Media (www.mediaweek.com - 9 December 2002).

Dyer also announced that in 2003 that the *Assignment* team will merge with *Sunday* to create a resource pool for TVNZ news and current affairs. *Assignment* have been

⁶⁵ Since the end of 1997, TV3 is celebrating its best performance to date capturing 26.5 % of the 18-49 year old market. (NZH 13-14 July 2002, A15)

allocated ten programmes for 2003, a decrease from approximately twenty four programmes in 2002 and twenty seven programmes in 2001. However the cut in hours of news and current affairs will be supplemented by *Foreign Assignment*, which draws on in depth coverage by the BBC, ABC Australia and CBC Canada. Also, there is a new studio based programme, *Face to Face with Kim Hill*. Overall, there will be an increase in news and current affairs on TV One, even though it was reported that *Midday* will be cut to 15 minutes (NZH, 17 December 2002), instead of its present 30 minute format.

The changes which occurred and were still happening as the TVNZ Charter was being implemented are part of the process of correcting the errors of broadcasting deregulation. However, some of the decisions made and actions taken seem to be polluted with the old TVNZ commercial culture, and mistakes made have not been learned. For example, TVNZ was interested to get John Campbell from TV3 to front *Sunday* (The Independent, 27 March 2002, p14). If it had gone ahead, it could have been a repeat of the Hawkesby affair.

Chapter 5 :

Criticism of the “Re-regulation” of Broadcasting

**If the only tool you have is hammer,
you tend to see every problem as a nail.**

Abraham Maslow, psychologist

Jew from Russia, born in New York (1908 – 1970)

Background

Soon after the TVNZ Charter was released in May 2001, there was a flood of response from all those who would be affected. Independent producers, advertisers, NZOA, TVNZ staff, media critics and even viewers voiced their opinions in the media. The reaction was mainly in response to perceived loopholes in the policies. Many decisions and actions taken point to the fact that the government saw the TVNZ Charter as a “hammer” with which to sort out the problems of TVNZ. As not all the problems are nails, then it is likely that the hammer would not be suitable for all the issues the government was seeking to address.

The problem of the changes proposed by the government was not so much the doctrine of the TVNZ Charter itself, but the entire basis of public broadcasting, from the legislation, structure of TVNZ and its funding. The length of time it took the

government to release the TVNZ Charter was also disappointing, about eight months after the release of the draft. Added to that, the government released the guidelines for TVNZ but they lacked a thought out plan to indicate how TVNZ will operate with the Charter. The fate of BCL and the structure of TVNZ was not addressed at the time the Charter was released and the cost of implementing and the methods of funding the TVNZ Charter had not been worked out. Furthermore, there were no signs of how it would be measured at the time of its release (NZH, 1 May 2001).

Following the release of the TVNZ Charter, further development of structures and funding were outlined but late progress still does not solve the problems. Some of issues were addressed with clearer direction from the government while some promises were left in the air. For example, the 1999 Labour's Manifesto states that :

- 1. Labour wants TVNZ to retain greater proportion of potential dividends, in order to concentrate in providing quality services to the diverse audience.*
(p34)

The issue of the dividends at the point of the TVNZ Bill was passed through the Parliament on the 27 February 2003 and the TVNZ Charter was implemented, have not been resolved. The government has not indicated how much dividend should be retained or paid to the government.

- 2. Labour will not reintroduce a broadcasting license fee, but will investigate other alternative means of funding public and community based broadcasting. (p 36)*

The government has not developed any alternative funding mechanisms.

3. *The NZ content quota on free to air television will be phased in after consultation with the networks and the production industry to reach a reasonable formula, particularly on children's and young people's programmes, drama and serious documentary. (p37)*

There have been consultations with networks and industry people, but no guidelines to address New Zealand content have been formulated.

CROC Vs SOE

Approximately a month after the TVNZ Charter was released, the government announced that the structure of TVNZ would be changed from a State Owned Enterprise to a Crown Owned Company (CROC).⁶⁶ The reason was that as a CROC, TVNZ's main purpose is to meet the charter requirements and would be more public service driven, while as an SOE its main purpose was to make a profit (NZH, 27 June 2001 pA16).

The TVNZ Charter was not the reason why TVNZ was changed into a CROC, but it has been used to justify the change. The benefit for TVNZ to run as a CROC was more to do with the government's plan to split its transmission and television arms,

⁶⁶ **The explanatory notes of the TVNZ Bill p8, states that TVNZ estimates the direct cost of the structural change at \$0.520 million (GST inclusive) in 2001/02 and \$1.580 million (GST inclusive) in 2002/2003 and out years.**

and make the accounts more transparent. TVNZ could have still operated as an SOE within the guidelines of the charter.

Among the changes proposed in the TVNZ Bill is to separate the transmission business from its television counterpart. Transmission Holdings LTD (THL), which as an SOE includes Broadcasting Communication Ltd (BCL) and satellite services, was part of TVNZ. The government's intention of splitting the commercial transmission arm and the television arm will mean that TVNZ will be accounted for quite separately. However, the stated reasons given as to why TVNZ is to be changed into a SOE have always been about the effective implementation of the TVNZ Charter. "It is certainly true that splitting off BCL will reveal exactly how profitable it is. It would also ensure that TVNZ could not disguise these profits in an all-inclusive profit figure and that it could not use those profits to subsidise the television side of the business" (Norris, NZH 22 February 2001).

At a NZOA conference held at the Stamford Plaza on 24 July 2002, Irene Gardiner, programme commissioner for TVNZ said that the reason why Charter programmes were not being broadcast and put on hold was because that would not comply with TVNZ's Statement of Corporate Intent⁶⁷ as a SOE. Therefore TVNZ is not able to implement the Charter before the bill is passed through the parliament (Auckland, 24 July 2002). At the time of the Charter implementation, TVNZ still has not changed their the 2002 Statement of Corporate Intent as an SOE.

⁶⁷ **The 2002 TVNZ Statement of Corporate Intent, states that it does not incorporate the implementation of the TVNZ Charter, but recognized the requirements to develop the plans for the Charter to come into operation on 1 July 2002. It states : "Until final decisions have been made on the details regarding implementation, it would be premature for TVNZ to make assumptions about the implementation." (ibid, p1)**

However, the issue concerning the structure of TVNZ as an SOE does not restrict the broadcaster from showing programmes of public service value. Under the State Owned Enterprises Act 1986, TVNZ can conduct non-commercial activities.⁶⁸ This means that the government could have come to an agreement with TVNZ to show Charter programmes as non commercial activity.

This possibility of screening Charter programmes as an SOE is acknowledged by Marian Hobbs, the Minister of Broadcasting who was responsible for the release the TVNZ Charter. However, in an article, published in *New Zealand Herald* she explained why the changes to TVNZ's structure were made : "Under the new arrangement TVNZ will be able to display a greater commitment to the goals of the Charter than if it were simply, as a state owned enterprise, to provide Charter-related services to the Government under section 7 of the SOE Act" (NZH 27 June 2001, p A16). According to Tom Frewen, TVNZ did not have to wait until the Charter was implemented to change its news and current affairs output. "The instructions for TVNZ to provide news and current affairs of the highest quality is already in TVNZ's Statement of Corporate Intent. Always has been – it's the second paragraph, right under the one about making a profit" (www.mediawatch.co.nz/archive/ 26 May 2002). However, this did not change TVNZ's position which was to continue to operate in a commercial manner until the full implementation of the Charter.

⁶⁸ **The State Owned Enterprises Act 1986, No. 124, Part 1 - Principles, Section 7 on Non Commercial Activies states :**
Where the Crown wishes a State Enterprise to provide goods or services to any persons, the Crown and the State enterprise shall enter into an agreement under which the State enterprise will provide

In contradiction to the change of making TVNZ into a CROC , “in re-establishing TVNZ with the sort of principles under which other public broadcasters around the world operate” (NZH 27 June 2001, p A16), the TVNZ Bill released some six months after the Charter stated that TVNZ still had to return a dividend to the government (Ibid, 10 December 2001). John Armstrong of the *New Zealand Herald* stated in his article about the irony of the financial assistance being drawn back later as a dividend. “Essentially, under the new arrangement, the Government may put money into TVNZ - and then take a slice of its profit” (NZH, 26 June 2001). This means that its commercial heart will still have to be alive and pumping, therefore the proposed regulation contradicted what the minister explained about why TVNZ still needed to be profitable. In a Mediawatch radio interview, Marian Hobbs said : “The obligation to make a profit is that it must be able to stand on its own feet because we have always said that we cannot fund it alone” (www.mediawatch.co.nz/archive 16 June 2002). However, a dividend implies returning monies to the government coffers and not merely providing supplementary income from commercial revenue to balance the books.

This dividend requirement stands in contrast to requirements placed on Radio New Zealand which became a CROC in December 1995, and is commonly compared to TVNZ with its similar structure and charter requirements. The difference is that RNZ does not have to pay a dividend back to the government and is advertisement free, with funding from the government and NZOA. Also, the RNZ Charter is reviewed by the House of Representatives at five yearly intervals, and has clear

the goods or services in return for the payment by the Crown of the whole or part of the price thereof. (ibid, p7)

measurement indicators (www.rnz.co.nz/au/au.htm).⁶⁹ In fulfilment of the Charter, its principles of operation requires RNZ to “exhibit a sense of social responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage those interests when able to do so”. RNZ is also responsible for maintaining its financial viability.⁷⁰

Therefore, the structure of RNZ as a public broadcaster is much closer to those of other public service broadcasters worldwide, whereas that of TVNZ is a curious hybrid, a public broadcaster who operates to a charter and yet must still be commercially successful and return a dividend to its shareholder, the government. These appear to be contradictory demands.

Dividend

The issue of having to pay a dividend back to the government was left up in the air for a long time. Even after being included in the proposed TVNZ Bill, the issue was still not firmly determined. The new Chief Executive Ian Fraser’s comments on *Breakfast*, TV One (9 May 2002), signalled that the issue of the dividend was not confirmed and that he was negotiating it with the government. In a later article, he said that he would be surprised if the government would expect a dividend after

⁶⁹ Radio New Zealand will measure its success by ; its programmes’ compliance with its Charter, how well it has enhanced the viability of its business’ how well it has met its broadcast standards’ the number of people listening to its programmes’ its image in the eyes of listeners and other stakeholders, and how well it has trained and developed its people (www.rnz.co.nz/au/au.htm).

⁷⁰ The public radio company is financially viable if; the activities of the company generate, on the basis of generally acceptable accounting principles, an adequate rate of return on shareholders’ funds, and the company is operating as a successful going concern (www.rnz.co.nz/au/au.htm).

announcing the \$12 million grant (NZH, 9 May 2002, p A5). The position of the government became clearer when the new Minister of Broadcasting voiced his opinion in the Listener in October 2002.

Now the interesting thing for TVNZ is that the requirement to carry on being successful in returning a dividend to the government as well as being a public broadcaster is going to be challenge for them. But once again, the BBC these days is a very big earner of income as a broadcaster and you notice that around the world, public broadcasters are increasingly revenue earners. The ABC is a revenue earner, so it is not an unusual thing to ask for.

Steve Maharey, Minister of Broadcasting (Listener, 12 October 2002).

Nonetheless, the demand for a dividend would be a lot of ask from New Zealand's public broadcaster. The two comparisons used by Maharey operate under different broadcasting conditions. The BBC in the UK and the ABC of Australia are able to generate revenue because they are sustained through regulation, population, as well as strong funding. For example, the 1996 New Zealand On Air newsletter (Summer Issue, p1) compared Britain's licence fee which was valued at NZ\$204 compared to New Zealand's \$110. Add the fact that the population of Britain is 20 times greater. The latest figures from BBC website records the £2.3bn a year it receives from TV households paying a £109 licence fee.

Although the funding for the BBC looks impressive, in the 1980s a decline in the level of licence fee in combination with the rapid expansion of the broadcasting market in Britain resulted in major cost cutting at the BBC. Among the changes is the marketing of BBC's programmes overseas. The profits earned from the

programmes and services sold overseas are directed towards helping pay for its public service programming in Britain. This meant that in the cycle of making and selling programmes the BBC have to maintain its standards of good programming in order for them to be marketed overseas. This, rather than dividend generation, is effective re-investment of funds. The ABC in Australia is a similar model to the BBC with earnings from the marketing of programmes and other activities reinvested back to support its public service mandate.

Funding

However, New Zealand government expectations of a dividend may be misplaced. A less commercial TVNZ is unlikely to generate the same levels of advertising income and it faces greater commercial competition. Although Paul Smith in this article quoted the fact that in 1997 CM research found that 95% of viewers want programmes which inform against 93% which want to be entertained (NBR, 17 March 2000), in reality television is used more as a medium of entertainment than as a source of information.

In fact, watching television is the most popular leisure time activity for New Zealanders (www.stats.govt.nz/domino/external/web/prod_serv.nsf/html - 27 May 2002). The results from ACNielsen supports this claim. In 2002, One News was ranked 8th after programmes like Border Patrol, Location Location Location, Mitre 10 Changing Rooms, for demographic aged 5 and above, over all monitored channels. (ACNielsen, 2002, slide 7)

Even before the Charter was implemented, TVNZ had already suffered a drop in their annual profit.⁷¹ The Sunday Star Times reported on a confidential briefing paper which pointed to a \$77 million decline in profit over the next four years (Sunday Star Times, 15 July 2001). In TVNZ's 2002 annual report, its revenue fell \$3.8 million to \$477.3 million, and the net profit dropped by a third to \$19.3 million, compared to \$30 million in the previous year. BCL's earnings were also down \$18.9 million, to \$114.5 million, due to the renegotiation of analogue transmission contracts with Sky Television (NZH, 17 October 2002, pC3).⁷²

The government finally announced on 8 May 2002 that it will grant \$12 million to TVNZ⁷³ to buy and make programmes to meet its Charter requirements (NZH 9 May 2002, pA5), and reconfirmed it again at the beginning of 2003⁷⁴ (NZH 17 January 03, pA3). That amount can be compared to what TVNZ asked for - \$50 million, with a minimum of \$20 million (NZH, 09 May 2002, pA5). Arguably, TVNZ was being given enough money to 'stay alive', and come back to ask for more. Norris pointed out that "governments do not like spending public money on television, largely because there are few votes in it. The struggles of the ABC in Australia and the CBC in Canada are warning enough" (NZH, 11 May 2001).

⁷¹ TVNZ's television operations after tax profit in the year ending June 30, drop to \$5.1 million, down \$ 2.7 million made in 2001. The decline in earnings, is in part to do with the \$5.2 million written off for the broadcast rights for the 2003 Rugby World Cup. (NZH, 2-3 November 2002, C5) In 1996, TVNZ paid US\$10 million for a rights package that included the 1999 and 2003 Rugby World Cup match, and two Rugby Sevens competition. However, as New Zealand lost the right to host any of the games, TVNZ lost the income it would have made as a host broadcaster. (NZH 17 October 2002, A13)

⁷² Sky television now sends more of its transmission digitally via satellite, since it was launched in April 1997 (www.sky.co.nz/index.cfm?pageID=82), than through BCL's analogue services which it relied when it first started. This causes a big influence to the earnings of BCL.

⁷³ Yearly for the next three years (NZH, 21 February 2003, p A15)

⁷⁴ NZH reported that a memorandum of understanding signed at the end of last year showed that TVNZ received \$ 9 million on January 3 and further \$3 million on April, 1. (NZH, 6 February 2003, p A6)

The problems of public television being structured to run as a business, controlled and determined by the Treasury at the time of deregulation have been repeated again. Documents obtained by the *New Zealand Herald* through Official Information Act, showed that former broadcasting minister, Marian Hobbs and the Ministry of Culture and Heritage wanted \$15 million for the charter in its first year and to increase the funding to \$30 million after two years. In addition to that, the ministry was also seeking an extra \$ 9 million for NZOA. However Treasury recommended around \$ 7 million and nothing extra for NZOA (NZH, 6 February 2003, p A6). Although the recommendations from Treasury were not adopted, the advice was certainly influential in determining the amounts given to these two bodies. *Late Edition* on Wednesday, 8 May 2002, reported that \$12 million will be allocated to TVNZ, while \$6 million will be allocated for NZOA to support the Charter requirements.

It is likely that TVNZ will need a steadily increasing sum of money to keep up the level of local production, as local programmes are more costly than buying overseas shows. Paul Norris estimated that the cost of documentaries made in NZ is ten times more expensive than those bought from the BBC (NZH, 22 February 2001). As the broadcaster will have to be more public service oriented, more local shows will be screened and costs will increase. There is also a possibility that advertising revenue will drop because of the fear by advertisers that charter programmes, which are more inclined to be educative and informative rather than purely entertainment, may not attract viewers. As Paul Norris from Christchurch Polytechnic describes, “The prevailing wisdom is that the majority of viewers prefer to be entertained rather than enlightened” (NZH 22 February 2001).

The cost of the charter is unpredictable. It will depend on the degree to which it is implemented by TVNZ. The 2002 TVNZ Statement of Corporate Intent clearly states : “The degree to which the Company will be able to implement the Charter from 1 July 2002 will be conditional upon the level of public funding available” (Ibid, p 1 and p 5). Therefore, a lack of funds can be an excuse for TVNZ to implement the TVNZ Charter only to a very moderate degree.

When there are no quota requirements and no measurements of implementation, TVNZ is free to implement the charter based on its interpretation and how much funding it gets. John Farnsworth of the Christchurch Polytechnic agreed that the charter is being set so loosely that fulfilment of its obligations can be easily claimed. One of his students undertook a week's study on the extent of compliance with the Charter, and concluded that it would be easy to meet the Charter obligations (Authors interview, 2003, Appendix 3).

The broadly drawn up Charter also allows TVNZ to alter its programmes in the slightest way and still fulfil the stated requirements. TVNZ might not be interested in making major changes to the programme schedule for fear of losing its advertising revenue, especially when the government clearly says that it needs to *maintain its commercial performance* (TVNZ Bill, 10 December 2001).⁷⁵ So, despite the whole shift to focus on public service broadcasting, TVNZ still have to return a dividend back to the government, which translates to a requirement to maintain or increase its ratings, which then translates into dollars generated.

⁷⁵ ***The meaning of maintaining commercial performance as stated in the TVNZ Bill are :***
(a) it operates in a financial responsible manner so that it maintains its financial viability; and
(b) its activities generate, on the basis of GAAP (generally accepted accounting practices), an
adequate rate of return on shareholders' funds; and
it is operating as a successful going concern.

Advertising

Despite all those repeated commercials, it is now hard to make money from free-to-air television – a service you don't have to pay to watch in this country of fewer than four million people. In recent years, TV3 has made little profit for its Canadian owners, TV4 has always made a loss, and Prime, also in the red, has had to cut some of its local programmes (Norris, NZH 11 May 2001).

Paul Norris continued in his article to point out that TV2, which is dominated by American sitcoms, is profitable but not its sister channel TV One which caters for more serious programmes like news and current affairs, documentaries and local programmes. TV One just manages to break even and “when the additional demands of the charter are added in, and the revenue from infomercials is taken out, TV One will be in red” (Norris, NZH 11 May 2001).

TVNZ's conflicting mandate between its social responsibility and its commercial performance indicates that problems will soon arise. It appears that failure to fully comprehend the clash between public service demands and the need for advertising will be the cause of many future problems. One problem that seems to already prove this point is the recent announcement by TVNZ to fight the proposal against a ban on advertising during children's programming. Ian Fraser explained to the parliamentary Commerce Select Committee that TVNZ already faced constraints on advertising during the children's timeslot and should not face anymore.⁷⁶

⁷⁶ **The constraints are : no advertisement or sponsorship between 8.35 and 9.35 a.m., weekdays, as it is the preschoolers timeslot; ten minute of advertising maximum per hour during children's programmes; no children's host permitted to advertise or endorse products; advertisements are not to be repeated excessively during children's programmes and all must meet the G code requirements. (NZH, 21 February 2003, p A15)**

The issue was hotly debated at a seminar held in March 2003 which discussed the rising rate of obesity and type 2 diabetes among children.⁷⁷ In 2001, the *New Zealand Herald* reported on a study by Sandy Bulmer from Massey University commerce department which found that children up to the age of six years old like advertisements and learn from them, while filtering of advertising messages is only developed at the age of seven and above (NZH, 3 March 2001). This is supported by John Berger in his book *Ways of Seeing*. He wrote, “Seeing comes before words. The child looks and recognizes before it can speak” (Ibid, 1972, p 7) However such research did not manage to convince Ian Fraser who is pressured to attract advertising revenue. He said that, “commercials on television are not the prime suspect when it comes to childhood obesity, it is the lack of exercise” (www.xtramsn.co.nz - 5 March 2003). New Zealand can be compared with other countries, such as Sweden, Denmark and Belgium which ban television advertising during children’s programmes (NZH, 7 March 2003).

Any loss of advertising during the screening of children’s programmes will affect TVNZ’s revenue drastically, as advertisers which target ‘the next generation’ are among the big spenders on television advertising. Among them are McDonald’s, Cadbury and Coca-Cola who were among the top twenty advertisers in New Zealand between November 2001 and October 2002 (www.acnielsen.co.nz/MRI). In that period, television advertising spending for McDonald’s was \$19,437,293 while Cadbury spent \$14,320,606 and Coca-Cola’s television advertising expenditure was

⁷⁷ **The Obesity Forum held in March 2003 addressed issues relating to the increasing number of people suffering from obesity, which is an issue occurring worldwide. It was also discussed if advertising had an influence to the problem, particularly on children. During the opening Associate Health Minister Damien O’Connor pointed out that food advertising account for up to 40 percent of all commercials played during children programme.**

\$10,814,589. Based on the TAGS segment description, ‘the next generation’ are between 10 – 14 years old and are television dominated. They also make up 9% of the 10+ population. It is no wonder why TVNZ does not want to have restrictions which would kill one of their geese which lays golden eggs.

Because of the tight funding from government, and a decline in its business performance, TVNZ is being put in a situation where the public broadcaster has to rely on its golden eggs for survival. The only way TVNZ can pull itself out of its financial hardship is to boost advertising income, although it has been forecast that revenues from advertising are not likely to change from the present downward trend, as discussed in Chapter 4. Operating commercially means that programmes need to attract large audiences, which logically generate pressures to play mass appeal programming. This might, however, be viewed as a form of success if large numbers of people are watching the programming, as it might prove that charter programmes are what the citizens want.

However, programmes of mass appeal contradict the requirements to ‘take risks’ as stated in the charter and the ‘public service’ demands to schedule programmes which appeal to minority and special interest audiences. The Charter states that : *TVNZ shall play a leading role in the New Zealand’s television by setting standards of programme quality and encouraging creative risk taking and experiment.*

Making Room for Charter Programmes

“Worldwide media analysts are becoming increasingly alarmed about the dumbing down of the media. With its high level of intrusive advertising, our television is one of the worst culprits” John Laird,⁷⁸ (NZH, 9 March 2002, p A11).

The conflict of interest between maximising audience for revenue generation and fulfilling charter needs to cater for minorities and to be creative and innovative is reflected in the debate over programming. Although preparations to move towards the public service model started before the draft of the charter was released in 2000, the changes have become more apparent as the implementation became imminent. For example, the scrapping of infomercials, which totalled up to 9.4 hours per week on TV One. TV One’s general manager Shaun Brown said that infomercials were not consistent with the channel’s new objectives (NZH, 4 April 2001). But just a month prior to that statement, TVNZ planned to cut the BBC World Service which starts at 12.00 midnight, in favour of infomercials. However, because of strong protest from the public, the decision was rescinded (NZH, 16 March 2001).

An Editorial in the *New Zealand Herald* commented at that time : “At a first glance, the BBC service might appear to fit snugly within the public broadcasting ambition of the charter. In educative terms, it certainly represents a sharp improvement on the

⁷⁸ John Laird is a journalism lecturer at Auckland University of Technology and was formerly a UN official promoting sustainable development. In his article, he mentioned that the tax on advertising was dismissed after Treasury objections. Among the reasons that tax on advertising revenues of TVNZ and TV3 could threaten the two broadcasters’ viability. (NZH,7 March 2003)

concentrated diet of cheap commercial programmes served to us now” (NZH, 17 March 2001).

When TVNZ unveiled its 2003 programme line up to advertisers and the media, it was reported that there was not much difference to the 2002 programmes (NZH, 17 October 2002, p A20). Programmes like *Spin Doctors* and *Mercy Peak* were still being marketed as the flagships of charter programming. A number of the new charter programmes were held back in order for them to be shown when the charter is implemented (NZOA Hui, Stamford Plaza, 24 July 2002). This became more of a problem as the implementation of the Charter was delayed.

There have been programmes made since early 2001 to fulfil the charter but some of them seem to indicate confusion as to the direction of programming in the new environment. For example, just two months after the Charter was released, *Risk*, a new programme sponsored by the Lotteries Commission as a commercial venture was launched. Although it was later scrapped because it failed to draw viewers it did show that despite the Charter TVNZ was still looking for very commercial formats (NZH, 26 December 2001). There was also the game show *The Weakest Link* and a number of light entertainment shows like *How's Life* which attempts to solve problems of people who write in. These were measured as successful or not based on the ratings they drew (Sunday Start Times, 5 May 2002, A5).

Although it was reported that special interest programmes would have better timeslots in 2003, no schedule changes to reflect this had been made at the time of writing. New documentary series such as *Our New Zealand*, about ordinary New Zealanders living in remarkable places and *Give It A Whirl*, about the history of New

Zealand rock and roll will be featured in the new television season in 2003. (NZH 4-5 January 2003) There will also be an increase in historical documentaries, such as *New Zealand History* and *Colour of Wars – the Anzacs* (NZH 17 January 2003, pA3).

In regards to overseas shows, there is also inconsistency in the plan to provide quality material. David Attenborough's new natural history programme has been dropped from the schedule. His previous shows were once "compulsory viewing on TVNZ" (Independent, 11 December 2002, p 30). On the other hand, TVNZ has signed a deal with entertainment distributor Buena Vista International, to screen Disney television programmes and movies. One of the projects includes the first ever locally produced 'Disney Club' on New Zealand television (www.tvnz.co.nz/tvnz_detail).

Local Content Quota

The issue of a compulsory local content quota was hotly debated partly because it was promised and delayed since the 1999 election campaign. The local content quota was briefly mentioned back in the 1993 Labour Party manifesto. The difficulty in setting up a quota system goes back a long way. The Listener reported that at the 2001 CTU conference, Prime Minister Helen Clark said that during the National government one of its ministers had signed away the protection of local content in the General Agreement on Trade and Services (The Listener, 26 January 2002, p 77). But contrary to any belief that under New Zealand's trade agreements it was not

allowable, both the Minister of Broadcasting and the Prime Minister have publicly promised a quota several times (NZH, 10-11 November 2001, A19).

Progress towards a quota has been slow with no resolution achieved at the time this thesis was written. Maharey said that he was in favour seeing a voluntary quota system, rather than imposing a compulsory one. He pointed to a new local content group which consists of broadcasters and producers⁷⁹ together with NZOA, which may well be the vehicle to consider a voluntary approach to local content (Author's interview, 2003, Appendix 1). It is then likely that voluntary quotas would be set according to the convenience and benefit of this group.

John Reid, President of the Screen Directors Guild of New Zealand stresses that without local content quotas set in legislation, there is no guarantee that New Zealanders will be able to see themselves on their television screens in anything like the measure achieved in other English-speaking countries (NZH, 12 July 01). His comments were backed up by a NZOA's research which found New Zealand local content on television was the lowest of the ten countries studied, United States, Britain, Canada, Australia, Ireland South Africa, Norway, Finland, Netherlands, and Singapore (NZOA, 1999, p6).

The TVNZ Charter was drawn up based on research which compared TVNZ to the CBC in Canada and RTE in Ireland, but these two broadcasters have many mechanisms to help them achieve their charter goals. For example, the Canadian ownership requirements are set at 80% (Raboy, 1994, p 19), and the commercial

⁷⁹ **The Television Local Content Group consist of members from TVNZ, TV3, SPADA and NZOA (www.beehive.govt.nz/ViewDocument.cfm?DocumentID=15793)**

networks have a requirement to show 60% local programmes (NZOA, 1999, p5). The Canadian broadcasting system, claimed to be one of the most diversified in the world, has a range of public and private, domestic and foreign, local and national, general and specialised services. “The success seems to lie in the procedures that have consequently been put in place to guarantee public participation in the policy making and regulatory process (Raboy, 1994, p 9 – 10)⁸⁰.

“Quotas may be a blunt instrument, they may have to be complex and detailed and they may require a bureaucracy to monitor and enforce them. But the evidence from several countries is that they can work – broadcasters find ways to accommodate them and they have a powerful impact on stimulating and building up the local production industry, as has been seen in the two countries in this survey where quotas are prominent feature – Canada and Australia.” (NZOA, 1999, p 9)

According to Des Monaghan who is currently the executive director of Screentime Productions in Australia, prior to deregulation there was a local content quota set by TVNZ internally. In an interview with Geoff Lealand in 1982, when he was the Controller of Programmes for TVNZ, he said that TVNZ planned to reach 50% local content (Lealand, 1983, p59). He confirmed in an interview for this thesis that the goal was realistic at that time but now, due to the increased number of channels, it would be difficult to achieve. He also commented that the comparison between New Zealand’s case and Ireland, which managed to achieve 41% local content on its public broadcaster, RTE is not justified. Although the size of the country and population are similar, the geographical location of Ireland in Europe plays an

⁸⁰ **CBC still received close to \$1.1 billion from the Parliament from 1994- 5. (Raboy 1997, pp108)**

important role in its media business and consumption (Author's interview, 2003, Appendix 5).

Competition

TV3, which is in direct competition with TV One and TV Two, is making use of the opportunity of the changes taking place at TVNZ. One of their moves is to pick up *60 Minutes*, which was replaced at TVNZ by *Sunday* (Sunday Star Times, 25 November 2001). Clashes in scheduling between TVNZ and TV3 occurred when TV One's *Mercy Peak* almost went head to head with another local drama funded by NZOA, *The Strip*, on TV3.⁸¹ It is unclear which channel was at fault but TVNZ then moved *Mercy Peak* to Wednesday nights (NZH 28 February 2002, pA14).

"The networks are pitting top international shows against each other in the hotly contested Tuesday night 9.30 p.m. slot - leaving viewers either spoiled for choice or torn in three directions" (NZH, 29-30 June 2002, p A13). *Six Feet Under* (TV One), *The Osbournes* (TV Two) and *Sex In the City* (TV3) were placed to compete against each other, and this is not the only example of scheduling wars. TV One and TV3 also managed to programme the *Naked Chef Christmas Party* and *Happy Days Live*, both featuring Jamie Oliver, on Sunday 22 December 2002, at 7.00 p.m ('e.g.' television supplement from NZH, January 2-8 2003, p3).

The heightened competition with TV3, the turmoil of the many resignations in the TVNZ management, and a possibility of more broadcasting policy from government

as the TVNZ Bill waits to be passed through the Parliament, all adds to the stress of implementing the TVNZ Charter. One crucial point which has not been resolved at the time of writing is how TVNZ will measure its achievements in fulfilling the charter requirements. The *New Zealand Herald* reported that Ian Fraser indicated that a public meeting might be a way of measuring the charter's success. Other than that TVNZ will also report annually to a parliamentary select committee for political assessment (NZH 4-5 January 2003, pA6).

In interviews with Ralston in November 2002, just five months before the charter was due to be implemented, neither Minister Steve Maharey or Ian Fraser could give a definite statement on what would constitute a pass or fail mark for TVNZ in delivering the charter's requirements. However, Glen Sowry, who was the public affairs manager of TVNZ, confirmed in January 2003 that a comprehensive measurement methodology has been developed. This includes both qualitative and quantitative measures as required by the TVNZ Bill. No explanation of the measurement was given (Author's interview, 2003, Appendix 4).

Maharey also said that the next few years were something of an experiment in fiscal terms and a review on the dual demands for charter-driven content as well as profit might need to be carried out in approximately six years time (The Independent 20 November 2002, p 34). This lengthy time to evaluate TVNZ is an indication that the policy makers were unsure of their decisions, and ill prepared. The comment from Maharey also contradicts the stated Labour Party's priority for the second term which was that some form of measurement would be put in place. *Labour will*

⁸¹ The local series *The Strip* was reported to have helped boost TV3's audience. (NZH 13-14 July 2002, A15)

closely monitor the implementation of the TVNZ Charter, including through the development of specific quantitative and qualitative performance measures (www.labour.org.nz).

In 2002 the TVNZ Charter was referred to as an “aspiration” rather than “prescription”. The motivation seemed to be to soften the issue of potential political interference on the public broadcaster. This move started when Steve Maharey came in as the new Minister of Broadcasting in late 2002 and the whole idea behind the new description of the charter being an ‘aspiration’ not ‘prescription’ is to do with the continuous criticism that the TVNZ Charter is intellectual medication given by the government to its citizens. But it could also be a response to the lack of thought and preparation given to measure the performance of the Charter.

The new pitch of the TVNZ Charter as an ‘aspiration’ is also backed up by TVNZ’s on-screen promotions. TV One’s promotion, based on the BBC’s *Human Body* programme was to get viewers to think about what they watch. This was replaced by a promotion highlighting the sort of programming they viewed as reflecting the Charter ‘aspirations’.⁸² The promo uses ordinary people lip-syncing ‘famous’ voices, like the cleaner who, used the duster as a microphone and saying (with the voice of Paul Holmes) “And for the first time, the mayor declines to comment”, in front of a picture of the Invercargill Mayor, Tim Shadbolt. TV One’s Marketing Manager has stated, “We want to inject more warmth, character, personality and humanity ... and get a bit of humour in there” (NZH 9 August 2002, p A14)

⁸² Such as *Holmes, America’s Cup, Rugby Sevens, Maggie’s Garden Show, Country Calendar, Absolutely Fabulous, Bad Girls, Coronation Street* and *Six Feet Under*.

This self promotion seems to be a waste at a time when there is information which needs to be publicized as the TVNZ Charter comes 'on-stream'. As the NZOA Public Information and Opinion Monitor Market Research Report in 2001 found, two thirds of the people surveyed were not aware of the TVNZ Charter (2001, p 8). Thus there was an opportunity for TVNZ to use its promotion to inform viewers about it.

With a lack of awareness by the public it is impossible for them to judge if TVNZ have fulfilled their commitment to the Charter. Just for comparison, the approach that the BBC took in regards to promoting its objectives is to publicly announce them. "The BBC not only sets itself objectives similar to its commercial counterpart ITV's programme policy, but also makes promises to the public, widely promoted via newspaper and magazine inserts, on television, radio and the internet. At the year's end, a report is produced, based on quantifiable evidence, revealing to what extent those objectives and promises were made" (NZH, 28June 2002, pA15).

TVNZ, has taken a 'wait and see' and 'she'll be right, mate' approach. When the TVNZ Charter was introduced on the 1st of March 2003, there were limited self promotional materials with a voice over saying, "The TVNZ Charter, leading New Zealand to the future." The lack of publicity and public relations work to inform citizens about the new TVNZ could point to a fear of loosing viewers due to a perception that the public might view 'charter' requirements for more 'quality' programmes as resulting in more boring channels.

Conclusion

“The wheel has turned and yesterday’s heresy is today’s policy.”

(Des Monaghan, email, 18 February 2003)

The passing of legislation to address the problems of deregulated television broadcasting was going to come sooner or later, as public dissatisfaction and government disgruntlement signalled that TVNZ was long overdue for a major revamp. However, although the TVNZ Charter spells out many of the objectives that the two channels of TVNZ need to meet, there is little guarantee that changes towards a public broadcasting model are likely to happen. The TVNZ Charter’s lack of concrete targets means it will be difficult to measure and to ensure that the objectives are met, and also there is the lack of proper measurements to monitor Charter compliance. In concluding this thesis, it is relevant to revisit the issues of programming, funding and staffing within the broadcaster, as well as to look back at the political debate at government level.

Even though the government has changed the structure of TVNZ into a CROC this restructuring does not necessarily indicate a clearer path towards achieving the goals of the TVNZ Charter. The Charter process has thus far failed to attach mechanisms to make it work and it ends up being more of a statement of intent without any assurance of quality programming or local content quantity. Up to the point of writing, no form of quota or measurement of success of the TVNZ Charter has been put in place. The objectives of the Charter cover almost every point to make a good and balanced public service broadcaster. On the other hand a lack of funding from

the government, a tradition in New Zealand broadcasting, means that the broadcaster is still tasked with fulfilling its social responsibility as well as having a clear commercial imperative. This is the unresolved conflict and the core problem of the deregulated model that started the call to put in place a charter in the first place.

The irony is that the Charter's objectives embody concepts that guided the founders of New Zealand television who spoke of public service broadcasting for the public good, and aimed to screen local content and reflect the New Zealand identity. Arguably, the turning point to a different approach came in 1988/1989 with the deregulation of broadcasting, one which outlined an almost pure 'market' approach to television. Therefore the TVNZ Charter marks the full circle, of a return to the model originally expressed for television broadcasting in New Zealand.

Along the way many structures have been tried, and their failure was essentially a question of funding, whether it was the failure to raise the level of the broadcasting fee or latterly, the demands for a dividend required by the government. Starting from just one channel heavily influenced by the state when television first started in 1960, the development a second channel in 1975 to complement TV One, started the pattern of competitive commercial public television structures. To address this situation the two channels were remodelled into one, four years later, but this proved to be relatively short lived and the entity still suffered from financial restraints. Ten years later in 1989/1990, a radical move to deregulate broadcasting was carried out. This free market set up public television to operate as a State Owned Enterprise that required it to act in an almost purely commercial manner and led to claims that it was being run as a cash cow. The deregulated model with social good safeguards

operated under a contestable funding scheme through New Zealand On Air did not satisfy public service needs. Now, 13 years later we have the TVNZ Charter governing the public broadcaster, structured as a Crown Owned Company, with clear directions to operate as a public service broadcaster. However, with the Charter now implemented many questions are still left unanswered. For example, the issue of measurement and the many problems that have also been left unrectified.

It must also be pointed out that the many models for television in New Zealand have not worked satisfactorily because many of the structural issues were not adequately addressed. It seems that legislation may have been introduced with good intentions but was often derailed by difficulties that arose when dealing with inherent problems. The key recurring problem with almost every model tried was the inconsistency between having to get advertising revenue and at the same time screen challenging programmes that might not rate. As a result, the legislation appears to be short-sighted as the key problems still exist.

In order to avoid disrupting its essentially commercially nightly schedules, programmes made under the TVNZ Charter specifications were viewed by TVNZ as dependent on the passing of the TVNZ Bill in parliament. The legislation was passed through parliament just days before TVNZ officially launched its new Charter friendly programmes. The implementation of the TVNZ Charter may show that TVNZ was ready and well prepared for the launch date, however a number of the Charter programmes had been made and kept on the shelves for a long time. Peter Wells who made the documentary *Pansy*, which was part of the *New Zealand Festivals* documentary series, said on National Radio that he was given eight days

notice before the programme was screened. He was frustrated by the fact that the documentary made with the funding from NZOA had been put on hold since 2001, when the screening itself took place on Saturday, 8 March 2003. He described the policy as “ambivalent”, and pointed out that the documentary series was placed on Saturdays at 8.35 p.m., a timeslot “unsympathetic” to its viewers. (*Nine To Noon*, National Radio, 5 March 2003) No, doubt some other programmes suffered from being screened long after they were made.

This is an example of the confusion that TVNZ faces in the era of the Charter. Even though the Charter clearly outlines the types of programmes TVNZ should broadcast, contradictory instructions have blurred the main objectives of having a Charter. The postponing of the Charter programmes show that TVNZ is reluctant to show programmes which might affect its ratings and advertising revenue, until it is required by law to do so. Besides, by launching a significant number of new programmes after the TVNZ Charter is implemented would show some changes in its new format. On the other hand, the broadcaster also believes it has to make sure that the changes are not too severe, for fear of losing viewers.

This indicates the two main conflicting principles within this model. The first is the responsibility of TVNZ to its viewers who are the citizens of this country and to programme its channels without needing to consider the ratings game. The second is to remain financially healthy, the public are paying taxes to partly fund the broadcaster, but that the funding is not enough, therefore the broadcaster has to seek to a more reliable source to generate income. However, a reliance on advertising income means that the needs of advertisers are prioritised. TVNZ’s responsibility to

the advertisers outweighing those of its viewers is in part is caused by having to return a dividend back to the government each year. As a result, TVNZ takes the safe approach to screen art programmes like *Mercury Lane* at 9.55 p.m. on low rating Saturday nights, and news and current affairs are screened late into the evening in order not to disrupt the aim of prime time programming to secure high ratings. The fear is that charter programmes may not be able to draw a significant number of viewers, and will therefore cause a fall in ratings which will then impact on advertising revenue. This quote from the New Zealand Herald describes the scenario. “Although quality television aims to deliver more in depth treatment which will inform and educate viewers, there are a lot of people who watch television purely for entertainment only.” (NZH, 23-24 June 2001)

Programmes specified under the Charter try to cover all areas, particularly those which would have missed out in mainstream television’s emphasis on populist entertainment. It is through these Charter programmes that bold new perspectives and perhaps unusual concepts are introduced to New Zealanders. However, there is evidence that TVNZ is developing charter programmes with the view that they will not screen in prime time but in off peak to niche audiences. Even current affairs are treated as programmes with such considerations governing their placement on the programming schedule. For example, *Face to Face with Kim Hill* screens on Thursdays at 9.45 p.m. on the fringe of prime time and *Foreign Assignment* follows after that at 10.15 p.m. in a definite ‘off peak’ slot.

Although the government has taken some account of the conflicting roles of a public service broadcaster as determined by the TVNZ Charter, that is to have a public

service role and to make a profit, by changing TVNZ into a Crown Owned Company (CROC), the problem of funding has still not been resolved. The TVNZ's advertising revenue for 2002 was \$285.7 million, compared to the \$12 million directly funded by the government to fulfil the Charter. Although 80% of the \$33 million from NZOA to fund television programmes goes to TVNZ (NZOA 2002 Annual Report, p 29 & 49), the public funding is still very low as a proportion of TVNZ's income.

Debates surrounding the TVNZ Charter revolve primarily around the principle of public service responsibility and its funding, this means that advertising is an influential aspect. One supportive view of TVNZ's strategy from the advertiser's perspective was expressed by John Dee, the media director at Saatchi and Saatchi. He believes TVNZ handled the niche, low ratings programming well even before the Charter came in. He said that the low advertising zone between 9.30 – 10.30 p.m. was introduced to reduce advertising clutter and running quality programmes at this timeslot would minimise the impact of this programming (Author's interview, 2003, Appendix 7).

It is a fact that public service broadcasting needs a lot of money to run, particularly for a country like New Zealand with a small population. The cost of carrying out the objectives clearly stated in the TVNZ Charter is expected to be high. It is a matter of fact that TVNZ cannot run without the help of advertisers' money. So, what options does New Zealand have? According to Marc Raboy, Professor of Communications at the University of Montreal, the television market is getting more fragmented, therefore public broadcasters have "to evaluate whether to provide a streamlined

service on the margins of an increasingly commercial television market or to expand the public service horizon of broadcasting” (Raboy, 1997, p 109). Robin Scholes from Comunicado Communications believes that the semi-commercial model is the way to go. She says that public service broadcasting which funds minority programmes by the majority is no longer viable. In the present climate, “programmes must be seen to earn their existence” (Hawke, ed, 1990, p 93).

Some views on the pros and cons of the TVNZ Charter offer alternative strategies which could have been applied. Among them is the recycling of programmes. According to Rick Friesen, the Managing Director of TV3/TV4, New Zealand should look at recycling the programmes to get better value from the money spent to produce local programmes. “It is a shame, for example to see *Mercy Peak* produced at \$400 - \$500K an episode, and only have one opportunity to watch it. Children’s programming can often be produced as ‘evergreen’, meaning they can be repeated 4-5 years later, to an entirely new generation of kids” (Author’s interview, 2003, Appendix 6).

Paul Norris from Christchurch Polytechnic presented an alternative to funding the TVNZ Charter, the possibility of allocating all the \$ 46 million of funding for television from NZOA to TVNZ (NZH, 22 February 2001). He said that it is public money and should not be contested with the fully commercial foreign-owned TV3. This would avoid the dilemma which has occurred with the New Zealand on Air funded *Sticky TV* (TV3), which is a children’s programme which competes against NZOA backed *What Now Television*. Add to that is the fact that *What Now*

Television on TV Two is screened directly against *Suzy's World* on TV 3 (www.nzoan.govt.nz/weekly.html 24 May 2001).

However, the argument against this is that the TV3 audience should be exposed to some New Zealand programmes, and therefore NZOA's money should fund programmes screened on TV3. Jane Wrightson, the CEO of SPADA, claims that the contestable model may have helped the increase in the range and quantity of programmes compared to the time when the BCNZ had a monopoly of the funding. Jo Tyndall, CEO of NZOA, who is also critical about the costly and inefficient in-house production of TVNZ, supports Wrightson's opinion (NBR, 18 May 2001, p21). There was also a fear that if TVNZ rejects an idea proposed by an independent filmmaker, there would be no chance of it ever being shown in New Zealand.

Perhaps the government could impose some regulation to allow local NZOA programmes to be screened on TV3 without any commercials. It was reported in the *New Zealand Herald* that Prime Television, is close to reaching the 90% coverage to qualify for programme subsidies from NZOA. The Australian owned channel attracts less than five percent of the national audience and yet will compete with TVNZ and TV3 for funding (NZH, 22-23 March 2003, p A11).

Surrounding the issue of local content and supporting local television production, there were changes made even up to the minute when the TVNZ Bill was passed. A last minute change was proposed by SPADA to its wording. The word 'independent' was inserted in front of the requirement at s16(2) for TVNZ, *to support and promote the talents and creative resources of New Zealanders and the independent New*

Zealand film and television industry (Email from SPADA, 26 February 2003). However one other issue strongly lobbied for by SPADA was left unresolved. Until the time of writing, there has not been any confirmation to introduce a local content quota. This is no doubt a difficult topic as the chances of renegotiation on the General Agreement on Trade and Services (GATS) is very slim. Besides, in mid-2000, the commercial broadcasters, TV3, Prime and Sky Television formed a coalition to fight a compulsory quota (NZH, 5 March 2003).

The constant battering of the broadcaster by politicians since 1960s also points to the weakness of the Board of TVNZ in not being able to stand up against the politicians. Although the TVNZ Bill released on the 10th December 2001 outlines the duties of the TVNZ Group Board, there have not been extra regulatory means to safeguard the role of the Board from the government. Other than the ‘Armstrong case’ of interfering with editorial integrity, there has not been much debate about the role of the TVNZ Board under the Charter.⁸³

Whether or not there will be significant changes on what is available on television as a result of the TVNZ Charter, depends on its implementation. It has been pointed out that, “...the Charter is so subjective, so indefinable that proving whether its requirements are met could be like trying to prove the existence of God” (Metro, Feb 2003, p52). If the TVNZ Charter objectives are so loose and it can be interpreted in different ways, it all depends on the people within TVNZ. This could potentially

⁸³ **Part 2 Clause 12, the duties of the under the Companies Act 1993, the board of TVNZG must**
(a) ensure that TVNZG acts in a manner consistent with its current statement of intent;
and
(b) endeavour to ensure that each of the TVNZG subsidiaries acts in a manner consistent
with its current statement of intent.

mean that there may be inconsistencies in the shift towards more of a public service role, particularly when the public broadcaster has had a history of constant change in its management. According to Joe Atkinson, “the structure does not determine anything in terms of quality if you don’t have good people within the structure” (Farnsworth & Norris, 1999, pp 33).

As this thesis sought to outline, TVNZ has gone through many restructurings and arguably the organisation needs continuity and stability. The constant change in broadcasting policies in New Zealand, as described in the thesis, also has had a major impact on public perceptions. Because of the experience of television being manipulated by politicians and driven hard as a commercial broadcaster by its executives, it is hard to win back the confidence of the viewers that TVNZ now has a ‘public service’ prescription. Therefore, scepticism about the TVNZ Charter, is not surprising. Besides, New Zealanders have never experienced a pure model of non-commercial public service television broadcasting. Perhaps, this form of non-commercial public service television broadcasting is not financially feasible in this country due to its market size, scattered population and entrenched commercial culture. Thus, New Zealand may never experience anything other than a ‘compromised’ public service television which always has to pay due regard to the commercial needs of the advertisers who provide most of the funding.

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Appendix

Appendix 1 : Steve Maharey

Steve Maharey was appointed the Minister of Broadcasting after the July election in 2002. This interview was conducted through email, which he responded on 22 January 2003.

Dear Elna

Thank you for your email of 8 December 2002 with questions about Television New Zealand and public broadcasting, in relation to your Masters studies. My responses are as follows:

1. Why is it taking so long for the TVNZ Charter Bill to be passed through the parliament? What are the problems?

The Television New Zealand Bill was to have been introduced for its second reading earlier this year, but was postponed due to the timing of the General Election. It has since had its second reading in the House. It is likely to be passed early in the New Year.

2. In addition to the Charter will a quota system be imposed on television broadcasters? You have spoken about a voluntary quota effect.

I favour seeing whether a voluntary arrangement to enhance the quantity of local content on television could work, rather than imposing it on the broadcasters. As you may be aware, a group comprising broadcasters, producers and New Zealand On Air has been convened and this may well be the vehicle for consideration of a voluntary approach to local content.

3. The TVNZ Charter will predominantly affect programmes on TV One. Are there any plans to split off TV 2 to operate as a purely commercial channel?

The Charter is intended to apply to all TVNZ channels, existing and future. For example, TV2 caters particularly to young people and children in its programming and therefore will be fulfilling parts of the Charter requiring the information and entertainment needs of these groups to be met.

4. What is your response to the criticism that TVNZ's role as a public service broadcaster could be compromised by having to maintain its advertising income?

The reality is that TVNZ must at this stage retain a commercial orientation? In a country the size of ours, the tax revenue simply is not high enough to subsidise public television 100%. Advertising therefore remains an unavoidable necessity. The Board of TVNZ is required to operate a mixed public broadcasting model, balancing commercial and public service goals.

5. Does the TVNZ Charter point to the fact that the deregulation of broadcasting in 1989 has failed to serve the public?

As far as public television is concerned, it does represent some dissatisfaction with the regime established at the end of the 1980s. TVNZ has for many years been required to operate primarily as a successful business. It did fail to serve the public to some extent, which is why the Charter was incorporated into the TVNZ Bill. This will enable it to balance commercial performance with broadcasting values that are in the public interest.

6. Is the TVNZ Charter an example of re-regulation?

Up to a point, it is. It gives a set of public policy objectives to a Crown company that didn't have them before. The general broadcasting sector remains lightly regulated, however.

7. Would you see it as part of an international trend to re-regulate?

Not necessarily. It's more a case of our public broadcasting system joining the international mainstream where it's common for public television networks to have a Charter and/or statutory functions.

Yours sincerely

Steve Maharey

Minister of Broadcasting

Appendix 2 : Marian Hobbs

Marian Hobbs was the Minister of Broadcasting between 1999 – 2002. She responded to the questions via email on 28 January 2003.

Dear Elna Teoh

I refer to your e-mail of 4 December 2002 in which you asked about the development of the TVNZ Charter.

Q 1. Initial stages

1.1 How was the TVNZ Charter developed?

1.2 What sort of public consultation was conducted?

1.3 Who are the key policy analysts?

1.4 Were there any problems getting the Charter drafted?

A: Labour's 1999 election manifesto undertook not to sell TVNZ and to introduce a charter, modeled on that established for Radio New Zealand under 1995 legislation. The charter was developed by me, supported by an officials' committee drawn from several government departments. The draft charter drew on the Radio New Zealand charter, charters of existing overseas public broadcasters and included ideas particularly relevant to a New Zealand context. The board of Television New Zealand was given the opportunity to comment on the initial draft. There were no problems in getting the charter drafted.

The draft charter was released for public consideration on September 19 2000. People had some six weeks to comment. There were a total of 167 submissions, 108 from individuals and 58 from broadcasting stakeholders (organizations and individuals who work in broadcasting). Close to a third of the submissions supported the charter, a further 40 per cent supported the charter but with reservations while 14 per cent were not supportive.

The submissions were analysed independently and worked through with TVNZ. As a result we ended up with a more concisely expressed charter, the benefits of which, I am sure, will become clear over time.

Q 2. There was considerable disappointment when the TVNZ Charter was released in May 2001. It was argued that there was nothing new about the TVNZ Charter. (A lot of the objectives are very similar to the ones of NZOA.) What is your response to this criticism?

A: I disagree with your claim that there was "considerable disappointment" when the charter was released. There was predictable criticism from my political opponents, TVNZ's competitors and those opposed to TVNZ's shift away from a purely commercial operation to that of a public broadcaster contributing to our national identity. The charter was a broad aspirational document which the broadcaster would use to guide its programming. The professional broadcasters and not the minister would make programme decisions. The charter also emphasized that TVNZ's editorial and creative independence would be protected from political interference.

Q 3. Is it true that the government looked at increasing local content of TVNZ in preparation for the advent of digital television?

A: In the proliferation of worldwide digital satellite channels the government recognized the importance of ensuring we have a public broadcaster that was clearly New Zealand in content and providing innovative, comprehensive and independent services.

Q 4. During your time as the Minister of Broadcasting, did you have difficulties dealing with TVNZ and others from the television industry?

A: I had some challenging debates with industry representatives, many of whom had matured in a climate of pure commercialism, providing the greatest number of viewers possible to the advertiser. While some would never be convinced of the value of a public broadcaster there were others who welcomed the advent of the charter and all that it stood for. It must be remembered that television, in

particular, has always been a controversial area of broadcasting with no shortage of people wishing to express an opinion. And there is a serious conflict between broadcasters and programme makers and NZ on Air and the audiences. A charter was one way to establish an agreed bottom-line.

Q 5. There were additions to the Charter, e.g religious programming. Was this merely overlooked or were there any reasons to this?

A: Additions to the charter were made after a parliamentary select committee had considered public representations on the TVNZ Bill.

Q 6. Looking back would you have changed anything if given the opportunity?

A: My only regret is the time it took to get the legislation considered by Parliament. But I recognise the bill had to compete with the many other priorities of the government.

Yours sincerely

Marian L Hobbs

Appendix 3 : John Farnsworth

John Farnsworth teaches at Christchurch Polytechnic. He replied to the questions via email on 23 February 2003.

Here are my responses as best as I can give them to you.

1. The TVNZ Charter is a broadly drawn up guideline. So broad, that objectives can be easily claimed?

Yes, very easily claimed. It happens that I had a student who undertook a week's study of the extent of compliance with the Charter, and her conclusion was that the guidelines are so loose that it is frequently easy to meet the Charter obligations.

2. How should the TVNZ Charter be measured?

To be effective, there has to be a mixture of general and specific aims. The specific ones enable disinterested observers to judge how far particular objectives have been fulfilled. Radio New Zealand already undertakes a similar exercise where it has to meet much more highly defined criteria and the results of these are available in its

Annual Report. It also enables new objectives to be included as appropriate. General ones -somewhat as given already in the Charter - also need to be included because some aspects are about more generalised 'public good' issues that aren't really amenable to exact measurement (eg 'diversity of cultures').

3. What recommendations/ alternatives can you offer for news to better serve the audience?

4. Is the TVNZ Charter a benchmark in the history of NZ television and the re-regulation of the state broadcaster or will it not change much at all?

5. What would you like to see in the objectives of the TVNZ Charter?

>(What is not covered?)

I have to answer these three questions together, because they point to the central issue surrounding the Charter. This is the issue of the commercial context in which TVNZ operates. In practice, no Charter will ever be particularly effective within this context, for two reasons. First, TVNZ is still required to make a profit for its shareholder, the Government. This is fundamentally at odds with the public broadcasting goals of the Charter. In short, TVNZ must constantly please two masters. It could more easily manage this but for the second reason: in a commercial marketplace it MUST operate as a fully commercial organisation if it is simply to survive. For this reason, the Charter has to be very loose. If it were tightly written, TVNZ would be faced with an unmanageable conflict of interests. Much of this does not apply with Radio New Zealand, which does not have to return a profit in the same way, and operates in more highly segmented market. So: I don't regard the Charter as a benchmark; for the reasons I've given, it cannot be other than a political

document. More analytically speaking, it is a technical solution to a political problem; as such, it is bound to be unsatisfactory because the demands of different interest groups will, constantly, undermine the technical capacities of a solution such as the Charter.

For the reasons I've given, there's really not much point in offering suggestions for questions 3 and 5 separately.

6. The BBC Board of Governors plays a distinctly different role to TVNZ's commercial board. Is reform of TVNZ Board Structures important for its new role as a CROC?

This is a difficult question (and not unconnected to q. 3-5 !). In practice, the existence of three separate boards looks back to an earlier stage of television history when a similar board structure was charged with overseeing TV1 TV2 and RNZ in the early 1970s. It didn't work then because the competing internal political demands (most commonly for funding) created endless disputes - a sort of sibling rivalry in effect. My own view is that the CROC needs to have a clearly centralised board with sub-committees that report directly and clearly to the central board. This has been the subject of considerable government debate, particularly over the issue of splitting off BCL. The difficulty, however, is that BCL is the key money earner because it is a distribution arm; leaving TVNZ as a purely production facility - particularly in an increasingly digital environment - is not a sensible solution. So, my preference is for a high degree of integration within the different aspects of TVNZ to maximise its potential for growth and flexible development.

7. Do you think that NZOA still has a place? If so, why?

Yes, NZOA still has a place - and I assume you're not referring to its role with NZ music and bands, where its role has been essential as an advocate and funder. Broadly speaking, it still has a similar role to play for TV; even though its funds are limited, it acts as a combination of seed-bed, negotiator and advocate for NZ programmes which goes far beyond its actual financial contribution to programmes. Commercial companies will not pursue this (particularly where it is in areas such children's or ethnic programming that have a poor rate of return). In short, in the commercial arena as currently exists, NZOA continues to be essential. I don't think I hear any serious dispute within the industry, either, on this point.

8. How will minority programmes be better served when TVNZ still have to maintain its advertising revenue, i.e. its commercial objectives?

I'm tempted to say: you tell me. I'm afraid this takes me back to my earlier responses. This is directly related to the tension between commercial and public objectives within the market as a whole. It also points to the small size of the market which, because of the expense of certain types of programming (eg local children's drama), sharply restricts diversity in some areas. My comment here is that anyway it is, and always has been, unfair to saddle TVNZ with all the responsibilities of providing minority programming. This is also the general thrust behind SPADA's programme quota plan which argues not only that this responsibility should be spread across the entire television sector (as it is in most western countries), but that it can be without a

major upheaval amongst existing broadcasters provided it takes into account their relative market position. I agree, broadly speaking, with the SPADA proposal on these points. It is also an equitable solution; moreover, it starts to address a future which includes digital and satellite dominance - in other words, either they could be incorporated in such a plan or, alternatively, TVNZ could be funded - or freed - to compete effectively with its own satellite resources. And this could, then, be used as a way of redressing some of the current public broadcasting deficiencies. This is, a little, the way the BBC has gone with its move to digital and satellite provision for instance - and TVNZ did have somewhat similar (and exciting plans) of its own which, again for short-sighted political reasons, could not be pursued without government support and legislation (Paul Norris and I published some of these, from an address by Rick Ellis, then-TVNZ CEO in one of our broadcasting books). All of this is a way of saying that there are creative solutions well beyond the rather dull and restrictive ideas offered by the Charter.

There you have it. Hope it helps.

Regards,

John

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Appendix 4 : Glen Sowry

Glen Sowry was the Head of Public Affairs of TVNZ. The interview was conducted via email. He responded on 23 January 2003 on behalf of Ian Fraser, CEO of TVNZ.

Hi Elna. Happy New Year.

Apologies for the delay in responding to you. Ian has just returned from leave and has a chaotic diary for the next few weeks. He has asked me to respond to your questions on his behalf. My answers are below:

1. What are your plans to measure the TVNZ Charter?

A comprehensive measurement methodology has been developed. This includes both qualitative and quantitative measures as required by the TVNZ Bill. It also includes significant public input. TVNZ will report on its delivery against the Charter on an annual basis in its annual report and during its annual Select Committee appearance.

2. What mechanisms can you use to ensure the independence of TVNZ from government interference?

The TVNZ Bill and Charter ensures TVNZ remains independent of any political interference. The company's senior management are responsible for the programming and editorial content it screens. This is the same as every other significant public broadcaster - eg, BBC, ABC, CBC, RTE.

3. What are the advantages for TVNZ of being a Crown Owned Company?

TVNZ has been changed from an SOE to a Crown Owned Company to enable it to give effect to its Charter. Under the SOE Act, TVNZ was unable to engage in any activities that were not purely commercial. As a CROC, it is able to do so.

4. Isn't the major task for you face changing the corporate culture within TVNZ?

The Charter has been on the horizon for over two years now and TVNZ staff are aware and accepting of the new mandate we have under the Charter. We are required to give effect to the Charter, while maintaining commercial performance. To achieve this, we need to retain a balance of strong commercial capabilities, while simultaneously changing some of the programming philosophies we have adopted in the past to reflect an increased public broadcasting mandate.

5. There are many local home improvement programmes and adaptations of overseas shows. Do they really qualify as contributing to local culture in terms of the Charter?

Some do. Some don't. The Charter is a broad document - it is not prescriptive. There will be an increasingly diverse diet of programming in the Charter environment. Commercially orientated programmes, such as home improvement programmes will continue to screen within this mix.

6. Why did you think that Tom Parkinson was suited for the job when critics point out that his experience was more in commercial television rather than public service broadcasting?

Ian does not wish to relitigate this issue as he has already made comment on this in the past and the matter is closed.

7. Would it be financially possible for TVNZ to split TV2 off as a commercial channel, while TV One become non-commercial?

This could only be achieved with significant government funding.

I trust this helps.

Regards

Appendix 5 : Des Monaghan

Des Monaghan is the Executive Producer of Screentime Pty. He worked in TVNZ between 1966 to 1988. He started as a floor manager in Christchurch and subsequently held many positions. Among them was the producer of several current affairs programmes like Compass, Gallery, head of programming for TV One, controller of programmes for TV One, director of programmes and production for TV One and TV Two. His interview was conducted by phone on 25 February 2003. This transcription has been edited due to inaudible sections caused by technical complexities. He offered to call the author from his office in Sydney.

ET: *Historical books about broadcasting in NZ, state there was a lot of government interference and with the deregulation coming in it offered the chance to break free from that. Can you please comment on that?*

DM: Yes, I think there was a sense of liberation, first of all from Roger Douglas' initial moves of the 80s and during any subsequent moves that promised greater freedom from direct interference by the government. Historically

broadcasting in NZ had been a govt department and it was set up as quasi independent operation. But sadly, with one or two honourable exceptions, the various boards, and the chair of those boards, were at best timid and often enthusiastic, and too often excited by the opportunity to show their loyalty... how devoted they were to the government of the day. But what was right and appropriate for the broadcaster. I think the later stages of the BCNZ was an opportunity to acquiesce to the government and indeed on occasions would try and anticipate their wishes... very evident in that period prior to the creation of the two channels

ET: *In an interview with Geoff Lealand in 1982, you mentioned about aiming for a quota of 50% of local content. Is that a realistic goal?*

DM: In that environment, yes. Well, let's just forget the competition.. It's just the share volume of television. I mean, NZ has an extraordinary volume of television relative to it's size of population. The greater number of channels makes it a difficulty generating sufficient domestic content on a population based of less than 4 million. The debate about domestic content is provision like everything else in the community.

(In regards to the figures of Ireland's local content, which is used to compare with NZ because of a similar population size.)

I would be very sceptical of that figure. The fact of the matter is that I think it's rather misleading and irrelevant. Television in New Zealand has been

very well served on the technical side and as the short-comings in equipment have had limited and usually only temporary impact on the quality of programming. Quality confusion and timidity in television are all far bigger problems than any restraint in the area of employment.

ET: *I quote from Paul Smith's Revolution in the Air, in regards to the inefficiency of TVNZ prior to the deregulation, such as operating from 13 buildings. Mounter was given the credit of sorting it out. Is it fair?*

DM: In the context of television, if you take these issues and television and the period that you're looking at had an important impact on the nature and quality of services they offer. The confusion and timidity in quality. Therefore it follows that the subsequent fixing of these problems make for good headlines. Which is not to say it was unimportant. We battled hard for improvements, like buildings. I mean I chaired the committee that appointed to build the network centre in Auckland. Which moved into Avalon. But the first tenants...had some influence on the place and by popular verdict, at the time, it worked extremely efficiently.

ET: *What do you think about the severe redundancy that happened during 1989, 1990. Practically the staff numbers were slashed to half. Was that necessary?*

DM: Probably not. In management, as in every other aspect of life, fashions come and fashions go. At the time there was a view that everything should be out

sourced. Inevitably those views modify and change over time so now you will see a more mixed economy than existed at that time. Also there was a great deal of smoke and mirrors that surrounded all that massive lay off of production staff. Many of the people who came on full-time staff went back on contract staff. And often to their financial advantage.

ET: *What is your view in regards to the changes to TVNZ news and current affairs since deregulation? For example, changes in the presentation of the news.*

DM: You have to be very careful not to confuse style and substance. I think a lot of the critics do. I think that the stylistic changes that they have were credited or blamed, whatever is your point of view for introducing, were actually mimicking what was happening in television services all over the world. The substance of broadcasting, it has been consistent with the English-speaking world that since the 90s.. the early 90s on, there has been some retreat from long form of reporting, i.e. Programmes that are up to an hour in duration that examine a topic in great detail. The one topic that is for one programme.

At the same time there's also been a retreat from a more confrontational style of interview. I don't think there's any great conspiracy at work here. I think it's simply a change in style and largely driven by the audience. That said, I do think there's been driven by more television. I don't think that's limited to NZ by any means. I don't think TVNZ is better affected than the broadcasters here or through our the world.

ET: *I think critics found the rise of crime and sensationalised items on television, and the reduction on political and economy reporting.*

DM: Look, I think there are a lot of knee-jerk unconsidered fashions, criticisms made of television which frankly, have little volume or substance. Yes, television reports crime. Does television put more emphasis on reporting crime than it used to? Yes. Why does it? Because the audience seems to have an insatiable appetite for such material. Myself, I thought, because I am somebody who has an appetite for news and current affairs programming, I read as many papers as I can. That way I get the mix and the balance that is appropriate to my case and interests. But I won't get it from any programme. I never could get it from any one programme. To expect that any one programme to cater for all that is frankly unrealistic.

ET: *Tell me about New Zealand On Air. There are a lot loopholes within the setting up of the broadcaster which resulted in the little consideration that TVNZ has, in its priority for its schedule. Do you think it has a place in the new environment?*

DM: First of all, you must remember that I left New Zealand before New Zealand On Air really got into its stride. It was only just happening as I left. But the intent behind New Zealand On Air was perfectly reasonable and understandable desire to create plurality in decision making. New Zealand is a very small society as we discussed. It has a relative to the rest of the media,

one hugely dominant player; Television New Zealand. It's very hard to think of, in a Western society, a situation where one broadcaster or one communications organisation is so dominant.

Television New Zealand was subject to scrutiny and you have such a disproportionate influence, and public opinion, more accurately, that life is very tough for a broadcasting executive in New Zealand. They are subject to an intensity of examination that our colleagues in other countries barely comprehend. And sometimes people make a comparison with Ireland but the comparison is not in any way valid because of the UK, sorry, all of the republic, of Ireland that it, had and does receive and invariably watches all broadcasting options from the UK.

ET: *And Ireland has a local content quota. The EU quota?*

DM: The reality is half of Ireland at any one moment is watching UK television. So there is no parallel with New Zealand. I'd be awfully careful with that because there are some various points of similarity with New Zealand. But at the end of the day they are fundamentally different markets because the Irish market is covered by the UK broadcasts. In Dublin any morning of the week you could, and first thing in the morning, you could buy all of the UK dailies. So, you know, you're looking at a totally different media landscape than you are in New Zealand where, other than the programmes like pay television or cable television, by and large you are looking at, you are relying on a diet of material provided by New Zealand-owned and operated companies.

ET: *What do you think of charter, being that TVNZ still have to perform commercially as well as fulfil the requirements of the charter being the public service broadcaster?*

DM: The charter is merely a political response to public demand. Television should do those things that it used to do. And it never did a lot of things that you would like to think or like to remember, and they thought it did. But none-the-less, it is a political response to both the nostalgia of what people think they remember seeing on television and to be more considered, a desire to see a broader range of programming on TV1 and TV2 that was available while the former National government was in power.

I left, if I could digress for a moment, my fundamental disagreement with Julian Mounter, for which I was mocked greatly at the time, was that I could not see justification for the state-owned television service turning its back on public service element in its channels. And I was mocked and I remember in one of the histories you referred to, I was mocked as the executive who thought that we shouldn't necessarily maximise our audience on TV1. My view was and remains that as long as Television New Zealand is owned by the state, i.e. in the name of the community rather than by commercial shareholders, it has a duty to serve the totality of that community. By that I don't mean 'Macrame' for Maoris in the Maori language at seven o'clock in the evening. I do mean considered and intelligently programmed,...danger programming, that would reasonably cater for specific interests, some... and

the key word here is, some, of the time.

I understand the rationale behind the charter because the charter is designed to basically achieve that, to ensure that there is a breadth of programming on publicly-owned airwaves. It would not be there if the reason for TVNZ was purely commercial.

The problem is, I think, when you try to legislate in specific terms there's a real danger you will tie yourself up in knots in trying to be specific about matters of programming taste, which vary so markedly from person to person and from time to time. What do I see..? Well, I'm in support of the intent of the charter. I am very very cautious about the wisdom and efficacy of trying to be really specific in the charter.

ET: ***How about the TVNZ bill, which is about to be passed through parliament this week, that it will change TVNZ into a CROC, is that necessary?***

DM: To be honest that is not necessary. I suspect what I know of it, that this is probably, in terms of what would be for public, may be necessary and here I must admit to ignorance of the veto of the legislation...it may be necessary in terms of some technical requirements in terms of the legal entities created at the last legislation may need to be amended in some way, to allow them to meet the requirements of the charter. And I simply don't know enough about the technicalities. Is legislation required to achieve a relative programming choice? I don't believe so.

The dividend should be in the quality and breadth of programming on offer. And I think the government could be accused of being less than committed to their supposed enthusiasm or their claimed enthusiasm for the charter. The greatest way to enhance the breadth of quality of programming in New Zealand would be to throw back the monies generated by Television New Zealand back into programming. Improve services across the board. That is the dividend that should be paid to the community. Not the contributions to consolidated funds, which, frankly, is not the function of a public service broadcaster.

Ian (Fraser) and I often find ourselves on the same side of an argument. But you know, I really do think that the so-called dividend, does undermine the legitimacy of the government's position when it comes to the charter. I think in general terms that's not viable in a community the size of New Zealand. I think that as an ideal it might be very attractive indeed because I think that again if it were possible for a broadcasting organisation to march to a different drum than that of the advertisers, that would be good for the overall service to the community, to the mix of programming options available on all channels.

And don't misunderstand me. I am in no way anti-commercial broadcasting. What I am hugely in favour of is diversity of choice. Diversity is greatly enhanced when there is a well-funded public service option. The problem with that ideal is I don't believe it's viable in New Zealand and an under-

funded television service would offer very little real choice to the community and will very quickly sink to a very minor, very quickly be reduced to the point where it may be seen, or will be in danger of being seen as a redundant luxury.

In this debate...I would also like to add that I don't think it's necessary in New Zealand context to achieve the breadth of programming that would satisfy all of the, the vast majority of the community some of the time. What it cannot do, and I've never heard that the service can do, is satisfy all of the community all of the time. And it's not an achievable goal. But sometimes the debate is conducted as if it were an achievable goal. Such a goal is not available to human-kind. It's the contrary.

ET: *I'm curious about the model that you mention in regards to Mounter's model. I got the impression that he was given the mandate or the brief from the government to run it as it is. It was not so much that it was a model from him. Can you please comment?*

DM: When Mounter joined us TVNZ was still a division of the BCNZ. It was at that time that we were having our robust debate, he and I, about the way forward. He was enthusiastically committed to the all-commercial model; I wasn't. And I'm still not, okay? Because I think it's the wrong model for New Zealand. That debate was unresolved at the time I left New Zealand. It was only later that TVNZ become a separate entity, separate that is from the BCNZ and radio and the orchestra and everything else. But I was there until

middle of '88 when it was still all one organisation.

ET: *It appeared as though the government gave him (Julian Mounter) the mandate (to run TVNZ as a business) and he followed.*

DM: No, no, no. By the time the company separated I think he had, he and others had successfully sold the notion that it had to be full-bore commercial. I didn't accept that view then and I don't accept that view now. And interestingly the pendulum have now swung.

DM: The tragedy for me is, it is yet one more restructuring of Television New Zealand, yet one more far swing of the pendulum when it could have been achieved by a sensible and evolutionary approach that would have better served what everybody was after. But, you know, people like grandstanding in these matters. Providing those who allow the professionals at Television New Zealand to get on with the job is rarely seen as an attractive option by those who would prefer a headline to sing progress. I get very irritated with the history viewed by the public. Particularly by people who know very little about what they're talking about.

ET: *Lastly, do you have any recommendations for the future of television in New Zealand in general?*

DM: Leave it alone. No, quite seriously. That cry or that plea is bound to fall on

deaf ears because unfortunately Television New Zealand is bound to be a political plaything as long as it remains a public corporation. I think people in New Zealand should look at what's happened to the BBC since they signed a truce with the government. The government signed off on secured their funding and let them get on with it. The BBC is enjoying an extraordinary period of success, of sustained success. It is proving great things but in terms of the effectiveness and reach of its business, and the quality and diversity of programming, they show their audience.

My plea would be to let them get on with it and stop tinkering with the bloody thing every time there's a change in government. For the broadcasters, I'd ask them to be more robust in their response to politicians. In my experience politicians in particular, and certainly in New Zealand where I did current affairs programmes for many years is stand up to the buggers. They think that you're going to, what's the word I want, doff the cap every time they come sailing by with yet another outlandish idea, or want to influence current affairs or anything else, they will do it evermore frequently. They know they're going to run into opposition where they will be inclined to comply because they don't want the aggravation. Just ask..

I think by and large Television New Zealand is very good, extremely well run and provides equality of service that is superior to any other organisation that size. Any other organisation of its size. It has served New Zealand extraordinarily well and continues to do so. In fact amazing how good Television New Zealand is, even the size of the population. To expect it to

do a range of quality programming that the BBC does, is nonsense. And expect the New Zealand Herald, or god forbid any other newspaper in New Zealand, to have the range of services and volume of correspondents, depth and breadth of coverage on all manner of subjects, as say the New York Times does, or the Daily Telegraph in London. Of course they don't. Why do they then expect it from their broadcasters?

ET: ***It certainly not a fair comparison with the BBC, as they have an effective board of governors.***

DM: It requires great tenacity and skill to be at arm's length from the government. The BBC Board is very strong and very independently minded. Not something we enjoyed too often in my days in New Zealand.

ET: ***Tell us about your role in TVNZ.***

DM: I started as a floor sweeper in Christchurch in 1966. Then became a floor manager, then a director, then a producer. I think I was the youngest producer. Then I came to Wellington and was the producer of Compass, which was a national current affairs programme and then I started a programme called Gallery, with Brian Edwards, subsequently with Ian Fraser and various other very very good people. And I don't think people in New Zealand appreciate some of the broadcasters. I mean Edwards and Fraser are two wholly different styles, but as good as anybody I've ever seen anywhere in the world for current affairs.

Head of programming at TV1, controller of programmes TV1, director of programmes and production for TV1 and TV2...when they were integrated I ran both channels. With the brief to make them equal but different and that was a very interesting period because, that was a very interesting model for television in New Zealand, learning to maximise the range of programming. Make sure that there was something different on the other channel and I'm hugely proud of it, with some brilliant colleagues. We used to bring them in never more than 1% apart with popularity with the advertisers. We had a breadth of programming that you would not have found on any other two channels in the world. In many ways it is valid criticism that it put far too much control, particularly in a country the size of New Zealand, in the hands of too few people. But it happened that you couldn't fend them off for the reasons I've just said, but my god, it was extraordinarily effective at maximising programme choice.

That was the job I was doing when Mounter came on board. That's an area you should look at. I don't want to get into it. People didn't actually really know what his credentials were. He would never have got the job...anyway. I just ask people to reflect on what he's done before and since when they start eulogising what he did in New Zealand which I personally think was very little of lasting value.

I never left Television New Zealand. I was head hunted to go to Sky in London as their director of programmes. I elected to go to Australia rather to

take up the offer in London. I was director of production and programme development for Channel 7 from '88 to '96 when the chief executive from Channel 7 and I set up Screentime, based in Australia, New Zealand and Ireland.

What Mounter did, and my disagreements with him, it doesn't matter so much. He had every right. He was appointed by the board. He had every right as chief executive to run the company as he saw fit. I personally believe that his model for New Zealand was wrong. I felt that very strongly then and I feel that very strongly now but he had every right to run it that way and I shouldn't have allowed myself to stay.

I think having sued that dear old reprobate Muldoon for defamation my chances of advancing in New Zealand were somewhat limited after that. Which has been pointed out to me by more than one kind soul. But anyway, I've often said to people Mounter did me an enormous favour because I've had wonderfully interesting and rewarding since I left New Zealand.

End of interview.

Appendix 6 : Rick Friesen

Rick Friesen is the Managing Director of TV3 and TV4, the two channels owned by Canwest. Rick responded to the question promptly, and his answer were received via email on 20 December 2002.

1. *Were there any strategies taken, by TV3 in anticipation of the TVNZ Charter? For example by renaming TV3 as Kiwi 3?*

I don't see the relationship between a "kiwi 3" brand and the charter. If anything, the charter should make TVNZ more "kiwi" focused, providing a broader range of New Zealand content.

As far as our branding is concerned though, we are going through a brand review. I really can't speak to the direction of that branding, as for commercial reasons it remains very confidential at this stage.

Strategies we have taken are to ensure that we remain mainstream and true to our core 18-49 audience. We do believe the charter will cause TVNZ to produce some

programming that will appeal to niche groups, and that may disenfranchise some of their viewers. We want to be in a position to exploit that opportunity, and so our strategy is simply to evaluate all programming in prime time on its acceptability to our core audience.

Another key strategy was to retain rugby rights for the coming year. TVNZ was very interested in this, but we believe it is an important strategic asset for TV3, as it brings in viewers that are not always a traditional TV3 viewer, and gives us an opportunity to have them sample our programming. We take the opportunity to promote our other programming to that audience during rugby.

2. Do you think the TVNZ Charter will affect TV3? If so, how?

We believe the TVNZ charter will result in a decreased audience share for TVNZ over the coming years. Although TVNZ maintains strongly that they will retain their audience levels, it is hard to imagine a company that has previously had one strategic goal (Profitability, under the SOE model) being as successful at achieving dual goals of profitability and social benefit under the CROC model. That is not to say that TVNZ won't be a better broadcaster. We firmly believe it will be a better broadcaster and that the people of New Zealand will be better served, because a broader range of programming will be available as a result of charter. However, that broader range will largely be provided by TVNZ, with TV3 focusing on mainstream, large audience programming. The effect will be that TV3 audiences will grow, and that should positively affect our ability to attract advertising.

3. What are the new local programmes for 2003?

I really can't reveal that for strategic reasons. I can tell you that our investment in local programming will rise, and that we have several new series, plus some high profile returning ones. Series that have been made public so far are the return of "The Strip" and "Busted". We made a large investment in current affairs last year by adding a second current affairs programme, 60 Minutes, to our lineup. The cost was substantial, for both the rights and for staff to produce the local content, and 60 minutes will again return. Sticky TV has been a success and will return for a longer season this year, running virtually the full year. The format will change. We will have new sport programming and new entertainment programmes. I'm sorry I can't be more specific at this time.

4. If NZOA is scrapped, or is no longer funding programmes screen for TV3, what is CanWest's counter action? Will you fund local programmes?

We seriously doubt that NZOA will be scrapped. It is a very effective organization, providing funding to a lot of programming that would be impossible for broadcasters to produce otherwise, as it would not be commercially viable. The bulk of our programming does not receive NZOA funding. All our news, current affairs (20/20, 60 Minutes, Target), sports, many entertainment programmes such as Hot Property, Groundforce and Busted, are totally funded by TV3. Areas that would be affected would be documentaries like Inside New Zealand, drama programmes and children's programming. These are all heavily funded by NZOA, and although we pay substantial license fees for them, we could not possibly afford to produce them

without NZOA funding, so they would be dropped. The funded programmes are generally not our top rating ones, so we would not see any negative effect on our profitability, but of course we would not be happy to cut those programmes, as they help TV3 provide a broader range of programming for viewers in this country.

5. If NZOA continues to fund programme screen on TV3 will you increase the amount of local content?

Currently, we are in discussions with the minister of broadcast, Steve Maharey, SPADA, TVNZ and NZOA to develop a long term plan for local content. You will see a release from the ministry of broadcast on that subject today. The answer is not an easy one. The local content produced will depend to some extent on our profitability. If we can afford to do more, we may. It will also depend on funding available from NZOA. An important issue may be how much will we screen, not just produce. Even top rating programmes in New Zealand seldom achieve more than 15-17% of the public. There is a strong case to repeat more local programming to provide more content and get better value from the money spent on the original production. It seems a shame, for example to see *Mercy Peak* produced at \$400 - \$500K an episode, and only have one opportunity to watch it. Children's programming can often be produced as "Evergreen", meaning they can be repeated 4-5 years later, to an entirely new generation of kids. Suzy Cato's programming is a good example of this. Although she is not doing a series for us next year, we expect her to be on TV3 for years to come, entertaining new generations of New Zealand children.

I hope this is useful to you, and feel free to contact me again if you wish further information. I would appreciate receiving a copy of your finished thesis.

Appendix 7 : John Dee

John Dee is the Media Director for Saatchi and Saatchi. The author asked him about the effects TVNZ Charter has on advertising business as well as the issue of advertising clutter, and he outlined his answers in 11 points. He returned the email on 20 March 2003.

- 1. Much has been written about the TVNZ Charter and the commercial impact it will have on TVNZ as an organization. However, the slow drafting of the Charter has meant that TVNZ has been able to implement a lot of pre-emptive action to take the sting out of it.***
2. There are two basic ideas that the Charter wants to pursue. Firstly it wants to maintain or increase kiwi programming and secondly increase the amount of “high-brow” programme content.
3. As far as peak-time local content goes, TV1 would count the following as local shows from this weeks schedule (W/C 16 March): - *News, Holmes, Colonial House, Sunday, Intrepid Journeys, Game of Two Halves, Home Front, Fair Go, Spin Doctors, Face to Face, Foreign Assignment, Our New Zealand, Hotere and Mercury Lane.* As can be seen this amounts to 56% of the schedule. You may be pushing it a bit far to include the news but TVNZ include it to report to Parliament. The only area that could be included as “high-brow” would be *Face to Face, Foreign*

Assignment, Hotere and Mercury Lane. These are strategically placed at the end of the week where they will have least downward effect on audience and advertising revenue.

4. As far as TV1 goes off-peak programming include their various sports shows, *Breakfast, Mid-Day News, Good Morning, Te Karere, Business, Late Edition News, Golf Show, Tagata Pasifika and NZ Iron Man*.
5. TV2 as an entertainment channel has no reliance whatsoever on “high brow” programming. Their peak time local programming for W/C 16 March is *Shortland Street, DIY Rescue, Flipside, Sports Café, Police Ten 7, Hells Kitchen and RTR*. Because of the entertainment value these programmes don’t tend to downgrade the overall schedule ratings.
6. Other off-peak TV2 programmes that have kiwi content include *Squeeze*, Childrens morning and afternoon programming, *NZ Surf League, Queer Nation, X-Air, Space* and *Red Surf*.
7. On the whole kiwis like to see themselves on TV. The resurgence of TV2 in the late 1990s was due to local programming and one of the reasons for the easing of ratings on TV3 at the same time was due to the lack of local programming.
8. TVNZ have handled the niche low ratings programming well even before the charter came in. They have used low rating zones in peak to minimize the impact of this programming along with off peak zones.
9. TV1 have introduced a low advertising zone to run 9.30-10.30pm on week-nights. This was introduced to try and reduce clutter where they are most likely to run quality programming. The Charter itself won’t reduce clutter only pricing or advertising demand.
10. Again The Charter shouldn’t affect advertising rates. If the product is priced properly it should sell. Advertising demand will over-ride this.

11. The only thing that would affect rates under the Charter would be if rates were based on a “cost-plus”. I understand that the government is likely to under-write any niche productions so as to avoid this approach.

Appendix 8 : Fred Goldring

Fred Goldring of Magic Lantern Productions Ltd is a Director of Photography of Ltd, who started freelancing in 1988. Before he started his own business he worked in TVNZ since 1965. He responded to the questions in two parts, via email on 1 and 7 April 2003.

1. In regards to the deregulation, many people were made redundant. Please tell us what your account of what occurred among the staff at that period.

2. You also mentioned that it was quite obvious that a large number of people (crew) who were made redundant were the senior staff. Why do you think that is?

>

3. What is your opinion in regards to the downsizing of the crew from two person camera and sound, to just a one man band? Were there a drop in quality?

>

4. Avalon in Wellington were abandoned when the operations were shifted to Auckland, but Paul Smith quoted from the 1990 TVNZ Report, that Avalon managed to attract 700 in 1990, from 0 in 1989. Is it fair to say that many that were made redundant then went into setting up their own independent businesses, i.e as a freelance professional?

>

> 5. Please feel free to share your opinion or comments on television.

>

Hi Elna

I'll try to encompass my response to your questions into one overall picture of my perspective of the situation as it applied to the film camera section in Auckland.

Camera crews were employed in all productions from news right through to drama.

As certain production units such as the drama dept increased their output some crew

members specialised in various roles but when they were no longer needed as DOPs etc they returned into the general pool. This system was of great advantage to both productions and staff as it produced greater experience for crews; senior crews could assist new inexperienced directors & reporters & crews were assigned to various productions according to their skills on the recommendation of the senior crew supervisors.

Prior to the transformation of TVNZ into an SOE there was a bitter dispute between management & staff regarding the proper establishment of a training and grading system for editors sound recordists and cameramen which led to industrial action before matters were resolved. Many hours of work was put into the production of a training manual with input encouraged from all staff. This training regime was implemented but in the course of restructuring was dropped & to my knowledge has vanished without trace.

I believe that when it came to prepare the redundancies lists certain elements in management may have been influenced by the previous stands taken by some staff & labelled them as 'unsuitable' for the new TVNZ. Indeed some members of the camera section took to drawing up their own redundancy lists by rating 'trouble-makers' at the top to 'butt-kissers' at the bottom. It was done as a joke but proved to be quite accurate in some cases.

When it came to setting up the new camera section crews were divided into news & production. The production unit included studio camera work as well as field work. Initially field production work was still shot on film but as more & more VT cameras

were introduced crews who had years of experience in lighting direction & field sound recording were drawn into working into the studio in multi-camera set-ups for which they were not trained so they had to start on simple news-type tasks which they found tedious and disheartening.

Meanwhile studio trained video cameramen were assigned to fieldwork for which they were untrained resulting in difficult work environments lower standards of work & low morale. In the news area crews with extensive experience in productions began shooting news clips only because they didn't wish to do studio multicamera productions. Then came the splitting up of the 2 person crews into OPCs. For several years TVNZ News had been sending a staff cameraman to the USA to attend a special course where they learned alongside US crews from various networks. American newsgathering techniques. These US crews were OPCs and they invariably shot recorded sound edited scripted and voiced their own work. As well various US news executives came to TVNZ as advisors...the sound bite!

The story continues later...sorry

PART 2

It can be argued that the news crews do a good and efficient job & on the whole I would agree with that point of view. However the type of news covered has changed. What does a shot of someone leaving the courthouse at a gallop with the cameraman in hot pursuit whilst the camera is rolling add to the story other than some form of titillation? And what if the cameraman catches up? Will the subject then allow himself to be miked up or do we then suffer poor sound from the camera

mic which is set up on automatic & hence reacts to every passing car bus helicopter or truck? And what about the poor cameraman who now has to carry camera, lights, sound equipment & tripod. Its no wonder that lighting is minimal or non-existent or that shots are hand held. I have been told by some cameramen that they put the mic on auto gain control (AGC) & concentrate on pictures as most of the time reporters only want sound bites. All this can be excused if the shooting is made on highgrade broadcast equipment but TVNZ has allowed less capable equipment to be used together with less experienced operators. For example: shortly after I got my new camera I shot an item for ABC Australia which was then taken to TVNZ for editing & transmission to Sydney. On viewing the item I noticed a bad colour cast on one i/v due to a faulty camera setting. After trying to correct the problem in editing I decided that it was below standard & we re-shot it. The editor expressed some surprise in my decision to reshoot..."whats the problem, we put worse than that to air". On a recent production TVNZ rejected some footage as being below standard...its source? TVNZ News, that had been shot only weeks before.

Cameramen are also instructed to ask the questions on occasions so adding further tasks that continue to dilute their basic craft, which is to produce clear steady images of events in an unbiased manner with clear accompanying sound. When an event is deemed important enough crews will be expanded to a two person crew with a soundie booming. But that calls for an editorial decision prior to the event. I recall seeing an item in which some information was passed on to a very prominent NZ politician in a public place. TV3 captured the whispered message & the reaction because they had a 2 person crew. TVNZ had to voice-over the exact same scene

because their cameraman had only a camera-mounted mic. Who had the better story?

There is also another element in the redundancy issue. The laying off of staff was made in several steps over a period of time. It became known that the further down the line people were let go the less money was available in the 'golden handshake' so staff had to play a type of Russian Roulette as to putting their names forward for early retirement or not. Some senior staff who were made redundant were contracted back to their original jobs when management discovered that they had no-one with the same skills to replace them. This constant fear of the possibility of redundancy or the cancellation of the contracts most staff are now on has led to an environment of fear & distrust. Whereas in the past staff were outspoken in order to change or improve work practices now they look over their shoulder before making any comment to me. Some years ago a coffee machine operator working in the atrium of TVNZ commented to my sound recordist "I can tell you don't work here because you're smiling a lot". I hope things have changed.

As to the number of people back at Avalon I can't comment as I have no idea who these people may be. Do the numbers include the training school leasing some of the premises?

My final comment is this. As a freelance production facility I know that overseas productions will still accept BetaSP but would prefer HDTV or DigiBeta. Australian TV networks shoot on DigiBeta & screen on 16:9 format if they can & certainly do so for their flagship productions. They do accept material shot on the industrial DV

format if certain filming environments require it. If I can't provide the best equipment or operators I don't get that work. I have worked for some TVNZ programme directors who ask if I have lights or worse 'we may have to shoot the i/v outside because its a bit dark in his room'. Many programmes made for TVNZ are shot OPC & on DV format because not enough funding is available or management is allowing lower standards to be acceptable. To my mind this equal to letting "lord of the Rings" being shot on 16mm hand held cameras using available light. As a TVNZ producer recently told me "Everyone is so concerned with how a programme rates, nobody in the office is asking the obvious...but was it any good?"

Enough raving

Fred

Appendix 9 : Jo Tyndall

Jo Tyndall is the CEO of New Zealand On Air. She has held this position since, and was the first to reply in the series of interviews conducted. He answers were emailed on 10 December 2002.

1. There are a lot of similarities between the objectives of the TVNZ Charter and NZOA. Does the Charter affect the role of NZOA?

No, the Charter will not significantly affect NZ On Air. NZ On Air remains subject to the Broadcasting Act, 1989. The legislation spells out our role and functions, and these have not changed.

In announcing the Charter, the Government made it clear that the funding allocated through NZ On Air would remain fully contestable. In other words, projects supported by other broadcasters would continue to be able to compete for funding alongside those supported by TVNZ. The Government expected that TVNZ would continue to benefit from around the same proportion of total funding as had historically been the case (i.e. around 70% to 80% of total television funding, spread across TV ONE and TV2).

The fact there are similarities between the charter and NZ On Air's objectives should, if anything, make the process of calling for, receiving and/or assessing proposals more effective, since the areas of common interest are now greater than before.

2. Does the Charter render some of NZ On Air's activities redundant?

No. NZ On Air's activities remain unchanged. It is important to remember that, even with the Charter, TVNZ must still operate with commercial objectives as well. This means that NZ will have a "mixed model" public broadcasting system. The mix of commercial and social/cultural objectives supports retaining an element of

contestability, to promote transparency of public funds, accountability, and efficient production.

3. What changes have been made by NZOA in anticipation of the implementation of the Charter?

NZ On Air has agreed a set of protocols with TVNZ, designed to encourage a high-level of forward planning and dialogue between us. The NZ On Air Board will continue to assess programme proposals on their own merits, against the provisions of the Broadcasting Act. NZ On Air will be keen to support worthwhile, Charter-driven projects as our funds permit, but will not automatically allocate funding to projects simply because they are presented as being charter programmes.

If other broadcasters continue to be keen to access NZ On Air funding, we would expect to see the overall "quality" of programme proposals rise. One result of the charter could well be intensified competition for NZ On Air funds.

4. Do you expect TVNZ to seek NZOA support to make programmes required of it by the Charter?

Yes. While TVNZ is to receive some funding directly to assist with Charter implementation, this will not mean that NZ On Air support will no longer be required. The direct funding to TVNZ is likely to be used to support programming over and above what would be funded through NZ On Air. It is also designed to help

achieve other aspects of the charter, such as improved infrastructure and/or purchase of international programming.

In that regard, TVNZ's production of news and current affairs programmes, as well as its purchase of the highest-quality international programming, will be important aspects of the Charter. These are areas of programming traditionally not funded by NZ On Air, and this will not change.

In summary, a large number of the programmes already supported by NZ On Air for TVNZ transmission (including special interest, children's, Maori, documentary and much drama) would qualify as charter-compliant programmes. We would expect this quantity and diversity of programmes to at least remain the same, if not increase over time. It may be a case, in some circumstances, of TVNZ's contribution to certain charter-type programmes increasing, meaning a lower proportion of total budget is sought from NZ on Air, rather than some programmes being entirely funded by NZ On Air - or vice versa.

5. Why do you think it is important for NZOA to continue when the Charter will ensure that part of its mandate is provided for?

I think my answer above provides you with some information on this. TVNZ will be working to fulfil the objectives of its Charter, but also ensuring it remains commercially viable. It will therefore still be in competition with other broadcasters, both for audience share, and for advertising revenue. Under those circumstances,

retention of an independent, arms-length funding body as a part of the policy mix seems useful – as I mentioned above, for transparency, accountability, diversity and efficiency reasons.

It is also important that local programming of the type funded through NZ On Air is present on other broadcasters, so that it is not "ghetto-ised" by being screened only by the public broadcaster. This ensures a diversity of perspectives through the work done by a variety of independent producers.

Finally, it is perhaps worth noting that NZ On Air continues to have a role in funding Radio New Zealand. This is clearly a charter-driven broadcaster, fully funded by the Government. NZ On Air plays an important role here in setting performance targets and monitoring RNZ's performance from a content perspective.

Hope all this helps.

Appendix 10 : Claire Harris

Claire Harris is the Director of Television Services at Nielsen Media Research. She responded to the question of the existence of quality appreciation measurement in the Peoplemeter, and other alternative ways to measuring programmes, via email dated 23 March 2003.

Dear Elna,

This functionality does exist but has never been used in the NZ market. The main drawbacks are sample size, and the depth of data generated. We also have to be very careful not to over-burden out panel members by requiring them to carry out additional tasks, for which they would have to be trained and briefed.

e.g. We have a sample on an average day of roughly 1000 people (rounded to make the calculation a little easier) In peak viewing times, total audience levels average around 35% = 350 people. Given we have 5 FTA channels and a number of pay TV channels, a single channel might attract 25% of the audience = 88 individuals. Response rates are an unknown in this equation, but to achieve a 75% response rate to a one-off question would be high, so based on those 88 people, 75% response would equate to 62 people. Obviously, if you were testing a programme in a lower overall viewing environment, e.g. afternoons, the sample size would be lower.

Audience appreciation using this methodology would require a simple approach, e.g. rank it on a scale of 1-5. This is the "depth" angle I referred to in the opening question. We are fortunate in the NZ environment in that we have other vehicles from which we can get audience appreciation information, and which also provide us with a wealth of other information about the respondent so that we have a context in which to view that appreciation data. These are based on our readership service (12,000 respondents) which we can then fuse with ratings information into a service called Panorama. The size of this sample clearly adds to the robustness of the data.

Hope this helps you with your thesis.

Claire Harris

Appendix 11

The TVNZ Charter was formally implemented on 1 March 2003. The Charter shall apply to all those parts of TVNZ's operations that contribute to its broadcast content. It shall be predominantly fulfilled through free-to-air broadcasting.

TVNZ shall:

- feature programming across all genres that informs, entertains and educates New Zealand audiences;
- strive always to set and maintain the highest standards of programme quality and editorial integrity;
- provide shared experiences that contribute to a sense of citizenship and national identity
- ensure in its programmes and programme planning the participation of Maori and the presence of a significant Maori voice;
- feature programming that serves the varied interests and informational needs and age groups within New Zealand society, including tastes and interests not generally catered for by other national television broadcasters
- maintain a balance between programmes of general appeal and programmes of interest to smaller audiences
- seek to extend the range of ideas and experiences available to New Zealanders
- play a leading role in New Zealand television by setting standards of programme quality and encouraging creative risk-taking and experiment
- play a leading role in New Zealand television by complying with free-to-air codes of broadcasting practise, in particular any code with provisions on violence;
- support and promote the talents and creative resources of New Zealanders and of the independent New Zealand film and television industry

In fulfilment of these objectives, TVNZ will:

- provide independent, comprehensive, impartial, and in-depth coverage and analysis of news and current affairs in New Zealand and throughout the world and of the activities of public and private institutions;
- feature programming that contributes towards intellectual, scientific and cultural development, promotes informed and many-sided debate and

stimulates critical thought, thereby enhancing opportunities for citizens to participate in community, national and international life;

- in its programming enable all New Zealanders to have access to material that promotes Maori language and culture;
- feature programmes that reflect the regions to the nation as a whole;
- promote understanding of the diversity of cultures making up the New Zealand population;
- feature New Zealand films, drama, comedy and documentary programmes;
- feature programmes about New Zealand's history and heritage, and natural environment;
- feature programmes that serve the interests and informational needs of Maori audiences, including programmes promoting the Maori language and programmes addressing Maori history, culture and current issues;
- include in programming intended for a mass audience material that deals with minority interests;
- feature New Zealand and international programmes that provide for the informational, entertainment and educational needs of children and young people and allow for the participation of children and young people;
- maintain and observe a code of ethics that addresses the level and nature of advertising to which children are exposed;
- feature programmes that encourage and support the arts, including programmes featuring New Zealand and international artists and arts companies;
- reflect the role that sporting and other leisure interests play in New Zealand life and culture and; and feature programming of an educational nature that support learning and the personal development of New Zealanders.

Appendix 12

<http://www.beehive.govt.nz/PrintDocument.cfm?DocumentID=10020>

Printed from <http://www.Beehive.govt.nz>

Hon Marian Hobbs

19 September 2000

TVNZ Draft Charter Released

The government has approved for consultation with the public and with the broadcasting industry the draft text of a charter for Television New Zealand, the Minister of Broadcasting, Marian Hobbs, announced today.

The draft charter indicates in broad terms the form of broadcast content TVNZ is to provide. It will apply to all those parts of TVNZ's operations that contribute to its broadcast content and it will be fulfilled predominantly through free-to-air services, Marian Hobbs said.

The draft charter will be available on the Minister of Broadcasting's web site (www.executive.govt.nz/minister/hobbs). 'Hard' copies will be sent to groups and individuals who have written to the Minister with their concerns.

Interested parties are invited to write to the Minister of Broadcasting, Parliament Buildings, Wellington, with their comments by October 31.

"TVNZ is the state-owned broadcaster and we want people's input into the Charter," she said.

Marian Hobbs said she is discussing with the Chair of TVNZ, Dr Ross Armstrong, how the aspirations of the draft charter might be given effect.

"It is government policy to retain TVNZ in state ownership and for it to operate according to a charter which will indicate what's expected of it," she said. "In fulfilling its charter it's important that TVNZ be allowed to operate flexibly.

"I have no intention of programming TVNZ. So long as TVNZ meets the terms of its charter, it should be free to decide how it does so.

"This will also ensure that TVNZ's editorial and creative independence is protected from political interference.

"The draft charter is a statement of objectives. It sets out in broad terms the kind of broadcast content TVNZ is to feature and aspects of the way it is to go about providing such content, such as by being innovative and using the talents of the broadcasting industry."

The draft Charter is attached.

Introduction

TVNZ will contribute to a sense of national purpose and identity and a pride in New Zealand's diversity and extend the range of ideas and experiences available to New Zealanders.

For that purpose, TVNZ shall...

General

* strive always to maintain the highest standards of programme quality and editorial integrity

- * feature programming across the full range of genres that informs, entertains and educates New Zealand audiences

- * ensure in its programmes and planning the participation of Maori and the presence of a significant Maori voice

- * maintain a balance between programmes of appeal to New Zealanders in general and programmes of interest to minority audiences

- * seek to be innovative in its content and to engage audiences in new experiences

Innovation and Leadership

- * encourage creative risk-taking and experiment

- * invest in and promote the talents and creative resources of New Zealanders and of the New Zealand film and television industry

- * invest in and promote the talents and creative resources of Maori and of the Maori film and television industry

- * play a leading role in New Zealand television by setting standards of programme quality and developing new forms of content

Maori Language and Culture

- * feature programming that promotes Maori language and culture to all New Zealanders and serve the interests and informational needs of Maori audiences through:

- * programmes in the Maori language

- * programmes promoting the Maori culture
- * programmes with Maori topics; and
- * acknowledge in its programming the significant place of Maori in the New Zealand population

Representation of Diversity

- * celebrate in its programming the diversity of cultures making up the New Zealand population, including the uniqueness of Maori culture
- * promote understanding of the contribution of New Zealand's cultures to the nation's development

National Identity/Citizenship

- * provide shared experiences that contributes to a sense of citizenship and national identity
- * feature programmes about New Zealand's history and heritage
- * feature programmes about New Zealand's natural history and heritage
- * feature programmes that increase the visibility of Maori history and culture

Information and Democracy

- * provide comprehensive, impartial, authoritative and in-depth coverage and analysis of news and current affairs in New Zealand and throughout the world
- * feature programmes that contribute towards intellectual, scientific and cultural development, promote informed and many-sided debate and stimulate critical

thought

- * provide information that enhances the opportunities of all New Zealanders to participate in national or community life

Minority Interests

- * feature programmes that serve the varied interests and informational needs within New Zealand society

- * include in programming intended for a mass audience material that deals with minority interests

- * provide for the informational and entertainment needs of children and young people;

- * maintain and observe a code of ethics that addresses the level and nature of advertising to which children are exposed

- * appeal to tastes and interests not generally catered for by other television broadcasters

- * Promotion of the Arts

- * feature programmes that encourage and support the arts, including programmes featuring New Zealand and international performers, artists and arts companies

Sports and Leisure

- * reflect the role that sporting and other leisure interests play in New Zealand life and culture

Education

- * feature programming of an educational nature that supports the study activities and personal development of New Zealanders

Regions

- * feature programmes that serve the regions of New Zealand, and that reflect the regions to themselves and to the nation as a whole