

PUBLIC INTEREST JOURNALISM FUND – NON-INCREMENTAL ROLES

NZ MEDIA FUND

RECOMMENDATION

That the Board approves funding of up to:

| Year 1 | Year 2 | Total | Applicant | Scope | Roles | Subject to |
|--|---------|-----------|-----------|-----------------------|-------|------------|
| 9(2)(b) | 9(2)(b) | \$731,300 | Stuff | Marlborough newsroom | 5 | 9(2)(b) |
| 9(2)(b) | 9(2)(b) | \$940,188 | NZME | 8 regional newspapers | 8 | 9(2)(b) |
| Total non-incremental roles recommended for funding | | | | | | 13 |

OVERVIEW

- In February 2021 when Hal Crawford’s [Stakeholder Consultation Report](#) was published, it outlined both the sector’s feedback and Hal’s recommendation in regard to considering non-incremental role (NIR) funding:

“Many of our interviewees believed that if an organisation could show that cuts were imminent, they should be able to apply for funded roles under the PIJF. Many saw the dangers in this non-incremental funding but argued for exceptions in extreme circumstances. Funding could evaporate quickly trying to keep the newsrooms of big commercial companies afloat if this became the primary aim of the fund. ... commercial companies should benefit from this public money only to the extent that they improve and increase public interest journalism.”
- When NZ On Air released its response to the report, it outlined a partial acceptance of this recommendation, *“Barring exceptional circumstances, funded roles should be additional to the existing workforce of a funded organisation. In cases where loss of staff is demonstrably imminent, existing roles may be funded. All other criteria still apply in this case. We believe the bar for funding existing roles should be set very high and have significant external assessment and rigour built into the review process...”*
- This decision was based on the [PIJF Cabinet paper](#) directives that, *‘In administering this fund, NZ on Air will be guided by the intent of the fund, to preserve and enhance public interest journalism in newsrooms across local, regional and national levels’* (Para 10). *...The initiative will protect journalistic jobs at a local, regional and national level’* (Para 7) *...Without this initiative, reductions in journalistic coverage and journalism layoffs are likely to continue, alongside further COVID-19-induced retrenchment by media companies from the regions to metropolitan areas. The initiative will also maintain and, where possible, restore regional news coverage to inform regional communities and give visibility to regional developments and issues’* (Para 47).
- The sector climate at that point in time was also a key factor. It was not yet a year on from the closure of Bauer Media, and media companies including Stuff were outspoken about the fact that further government support would be required to ensure retention of local PIJ and to avoid further job losses. Staff felt that only a very small number of applications would be able to reach the threshold of eligibility for NIR funding, and for those that could, it was critical to ensure local ‘news deserts’ were not created under the PIJ – especially in the form of regional newsroom closures.

5. The two applications from Stuff and NZME that are included in this paper were originally submitted in late July 2021 to Round 2 Role funding. The round [guidelines](#) stated that applicants applying for NIR funding must include:
- Brief functional description of the current position/s
 - Demonstrate what imminent risk there is to the current position/s
 - Content output of the existing role/s and how it meets the PIJF definition of PIJ
 - Outline how the existing role/s link to measurable PIJF content creation.
 - Overview of the competitive environment relevant to roles sought
 - Considerations of loss of diversity of voice.
6. **9(2)(a)** was commissioned as the independent assessor to review all material supplied by Stuff and NZME. **9(2)(a)** worked closely with NZ On Air staff to create [specific criteria and requirements](#) for NIR funding that were shared with both applicants. The focus throughout the assessment process was on two key criteria:
- a) **Important PIJ role:** The role contributes significantly to PIJ, and its loss will impact audiences.
 - b) **Demonstrably imminent loss:** Financial necessity will require you to cut the role in the near future. "Imminent" was taken to mean within 6 months of the application submission.
7. Detailed financial information (including commercially sensitive data) was required at full proposal stage. This included financial records with costs and revenue for relevant editorial divisions, showing trends by year over at least five years, explanations of past cost-saving measures apparent in the supplied records, and any evidence of past redundancies triggered by similar financial conditions.
8. All supporting documents provided by Stuff and NZME are in the All Applications Boardbook menu. They are financial and data heavy documents that **9(2)(a)** has reviewed closely alongside staff, so we do not require the Board to have reviewed them in detail and have included the information deemed most relevant within this paper.
9. **9(2)(a)** notes in his assessments that it is a necessary but not sufficient condition of funding to satisfy these two criteria, "*Whether and to what extent the non-incremental roles are funded will also be decided against competing claims and the aims, priorities, and capacity of the whole PIJF fund. In short: an application may meet both requirements and still not receive approval because funding remains contestable.*"
10. He also observed, "*Funding existing editorial roles within the local and regional media ecosystem carries the risk of unfairly favouring failing businesses or divisions, and thereby distorting the market. It is beyond the scope of this assessment to contemplate the relative disadvantage to news media businesses operational in the same markets as the [newspapers] under consideration, should those [newspapers] receive funding. The priority here is the audiences who stand to lose valuable sources of local information, community identity, and diverse points of view.*"
11. **9(2)(b)**
12. Further general observations from **9(2)(a)** on the process were that the applications "*were significantly different in form and substance. The differences reflect different internal structures for understanding business operations and possibly different company cultures. ...At their core, both funding applications successfully made the case that the reporting work being done was important and contributed meaningfully to participation and identity within their communities.*" Further to this he pointed out that, "**9(2)(b)**

9(2)(b)

Staff wishes to acknowledge 9(2)(a) for his extensive and thorough analysis of the data and information supplied.

- 13. Neither application provided digital audience data so where audience numbers are referenced this is in relation to print circulation.
- 14. Round 2 allowed applicants to apply for up to two years of funding, subject to performance review monitoring at key stages to ensure content targets are being met before a second year of funding is renewed. Staff received strong feedback from the industry that offering one-year contracts would not provide sufficient security to enable recruitment and retention especially of experienced journalists.
- 15. In the case of non-incremental roles, the issue of recruitment is not a factor, however, staff notes that the provision – and in this case retention - of PIJ content to local audiences justifies a two-year consideration.
- 16. A total of 108 new PIJF roles (circa \$17m) have been approved to date. The Staff Investment Committee approved 21 applications covering 48 incremental roles (up to \$7,005,501) at the September meeting. The Board approved a further four applications covering 62 incremental roles (up to \$10,420,942) at the October meeting.
- 17. Both applicants were provided assurances from NZ On Air that the commercially sensitive information they provided to us would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the OIA). The rationale for this within the OIA is *“to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.”*

GENERAL ASSESSMENT & STAFF OPINION

| Non-incremental Roles | Staff | Requested \$9(2)(b) |
|-----------------------|-------|---------------------|
|-----------------------|-------|---------------------|

Funding Requested

| | | |
|-----|---------|--|
| 18. | 9(2)(b) | |
|-----|---------|--|

| | |
|---------|--|
| 9(2)(b) | |
|---------|--|

Funding Recommended

| Newsroom | Role | Annual rem. | Kiwi S/Leave | Total Funding |
|-------------|---------|-------------|--------------|---------------|
| Marlborough | 9(2)(b) | | | |
| Marlborough | | | | |

¹ P/L, or P&L, stands for profit and loss statement. It is one of the financial statements of a company and shows the company's revenues and expenses during a particular period. It indicates how the revenues are transformed into the net income or net profit.

| | | | |
|----------------------|---------|--|------------|
| Marlborough | 9(2)(b) | | |
| Marlborough | 9(2)(b) | | |
| Marlborough | 9(2)(b) | | |
| Marlborough | 9(2)(b) | | |
| Annual Cost | 9(2)(b) | | |
| Two-Year Cost | | | \$ 731,300 |

19. The recommendation is to fund five roles 9(2)(b) at a total two-year cost of \$731,300.

General Assessment

20. 9(2)(b) fuel the editorial content in multiple local print mastheads and contribute to the national Stuff site and other digital platforms (including Neighbourly). The roles cover the following publications:

| | |
|----------------------------|---|
| <i>Marlborough Express</i> | This paid newspaper dates from 1866 and is published three times a week. A dedicated area on the Stuff site presents a majority of public interest journalism (PIJ) content. As indicated in the Stuff submission, this content goes beyond what a free weekly newspaper can supply in terms of reporting detail, in particular for coverage of the local bureaucracy. Local court, business, crime, and sport articles appeared on the home page accessed for this assessment. |
| <i>Saturday Express</i> | Delivered every Saturday to households across Marlborough (circ. 20k print and digital) |

9(2)(b)

- 21. 9(2)(b)'s assessment of the Stuff application is here.
- 22. Staff notes that the *Marlborough Express* currently hosts one LDR reporter. There is no duplication in funding requested for this LDR role in their submission.
- 23. In their Round 2 final proposal application Stuff applied for funding of \$9(2)(a) to employ a total of 20 new reporting roles 9(2)(a). 20 new roles were approved by the Board at the October meeting totalling \$2,789,240 over two years.
- 24. Regarding the NIR funding, 9(2)(b) and NZ On Air staff held a number of meetings with Stuff executives and made several requests for supplementary information. Stuff supplied the following documents:

- 9(2)(b)
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]

25. In terms of the competitive news landscape in those regions, the Stuff publications - 9(2)(b)
[Redacted]
[Redacted]

| | |
|-------------------|---|
| Marlborough Media | Operated by Top South Media it publishes the <i>Marlborough Weekly</i> newspaper, Marlborough App and monthly <i>Marlborough Magazine</i> |
| The Blenheim Sun | Independently owned and operated in Blenheim since 2002, a free twice weekly publication delivered to homes across Marlborough |

9(2)(b)
[Redacted]

26. Marlborough covers a diverse area from the Marlborough Sounds and the gateway to the South Island, Picton, through to the hinterland of the Kaikoura Ranges with a population of 51,500. 9(2)(b)
[Redacted]

27. The detailed financial information and data provided spanned FY17-FY21 (with YTD FY22) and contained:

- 9(2)(b) [Redacted]

28. In terms of criteria a) 'Important PIJ role', Stuff provided detail on the functions of the roles as follows:

9(2)(b)
[Redacted]

29. 9(2)(b)
[Redacted]

30. As noted in 9(2)(a)'s report, 9(2)(b)
[Redacted] *Stuff's financial data shows that*
in recent years 9(2)(b)
[Redacted]

9(2)(b)

31. Stuff was asked to provide an overview of the competitive environment given there are several small and independent competitors jostling for a place in a small market. Their response was 9(2)(b)

[Redacted]

32. In terms of b) 'Imminent loss', 9(2)(a) noted of the data supplied by Stuff that, "A good overall view of this situation is provided by reducing the data (to total revenue, editorial costs, all other costs, and contribution) and then trending the data over the five available years" as per the table below.

9(2)(b)

[Redacted]

9(2)(b)



33. In the graphs above the darker green bar represents total revenue and the lighter green bar is contribution. The intervening two red-hued bars are non-editorial (“all other costs”) and editorial costs.

34. 9(2)(a)'s assessment of this data was that, 9(2)(b)

35. A broad trend observed throughout the assessment was that editorial costs 9(2)(b) This assessment also considers the cost-saving measures taken by Stuff 9(2)(b)

36. 9(2)(a) notes in his analysis that, 9(2)(b)

Staff Opinion

37. In terms of assessment criteria a) that NIR roles must ‘contribute significantly to PIJ, and their loss will impact audiences’, staff determined that that criteria a) had been met.

38. Regarding criteria b) 'demonstrably imminent loss', 9(2)(b) [redacted]

39. 9(2)(b) [redacted]

40. In general correspondence 9(2)(a) provided to staff alongside his two assessments he states, 9(2)(b) [redacted]

41. 9(2)(b) [redacted]

42. 9(2)(b) [redacted]

43. However, staff believes the five roles in Marlborough should be approved and that 9(2)(b) [redacted]

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44. 9(2)(b)

45. In supporting this recommendation, staff acknowledges that while there are other local news providers 9(2)(b), those other publications are community weekly publications and therefore fulfil a different niche, driven by advertising. We believe that retaining a level of media plurality in the regions is important especially in smaller communities where issues such as the debate around the Three Waters Reform and COVID vaccination can be divisively polarising.

46. This funding would give the Stuff Marlborough newsroom some respite from the impact of the ongoing COVID crisis and 9(2)(b). But most importantly it will ensure a relatively isolated and geographically diverse population maintains strong local PIJ. **Funding is recommended for five Marlborough roles up to \$731,300 over two years subject to 9(2)(b)**.

Non-incremental Roles
\$1,818,875

NZME

Requested

Funding Requested

9(2)(b)

47. 9(2)(b)

Funding Recommended

| Newsroom | Role | Annual Sal | Kiwi S/Leave | Travel | Total Funding |
|----------------------|---------|------------|--------------|--------|---------------|
| Rotorua Weekender | 9(2)(b) | | | | |
| Napier Courier | | | | | |
| Hastings Leader | | | | | |
| Whanganui Midweek | | | | | |
| Manawatū Guardian | | | | | |
| Taupō Weekender | | | | | |
| Horowhenua Chronicle | | | | | |
| Kapiti News | | | | | |
| Annual Cost | | | | | |
| Two-Year Cost | | | | | \$940,188 |

48. The recommendation is to fund eight roles 9(2)(b) two-year cost of \$940,188.

General Assessment

49. 9(2)(a)'s assessment of the NZME application is here.

50. In its initial 5-page application to Round 2, NZME applied for 9(2)(b) new roles (across 9(2)(b) publications) for its *Open Justice* scheme, and 9(2)(b) non-incremental roles across its community newspaper network for a total ask of \$9(2)(b). The *Open Justice* scheme was approved at the October Board meeting for funding up to \$2,995,702 for 15 new roles.

51. Regarding the NIR application, NZME supplied the following documents:

- 9(2)(b)

52. 9(2)(a) noted that the applicant, 9(2)(b)

53. In its proposal, NZME outlined that it publishes 9(2)(b)

54. NZME has at least 17 community news publications in its stable 9(2)(b). Greater detail on the publications are outlined here.

9(2)(b)

55. Staff notes that the *Rotorua Weekender* received \$440,000 PIJF Project funding from Round 1 for the provision of a bilingual te reo Māori section which is now publishing.
56. Regarding criteria a) 'Important PIJ role', [REDACTED] ^{9(2)(a)} looked at a single copy of each publication in question to determine how many articles ran and what proportion would be considered PIJ. He found the majority of content could be considered PIJ in its broadest sense (including local sport and arts reporting).

Edition

Total articles

PIJ articles

PIJ %

9(2)(b)

57. 9(2)(a)'s notes, "The survey was useful in that it provided an overview of the scope of publications and the differences between them. It also gave an indication of their potential utility to the communities in which they are published. 9(2)(b)

58. Regarding the availability of local news in the markets under consideration, all the publications under consideration are free weekly newspapers. 9(2)(b)

- 9(2)(b)

59. 9(2)(b)

9(2)(b)

b) All the weeklies are home delivered and free as opposed to paid/subscription/online models of the daily papers providing more access for audiences.

c) The weeklies are more involved in covering community events and spotlighting local people in a way that under normal circumstances might not be considered public interest journalism, but in a small town provides a level of community engagement which speaks to the goals of the Cabinet paper and its definition of PIJ as (28) “... journalism that contributes to a person’s ability to function as a valued and informed member of the communities in which they live and/or work.”

60. In analysing the criteria b) ‘Imminent loss’, NZME provided a variety of data including:

- 9(2)(b) [redacted]

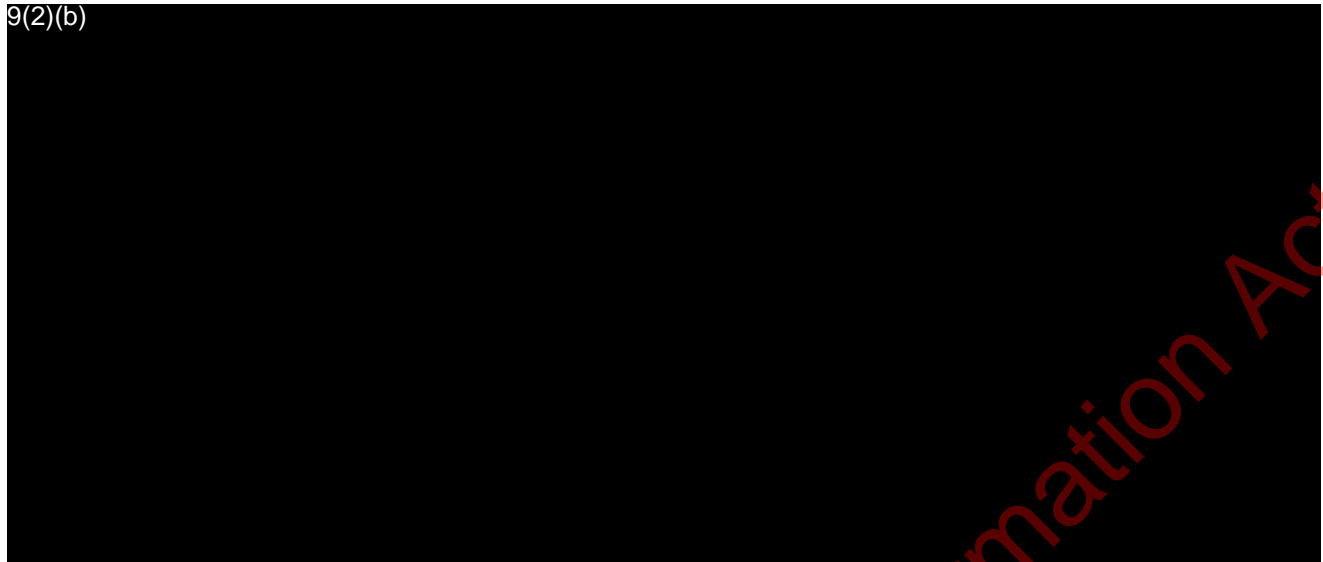
61. NZME provided detailed financial information for each of the eight publications from 2018-2021, as well as the overall P+L for its “Communities” division 2019-2021. Separately it included a graph of total Communities revenues by sales channel from 2016-2021. The 2021 submissions are in all cases full-year forecasts.

62. NZME states 9(2)(b) [redacted]
[redacted]
[redacted]
[redacted]
[redacted]
[redacted]:

- 9(2)(b) [redacted]
[redacted]
[redacted]
- [redacted]
[redacted]
[redacted]
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- [redacted]
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- [redacted]
[redacted]
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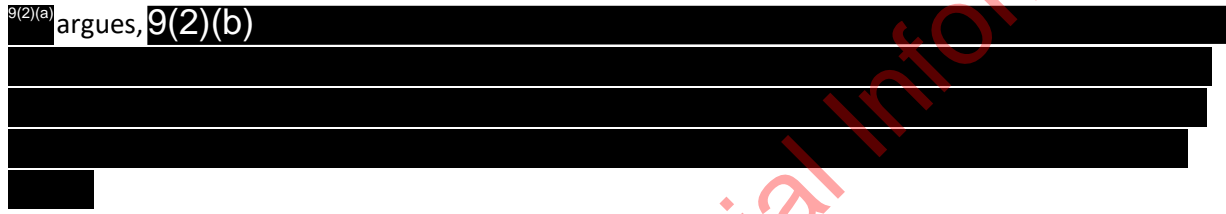
63. 9(2)(a) notes that, 9(2)(b) [redacted]
[redacted]
[redacted]

9(2)(b)

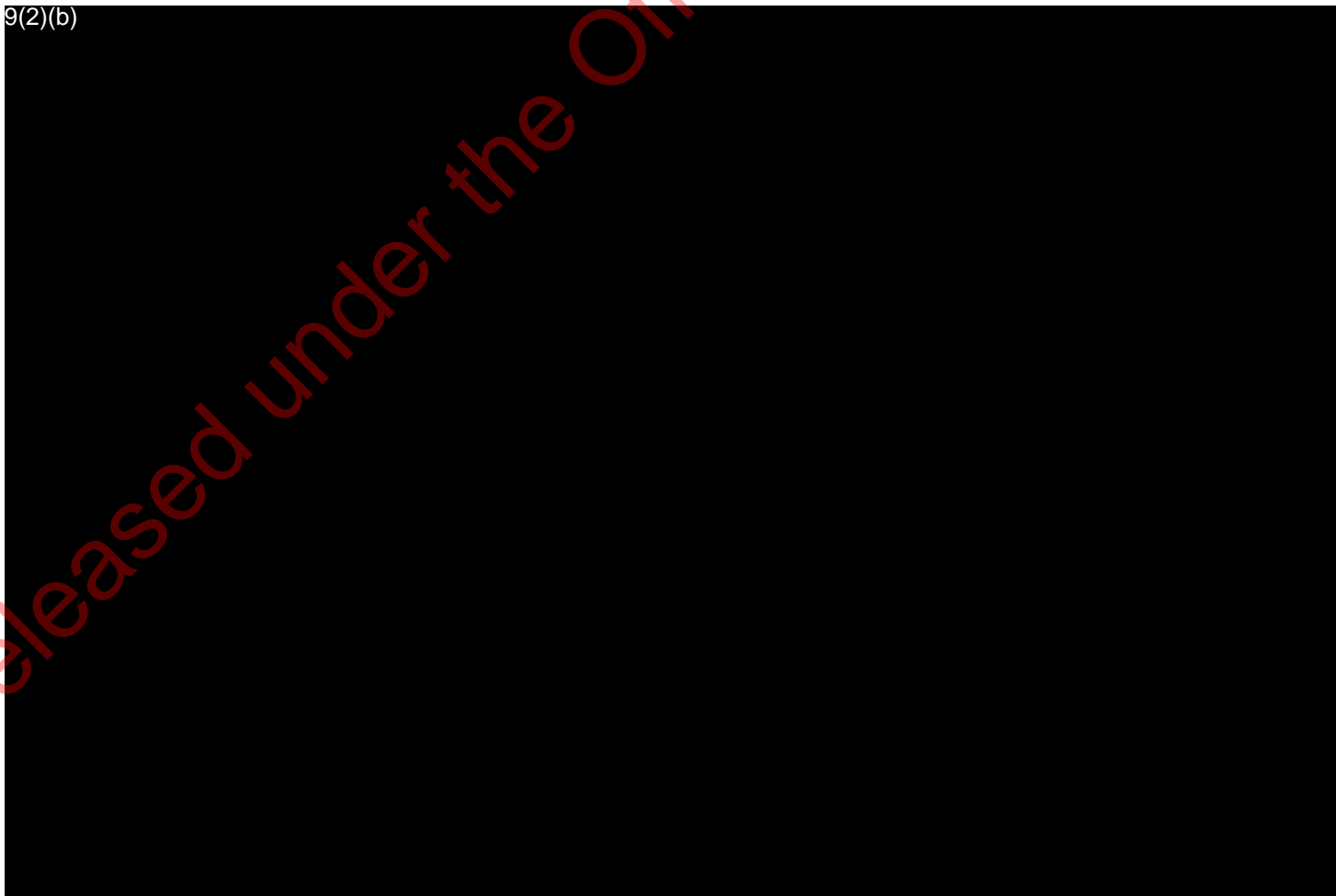


64.

^{9(2)(a)} argues, 9(2)(b)



9(2)(b)



65. He continues, 9(2)(b) [redacted]
[redacted]
[redacted]
[redacted]
[redacted]
[redacted]

66. In terms of 9(2)(b) [redacted]
[redacted]
[redacted]
[redacted]
[redacted]
[redacted]

67. 9(2)(b) [redacted]
[redacted]

9(2)(b) [redacted]

68. 9(2)(b) [redacted]
[redacted]
[redacted]
[redacted]
[redacted]

Staff Opinion

69. In terms of the key assessment criteria a) that NIR roles must 'contribute significantly to PIJ, and their loss will impact audiences', staff determined that that criteria a) had been met. As 9(2)(a) states in his assessment, 9(2)(b) [redacted]
[redacted]
[redacted]

70. Regarding criteria b) and 'demonstrably imminent loss', staff concurs with 9(2)(a)'s note that, 9(2)(b) [redacted]
[redacted]

9(2)(b) [Redacted]

71. Staff agrees with 9(2)(b) [Redacted]

72. 9(2)(a) makes a point of saying that, 9(2)(b) [Redacted]

73. 9(2)(b) [Redacted] Funding is recommended up to \$940,188 over two years subject to a 9(2)(b) [Redacted]

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