

REDEFINING RADIO | 2014-2015



THE NUMBERS

ON-AIR

491,000
PEOPLE LISTEN TO
RADIO NEW ZEALAND

306,000
PEOPLE LISTEN TO
MORNING
REPORT

213,000
PEOPLE LISTEN TO
NINE TO NOON

187,000
PEOPLE LISTEN TO
SATURDAY MORNING

211,000
PEOPLE LISTEN TO
SUNDAY MORNING

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ON DEMAND

4.2 million
ITEMS
DOWNLOADED FROM
RADIONZ.CO.NZ

AWARD RECOGNITION

- Radio New Zealand won one Gold and two Silver Awards at the international New York Festival Awards; the awards went to:
 - The gold award in the Best Sound category went to Radio New Zealand Concert's International Arts Festival concert series; and
 - Silver awards went to Crime Scene, and to One in Five's documentary Health Click.
- The Highly Commended prize at the inaugural Insurance Journalism Awards went to the Insight documentary "Can New Zealand Afford Another Big Quake?"
- Radio New Zealand Rural News won this year's top award for agricultural journalists at the New Zealand Guild of Agricultural Journalists and Communicators' awards.

ONLINE

36
MILLION

>> PAGEVIEWS ON <<
RADIONZ.CO.NZ AND
THEWIRELESS.CO.NZ



34,000
HOURS OF AUDIO
AVAILABLE ON
DEMAND

ON MOBILE



32,000
AVERAGE ACTIVE MOBILE APP
USERS EVERY
MONTH

PUBLIC APPROVAL RATINGS

87% of all New Zealanders agree that it is important for New Zealand to have a public service radio broadcaster.

92% of our listeners agree that Radio New Zealand contributes to the development of an informed society.

80% of all New Zealanders agree that Radio New Zealand provides a valuable service for New Zealanders.

85% of our listeners agree that Radio New Zealand provides a range of programmes that reflects New Zealand's cultural diversity.

89% of our listeners agree that Radio New Zealand provides fair and balanced information.

89% of our listeners agree that Radio New Zealand promotes informed debate.

PACIFIC PROGRAMMING

2,474 hours of programming specifically about the Pacific region.

18 Pacific radio stations rebroadcast Radio New Zealand International.

CHAIR'S REPORT

OVERVIEW

The progress towards a comprehensive rejuvenation and transformation of Radio New Zealand from a 'business as usual' on-air broadcaster to a competitive multimedia organisation is the hallmark of this 2014/2015 Annual Report.

The momentum involved underscores the commitment the Board and management made to shareholders in the 2013/2014 Annual Report.

Over the 12-month period, the organisation firmly focused its governance and operational leadership on ensuring the company re-gearred in order to continue delivering high quality, traditional broadcasting services while also expending considerable effort on creating a new multimedia system that will meet the demands of an emerging audience that expects 21st century online and on-demand digital communication on several levels.

PLANNING

The programme is well underway.

A new leadership team is at the helm, financial planning is realigned and the technology required is agreed on. The necessary talent is in place and months of internal discussion, led by CEO Paul Thompson with emphasis on transparency throughout, has ensured all members of the staff are thoroughly briefed on the plans the company is putting into effect.

Running in parallel with the re-gearing proposals have been an equally comprehensive and all-encompassing review of news and current affairs management and services, an overarching new music content initiative and a wide-ranging sounding of all Radio New Zealand programming through a series of audience focus group exercises and surveys together with a new oversight of our satellite-assisted international service to the Pacific and beyond.

The company has inevitably run into headwinds in the course of charting new directions and some on-air audience slippage accompanied the churn of change.

However, every indication is that traditional listeners are returning to programmes that suffered a marginal down turn while online over the same period, The Wireless and digital audiences, are growing every month.

In that context I must assure all concerned that our audience continues to be the heart and soul of our public service mission. Board, management and staff are unequivocal in our determination to provide the most

comprehensive, inclusive and sustainable programming possible for all New Zealanders, at home and abroad.

FINANCE

Financial management obviously continues to be critical to the ongoing health of Radio New Zealand.

Long-time Radio New Zealand CFO, Ken Law, retired during the term and the vacuum left in this critical arena has been filled by Alan Withrington, who brings with him a history of hard-headed financial management in the media industry.

The 2014/2015 year saw Radio New Zealand incur a deficit of \$1,390,439 for the financial year including restructuring costs of \$736,357. These costs reflect the changes required to adapt our services to meet the demands of the modern multimedia environment in which we operate. We expect this to continue into the 2015/2016 year with a similar financial result. However, we are confident that our financial strategy has now been successfully re-aligned to incorporate the company's changing operational circumstances and while it will take some time to fully implement, we are planning to be back to operating in a break-even position by the 2016/2017 year.

In keeping with past practice Shareholding Ministers have again waived their right to a dividend from Radio New Zealand.

CHARTER RENEWAL

The Radio New Zealand Amendment Bill 2009 has progressed to a second reading in Parliament. The Bill includes a revised Radio New Zealand Charter that endorses our role as an independent public service broadcaster that exists to serve the public interest. The new Charter also usefully provides a clear mandate for the organisation to deliver its services in the most effective manner.

ACKNOWLEDGEMENTS

I want to again thank the talented team of Radio New Zealand directors for their continuing energy and devotion to what has been a challenging programme of change and renewal.

And on behalf of that Board I would like to acknowledge the extraordinary contribution that CEO Paul Thompson has made to a re-invigorated and energised Radio New Zealand. His engagement with a series of multi-layered challenges has been unstinting. His leadership qualities have brought together a management team that mirrors his determination to take the public broadcasting organisation to a new level of service.

And finally I would like to thank Broadcasting Minister, the Hon Amy Adams, for her cooperation and advice since she took over the broadcasting portfolio responsibilities from the Hon Craig Foss after the last General Election.

RICHARD GRIFFIN

– Chair

CHIEF EXECUTIVE'S REPORT

2014/2015 was a watershed year for Radio New Zealand. We took significant steps towards achieving our goal of becoming a sustainable, public service multimedia organisation that is able to flourish in a rapidly evolving media environment.

Highlights included:

- The development and adoption of a new strategy that includes a conscious decision to embrace a multimedia future.
- The appointment of a new leadership group reporting to the CEO and the injection of critical new leadership talent.
- The creation of a new organisational structure that for the first time gives digital media a seat at the top management table.
- Continued high public support for Radio New Zealand both among our own listeners and across the New Zealand population as a whole.
- Strong growth in online audiences.
- Good performance of our radio brands which together continue to reach about 490,000 people a week in New Zealand.
- A comprehensive and trusted news service to the Pacific that provided reliable information in times of crisis to one of the world's most tumultuous regions.

MEETING THE DIGITAL CHALLENGE

Radio New Zealand is proud of its heritage as a commercial-free public radio broadcaster but we are also acutely aware that audience needs and behaviours are changing fast. Our trusted and credible journalism, current affairs and cultural programming are now readily available both online and on-demand and increasingly are being shaped to the unique demands of the web. In November 2014, Radio New Zealand appointed Glen Scanlon as its first head of digital. Glen's job has been to build a team of digital media specialists at Radio New Zealand and to use the web to showcase the best of our journalism online. During the year digital audiences grew rapidly, with radionz.co.nz having 748,400 unique users in June 2015, 75% higher than a year earlier. The Wireless has also enjoyed a period of growth and now has more than 50,000 unique users per month. Radio audiences fell during the year as some listeners responded unfavourably to a number of on-air changes. We have responded by improving programming in light of audience feedback and robust research. Despite the decline, Radio New Zealand National and Concert together still reach 14% of people aged 15-plus in New Zealand every week.

NEW LEADERSHIP GROUP

During the year Radio New Zealand implemented a new organisational structure headed by a highly capable and motivated leadership group. In addition to Glen, joining me around the senior table are Alan Withrington (chief financial officer), Carol Hirschfeld (head of content), John Howson (head of radio), Matthew Finn (head of technology), John Barr (head of communications) and Linden Clark (Manager Radio New Zealand International).

TRUST AND CREDIBILITY

Radio New Zealand's core role is to provide a comprehensive and credible nationwide news service that is freely available on-air, online and on-demand. Trust in Radio New Zealand remains strong both among our listeners and New Zealanders as whole. Independent research shows that 87% of all New Zealanders agree that it is important for New Zealand to have a public service radio broadcaster and 80% of all New Zealanders agree that Radio New Zealand provides a valuable service. It is significant that 92% of our listeners agree that Radio New Zealand contributes to the development of an informed society. We are determined to maintain and build on these high levels of trust by continuing to set the highest standards of accuracy, fairness and editorial independence.

THE PACIFIC

Radio New Zealand International continues to provide the most comprehensive independent news service to the Pacific region. Whatever the news of the day – from the latest political developments through to civil unrest, climate change and natural disaster – Radio New Zealand International provides a vital information lifeline in a region stretching from Papua in the west to Tahiti in the east. Pacific audiences receive Radio New Zealand International through a combination of digital and analogue shortwave; the rebroadcasting of content by partner stations in the region; and satellite services provided by TVNZ and the BBC. Increasingly, more people are also accessing our Pacific news via our website and we estimate that Radio New Zealand International now has an audience of around 1.5 million across the Pacific.

CHALLENGES

Radio New Zealand now has a clear plan that will enable us to optimise our delivery of Charter services and provide more value for New Zealanders. There are challenges ahead as we work hard to bring staff and audiences

on this journey. We are also aware that things are moving fast in media and we need to make sure our strategy is supple and is responsive to changes in technology and audience behaviour. Radio New Zealand will continue to respond effectively to the financial constraints under which we operate. We are committed to ensuring every dollar of revenue is well spent and supports our strategic goals. Radio New Zealand is forecasting to return to surplus in 2016/2017.

THE MEDIA ENVIRONMENT

Radio New Zealand is acutely aware of our unique role in a New Zealand media sector that is having to respond rapidly as audiences and revenues move online. Our key strategy is to create compelling, high quality content and then get it to as many people as possible. We do this both through our own brands and services and by working with others. During the year we developed partnerships with several other media outlets and we will continue to work in concert with other organisations for mutual benefit.

FINALLY

I would like to thank all Radio New Zealand staff for their unstinting hard work over the past year and for their openness to the programme of change we have introduced. We have wonderfully talented and capable staff who are committed to creating a strong and sustainable Radio New Zealand.

My thanks also to Radio New Zealand chair Richard Griffin and directors Josh Easby, Gary Monk, Sheena Henderson, Tiwana Tibble, Jane Taylor and Melissa Clark-Reynolds. Their guidance, support and counsel have been invaluable – both personally for me as CEO and to Radio New Zealand as a whole.

PAUL THOMPSON

– Chief Executive and Editor-in-Chief

OUR IMPACTS FOR THE YEAR

ACHIEVEMENT OF THE FOUR STRATEGIC OBJECTIVES WAS KEY TO MEASURING OUR SUCCESS IN DELIVERING TO NEW ZEALANDERS THE COMMITMENTS WE OUTLINED IN THE RADIO NEW ZEALAND CHARTER.

RADIO NEW ZEALAND CHARTER

STRATEGIC OBJECTIVES

SUSTAINABILITY	RELEVANT AND VALUED FUNCTIONS AND CONTENT	QUALITY CONTENT PRODUCTION AND DELIVERY	STAKEHOLDER SATISFACTION
To match services with available resources and create a capital structure and operating systems that guarantee our continuing financial viability and support growth of shareholder value.	To make Radio New Zealand and its delivery of Charter functions relevant to and valued by its audiences and all New Zealanders.	To sustain and improve the range and quality of our services consistent with our Charter, listener needs and international best practice.	To demonstrate to stakeholders and to New Zealanders that quality public service broadcasting is an essential component of a free and democratic society, and ensuring the services provided by Radio New Zealand are valued by all.

RADIO NEW ZEALAND OUTPUTS DELIVERING CHARTER AND STRATEGIC OBJECTIVES



THE RADIO NEW ZEALAND CHARTER

SECTION 7 OF THE RADIO NEW ZEALAND ACT 1995

1 THE FUNCTIONS OF THE PUBLIC RADIO COMPANY SHALL BE TO PROVIDE INNOVATIVE, COMPREHENSIVE, AND INDEPENDENT BROADCASTING SERVICES OF A HIGH STANDARD AND WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, TO PROVIDE:

- (a) programmes which contribute towards intellectual, scientific, cultural, spiritual and ethical development, promote informed debate, and stimulate critical thought;
- (b) a range of New Zealand programmes, including information, special interest, and entertainment programmes, and programmes which reflect New Zealand's cultural diversity, including Māori language and culture;
- (c) programmes which provide for varied interests and from a range of age groups within the community, including information, educational, special interest, and entertainment programmes;
- (d) programmes which encourage and promote the musical, dramatic, and other performing arts, including programmes featuring New Zealand and international composers, performers and artists;
- (e) a nationwide service providing programming of the highest quality to as many New Zealanders as possible, thereby engendering a sense of citizenship and national identity;
- (f) comprehensive, independent, impartial and balanced national news services and current affairs, including items with a regional perspective;
- (g) comprehensive, independent, impartial, and balanced international news services and current affairs;
- (h) an international radio service to the South Pacific which may include a range of programmes in English and Pacific Island languages; and
- (i) archiving of programmes which are likely to be of historical interest in New Zealand.

2 IN PROVIDING BROADCASTING SERVICES, THE PUBLIC RADIO COMPANY SHALL TAKE ACCOUNT OF:

- (a) recognised standards of excellence;
- (b) its responsibility as the provider of an independent national broadcasting service to provide a balance between programmes of wide appeal and programmes of interest to minority audiences;
- (c) the broadcasting services provided by other broadcasters;
- (d) surveys, commissioned annually, of persons who are members of its current audiences to establish whether those members consider that the quality and quantity of its services are being maintained in accordance with subsection (1); and
- (e) surveys, commissioned annually, of persons who are not members of its current audiences.

3 THE PUBLIC RADIO COMPANY MUST, AS PART OF ITS ANNUAL REPORT, INFORM THE SHAREHOLDING MINISTER OF:

- (a) the objectives and results of the annual surveys of its current audiences under subsection (2)(d);
- (b) the objectives and results of any surveys of people not in its current audiences under subsection (2)(e); and
- (c) the measures, if any, it has taken in response to those results.

THE RADIO NEW ZEALAND OPERATING PRINCIPLES

SECTION 8 OF THE RADIO NEW ZEALAND ACT 1995

1 THE PUBLIC RADIO COMPANY SHALL, IN FULFILLING ITS CHARTER, 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.

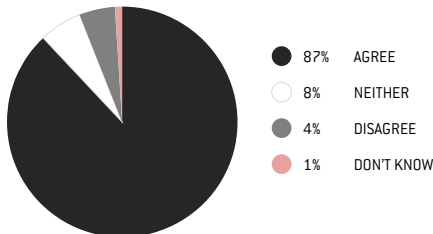
2 THE PUBLIC RADIO COMPANY SHALL, IN FULFILLING ITS CHARTER, OPERATE IN A FINANCIALLY RESPONSIBLE MANNER SO THAT IT MAINTAINS ITS FINANCIAL VIABILITY.

3 FOR THE PURPOSES OF SUBSECTION (2) OF THIS SECTION, THE PUBLIC RADIO COMPANY IS FINANCIALLY VIABLE IF:

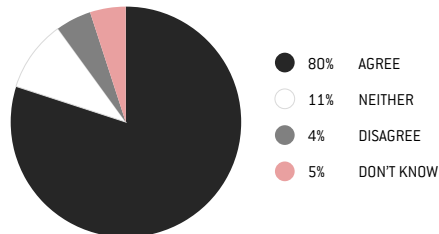
- (a) the activities of the company generate, on the basis of generally acceptable accounting principles, an adequate rate of return on shareholders' funds; and
- (b) the company is operating as a successful going concern.

OUR PERFORMANCE BASED ON PUBLIC VALUE AND OUR CHARTER OBJECTIVES

IT IS IMPORTANT FOR NEW ZEALAND TO HAVE A PUBLIC SERVICE RADIO BROADCASTER



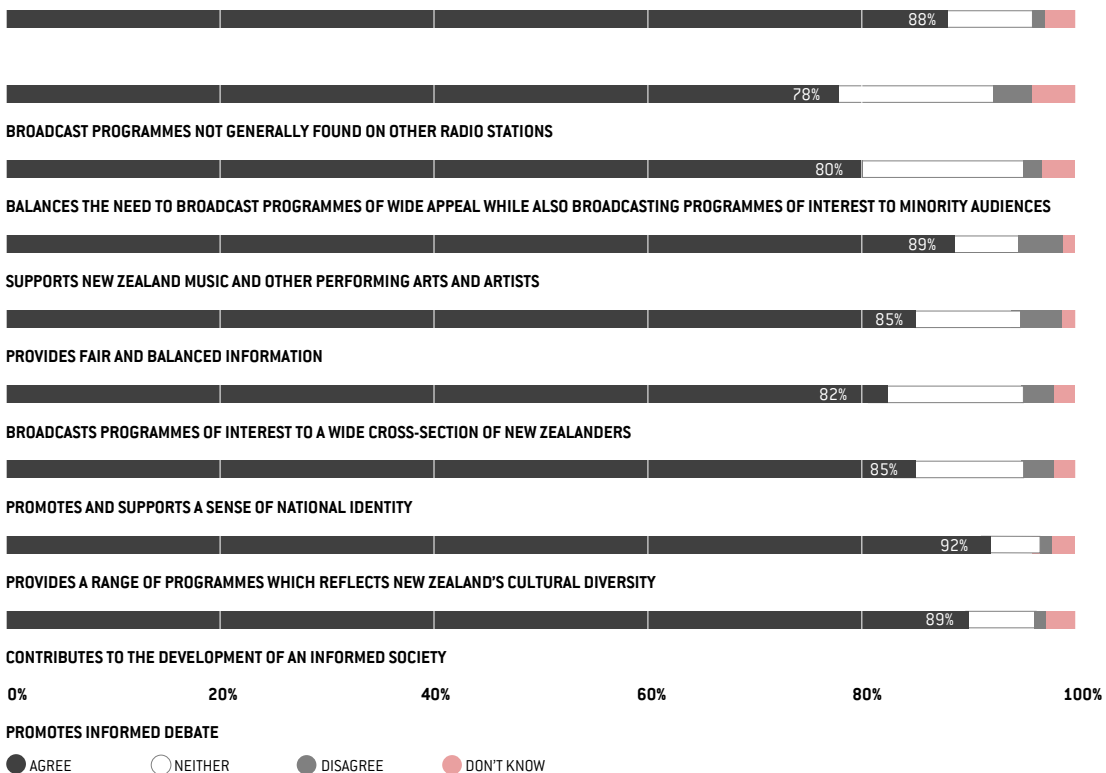
RADIO NEW ZEALAND PROVIDES A VALUABLE SERVICE FOR NEW ZEALANDERS



Source: March/April 2015 survey – Radio New Zealand Value Indices research, conducted nationwide by Colmar Brunton among all New Zealanders aged 15+

RADIO NEW ZEALAND'S CHARTER PERFORMANCE

How much do you agree or disagree that the combined services of National and Concert meet Radio New Zealand's requirements to...?



Source: Radio New Zealand Listener Survey: 2014/2015 Financial Year (Nielsen)

OUR KEY PERFORMANCE RESULTS DURING THE YEAR

SUSTAINABILITY:		RELEVANT AND VALUED FUNCTIONS AND CONTENT:	
X	Radio New Zealand had forecast a break-even position by year-end. However, the early implementation of the multimedia strategy resulted in a significant organisational restructure incurring one-off costs in the region of \$735,000.	√	Our research results indicate that New Zealanders still think it is important for New Zealand to have a public service radio broadcaster and that Radio New Zealand provides a valuable service for New Zealanders.
√	Radio New Zealand invested \$2.3m in capital expenditure to maintain its operational capabilities.	√	Overall our listeners agreed we did a very good job in delivering against our Charter requirements.
√	Radio New Zealand maintained a strong balance sheet with a debt equity ratio of 1:5.	√	The online presence of Radio New Zealand International was significantly enhanced through incorporating the service into the main Radio New Zealand website. It achieved outstanding results with an online engagement of 2.5m (annual number of pageviews).
√	Radio New Zealand maintained comprehensive broadcast and online infrastructures. Satellite coverage through Sky and Freeview HD were available across the whole country, our AM and FM networks for National and Concert covered 94% and 90% of the population, respectively, and were maintained to a high standard with only minimal downtime.	√	Radio New Zealand International produced 2,474 hours of original programming which was broadcast to the Pacific region.
√	The expansion of our accessibility with services becoming available through MSN New Zealand, iHeartRadio and Rivet Radio. This was in addition to our two websites radionz.co.nz and thewireless.co.nz, the mobile apps and iTunes.		
√	We provided a reliable international service to the Pacific region through our Radio New Zealand International shortwave network.		
QUALITY CONTENT PRODUCTION AND DELIVERY:		STAKEHOLDER SATISFACTION:	
X	Although the cumulative weekly live radio audience for Radio New Zealand National of 430,000 fell below the forecast of 490,000, there was significant growth with our online audience indicating our early implementation of the multimedia strategy was appropriate.	√	Radio New Zealand received a huge amount of support from New Zealanders with almost 9 out of 10 agreeing it is important for New Zealand to have a public service radio broadcaster.
√	Radio New Zealand increased its online audio content with over 200,000 items now freely available to website users (equating to approximately 34,000 hours of quality programming).	√	Listener satisfaction with our programming showed a marked improvement over the reporting period, which demonstrated our success in delivering quality content.
√	Access to our websites (radionz.co.nz and thewireless.co.nz) grew exponentially with over 33 million pageviews and 4.2 million items of audio downloaded during the year.	√	Radio New Zealand International maintained a strong presence in the Pacific region with eighteen Pacific broadcasters actively engaged in rebroadcasting our service to its peoples.
√	Radio New Zealand National broadcast over 8,000 hours of New Zealand content programming.		
√	Radio New Zealand Concert broadcast over 1,400 hours of New Zealand performance music.		

Financial Performance

FOR THE YEAR ENDED 30 JUNE 2015

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Statement of Corporate Governance

ROLE OF THE BOARD

Radio New Zealand's Shareholding Ministers, the Minister Responsible for Radio New Zealand and the Minister of Finance, appoint a governing board of directors. The Radio New Zealand constitution sets the size of the Board at a minimum of two and a maximum of nine directors. There were seven directors appointed as at 30 June 2015.

The Board is responsible under the company's constitution to manage, direct and supervise the company's business and affairs in accordance with the Radio New Zealand Charter set out in Section 7 of The Radio New Zealand Act 1995 (dealing with programming) and the Principles of Operation of the company as provided for in Section 8. In practice, day-to-day management of the company is delegated to the Chief Executive/Editor-in-Chief.

The Board, on the advice of the Chief Executive, establishes the company's strategic, business and programming plans, ratifies annual budgets and monitors management's performance against established goals. The Board also considers and approves new policies and business initiatives, authorises transactions outside prescribed delegated authorities of management and appoints the Chief Executive/Editor-in-Chief. Procedures are in place at Board, corporate and business unit levels to safeguard the company's assets and its wider commercial interests. A well-established regime of regular reporting is designed to maintain a high standard of internal communication and to ensure the Board remains appropriately informed of all aspects of the company's business and activities.

Board fees are set by the Shareholding Ministers each year.

BOARD CHANGES

There have been no changes during the year.

SUBSIDIARY

A fully owned subsidiary company, Sound Archives/Ngā Taonga Kōrero Limited, was incorporated in August 1998. The subsidiary's sole director is Radio New Zealand's Chief Executive (Paul Thompson). The subsidiary's operations were transferred to the New Zealand Film Archive on 1 October 2012 and there was no trading activity during the year.

CONCERT CHARITABLE TRUST

The trust changed its deed during the year effectively separating itself as a controlled entity of Radio New Zealand Limited. Therefore the activities of the trust are not included in the Radio New Zealand consolidated financials.

BOARD COMMITTEE

The Board has formally constituted an Audit Committee to focus on audit and risk management issues. All members of the Board are on this committee which is chaired by Board member, Gary Monk. This committee met on four occasions during the year.

BOARD MEETINGS

The Board met on ten scheduled occasions this year, not including any teleconference meetings.

TABLE OF ATTENDANCE FOR THE YEAR ENDED 30 JUNE 2015	BOARD MEETINGS	AUDIT COMMITTEE
Richard Griffin – Chair	10	4
Josh Easby – Deputy Chairman	10	4
Gary Monk – Audit Chairman	9	3
Tiwana Tibble	8	4
Sheena Henderson	9	4
Jane Taylor	9	4
Melissa Clark-Reynolds	7	3

MANAGEMENT AND OPERATING STRUCTURE

Radio New Zealand's organisational structure reflects its core business activities. The structure is reviewed regularly and adjusted where necessary to accommodate new business and to ensure that it remains relevant to a changing trading and operational environment.

The Chief Executive is responsible for the management leadership of the company, its organisational structures, developing and recommending initiatives to the Board, implementing Board decisions and policies, achieving objectives, ensuring the company is properly equipped with skilled personnel, and for various interfaces between the company, its stakeholders and the public. The Chief Executive has a dual role as Editor-in-Chief. In that role he is responsible to the Board for Radio New Zealand's editorial matters.

The Board and the Chief Executive/Editor-in-Chief have acknowledged their responsibility by signing the Statement of Responsibility in this report.

AUDITOR

Audit New Zealand, acting on behalf of the Controller and Auditor-General, is the auditor of Radio New Zealand Limited in accordance with section 32 of the Public Audit Act 2001.

LEGISLATIVE COMPLIANCE

The Board acknowledges its responsibility to ensure the organisation complies with all legislation. The Board has delegated responsibility to the Chief Executive for the development and operation of a programme to systematically identify compliance issues and ensure staff are aware of relevant legislative requirements.

Statement of Responsibility

FOR THE YEAR ENDED 30 JUNE 2015

We are responsible for the preparation of Radio New Zealand Limited financial statements and statement of performance, and the judgements made in them.

We are responsible for any end-of-year performance information provided by Radio New Zealand under section 19A of the Public Finance Act 1989.

We have the responsibility for establishing and maintaining a system of internal controls designed to provide a reasonable assurance as to the integrity and reliability of financial reporting.

In our opinion, these financial statements and statement of performance fairly reflect the financial position and operations of Radio New Zealand for the year ended 30 June 2015.



RICHARD GRIFFIN
Chair
30 October 2015



GARY MONK
Audit Committee Chairman and Board Member
30 October 2015



PAUL THOMPSON
Chief Executive and Editor-in-Chief
30 October 2015

To the readers of Radio New Zealand Limited and group's financial statements and performance information for the year ended 30 June 2015

The Auditor-General is the auditor of Radio New Zealand Limited and its New Zealand domiciled subsidiary. The Auditor-General has appointed me, Kelly Rushton, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information, including the performance information for appropriations, of the group consisting of Radio New Zealand Limited and its subsidiary (collectively referred to as "the Group"), on her behalf.

OPINION ON THE FINANCIAL STATEMENTS AND THE PERFORMANCE INFORMATION

We have audited:

- the financial statements of the Group on pages 15 to 40, that comprise the statement of financial position as at 30 June 2015, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Group on pages 4 to 7, and 42 to 52.

In our opinion:

- the financial statements of the Group:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2015;
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Reporting Standards.
- the performance information:
 - presents fairly, in all material respects, the Group's performance for the year ended 30 June 2015, including:
 - for each class of reportable outputs:
 - its standards of performance achieved as compared with forecasts included in the statement of performance expectations for the financial year;
 - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year;
 - what has been achieved with the appropriations;
 - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure; and
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 30 October 2015. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and the performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Group's financial statements and performance information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the appropriateness of the reported performance information within the Group's framework for reporting performance;
- the adequacy of the disclosures in the financial statements and the performance information; and
- the overall presentation of the financial statements and the performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the performance information. Also, we did not evaluate the security and controls over the electronic publication of the financial statements and the performance information. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board of Directors

The Board of Directors are responsible for preparing financial statements and performance information that:

- comply with generally accepted accounting practice in New Zealand;
- present fairly the Group's financial position, financial performance and cash flows; and
- present fairly the Group's performance.

The Board of Directors' responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

The Board of Directors are responsible for such internal control as it determines is necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error. The Board of Directors are also responsible for the publication of the financial statements and the performance information, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the Group.



KELLY RUSHTON
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Statement Specifying Financial Performance

FOR THE YEAR ENDED 30 JUNE 2015

The Board agreed financial targets with the Crown at the beginning of the year.

Budget figures are based on the high level budget set out in the 2014/2015 Statement of Performance Expectations.

	ACHIEVEMENT \$000	BUDGET \$000
REVENUE	39,935	39,113
EXPENDITURE	41,325	39,113
OPERATING SURPLUS/ (DEFICIT) BEFORE TAXATION	(1,390)	0
INCOME TAX EXPENSE/ (BENEFIT)	(634)	0
NET SURPLUS/ (DEFICIT) AFTER TAXATION	(756)	0
EQUITY	52,393	49,320
WORKING CAPITAL RATIO (Current assets as percentage of current liabilities)	146%	163%
RATIO OF EQUITY TO TOTAL ASSETS (Equity as percentage of total assets)	84%	85%

Working capital ratio variance is due to more term deposit investments than budgeted resulting in lower levels of cash and cash equivalents.

Statement of Comprehensive Revenue and Expense

FOR THE YEAR ENDED 30 JUNE 2015

	NOTE	GROUP ACTUAL 2015 \$000	GROUP BUDGET 2015 \$000	GROUP ACTUAL 2014 \$000
Government funding and fees	2	35,302	35,163	35,140
Interest revenue		408	350	382
Other revenue	3	4,225	3,600	3,437
Total revenue		39,935	39,113	38,959
Personnel expenses	4	24,399	23,200	23,232
Operating expenses	5	13,957	12,979	12,988
Depreciation & amortisation expenses	6	2,808	2,800	2,580
Audit fees		106	104	105
Financing costs		55	30	41
Total expenditure		41,325	39,113	38,946
Net operating surplus/ (deficit) before taxation		(1,390)	0	13
Income tax expense/ (benefit)	7	(634)	0	(137)
Net surplus/(deficit) after taxation		(756)	0	150
Other comprehensive revenue & expense				
Concert Charitable Trust exit from RNZ Group		(11)	0	0
Revaluation of property, plant and equipment		0	0	3,837
Tax on revaluation		0	0	(197)
Total other Comprehensive Revenue & Expense		(11)	0	3,640
Total Comprehensive Revenue & Expense		(767)	0	3,790

Explanation of major variances against budget is provided in note 28.

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2015

	GROUP ACTUAL 2015 \$000	GROUP BUDGET 2015 \$000	GROUP ACTUAL 2014 \$000
Balance at 1 July	53,160	49,320	49,370
Net surplus/(deficit) after taxation	(756)	0	150
Other comprehensive revenue & expense	(11)	0	3,640
Total comprehensive revenue & expense	(767)	0	3,790
Balance at 30 June	52,393	49,320	53,160

Explanation of major variances against budget is provided in note 28.

Statement of Financial Position

AS AT 30 JUNE 2015

	NOTE	GROUP ACTUAL 2015 \$000	GROUP BUDGET 2015 \$000	GROUP ACTUAL 2014 \$000
EQUITY				
Share capital	18	16,692	16,692	16,692
Revaluation reserve	18	29,872	26,232	29,872
Retained earnings	18	5,829	6,396	6,596
Total equity		52,393	49,320	53,160
CURRENT LIABILITIES				
Creditors & other payables	13	2,040	931	1,477
Provisions	16	0	250	0
Employee entitlements	14	1,905	1,500	2,420
Revenue received in advance		2	0	6
Preference shares	17	4,120	4,120	4,120
Total current liabilities		8,067	6,801	8,023
NON-CURRENT LIABILITIES				
Employee entitlements	14	84	100	84
Deferred tax	7	614	1,100	1,248
Revenue received in advance		0	0	0
Provisions	16	1,042	1,000	999
Total non-current liabilities		1,740	2,200	2,331
Total liabilities and equity		62,200	58,321	63,514
CURRENT ASSETS				
Cash & cash equivalents	8	3,940	4,751	5,769
Investments	9	7,000	6,000	6,000
Receivables	10	268	250	269
Tax refundable		0	0	111
Other receivables		530	100	341
Total current assets		11,738	11,101	12,490
NON-CURRENT ASSETS				
Intangibles	11	1,267	1,400	1,327
Property, plant and equipment	12	49,195	45,820	49,697
Total non-current assets		50,462	47,220	51,024
Total assets		62,200	58,321	63,514

Explanation of major variances against budget is provided in note 28.

For and on behalf of the Board



RICHARD GRIFFIN
Chairman
30 October 2015



GARY MONK
Audit Committee Chairman and Board Member
30 October 2015

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2015

	NOTE	GROUP ACTUAL 2015 \$000	GROUP BUDGET 2015 \$000	GROUP ACTUAL 2014 \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash was provided from:				
Receipts from customers		4,118	3,600	3,588
Government funding & fees		35,302	35,163	35,140
Interest earned		322	350	382
		39,742	39,113	39,110
Cash was applied to:				
Payments to employees		24,527	23,200	23,101
Payments to suppliers		13,796	14,048	14,065
Tax		(111)	0	111
GST (net)		113	(42)	(188)
		38,325	37,206	37,089
Net cash inflow/(outflow) from operating activities	19	1,417	1,907	2,021
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash was provided from:				
Proceeds from sale of property, plant & equipment		0	0	0
		0	0	0
Cash was applied to:				
Acquisition of term investments		1,000	0	0
Purchases of intangible assets		218	285	310
Purchase of property, plant & equipment		2,028	2,715	3,296
		3,246	3,000	3,606
Net cash inflow/(outflow) from investing activities		(3,246)	(3,000)	(3,606)
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash was provided from:				
Increase in capital		0	0	0
Increase in loan	15	0	0	0
		0	0	0
Cash was applied to:				
Repayment of loan	15	0	0	0
		0	0	0
Net cash inflow/(outflow) from financing activities		0	0	0
Net increase/(decrease) in cash & cash equivalents		(1,829)	(1,093)	(1,585)
Add opening bank balance at 1 July		5,769	5,844	7,354
Cash & cash equivalents year end	8	3,940	4,751	5,769
Comprising:				
Cash & cash equivalents		3,940	4,751	5,769
Closing cash & cash equivalents		3,940	4,751	5,769

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

Explanation of major variances against budget is provided in note 28.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

1 STATEMENT OF ACCOUNTING POLICIES

A. REPORTING ENTITY

Radio New Zealand Limited is a Crown entity in terms of the Crown Entities Act 2004 and is domiciled and operates in New Zealand. The relevant legislation governing Radio New Zealand's operations includes the Crown Entities Act 2004 and the Companies Act 1993. Radio New Zealand's ultimate parent is the New Zealand Crown.

Radio New Zealand's primary objective is to provide services to the New Zealand public.

The Group consists of Radio New Zealand Limited and its subsidiary Sound Archives/Ngā Taonga Kōrero Limited (SANTK) which is 100% owned. Sound Archives/Ngā Taonga Kōrero Limited was incorporated in August 1998 and operated the archive since 1 October 1998. In 2013 the operations were transferred to the New Zealand Film Archive. Ownership of the archive library remains with SANTK.

The Concert Charitable Trust, until 2014, was consolidated into the Radio New Zealand's group financials; since formal separation took place in 2015 it is no longer included in the consolidated Radio New Zealand Limited financial statements.

The potential conflict between the pursuits of core public service objectives set out in Radio New Zealand's Charter and more commercial profit-maximisation objectives is minimised.

The Shareholding Ministers have waived the requirement for Radio New Zealand to pay a dividend and approved the Statement of Intent with minimal profit goals while still insisting on sound financial management.

There has been no withdrawal of capital by Shareholding Ministers during the year.

Radio New Zealand has been designated a Public Benefit Entity (PBE) for financial reporting purposes.

B. BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently through the period.

Statement of Compliance

The financial statements of Radio New Zealand have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

These financial statements comply with PBE accounting standards.

These financial statements are the first financial statements presented in accordance with the new PBE accounting standards. The material adjustment arising on transition to the new accounting standards is explained in note 29.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000).

Standards issued and not yet effective and not early adopted

In May 2013, the External Reporting Board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014. Radio New Zealand Limited has applied these standards in preparing the 30 June 2015 financial statements.

In October 2014, the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not-for-profit sector. These updated standards apply to PBEs with reporting periods beginning on or after 1 April 2015. Radio New Zealand Limited has applied these updated standards in preparing its 30 June 2015 financial statements. There has been minimal or no change in applying these updated accounting standards.

C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

i. Revenue

The specific accounting policies for significant revenue items are explained below:

Funding from the Crown

Radio New Zealand is primarily funded from the Crown. This funding is restricted in its use for the purpose of Radio New Zealand meeting the objectives specified in its founding legislation and the scope of the relevant appropriations of the funder.

Radio New Zealand considers there are no conditions attached to the funding and it is recognised as revenue at the point of entitlement.

The fair value of revenue from the Crown has been determined to be equivalent to the amounts due in the funding arrangements.

ii. Donated assets

Where a physical asset is gifted to or acquired by Radio New Zealand for nil consideration or at a subsidised cost, the asset is recognised at fair value and the difference between the consideration provided and fair value of the asset is recognised as revenue. The fair value of donated assets is determined as follows:

- For new assets, the fair value is usually determined by reference to the retail value of the same or similar assets at the time the asset was received.
- For used assets, the fair value is usually determined by reference to market information for assets of a similar type, condition, and age.

iii. Interest revenue

Interest revenue is recognised using the effective interest method.

iv. Rental revenue

Lease receipts are recognised in accordance to the lease contracts.

v. Provision of services

Services provided to third parties on commercial terms are exchange contracts. Revenue from these services is recognised in proportion to the stage of completion at balance date.

vi. Borrowing costs

Borrowing costs are recognised as an expense in the financial year in which they are incurred.

vii. Foreign currency transactions

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into New Zealand \$ (the functional currency) using the spot rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus and deficit.

viii. Leases

Finance leases – Radio New Zealand has no finance leases.

Operating leases – an operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lease. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

ix. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, and other short-term highly liquid investments with original maturities of three months or less.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2015

x. Receivables

Short-term receivables are recorded at their face value, less any provision for impairment. A receivable is considered impaired when there is evidence that Radio New Zealand will not be able to collect the amount due. The amount of the impairment is the difference between the carrying amount of the receivable and the present value of the amounts expected to be collected.

xi. Investments

Bank term deposits

Investments in bank term deposits are initially measured at the amount invested. After initial recognition, investments in bank deposits are measured at amortised cost using the effective interest method, less any provision for impairment.

Equity investments

Radio New Zealand designates equity investments at fair value through other comprehensive revenue and expense, which are initially measured at fair value plus transaction costs.

After initial recognition, these investments are measured at their fair value with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses that are recognised in the surplus or deficit.

On derecognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified to the surplus or deficit.

A significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment. If impairment evidence exists, the cumulative loss recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

xii. Property, plant, and equipment

Property, plant, and equipment consists of the following asset classes: land, buildings, leasehold improvements, furniture and office equipment, and motor vehicles. Land is measured at fair value, and buildings are measured at fair value less accumulated depreciation.

All other assets classes are measured at cost, less accumulated depreciation and impairment losses.

Revaluations

Land and buildings are revalued with sufficient regularity to ensure that the carrying amount does not differ materially from fair value and at least every three years. The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from fair value. If there is evidence supporting a material difference, then the off-cycle asset classes are revalued.

Land and building revaluation movements are accounted for on a class-of-asset basis. The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

Additions

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to Radio New Zealand and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in revaluation reserves in respect of those assets are transferred to general funds.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Radio New Zealand and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

xiii. Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment other than land, at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of property, plant, and equipment have been estimated as follows:

Buildings (including components)	5 to 50 years
Leasehold improvements	Term of lease
Plant and equipment	5 to 20 years
Motor vehicles	5 years
Computer hardware equipment	3 to 5 years
Library books and music collection	10 to 15 years

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

xiv. Intangible assets

Software acquisition and development

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with development and maintenance of Radio New Zealand's website are recognised as an expense when incurred.

The sound archive library is now classed as an intangible asset under PBE accounting standards.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer software	2 to 5 years (50% to 20%)
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The sound archive is a heritage asset which increases in value; therefore it has not been amortised during the year.

Impairment of property, plant, and equipment and intangible assets

Radio New Zealand does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

Non-cash-generating assets

Property, plant, and equipment and intangible assets held at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2015

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in the surplus or deficit.

xv. Payables

Short-term payables are recorded at their face value.

xvi. Borrowings

Borrowings are initially recognised at their fair value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless Radio New Zealand has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

xvii. Employee entitlements

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date. A liability for sick leave is not recognised as unused balances are not carried forward into future periods.

A liability and an expense are recognised for performance-based entitlements where there is a contractual obligation or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

Presentation of employee entitlements

Annual leave, and vested long service leave are classified as a current liability. Non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

xviii. Superannuation schemes

Defined contribution schemes

Obligations for contributions to KiwiSaver and the Government Superannuation Fund are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit as incurred.

Defined benefit schemes

Radio New Zealand makes employer contributions to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

xix. Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in 'finance costs'.

Restructuring

A provision for restructuring is recognised when an approved detailed formal plan for the restructuring has either been announced publicly to those affected, or for which implementation has already commenced.

xx. Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components.

- contributed capital;
- accumulated surplus/(deficit);
- property revaluation reserves; and
- fair value through other comprehensive revenue and expense reserves.

xxi. Property revaluation reserve

This reserve relates to the revaluation of property, plant, and equipment to fair value.

xxii. Goods and services tax

All items in the financial statements are presented exclusive of GST, except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

xxiii. Income tax

Income tax expense comprises both current tax and deferred tax, and is calculated using tax rates that have been enacted or substantively enacted by balance date. Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses.

Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised. Deferred tax is not recognised if temporary differences arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit. Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests on joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Current tax and deferred tax is charged or credited to the statement of financial performance, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

xxiv. Budget figures

The budget figures are derived from the statement of performance expectations as approved by the Board and Shareholding Ministers at the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements.

xxv. Cost allocation

Radio New Zealand has determined the cost of outputs using the cost allocation system outlined below.

Direct costs are those costs directly attributed to an output. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific output.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2015

Direct costs are charged directly to outputs. Indirect costs are charged to outputs based on cost drivers and related activity or usage information. Depreciation is charged on the basis of asset utilisation.

Personnel costs are charged on the basis of actual time incurred. Property and other premises costs, such as maintenance, are charged on the basis of floor area occupied for the production of each output.

Other indirect costs are assigned to outputs based on the proportion of actual usage of Technology's services and equipment. Business costs are allocated according to the number of staff in each cost centre or actual usage.

There have been no changes to the cost allocation methodology since the date of the last audited financial statements.

xxvi. Critical accounting estimates and assumptions

In preparing these financial statements, Radio New Zealand has made estimates and assumptions concerning the future.

These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimating the fair value of land and buildings

The significant assumptions applied in determining the fair value of land and buildings are disclosed in note 12.

Estimating useful lives and residual values of property, plant, and equipment

At each balance date, the useful lives and residual values of property, plant, and equipment are reviewed. Assessing the appropriateness of useful life and residual value estimates of property, plant, and equipment requires a number of factors to be considered such as the physical condition of the asset, expected period of use of the asset by Radio New Zealand, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will affect the depreciation expense recognised in the surplus or deficit, and carrying amount of the asset in the statement of financial position. Radio New Zealand minimises the risk of this estimation uncertainty by:

- physical inspection of assets;
- asset replacement programmes;
- review of second hand market prices for similar assets; and
- analysis of prior asset sales.

xxvii. Long service leave

Note 14 provides an analysis of the exposure in relation to estimates and uncertainties surrounding long service leave liabilities.

xxviii. Critical judgement in applying accounting policies

Management has exercised critical judgement in applying accounting policies over many areas.

2 GOVERNMENT FUNDING & FEES

	GROUP ACTUAL 2015 \$000	GROUP ACTUAL 2014 \$000
New Zealand On Air	32,015	31,947
Ministry for Culture & Heritage	1,900	1,900
Parliamentary Services	1,387	1,250
Freeview	0	43
Total Government funding and fees	35,302	35,140

Radio New Zealand has been provided with funding from the Crown for the specific purposes as set out in its Charter, the Radio New Zealand Act 1995 and the Crown Entities Act 2004.

3 OTHER REVENUE

Rental income from property leases	411	548
Co-siting revenue [*]	1,274	1,280
Insurance claims [net]	1,318	488
Donations	21	28
Other	1,201	1,093
Total other income	4,225	3,437

During the year Radio New Zealand received donations of music cds and books which were added to the library collections.

* revenue from some co-siting contracts may have revenue exchange conditions attached whereby if all or parts of the contracts are unfulfilled, revenue may be required to be returned to the customer.

4 PERSONNEL EXPENSES

Salaries and wages	23,384	22,353
Superannuation	731	698
Other employee costs	277	166
Increase/ (decrease) - employee entitlements	7	15
Total personnel costs	24,399	23,232

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2015

5 OPERATING EXPENSES

	GROUP ACTUAL 2014 \$000	GROUP ACTUAL 2015 \$000
Directors' fees	184	184
Operating lease expenses	1,374	1,427
Property	695	640
Travel	623	668
Transmission	4,147	4,173
Programming	3,026	3,375
Advertising & publicity	276	297
Insurance	366	272
Impairment of property, plant, equipment	2	3
Legal expenses	630	241
Restructuring costs	31	166
Redundancy costs	0	570
Consultancy fees	68	151
Other	1,566	1,790
Total operating expenses	12,988	13,957

6 DEPRECIATION & AMORTISATION

	GROUP ACTUAL 2015 \$000	GROUP ACTUAL 2014 \$000
Depreciation	2,530	2,359
Amortisation	278	221
Total depreciation and amortisation	2,808	2,580

7 TAXATION

	GROUP ACTUAL 2015 \$000	GROUP ACTUAL 2014 \$000
Relationship between tax and accounting profit		
Net surplus/ (deficit) before tax	(1,390)	13
Tax @ 28%	(389)	4
Plus/(less) the tax effect of:		
Non-deductible expenditure	23	22
Unrecognised temporary differences	0	0
Non-taxable income	(261)	(10)
Prior year adjustment	0	0
Unrecognised tax losses	0	(8)
Deferred tax adjustment	(7)	(145)
Tax expense/(benefit)	(634)	(137)
Components of tax expense		
Current tax expense	0	0
Deferred tax	(634)	(137)
	(634)	(137)

	PPE \$000	OTHER PROVISIONS \$000	TAX LOSSES \$000	TOTAL \$000
GROUP DEFERRED TAX ASSET (LIABILITY)				
Balance at 1 July 2013	(2,010)	798	24	(1,188)
Charged to revenue	180	(69)	26	137
Charged to comprehensive revenue	(197)	0	0	(197)
Balance at 30 June 2014	(2,027)	729	50	(1,248)
Balance at 1 July 2014	(2,027)	729	50	(1,248)
Charged to revenue	216	2	416	634
Charged to comprehensive revenue	0	0	0	0
Balance at 30 June 2015	(1,811)	731	466	(614)

	GROUP ACTUAL 2015 \$000	GROUP ACTUAL 2014 \$000
IMPUTATION CREDIT ACCOUNT		
Imputation credits are available for use in subsequent periods.	1,284	1,288

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2015

8 CASH & CASH EQUIVALENTS

	GROUP ACTUAL 2015 \$000	GROUP ACTUAL 2014 \$000
Cash & call deposits	3,940	5,769
The carrying value of call deposits are at fair value.		

9 INVESTMENTS

Term deposits	7,000	6,000
Current	7,000	6,000
Non-current	0	0

The carrying amounts of the term deposits with maturities less than 12 months approximate their fair value.

Radio New Zealand is a 5% shareholder in Freeview Limited, a joint venture company formed to provide free-to-air digital broadcasting in New Zealand; capital is unpaid, value is nil.

Sound Archives/Ngā Taonga Kōrero Limited is a 100% owned subsidiary; capital is unpaid, value is \$800,000.

10 RECEIVABLES

Receivables	274	279
Provision for impairment	(6)	(10)
Total receivables	268	269

The carrying value of receivables approximate their fair value.

As at 30 June 2015, all overdue receivables have been assessed for impairment and appropriate provision applied as follows:

	GROSS 2015 \$000	IMPAIRMENT 2015 \$000	NET 2015 \$000	GROSS 2014 \$000	IMPAIRMENT 2014 \$000	NET 2014 \$000
Not past due	230	0	230	231	0	231
Past due 1–30 days	35	0	35	8	0	8
Past due 31–60 days	1	0	1	30	0	30
Past due 61–90 days	0	0	0	0	0	0
Past due > 91 days	8	(6)	2	10	(10)	0
	274	(6)	268	279	(10)	269

The provision for impairment has been calculated based on expected losses for Radio New Zealand's pool of receivables. Expected losses have been determined based on an analysis and review of specific receivables.

Movement in the provision for impairment of receivables is as follows:

	GROUP ACTUAL 2015 \$000	GROUP ACTUAL 2014 \$000
Balance at 1 July	10	18
Reversed during the year	(4)	(7)
Receivables written off during the year	0	(1)
Balance at 30 June	6	10

11 INTANGIBLE ASSETS

	GROUP ACTUAL 2015 \$000	GROUP ACTUAL 2014 \$000
Software	467	520
Sound archives collection/other	800	807
Total intangible assets	1,267	1,327

Movements for each class of intangible asset are as follows:

	SOFTWARE 2015 \$000	SOFTWARE 2014 \$000	OTHER 2015 \$000	OTHER 2014 \$000
Cost				
Balance at 1 July 2014	3,755	3,451	2,404	1,599
Additions	226	310	0	5
Transfer – sound archive collection	0	0	0	800
Disposals	0	(6)	(1,600)	0
Balance at 30 June 2015	3,981	3,755	804	2,404
Accumulated amortisation				
Balance at 1 July 2014	3,235	3,023	1,597	1,592
Amortisation expense	279	217	1	5
Disposals/impairment losses	0	(5)	(1,594)	0
Balance at 30 June 2015	3,514	3,235	4	1,597
Carrying amounts as at 30 June 2015	467	520	800	807

In 2015, Radio New Zealand adopted IPSAS. The sound archives collection was reclassified from PPE to intangible assets; this is reflected in the 2014 comparatives.

There are no restrictions over the title of Radio New Zealand's intangible assets pledged as security for liabilities.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2015

12 PROPERTY, PLANT AND EQUIPMENT GROUP

PARENT	LAND \$000	BUILDINGS \$000	LEASEHOLD IMPROVEMENTS \$000	PLANT & EQUIPMENT \$000	LIBRARIES \$000	COMPUTER HARDWARE \$000	FURNITURE & FITTINGS \$000	TOTAL \$000
COST OR VALUATION								
Balance 1 July 2013	27,888	7,325	5,520	25,326	3,150	6,160	4,430	79,799
Additions	0	1,607	172	875	0	748	204	3,606
Revaluation movement	3,127	(1,097)	0	0	0	0	0	2,030
Disposals	0	0	(10)	(51)	0	(7)	(28)	(96)
Adjustments	0	0	0	(200)	0	0	0	(200)
Work in progress transfer	0	0	(25)	(9)	111	(300)	(87)	(310)
Balance 30 June 2014	31,015	7,835	5,657	25,941	3,261	6,601	4,519	84,829
Balance 1 July 2014	31,015	7,835	5,657	25,941	3,261	6,601	4,519	84,829
Additions	0	0	73	851	93	1,022	215	2,254
Revaluation movement	0	0	0	0	0	0	0	0
Disposals	0	0	0	(3)	0	0	(22)	(25)
Adjustments	0	0	0	(34)	0	0	0	(34)
Work in progress transfer	0	79	(24)	(222)	0	(21)	(38)	(226)
Balance 30 June 2015	31,015	7,914	5,706	26,533	3,354	7,602	4,674	86,798
ACCUMULATED DEPRECIATION & IMPAIRMENT LOSSES								
Balance 1 July 2013	0	1,242	5,216	18,222	1,853	4,646	3,698	34,877
Depreciation expense	0	587	109	847	210	402	204	2,359
Eliminate on disposal	0	0	(10)	(51)	0	(6)	(29)	(96)
Adjustments	0	0	0	(200)	0	0	0	(200)
Eliminate on revaluation	0	(1,802)	(6)	0	0	0	0	(1,808)
Impairment losses	0	0	0	0	0	0	0	0
Balance 30 June 2014	0	27	5,309	18,818	2,063	5,042	3,873	35,132
Balance 1 July 2014	0	27	5,309	18,818	2,063	5,042	3,873	35,132
Depreciation expense	0	662	123	887	219	428	209	2,528
Eliminate on disposal	0	0	(3)	0	0	0	(18)	(21)
Adjustments	0	0	0	(36)	0	0	0	(36)
Eliminate on revaluation	0	0	0	0	0	0	0	0
Impairment losses	0	0	0	0	0	0	0	0
Balance 30 June 2015	0	689	5,429	19,669	2,282	5,470	4,064	37,603
CARRYING AMOUNTS								
At 30 June 2013	27,888	6,083	304	7,104	1,297	1,514	732	44,922
At 30 June 2014	31,015	7,808	348	7,123	1,198	1,559	646	49,697
At 30 June 2015	31,015	7,225	277	6,864	1,072	2,132	610	49,195

The total amount of property, plant and equipment in the course of construction is \$1,183,285 (2014: \$1,282,886).

Most of the balance of Work In Progress is for \$877k of computer related capital expenditure.

Valuation

Radio New Zealand Limited has significant library and music collections. Property, plant and equipment values are reflected in the statement of financial position at their fair value. Land and buildings were valued by Absolutevaluers NZ Ltd registered valuers in 2014. The reference library was valued at the original valuation of \$400,000 and the music library was valued at \$1.4 million. The music library valuation was completed by Rolle Limited (independent valuers) as at 30 June 2003. The company's 100% owned subsidiary, Sound Archives/Ngā Taonga Kōrero Limited, has a substantial archival collection of valuable radio recordings, which is valued at \$800,000. This valuation was reviewed by the Director of Sound Archives/Ngā Taonga Kōrero Limited as at 30 June 2014 and as no impairment was assessed has been left unchanged from last valuation effective 30 June 2013. Depreciation has not been charged on the archival assets collection in 2014/2015.

13 CREDITORS AND OTHER PAYABLES

	GROUP ACTUAL 2015 \$000	GROUP ACTUAL 2014 \$000
Creditors	1,286	1,133
Accrued expenses	754	344
	2,040	1,477

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms; therefore the carrying value of creditors and other payables approximates their fair value

14 EMPLOYEE ENTITLEMENTS

Current	1,905	2,420
Non-current long service leave	84	84
	1,989	2,504
This is represented by:		
Annual leave	1,551	1,732
Other & accrued salaries	335	679
Long service leave	103	93
	1,989	2,504

The present value of long service leave obligations depends on a number of factors that are determined on an actuarial basis.

Two key assumptions used in calculating this liability include the discount rate and the inflation factor. Any changes in these assumptions will affect the carrying amount of the liability.

Expected future payments are discounted using forward discount rates derived from the yield curve of New Zealand government bonds.

The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows. The salary inflation factor has been determined after considering Radio New Zealand's historical salary inflation patterns and after obtaining advice from an independent actuary.

A weighted average discount rate of 2.91% (2014: 4.4%) and an inflation factor of 1.63% was used.

If the discount rate were to differ by 1% from that used, with all other factors held constant, the carrying amount of the long service leave would be an estimated \$4,408 higher/lower.

If the salary inflation factor were to differ by 1% from that used, with all other factors held constant, the carrying amount of the long service leave liability would be an estimated \$6,453 higher/lower.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2015

15 BANK LOAN

	GROUP ACTUAL 2015 \$000	GROUP ACTUAL 2014 \$000
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Multi option credit line	0	0
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Radio New Zealand has a redrawable line of credit of \$3,500,000 with Westpac Banking Corporation. The credit advance is a short-term market unsecured advance and the interest rate charged is the Westpac offer rate at the time the advance was made plus a margin of 1.15%. This facility was not used during the year.

Radio New Zealand has an overdraft facility of \$250,000. The overdraft facility was not used in the 2015 year nor was there any interest incurred this year. The overdraft facility was used twice in the 2014 year and associated interest was \$465.

Radio New Zealand has a credit card facility to the value of \$320,000 (2014: \$450,000).

Radio New Zealand has a negative pledge agreement with Westpac Banking Corporation.

16 PROVISIONS

Represented by:

Current	0	0
Non-current – lease make good/other	1,042	999

In respect to three of its leased premises, at the expiry of the lease term, Radio New Zealand is required to make good any damage caused from installed fixtures and fittings and to remove any fixtures or fittings installed. This provision is \$1,041,648 (2014: \$996,426) and \$55,222 in finance costs in relation to the future valuing of its make good provisions is included.

Movements for Provisions:	Lease make good & other
Balance at 1 July 2013	961
Movements – financing costs	38
Balance at 30 June 2014	999
Balance at 1 July 2014	999
Other	(13)
Movements – financing costs	56
Balance at 30 June 2015	1,042

17 REDEEMABLE PREFERENCE SHARES

Preference shares on issue at 30 June 2015 were reclassified from equity in 2007 to liabilities in 2008.

They are classified as a current liability as they are legally redeemable on 30 days notice.

Redeemable preference shares	4,120	4,120
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There are 4,119,680 shares valued at \$1 per share and they are held in equal portions by the Minister of Broadcasting and the Minister of Finance.

Redeemable preference shares have the following rights:

- (a) No voting rights except
 - (i) In the event of a liquidation or any proposal of liquidation.
 - (ii) When the company is in default in the payment of any dividend.
- (b) The right to:
 - (i) A non-cumulative preferential dividend at a rate equal to the aggregate 5-year Benchmark Bond rate plus 1%.
 - (ii) All dividends shall be payable by equal half yearly instalments on 31 May and 30 November in each calendar year.
 - (iii) The priority to receive such dividends over rights of ordinary shareholders to receive a dividend.
 - (iv) Dividends commence from 1 December 1998. For 2014/2015 the Shareholding Ministers advised that Radio New Zealand is not required to pay a dividend.
- (c) On redemption, the company shall redeem the preference shares in cash by repaying the capital paid up or credited as paid up. Shareholding Ministers did not require Radio New Zealand to pay a dividend on their shareholding in the company. This was confirmed by the Minister of Broadcasting for the 2014/2015 income year.

18 EQUITY

	GROUP ACTUAL 2015 \$000	GROUP ACTUAL 2014 \$000
SHARE CAPITAL		
Ordinary \$1 shares		
Ordinary shares have the following rights:		
(a) Normal voting rights		
(b) No fixed dividend rights		
Balance at 1 July	16,692	16,692
Issue ordinary shares	0	0
Balance at 30 June	16,692	16,692
REVALUATION RESERVE		
Balance at 1 July	29,872	26,232
Revaluation land	0	3,127
Revaluation buildings	0	710
Tax on Revaluation	0	(197)
Balance at 30 June	29,872	29,872
Radio New Zealand revalued its owned land and building throughout New Zealand to current market value in the 2014 accounts. The independent valuation was performed by AbsoluteValue NZ, registered public valuers.		
RETAINED EARNINGS		
Balance at 1 July	6,596	6,446
Net surplus/ (deficit)	(756)	150
Other comprehensive income	(11)	0
Balance at 30 June	5,829	6,596

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2015

19 RECONCILIATION OF THE NET SURPLUS/(DEFICIT) FROM OPERATIONS WITH THE NET CASH FLOWS FROM OPERATING ACTIVITIES

For the year ended 30 June 2015

	GROUP ACTUAL 2015 \$000	GROUP ACTUAL 2014 \$000
Net surplus/(deficit) before taxation	(1,390)	13
Add/(less) non-cash items:		
Depreciation & amortised expenses	2,808	2,580
Bad debts written off	0	0
Change in provision for impaired debts	(4)	(8)
Impaired property, plant and equipment	3	3
Financing costs – make good provision	55	38
Donated assets income	(21)	(28)
Capitalised labour	(174)	(48)
Non-current – long service leave movement	9	4
Other	164	71
Total non-cash items	2,840	2,612
Add/(less) items classified as investing activities:		
Net (gain)/loss on sale of fixed assets	0	0
Add/(less) movements in working capital items:		
Decrease/(increase) in receivables	1	(28)
Decrease/(increase) in tax refundable	111	(111)
Decrease/(increase) in prepayments/other receivables	(189)	183
Decrease/(increase) in intangibles	0	0
Increase/(decrease) in creditors/accruals	563	(778)
Increase/(decrease) in provisions	0	0
Increase/(decrease) in current employee entitlements	(515)	129
Increase/(decrease) in provision for tax	0	0
Increase/(decrease) in revenue received in advance	(4)	1
Working capital movement – net	(33)	(604)
Net cash flow from operating activities	1,417	2,021

20 COMMITMENTS

	GROUP ACTUAL 2015 \$000	GROUP ACTUAL 2014 \$000
Capital commitments	58	20
Non-cancellable operating lease commitments:		
– not later than one year	247	555
– later than one year and less than five years	305	396
– later than five years	219	235
Total non-cancellable operating lease commitments	771	1,186
Radio New Zealand leases properties in Wellington, Christchurch, and Dunedin and in a number of regional areas of New Zealand. The main leases expire between 2015 and 2017.		
There are restrictions on these leases to “make good” the property at the end of the lease. Radio New Zealand has recognised this future liability by creating a provision in its statement of financial position.		
Other non-cancellable operating commitments:		
– not later than one year	4,913	4,238
– later than one year and less than five years	6,573	4,995
– later than five years	0	0
	11,486	9,233
Total non-cancellable commitments	12,257	10,419

21 CONTINGENT LIABILITIES

Legal proceedings and disputes	0	310
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Radio New Zealand has not identified any contingent liabilities to be disclosed immediately.

In 2013/2014 there was one defamation action from its operations. This action was taken by a former employee and was struck out by the court in the current year.

22 CONTINGENT ASSETS

There are no quantifiable contingent assets (2014: nil)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2015

23 RELATED PARTY TRANSACTIONS, KEY MANAGEMENT PERSONNEL AND EMPLOYEE REMUNERATION

All related party transactions have been entered into on an arm's length basis.

Radio New Zealand is a wholly owned limited liability company of the Crown. The shares are held in equal portions by the Minister of Broadcasting and the Minister of Finance.

A. SIGNIFICANT TRANSACTIONS WITH GOVERNMENT-RELATED ENTITIES

Radio New Zealand received funding of \$31.816 million (2014: \$31.816 million) from New Zealand On Air for the year ended 30 June 2015. The contract between the two parties for broadcasting services prescribes the services which must be provided in relation to transmission coverage and hours, types of programmes to be broadcast, and also places restrictions on advertising.

In a separate agreement for the year ended 30 June 2015, \$199,000 (2014: \$131,333) funding was received from New Zealand On Air for The Wireless, a Radio New Zealand digital programme on the web for "Fresh Voices", that explores contributions from new talent.

Radio New Zealand International, a division of Radio New Zealand Limited, received funding of \$1.90 million (2014: \$1.90 million) from the Ministry for Culture and Heritage for the year ended 30 June 2015.

B. COLLECTIVELY, BUT NOT INDIVIDUALLY SIGNIFICANT, TRANSACTIONS WITH GOVERNMENT-RELATED ENTITIES

In conducting its activities, Radio New Zealand is required to pay various taxes (such as GST, FBT, PAYE and ACC levies) to the Crown. The payment of these taxes and levies are based on the standard terms and conditions that apply to all tax and levy payers. Income tax is calculated under existing income tax legislation of New Zealand.

Radio New Zealand purchases goods and services from entities controlled, significantly influenced, or jointly controlled by the Crown. Purchases from these government-related entities for the year ended 30 June 2015 totaled \$3.39m (2014: \$3.14m). These purchases include the broadcast frequency rights from the Ministry of Business, Innovation and Employment, technical services from Kordia, weather information from the Meteorological Service of New Zealand and a levy to the Broadcasting Standards Authority.

C. INTER-GROUP TRANSACTIONS

There were no transactions between Radio New Zealand and the Concert Charitable Trust in the 2015 year (2014: \$1,380). Radio New Zealand agreed to cover costs related to the separation of the Concert Charitable Trust from Radio New Zealand.

D. KEY MANAGEMENT AND DIRECTORS

There are no material transactions between directors and senior management and Radio New Zealand Limited in any capacity other than that for which they are employed.

The Chief Executive, Paul Thompson, is a director of Sound Archives Ngā Taonga Kōrero Limited, a 100% owned subsidiary company of Radio New Zealand Limited.

The Head of Technology, Matthew Finn, is a director of Freeview Limited. Radio New Zealand has 5% of the shares in the company.

During the year, Radio New Zealand paid Freeview Limited \$54,929 for its 5% share of operational funding (2014: \$21,245).

No Freeview Limited funding was received in 2014/2015 (2014: \$43,000).

All material transactions are on an arm's length basis, with the interest of each party being completely independent.

E. KEY MANAGEMENT PERSONNEL COMPENSATION

	GROUP ACTUAL 2015 \$000	GROUP ACTUAL 2014 \$000
Directors		
Remuneration	184	184
Full-time equivalent members	0.17	0.18
Leadership team/senior managers		
Remuneration	1,776	2,197
Full-time equivalent current members	8	12
Full-time equivalent former members	4	1

F. EMPLOYEE REMUNERATION

Details of the remuneration range for employees whose remuneration is over \$100,000 for the year ended 30 June 2015 are:

REMUNERATION RANGES FOR EMPLOYEES	NUMBER OF EMPLOYEES	
	2015	2014
\$100,000 – 109,999	9	7
\$110,000 – 119,999	10	10
\$120,000 – 129,999	4	3
\$130,000 – 139,999	3	3
\$140,000 – 149,999	2	3
\$150,000 – 159,999	1	0
\$160,000 – 169,999	1	0
\$170,000 – 179,999	1	1
\$180,000 – 189,999	0	1
\$190,000 – 199,999	1	0
\$210,000 – 219,999	1	1
\$240,000 – 249,999	0	1
\$360,000 – 369,999	0	1
\$400,000 – 410,999	1	0
Total number of employees in these ranges	34	31

During the year ended 30 June, ten employees received compensation and other benefits in relation to cessation totalling \$570,494 (2014:\$0).

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2015

24 BOARD MEMBERS' REMUNERATION

DIRECTORS' REMUNERATION

The following persons held office as director during the year and received the following remuneration as directors of Radio New Zealand Limited. No Board member received compensation or other benefits in relation to cessation (2014:0).

	2015 \$	2014 \$
Richard Griffin – Chairman	42,500	42,500
Josh Easby – Deputy Chairman	26,000	26,000
Gary Monk – Chairman Audit Committee	29,500	29,500
Rt Hon. Paul East QC CNZM	0	17,917
Tiwana Tibble	21,500	21,500
Sheena Henderson	21,500	21,500
Jane Taylor	21,500	21,500
Melissa Clark-Reynolds	21,500	3,583
Total Board member remuneration	184,000	184,000

25 EVENTS AFTER THE REPORTING DATE

Radio New Zealand is restructuring its operations to further meet increasing demands for multimedia news and entertainment programmes and also to attract a greater audience share. As a consequence further redundancies may result.

In late June 2015, a defamation action was issued against Radio New Zealand. This action was settled in August with an issued apology and a payment of \$15,695 for costs.

26 FINANCIAL INSTRUMENTS

Radio New Zealand's activities expose it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risk. Radio New Zealand has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

A. MARKET RISK

Radio New Zealand has no equity investments exposed to price risk as at 30 June 2015.

B. FAIR VALUE INTEREST RATE RISK

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. Radio New Zealand's exposure to fair value interest rate risk is limited to its bank deposits which are held at fixed rates of interest. Radio New Zealand does not actively manage its exposure to fair value interest rate risk.

C. CASH FLOW INTEREST RATE RISK

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Investments and borrowings issued at variable interest rates expose Radio New Zealand to cash flow interest rate risk. Radio New Zealand currently has no variable interest rate investments.

D. CURRENCY RISK

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Radio New Zealand's policy is to manage foreign currency risks arising from contractual commitments and liabilities by entering into foreign exchange forward contracts.

Radio New Zealand purchases goods and services overseas which require it to enter into transactions denominated in foreign currencies. As at 30 June 2015 Radio New Zealand had no foreign exchange forward contracts.

E. CREDIT RISK

Credit risk is the risk that a third party will default on its obligation to Radio New Zealand, causing it to incur a loss. Due to the timing of its cash inflows and outflows, Radio New Zealand invests surplus cash with registered banks. Radio New Zealand has processes in place to review the credit quality of customers prior to the granting of credit. In the normal course of business, Radio New Zealand is exposed to credit risk from cash and term deposits with banks, debtors and other receivables, and derivative financial instrument assets. For each of these, the maximum credit exposure is best represented by the carrying amount in the statement of financial position.

Radio New Zealand invests funds and enters into derivative financial instruments only with registered banks that have a Standard and Poor's credit rating of at least A2 for short term and A- for long term investments. Radio New Zealand has experienced no defaults of interest or principal payments for term deposits. Radio New Zealand holds no collateral or other credit enhancements for financial instruments that give rise to credit risk.

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:

	2015 \$000	2014 \$000
Counterparties with credit ratings		
Cash at bank and term deposits	10,940	11,769
AA rating		

F. LIQUIDITY RISK

Management of liquidity risk

Liquidity risk is the risk that Radio New Zealand will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and the ability to close out market positions. Radio New Zealand has no borrowings or loans other than its preference shares. Shareholding Ministers have indicated they will not require redemption against the shares in 2014/2015.

Radio New Zealand mostly manages liquidity risk by continuously monitoring forecast and actual cash flow requirements.

Contractual maturity analysis of financial liabilities, excluding derivatives:

	CARRYING AMOUNT \$000	CONTRACTUAL CASH FLOWS \$000	LESS THAN 6 MONTHS \$000	6-12 MONTHS \$000	LATER THAN 1 YEAR \$000
2015 Creditors and other payables	2,040	2,040	2,040	0	0
2014 Creditors and other payables	1,477	1,477	1,477	0	0

27 CAPITAL MANAGEMENT

Radio New Zealand's capital is its equity, which comprises accumulated funds and revaluation reserves. Equity is represented by net assets.

Radio New Zealand is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which imposes restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities, and the use of derivatives.

Radio New Zealand manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments, and general financial dealings to ensure it effectively achieves its objectives and purpose, while remaining a going concern.

28 EXPLANATION OF SIGNIFICANT VARIANCES AGAINST BUDGET

Significant variances from Radio New Zealand's budget figures in the Statement of Performance Expectations (SPE) are as follows:

A. STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE

Revenue and expenditure were both over budget for the year. The yearend position was an operational deficit of \$1.390m against a break-even result budgeted for.

Insurance receipts totalling \$1.32m were received in relation to material and business interruption damage incurred in the 2011 Canterbury earthquakes against \$500k budgeted.

Expenditure was 6% over budget and contributing significantly was \$736k of restructuring and redundancy costs.

B. STATEMENT OF FINANCIAL POSITION

Non-current property, plant and equipment was higher than budget largely due to the revaluation of land and buildings which was not provided in the 2014/2015 budget, as the revaluation process was still in progress at the time. As a result a significant variance is reflected in equity, actual against budget.

Other large capital projects had not started allowing for higher balances of investments to be placed on bank deposits.

Employee entitlements have increased over budget with staff taking less leave during the year. Significant target reductions have been scheduled for 2015/2016.

C. CASH FLOW STATEMENT

Cash flow from operating activities was behind budget. Although revenue receipts were higher than budget due to higher insurance receipts, operating expenditures relating to personnel and redundancies were also higher.

Cash flow from investing activities was over budget. Some large projects have not yet proceeded so capital expenditure was under budget. In turn this allowed surplus cash to be placed on term deposit to maximise returns.

29 ADJUSTMENTS ARISING FROM THE TRANSITION TO THE NEW PBE ACCOUNTING STANDARDS

Reclassification adjustment

The sound archive collection has been reclassified from property, plant and equipment to intangible assets.

The value is \$800,000 and remains the same as the previous year where the director of Sound Archives/Ngā Taonga Kōrero Limited had reviewed the value and deemed there has been no change in value on transition.

Statement of Performance Expectations

FOR THE YEAR ENDED 30 JUNE 2015

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STATEMENT OF PERFORMANCE EXPECTATIONS

THIS STATEMENT REPORTS ON THE PERFORMANCE OF RADIO NEW ZEALAND LIMITED IN RELATION TO THE KEY PERFORMANCE INDICATORS SET OUT IN ITS STATEMENT OF PERFORMANCE EXPECTATIONS FOR THE YEAR ENDED 30 JUNE 2015.

	RADIO NEW ZEALAND NATIONAL 2015	RADIO NEW ZEALAND CONCERT 2015	RADIO NEW ZEALAND INTERNATIONAL 2015	THE WIRELESS 2015	GROUP TOTAL 2015
Reconciliation of output financial statements to group net surplus/(deficit) before tax					
Income					
New Zealand on Air funding – Radio New Zealand	27,131	4,685	0	199	32,015
Freeview	0	0	0	0	0
Ministry for Culture and Heritage funding	0	0	1,900	0	1,900
Other revenue	5,055	641	324	0	6,020
Total income	32,186	5,326	2,224	199	39,935
Expenditure					
Operating costs	33,006	5,359	2,310	650	41,325
Total expenditure	33,006	5,359	2,310	650	41,325
Net surplus/(deficit)	(820)	(33)	(86)	(451)	(1,390)

Measuring Performance Against Research Results

RADIO NEW ZEALAND USES THE SURVEY GAUGE SHOWN BELOW. ACTUAL RESULTS FROM SURVEYS ARE ASSESSED AGAINST THE GAUGE TO IDENTIFY HOW WELL WE HAVE PERFORMED IN A PARTICULAR AREA.



RADIO NEW ZEALAND LTD

- AN INDEPENDENT AND COMMERCIAL FREE PUBLIC SERVICE BROADCASTER, SERVING THE PUBLIC INTEREST.
- A DESIGNATED LIFELINE UTILITY KEEPING NEW ZEALANDERS INFORMED IN TIMES OF A CIVIL EMERGENCY.

Sustainability:

TO MATCH SERVICES WITH AVAILABLE RESOURCES AND CREATE A CAPITAL STRUCTURE AND OPERATING SYSTEMS THAT GUARANTEES OUR CONTINUING FINANCIAL VIABILITY AND SUPPORTS GROWTH OF SHAREHOLDER VALUE.

MEASURE	2015 (ACTUAL)	2015 (FORECAST)	2014 (ACTUAL)
<ul style="list-style-type: none"> • Sustainable Infrastructure - Maintain Radio New Zealand's business continuity to ensure service delivery and deliver in the event of a declared Civil Defence emergency. <ul style="list-style-type: none"> – Maintain Radio New Zealand's asset base (\$000s capital expenditure) 	\$2,246	\$3,000	\$3,606
<ul style="list-style-type: none"> • Sustainable Financial Viability – Managing financial resources to deliver Charter requirements. <ul style="list-style-type: none"> – Maintenance of the Radio New Zealand Ltd debt/equity ratio – Radio New Zealand overheads as a percentage of gross operating expenditure 	1:5 15%	1:5 15%	1:5 15%
<ul style="list-style-type: none"> • Living within our means, delivering a balanced book (surplus/ (deficit) before tax (\$000s)). <ul style="list-style-type: none"> – Revenue (\$000s) – Expenditure (\$000s) – Net surplus/(deficit) (\$000s) 	\$39,935 \$41,325 (\$1,390)	\$39,113 \$39,113 \$0	\$38,959 \$38,946 \$13
<ul style="list-style-type: none"> • Sustainable Infrastructure – Availability¹ of services. <ul style="list-style-type: none"> – Availability of the AM and/or FM network signals to New Zealanders – The percentage of the population able to receive a Freeview HD signal – The percentage of the population able to receive a satellite digital service – Availability of website services for radionz.co.nz, mzi.com² and thewireless.co.nz 	99.97% 75% 100% 99.9%	99.9% 75% 100% 99.9%	99.97% not previously measured 100% 99.96%

¹Other than time lost for planned maintenance.

² Part way through the reporting year the Radio New Zealand International website was incorporated into radionz.co.nz

Quality Content Production and Delivery:

TO SUSTAIN AND IMPROVE THE RANGE AND QUALITY OF OUR SERVICES CONSISTENT WITH OUR CHARTER, LISTENER NEEDS AND INTERNATIONAL BEST PRACTICE.

MEASURE	2015 (ACTUAL)	2015 (FORECAST)	2014 (ACTUAL)
<ul style="list-style-type: none"> • Expansion of online content. <ul style="list-style-type: none"> – radionz.co.nz, rnzi.com and thewireless.co.nz – cumulative number of hours of audio available online – radionz.co.nz, rnzi.com and thewireless.co.nz – cumulative number of items of audio available online 			
	34,000 hrs	29,000 hrs	27,000 hrs ³
	204,000 items	195,000 items	173,000 items ³
<ul style="list-style-type: none"> • Sustainable Multimedia Engagement – audience engagement through other available platforms: <ul style="list-style-type: none"> – Access numbers to the websites radionz.co.nz, rnzi.com and thewireless.co.nz⁴ – Number of download requests met from radionz.co.nz, rnzi.com and thewireless.co.nz – Number of active users per month accessing Radio New Zealand services through mobile voice and data devices 			
	36.1 million	16.7 million	21.0 million
	4.2 million	3.5 million	3.5 million
	32,000	13,000	21,000

Stakeholder Satisfaction:

TO DEMONSTRATE TO STAKEHOLDERS AND TO NEW ZEALANDERS THAT QUALITY PUBLIC SERVICE BROADCASTING IS AN ESSENTIAL COMPONENT OF A FREE AND DEMOCRATIC SOCIETY AND ENSURING THE SERVICES PROVIDED BY RADIO NEW ZEALAND ARE VALUED BY ALL.

MEASURE	2015 (ACTUAL)	2015 (FORECAST)	2014 (ACTUAL)
<ul style="list-style-type: none"> • Listeners' satisfaction with the quality of programming and the perceptions of Radio New Zealand's importance. Measured by undertaking research and determining from the research gauge how well we have performed in a particular area. <ul style="list-style-type: none"> – Perception among New Zealanders that it is important for New Zealand to have a public service radio broadcaster⁵ – Radio New Zealand National listeners who are satisfied or very satisfied with Radio New Zealand National programming⁶ – Radio New Zealand Concert listeners who are satisfied or very satisfied with Radio New Zealand Concert programming⁶ 			
	very good	very good	very good
	very good	very good	very good
	very good	good to very good	good

³The 2013/2014 results relate to data from radionz.co.nz only, data for thewireless.co.nz is included in the 2014/2015 results.

⁴Annual total of page impressions.

⁵Source: Radio New Zealand Value Indices Research conducted nationwide by Colmar Brunton among all New Zealanders aged 15+ of prompted awareness and perceptions.

⁶Source: Radio New Zealand Listener Surveys: Programme satisfaction results are based on a five point scale of very satisfied to very unsatisfied.

OUTPUT: RADIO NEW ZEALAND NATIONAL

ROLE:

RADIO NEW ZEALAND NATIONAL IS A NATIONWIDE NETWORK PROVIDING NEWS, CURRENT AFFAIRS, FEATURE DOCUMENTARIES AND ENTERTAINMENT PROGRAMMES, INCLUDING MUSIC PROGRAMMES FEATURING BOTH NEW ZEALAND AND INTERNATIONAL ARTISTS. MANY OF THE QUALITY PROGRAMMES FEATURED ON RADIO NEW ZEALAND NATIONAL ARE NOT AVAILABLE ON COMMERCIAL RADIO BECAUSE THEY ARE NOT CONSIDERED COMMERCIALLY VIABLE. THE FOLLOWING ARE EXAMPLES OF THE NON-COMMERCIAL PUBLIC SERVICE BROADCASTING PROGRAMMES TO BE FOUND ON RADIO NEW ZEALAND NATIONAL:

- **Morning Report** – authoritative and comprehensive coverage of local and world events.
- **Summer Report** – authoritative and comprehensive coverage of local and world events during the New Zealand summer holiday period.
- **Midday Report** – delivering comprehensive news bulletin, business news, rural news, sports news, long-range weather forecasts and Worldwatch.
- **Afternoons** – an audience participation show to stimulate, enlighten and entertain the listener.
- **Nine to Noon** – provides in-depth debate on topical national and international news, with feature interview profiles to stimulate new ideas.
- **Checkpoint** – hard-hitting daily news-focused programme.
- **Nights** – dedicated to encouraging fresh ideas and music along with the best radio documentaries and features from here and overseas.
- **This Way Up** – a programme exploring consumer-related stories and issues.
- **Standing Room Only** – celebrating the diversity of creativity, both here and overseas, with views, reviews, previews, interviews, a regular comedy slot and the play of the week.
- **Saturday Morning** – a magazine programme with interviews, food, books and music.
- **Sunday Morning** – thought-provoking range of interviews, documentaries and music, including Mediawatch and Insight.

Sustainability

MEASURE	2015 (ACTUAL)	2015 (FORECAST)	2014 (ACTUAL)
<ul style="list-style-type: none"> • Sustainable Financial Viability – Managing financial resources to deliver Charter requirements. <ul style="list-style-type: none"> – Revenue (\$000s) – Expenditure (\$000s) – Net surplus/(deficit) (\$000s) 	<p>\$32,186</p> <p>\$33,006</p> <p>(\$820)</p>	<p>\$31,155</p> <p>\$31,155</p> <p>\$0</p>	<p>\$31,535</p> <p>\$31,497</p> <p>\$38</p>
<ul style="list-style-type: none"> • Sustainable Infrastructure – Availability of services. <ul style="list-style-type: none"> – Percentage of population coverage of Radio New Zealand National AM Network – Percentage of population coverage of Radio New Zealand National FM Network – Percentage of population coverage of Freeview (satellite) – Percentage of population coverage of Freeview (digital terrestrial television) – Percentage of population coverage of Sky (satellite) – Availability² of the AM or FM network signals to New Zealanders – Availability² of radionz.co.nz website services 	<p>94%</p> <p>90%</p> <p>100%</p> <p>75%</p> <p>100%</p> <p>99.98%</p> <p>99.9%</p>	<p>94%</p> <p>90%</p> <p>100%</p> <p>75%</p> <p>100%</p> <p>99.9%</p> <p>99.9%</p>	<p>94%</p> <p>90%</p> <p>100%</p> <p>not previously measured</p> <p>100%</p> <p>99.97%</p> <p>99.96%</p>

²Other than time lost for planned maintenance.

Relevant and Valued Functions and Content

MEASURE	2015 (ACTUAL)	2015 (FORECAST)	2014 (ACTUAL)
<ul style="list-style-type: none"> • Relevant and valued by New Zealanders – Measured by undertaking research and determining from the research gauge how well we have performed in a particular area. <ul style="list-style-type: none"> – The percentage of New Zealanders who are aware of Radio New Zealand National 	good	good to very good	good
• Radio New Zealand National cost per broadcast hour ⁸	\$3,674	\$3,557	\$3,596
• Total Radio New Zealand National operating costs per head: live listening audience ⁹	\$75	\$64	\$63
• Total Radio New Zealand National and Radio New Zealand Concert operating costs per website download request met ¹⁰	\$9	\$10	\$10

Quality Content Production and Delivery

MEASURE	2015 (ACTUAL)	2015 (FORECAST)	2014 (ACTUAL)
<ul style="list-style-type: none"> • Sustainable Engagement – Increased engagement through other available platforms: <ul style="list-style-type: none"> – Radio New Zealand National – cumulative live radio audience¹¹ – Radio New Zealand National – maintenance of the station share of the New Zealand radio market¹² – Number of download requests met from radionz.co.nz and rnzi.com 	430,000	490,000	503,000
	9.0%	10.5%	not previously measured
	4.2 million	3.5 million	3.5 million
<ul style="list-style-type: none"> • Programme Range – Radio New Zealand National programming is measured in terms of the number of hours by type of programme broadcast:¹³ <ul style="list-style-type: none"> – New Zealand content – News and current affairs – Māori news and current affairs and general¹⁴ – Special interest – New Zealand drama – Percentage of New Zealand music on rotate 	8,040 hrs	7,900 hrs	not previously measured
	2,675 hrs	2,500 hrs	not previously measured
	204 hrs	150 hrs	not previously measured
	484 hrs	400 hrs	not previously measured
	279 hrs	250 hrs	not previously measured
	35%	33%	not previously measured

⁸Calculated from the product of total expenditure and the number of broadcast hours during the reporting period.

⁹Calculated from the product of total operating expenditure and cumulative audience.

¹⁰Calculated from the product of Radio New Zealand National and Radio New Zealand Concert total operating expenditure and total website download requests met.

¹¹Number of different people who listen to Radio New Zealand National for at least an 8 minute period from Monday to Sunday, 12 midnight to 12 midnight.

¹²Station share among all New Zealand radio stations.

¹³Particular programmes produced and broadcast have been assessed in terms of the type of programme. Some programmes may contribute to more than one type of programme. The estimates and forecast are based on minimum service standards.

¹⁴Excludes other unscheduled Māori programming (interviews and magazine type programmes and incidental programming), which are included in New Zealand content programming.

Stakeholder Satisfaction

MEASURE	2015 (ACTUAL)	2015 (FORECAST)	2014 (ACTUAL)
<ul style="list-style-type: none"> • Listeners' satisfaction with the quality of programming. Measured by undertaking audience research and determining from the research gauge how well we have performed in a particular area and complaints upheld by the Broadcasting Standards Authority. <ul style="list-style-type: none"> – Radio New Zealand National listeners who are satisfied or very satisfied with Radio New Zealand National programming¹⁵ – Radio New Zealand National – number of complaints upheld against any one category by the Broadcasting Standards Authority 	very good	very good	very good
	one	< 3	one

OUTPUT: RADIO NEW ZEALAND CONCERT

ROLE:

RADIO NEW ZEALAND CONCERT BRINGS FINE MUSIC IN STEREO TO 100% OF NEW ZEALANDERS, THROUGH A NETWORK OF FM TRANSMITTERS AND DIGITAL SATELLITE. MUSICAL, DRAMATIC AND PERFORMING ARTS COMPRISE 96% OF RADIO NEW ZEALAND CONCERT'S BROADCASTS, WITH A REPERTOIRE FEATURING MAINLY CLASSICAL MUSIC BUT ALSO INCLUDING JAZZ AND SPECIAL INTEREST MUSIC. THE REMAINING 4% OF BROADCASTS COMPRISES MĀORI LANGUAGE AND CULTURE, NEWS AND WEATHER.

Sustainability

MEASURE	2015 (ACTUAL)	2015 (FORECAST)	2014 (ACTUAL)
<ul style="list-style-type: none"> • Sustainable Financial Viability – Managing financial resources to deliver Charter requirements. <ul style="list-style-type: none"> – Revenue (\$000s) – Expenditure (\$000s) – Net surplus/(deficit) (\$000s) before tax 	\$5,326	\$5,045	\$5,199
	\$5,359	\$5,045	\$5,193
	(\$33)	\$0	\$6
<ul style="list-style-type: none"> • Sustainable Infrastructure – Availability of services. <ul style="list-style-type: none"> – Percentage of population coverage of Radio New Zealand Concert FM Network – Percentage of population coverage of Freeview (satellite) – Percentage of population coverage of Freeview (digital terrestrial television) – Percentage of population coverage of Sky (satellite) – Availability¹⁶ of the Radio New Zealand Concert FM Network – Availability¹⁶ of website services for radionz.co.nz 	90%	90%	92%
	100%	100%	100%
	75%	75%	not previously measured
	100%	100%	100%
	99.97%	99.9%	99.97%
	99.9%	99.9%	99.96%

¹⁵Source: Radio New Zealand Listener Surveys: Programme satisfaction results are based on a five point scale of very satisfied to very unsatisfied.

¹⁶Other than time lost for planned maintenance.

Relevant and Valued Functions and Content

MEASURE	2015 (ACTUAL)	2015 (FORECAST)	2014 (ACTUAL)
<ul style="list-style-type: none"> • Relevant and valued by New Zealanders – Measured by undertaking audience research and determining from the research gauge how well we have performed in a particular area. <ul style="list-style-type: none"> – The percentage of New Zealanders who are aware of Radio New Zealand Concert 	moderate	moderate to good	moderate
• Radio New Zealand Concert cost per broadcast hour ¹⁷	\$608	\$576	\$593
• Total Radio New Zealand Concert operating costs per head: live listening audience ¹⁸	\$43	\$42	\$38
• Total Radio New Zealand National and Radio New Zealand Concert operating costs per website download request met ¹⁹	\$9	\$10	\$10

Quality Content Production and Delivery

MEASURE	2015 (ACTUAL)	2015 (FORECAST)	2014 (ACTUAL)
<ul style="list-style-type: none"> • Sustainable Engagement – Increased engagement through other available platforms: <ul style="list-style-type: none"> – Radio New Zealand Concert – cumulative live radio audience²⁰ – Radio New Zealand Concert – maintenance of its station share of the New Zealand radio market²¹ 	122,000 1.3%	121,000 1.6%	138,000 not previously measured
<ul style="list-style-type: none"> • Programme Range – Radio New Zealand Concert programming is measured in terms of the number of hours by type of programme broadcast²² <ul style="list-style-type: none"> – News programming – Music programming with a New Zealand composition – New Zealand music performance programming 	354 hrs 377 hrs 1,434 hrs	320 hrs 350 hrs 1,350 hrs	not previously measured not previously measured not previously measured

Stakeholder Satisfaction

MEASURE	2015 (ACTUAL)	2015 (FORECAST)	2014 (ACTUAL)
<ul style="list-style-type: none"> • Listeners' satisfaction with the quality of programming. Measured by undertaking audience research and determining from the research gauge how well we have performed in a particular area and programming complaints upheld by the Broadcasting Standards Authority. <ul style="list-style-type: none"> – Radio New Zealand Concert listeners who are satisfied or very satisfied with Radio New Zealand Concert programming²³ – Radio New Zealand Concert – number of complaints upheld against any one category by the Broadcasting Standards Authority 	very good nil	good to very good < 3	good nil

¹⁷Calculated from the product of total expenditure and the number of broadcast hours during the reporting period.

¹⁸Calculated from the product of total operating expenditure and cumulative audience.

¹⁹Calculated from the product of Radio New Zealand National and Radio New Zealand Concert total operating expenditure and total website download requests met.

²⁰Number of different people who listen to Radio New Zealand Concert for at least an 8 minute period from Monday to Sunday, 12 midnight to 12 midnight.

²¹Station share among all New Zealand radio stations.

²²Particular programmes produced and broadcast have been assessed in terms of the type of programme. Some programmes may contribute to more than one type of programme.

²³Source: Radio New Zealand Listener Surveys: Programme satisfaction results are based on a five point scale of very satisfied to very unsatisfied.

OUTPUT: RADIO NEW ZEALAND INTERNATIONAL

ROLE:

RADIO NEW ZEALAND WILL PROVIDE AN INTERNATIONAL RADIO SERVICE TO THE PACIFIC THROUGH RADIO NEW ZEALAND INTERNATIONAL. THIS SERVICE WILL

- broadcast innovative, comprehensive and independent news and programming of interest to the Pacific region;
- broadcast programming which encourages an awareness and understanding of New Zealand policies on regional issues of concern, foreign relations, development assistance, immigration, human rights, economic developments, the environment and trade opportunities;
- provide a reliable account of Pacific and New Zealand affairs for relay and use by broadcasters and listeners within the Pacific and beyond; and
- provide a reliable source of information in the event of natural disasters or breakdowns in local communication services [additional costs of this service by the Ministry of Foreign Affairs and Trade are not included in the cost below].

Sustainability

MEASURE	2015 (ACTUAL)	2015 (FORECAST)	2014 (ACTUAL)
<ul style="list-style-type: none"> • Sustainable Financial Viability – Managing financial resources to deliver Charter requirements. <ul style="list-style-type: none"> – Revenue (\$000s) – Expenditure (\$000s) – Net surplus/(deficit) (\$000s) before tax 	\$2,224	\$2,282 ²⁴	\$2,225
<ul style="list-style-type: none"> • Sustainable Infrastructure – Availability of services. <ul style="list-style-type: none"> – Primary coverage of Radio New Zealand International transmissions – Secondary coverage of Radio New Zealand International transmissions – General coverage of Radio New Zealand International transmissions – Availability²⁵ of the Radio New Zealand International Analogue and Digital Shortwave network²⁶ – Availability²⁵ of website services for rnzi.com. 			
		French Polynesia, Cook Islands, Tokelau, Samoa, American Samoa, Niue, Tonga, Wallis and Futuna, Fiji, Tuvalu, New Caledonia and Vanuatu	
		Solomon Islands, Papua New Guinea, Nauru and Kiribati	
		Asia/Pacific and Pacific rim including: Federated States of Micronesia, Marshall Islands and Palau	
	99.6%	99.0%	99.7%
	99.9%	99.9%	99.96%

Relevant and Valued Functions and Content

MEASURE	2015 (ACTUAL)	2015 (FORECAST)	2014 (ACTUAL)
<ul style="list-style-type: none"> • Sustainable Engagement – Increased engagement through other available platforms: <ul style="list-style-type: none"> – Level of access to Radio New Zealand International online content²⁷ 	2.5 million	1.7 million	1.6 million
<ul style="list-style-type: none"> • Relevant Pacific region programming: <ul style="list-style-type: none"> – Approximate number of hours of original Pacific programming 	2,474 hrs	2,365 hrs	2,385 hrs
<ul style="list-style-type: none"> • Radio New Zealand International cost per broadcast hour 	\$264	\$260	\$257

²⁴Budget forecasts include \$1.9m which refers to the Arts, Culture and Heritage vote estimates for 2014/2015.

²⁵Other than time lost for planned maintenance.

²⁶The performance measure refers to the Arts, Culture and Heritage vote estimates for 2014/2015 requirement for Radio New Zealand International to maintain an analogue and digital shortwave transmission network to the Pacific region.

²⁷Calculated from the number of page impressions.

Quality Content Production and Delivery

MEASURE	2015 (ACTUAL)	2015 (FORECAST)	2014 (ACTUAL)
<ul style="list-style-type: none"> Quality is measured in terms of listener satisfaction with programming and hours of good quality broadcasting to the Pacific region. <ul style="list-style-type: none"> Primary coverage²⁸ areas of the Pacific region will have access to good quality²⁹ reception (average hours available per day) Secondary coverage areas of the Pacific region will have access to good quality reception (average hours available per day) General coverage areas of the Pacific region will have access to good quality reception (average hours available per day) 	not measured ³⁰	16	16
<ul style="list-style-type: none"> Programming Range – Radio New Zealand International programming is measured in terms of the type of the number of morning, afternoon and evening sessions broadcast <ul style="list-style-type: none"> Number of morning sessions broadcast³¹ Number of afternoon and evening sessions broadcast 	307	306	308
	243	239	242

Stakeholder Satisfaction

MEASURE	2015 (ACTUAL)	2015 (FORECAST)	2014 (ACTUAL)
<ul style="list-style-type: none"> Number of Pacific radio broadcasters who actively engage and rebroadcast Radio New Zealand International³² 	18	18	17

OUTPUT: THE WIRELESS

ROLE:

THE SERVICE WILL PRODUCE INSPIRING, INSIGHTFUL AND ENTERTAINING STORIES FOR NEW ZEALANDERS WHO HAVE GROWN UP IN THE DIGITAL AGE; PROMOTE A MULTIPLATFORM AND MULTIMEDIA APPROACH TO STORYTELLING AND FOSTER NEW JOURNALISTIC AND CREATIVE TALENT.

SUSTAINABILITY

MEASURE	2015 (ACTUAL)	2015 (FORECAST)
<ul style="list-style-type: none"> Sustainable Financial Viability – Managing financial resources to deliver Charter requirements. <ul style="list-style-type: none"> Revenue (\$000s) Expenditure (\$000s) Net surplus/(deficit) (\$000s) before tax Sustainable Infrastructure – Availability of services. <ul style="list-style-type: none"> Website availability of thewireless.co.nz³³ 	\$199	\$606
	\$650	\$606
	(\$451)	\$0
	100%	99.9%

²⁸See page 50 for an explanation of primary, secondary and general coverage.

²⁹Good quality reception describes the level of the reception that allows Pacific radio stations to rebroadcast Radio New Zealand International.

³⁰Radio New Zealand International operated on informal monitoring and reporting system to measure the average hours of quality broadcasting available to the Pacific region, accuracy of the reported results is not verifiable and therefore cannot be included in the Annual Report results for 2014/2015.

³¹The estimates and forecasts for 2014/2015 are the minimum number of sessions that would be broadcast, however numbers can vary slightly depending on which day of the week a statutory holiday may fall.

³²The performance measure refers to the Arts, Culture and Heritage Vote estimates for 2014/2015 requirement for the rebroadcast of Radio New Zealand International news bulletins by Pacific radio stations.

³³Other than time lost for planned maintenance.

Relevant and Valued Functions and Content

MEASURE	2015 (ACTUAL)	2015 (FORECAST)
<ul style="list-style-type: none"> • Sustainable Engagement – Increased engagement through other available platforms: <ul style="list-style-type: none"> – The Wireless – number of web pages viewed by website visitors (annual total of page impressions). – Cumulative number of Twitter ‘followers’ 	2.5 million	922,200
<ul style="list-style-type: none"> • Content Range: <ul style="list-style-type: none"> – Total number of videos produced and made available online – Total number of stories produced and made available online 	157 2,300	130 2,700
<ul style="list-style-type: none"> • Value is measured in terms of costs per output and cost per user interaction. <ul style="list-style-type: none"> – Cost per article/post produced³⁴ – Cost per user interaction³⁵ 	\$159 \$0.35	\$117 \$2

Quality Content Production and Delivery

MEASURE	2015 (ACTUAL)	2015 (FORECAST)
<ul style="list-style-type: none"> • Programme Range – The Wireless programming is measured in terms of the volume of content freely available to users: <ul style="list-style-type: none"> – Average number of new content features uploaded weekly – An expanding online audio and video catalogue available through The Wireless archive (cumulative number of items). 	19 477	55 4,750
<ul style="list-style-type: none"> • Sustainable Audience Engagement: <ul style="list-style-type: none"> – Number of individuals visiting The Wireless – website (annual total of daily unique browsers). 	1.8 million	265,200

Stakeholder Satisfaction

MEASURE	2015 (ACTUAL)	2015 (FORECAST)
<ul style="list-style-type: none"> • Audience satisfaction with services delivered: <ul style="list-style-type: none"> – Cumulative number of Facebook ‘likes’ – Online user engagement – number of video replays 	5,739 118,509	8,240 38,200

³⁴Calculated from the product of The Wireless total operating expenditure and total number of outputs. Outputs include in-house articles, contributor articles, video and audio uploads and Twitter posts.

³⁵Calculated from the product of The Wireless total operating expenditure and total number of user interactions. User interactions include number of daily unique browsers, number of video replays, number of Facebook likes and number of Twitter followers.

ORGANISATIONAL HEALTH AND CAPABILITY

Good Employer Reporting

BUILD AND MAINTAIN A WORKFORCE TO ACHIEVE THE STRATEGIC VISIONS AND OBJECTIVES, THROUGH:	RADIO NEW ZEALAND'S HUMAN RESOURCES SYSTEMS, POLICIES AND PROCESSES ARE ALIGNED WITH 'GOOD EMPLOYER' PRACTICE:
<ul style="list-style-type: none"> Collecting, analysing and responding to workforce information. Maintaining robust human resources systems, based upon analysis of business information, and recognised 'Good Business Practice'. Implementation of an equitable and transparent remuneration system and reporting annually on remuneration levels within the organisation in relation to the market, across gender and ethnicity. Implementation of a learning and development framework and reporting annually on staff participation in learning and development opportunities. Flexibility in work design and reporting on the levels of staff participation in multi-skilling job opportunities. Ensuring a healthy and safe working environment and application of ACC Workplace Safety Management Practices. 	<ul style="list-style-type: none"> Radio New Zealand will continue to review its human resources systems to align policies and processes with Good Employer principles. Radio New Zealand will monitor and report annually on its Equal Employment Opportunity Plan.

MEASURE	2015 (ACTUAL)	2015 (FORECAST)	2014 (ACTUAL)
<ul style="list-style-type: none"> Workforce data analysis undertaken and reported annually covering the following categories: <ul style="list-style-type: none"> staff numbers; gender; ethnicity; age profile; and length of service. 	achieved	achieved	achieved
<ul style="list-style-type: none"> Remuneration structure based on Public Sector median based salaries³⁶ 	achieved	achieved	achieved
<ul style="list-style-type: none"> Radio New Zealand's gender pay gap will be below that of the Public Service 	9.1%	< public service ³⁷ 14.1%	10.6%
<ul style="list-style-type: none"> Radio New Zealand unplanned staff turnover will be below that of the Public Service 	11.35%	< public service ³⁸ 10.7%	9.5%
<ul style="list-style-type: none"> The percentage of Radio New Zealand staff participating in multi-skilling job opportunities³⁹ 	not measured	>5%	4.3%
<ul style="list-style-type: none"> Availability of Employee Assistance Programme Services for all Radio New Zealand staff 	achieved and promoted	engagement of EAP provider	achieved
<ul style="list-style-type: none"> Availability of trained First Aiders in the workplace (number of fully trained staff) 	4.7%	>10%	7.6%
<ul style="list-style-type: none"> All employees will have access to: <ul style="list-style-type: none"> health and safety professional services; individual worksite assessments; and hearing tests. 	achieved	achieved	achieved

³⁶The job evaluation system was assessed against Public Sector median at the time of its introduction. Subsequent increases have been on a collective bargaining basis.

³⁷Gender pay gap is assessed on all employees, including senior managers. State Services Commission – Human Resources Capability Survey 2014 notes the Public Service gender pay gap for the 2014 period was 14.1%. Public sector average female salary \$65,932 (Radio New Zealand: \$66,355). Average male salary \$76,784 (Radio New Zealand: \$72,850 exc CEO; \$74,584 inc CEO). The Radio New Zealand gender pay gap excluding the CEO salary is 8.91%. SSC HRC survey results for 2015 will be published November 2015.

³⁸State Services Commission – Human Resources Capability Survey 2014 notes unplanned staff turnover in the Public Service for 2014 was 10.7%. Unplanned excludes redundancy and fixed term. SSC HRC survey results for 2015 will be published November 2015.

³⁹Radio New Zealand will be introducing the Cornerstone online performance review and talent management system during 2015/2016 with a view to accurately measuring staff development opportunities.

RADIO NEW ZEALAND'S EQUAL EMPLOYMENT OPPORTUNITIES SUPPORT THE SEVEN ELEMENTS OF GOOD EMPLOYER REPORTING:

ELEMENT	RADIO NEW ZEALAND ACTIVITY
1 LEADERSHIP, ACCOUNTABILITY AND CULTURE	Ongoing development of a Learning and Development framework which supports and promotes the involvement of all employees. It acknowledges cultural and ethnic diversity while supporting business needs.
2 RECRUITMENT, SELECTION AND INDUCTION	Ongoing collection of information relating to Equal Employment Opportunities. Focus continues on identifying potential improvements to data capture and analysis. Analysis of recruitment and selection processes to identify Equal Employment Opportunities and diversity trends.
3 EMPLOYEE DEVELOPMENT, PROMOTION AND EXIT	Continued use of traineeships where possible to strengthen ethnic diversity. Internal rotation and career development opportunities identified, advertised and filled internally. Exit surveys routinely distributed, personal interviews held on request.
4 FLEXIBILITY AND WORK DESIGN	Increase in level of staff participation in multi-skilled job opportunities. Continue to evaluate all requests for flexible working conditions on a case-by-case basis. Equal Employment Opportunities and diversity competencies included in performance assessments and have been progressively added to job descriptions.
5 REMUNERATION, RECOGNITION AND CONDITIONS	Ongoing development of a fair and transparent remuneration system, which better aligns with level of remuneration and benefits applying elsewhere in the industry, subject to baseline funding.
6 HARASSMENT AND BULLYING PREVENTION	Continued promotion of the Dignity at Work policy to all staff through internal communications (email, intranet) and induction training. Continued promotion of a confidential external Employee Assistance Programme.
7 SAFE AND HEALTHY ENVIRONMENT	Providing access to Health and Safety professional services in the workplace. Early identification and immediacy of action of Occupational Health and Safety issues.

RADIO NEW ZEALAND WORKFORCE PROFILE AS AT 30 JUNE 2015

STAFF NUMBERS

Headcount	308
Full-time equivalent	282.0

LENGTH OF SERVICE

Under 3 years	29.2%
3 to 10 years	32.8%
Over 10 years	38.0%

AGE PROFILE

Under 30 years	11.4%
30–40 years	20.8%
40–50 years	27.9%
Over 50 years	39.9%

GENDER

Female	47.4%
Male	52.6%

ETHNICITY (OF THOSE REPORTED)

Māori	6.2%
NZ European/ Pakeha	64.6%
Pacific	3.5%
Asian	5.3%
Other	20.4%

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