



STATEMENT OF PERFORMANCE EXPECTATIONS

For the Year Ending 30 June 2021

Contents

Introduction.....	3
Statement of Responsibility.....	4
RNZ - Who We Are	5
Our Charter and Operating Principles.....	5
Contribution to Public Media Outcomes	7
Our Strategic Priorities.....	8
Outputs, Funding and Performance 2020 - 2021	9
Schedule of Performance Targets 2020 – 2021.....	10
RNZ Māori Strategy.....	17
Prospective Financial Statements	18
Statement of Accounting Policies	22

Introduction

RNZ is New Zealand's independent public broadcaster and provides trusted news, information and entertainment to New Zealanders. Its role is becoming more important as the commercial media outlets face increasing financial challenges. The impact of COVID-19 pandemic is putting the media market under further pressure and this underlines the importance of RNZ's capability to provide trusted journalism at a time of crisis. RNZ's ability to be flexible and continue to meet its Charter obligations under incredibly difficult circumstances has been tested over the past five months. RNZ has proven to be a resilient and strong organisation.

This is the context in which we present this Statement of Performance Expectation: at a time of great uncertainty RNZ will play a vital role in connecting and informing Aotearoa.

As well as making significant demands of RNZ operationally, there was a high degree of uncertainty as to the extent and timeframe of the impact of COVID-19 on RNZ and the economic and social environment in which it operates. The Minister of Broadcasting, Communications and Digital Media, granted RNZ an extension for the submission of the draft 2020/21 Statement of Performance Expectations (SPE), in accordance with the COVID-19 Response (Taxation and Other Regulatory Urgent Measures) Act 2020, due to be submitted 31 July 2020. This extension was granted to enable RNZ to adequately assess how its future operations will be affected by COVID-19 and to provide more detailed information on strategic intentions, that otherwise without the extension RNZ would not have been able to provide.

Whilst RNZ has assessed that its over-arching strategy remains valid and relevant some aspects of the environment in which we operate may have permanently changed and therefore be a catalyst for future change at RNZ. We will continue to work with the Government on its Strong Public Media opportunities and further strengthen our content delivery to wider, diverse audiences.

The revenue streams of RNZ are largely from Government and these have been confirmed as remaining static for the year ending 31 July 2021. RNZ has confirmed that its transmission customers will receive funding from The Government Media Support Package, from May 2020 to October 2020, mitigating the threat of reduced third party revenue to RNZ in both financial years. In addition, RNZ will also benefit from the subsidised transmission fees, which will further support the continued efforts of RNZ to achieve its key initiatives as outlined further in this document.

RNZ had two overriding priorities during the Covid-19 response:

- 1. Keep our staff safe and ensure continuity of essential services.**
- 2. Be the best we can be in fulfilling our critical function of keeping New Zealanders connected and informed in a time of crisis.**

We will continue to meet our Charter obligations and advance key initiatives as discussed in this document as best we are able in the current environment and financial means. Achievement of these initiatives will be the building blocks for our future when Covid-19 is behind us.

Statement of Responsibility

The Statement of Performance Expectations reflects our proposed activities, performance targets and forecast financial information for the year ending 30 June 2021. It is produced in accordance with the Crown Entities Act 2004, s149E.

The forecast financial statements and underlying assumptions in this document have been authorised as appropriate for issue by the RNZ Board of Governors in accordance with its role under the Crown Entities Act 2004. It is not intended to update the forecast financial statements subsequent to presentation.

For and on behalf of the Board of Radio New Zealand

Dated 1 December 2020

A handwritten signature in black ink, appearing to read 'Jim Mather', with a large, stylized initial 'J'.

Dr Jim Mather
Chair

A handwritten signature in purple ink, appearing to read 'Caren Rangī', with a long horizontal stroke extending to the right.

Caren Rangī
Chair of the Audit and Risk Committee

RNZ - Who We Are

Radio New Zealand (RNZ) is a Crown owned entity and its function and operations are primarily governed by the Radio New Zealand Act 1995 and the Radio New Zealand Amendment Act which has applied since April 2016. The Act includes the Radio New Zealand Charter which sets out Radio New Zealand's purpose, function and operating principles.

RNZ is mostly government funded with a small proportion of its income generated from third party revenue. RNZ is funded through NZ on Air and the Ministry for Culture and Heritage to deliver Public Broadcasting Services (M8) in accordance with the Estimates and Appropriations for the Government of New Zealand.

Consistent with the appropriations, RNZ provides high quality, diverse, comprehensive and independent radio and online content for New Zealand and Pacific audiences.

Our Charter and Operating Principles

The key element of the Radio New Zealand Act is the Charter, Section 8¹ which sets out RNZ's purpose, function and operating principles as follows:

PURPOSE

- (1) As an independent public service broadcaster, the public radio company's purpose is to serve the public interest.
- (2) Freedom of thought and expression are foundations of a democratic society and the public radio company as a public service broadcaster plays an essential role in exercising these freedoms.
- (3) The public radio company fosters a sense of national identity by contributing to tolerance and understanding, reflecting and promoting ethnic, cultural, and artistic diversity and expression.
- (4) The public radio company provides reliable, independent, and freely accessible news and information.

DELIVERY

- (5) In achieving its purpose, the public radio company must endeavour to provide services of the highest quality, which—
 - (a) are predominantly and distinctively of New Zealand:
 - (b) inform, entertain, and enlighten the people of New Zealand:
 - (c) are challenging, innovative, and engaging:
 - (d) foster critical thought, and informed and wide-ranging debate:
 - (e) stimulate, support, and reflect the diversity of cultural expression, including drama, comedy, literature, and the performing arts:
 - (f) stimulate, support, and reflect a wide range of music, including New Zealand composition and performance:
 - (g) reflect New Zealand's cultural identity, including Māori language and culture:
 - (h) provide awareness of the world and of New Zealand's place in it:

¹ The Radio New Zealand Amendment Act 2016 received Royal Assent on 1 April 2016.

- (i) provide comprehensive, independent, accurate, impartial, and balanced regional, national, and international news and current affairs:
- (j) provide programmes which balance special interest with those of wide appeal, recognising the interests of all age groups:
- (k) contribute towards intellectual and spiritual development:
- (l) include an international service to the South Pacific in both English and Pacific languages:
- (m) take account of services provided by other broadcasters:
- (n) take advantage of the most effective means of delivery:
- (o) preserve and archive broadcasting material of historical interest.

8A PRINCIPLES OF OPERATION

- (1) The public radio company must, in fulfilling its Charter, exhibit a sense of social responsibility by—
 - (a) having regard to the interests of the community in which it operates; and
 - (b) endeavouring to accommodate or encourage those interests when able to do so.

- (2) The public radio company must, in fulfilling its Charter, ensure that it is not influenced by the commercial interests of other parties.

- (3) The public radio company must, in fulfilling its Charter, ensure that it operates in a financially responsible manner and, for this purpose, that it—
 - (a) prudently manages its assets and liabilities; and
 - (b) endeavours to ensure—
 - (i) its long-term financial viability; and
 - (ii) that it acts as a successful going concern.

Contribution to Public Media Outcomes

The Government is committed to ensuring that future generations of New Zealanders can access content that reflects their languages, experiences and communicates in ways that meet their needs and interests. This outcome is at the heart of our Charter and reflected in our key initiatives.

Government Outcome	RNZ key initiatives and Charter Outcomes
<p>New Zealand audiences choose to access mainstream and targeted content and services that support:</p> <ul style="list-style-type: none"> • Their needs and interests as people living in Aotearoa, and in particular reflect the language and experiences of Māori and Pacific peoples, and other under-served audiences; • Their ability as New Zealanders to be informed and engaged members of our participative democracy and open civic society; • Their access to a range of diversity of content that they value and trust. <p>Public Media in New Zealand are:</p> <ul style="list-style-type: none"> • Operationally and editorially independent; • Securely and suitably funded; • Able to respond effectively to an evolving operating environment and relevant to changing consumer preferences, in particular younger audiences; • Complementary to and collaborative with private media <p>Public media play an integral role in contributing to New Zealand being:</p> <ul style="list-style-type: none"> • A connected, informed, cohesive and independent nation; • A healthy, participative democracy; • Confident in and aware of our unique identity, cultures and languages. 	<p>Attract and Retain Diverse Audience</p> <ul style="list-style-type: none"> • reflect New Zealand’s cultural identity, including Māori language and culture • provide programmes which balance special interest with those of wide appeal, recognising the interests of all age groups • include an international service to the Pacific in both English and Pacific languages • take account of services provided by other broadcasters: <p>Provide a multi-media public broadcasting service that is important to, and valued by New Zealanders</p> <ul style="list-style-type: none"> • inform, entertain, and enlighten the people of New Zealand, • foster critical thought, and informed and wide-ranging debate • provide awareness of the world and of New Zealand’s place in it • provide comprehensive, independent, accurate, impartial, and balanced regional, national, and international news and current affairs • contribute towards intellectual and spiritual development: <p>Produce, publish and broadcast a diverse and unique range of services</p> <ul style="list-style-type: none"> • are predominantly and distinctively of New Zealand • are challenging, innovative, and engaging, foster critical thought, and informed and wide-ranging debate • stimulate, support, and reflect the diversity of cultural expression, including drama, comedy, literature, and the performing arts: <p>Make our services available where, when and how audiences want</p> <ul style="list-style-type: none"> • take advantage of the most effective means of delivery: • preserve and archive broadcasting material of historical interest. • include an international service to the South Pacific in both English and Pacific languages

Our Strategic Priorities

MISSION

A connected and informed Aotearoa

VISION



GOAL:

EVERY YEAR RNZ WILL INFORM AND CONNECT WITH 3 OUT OF 4 NEW ZEALANDERS

[number of people accessing RNZ content during the 20/21 year as per Colmar Brunton values indices – Value and Trust annual scores - June 2021]

Outputs, Funding and Performance 2020 - 2021

RNZ has one reportable class of output which is the delivery of Public Broadcasting Services (M8²) which is funded through two votes in the appropriations, one via NZ on Air for RNZ (\$42.6 million) and one via the Ministry for Culture and Heritage for the RNZ Pacific service (\$1.9 million).

The purpose of the broadcasting output is as defined in the Charter.

RNZ also receives other Government funding relating to third party contracts.

There are four key elements of success which RNZ sees as integral to achieving its statutory objectives, responding to the environmental challenges, and delivering on its strategic intent.

KEY INITIATIVES	HOW PERFORMANCE WILL BE ASSESSED
<p>1</p> <p><u>ATTRACT AND RETAIN DIVERSE AUDIENCES</u></p> <ul style="list-style-type: none"> • reflect changing age, ethnic mix, geographic spread • cater for audience sectors under-served by commercial media 	<p>REGULAR SURVEYS, RESEARCH AND ANALYSIS OF AUDIENCES</p>
<p>2</p> <p><u>PROVIDE A MULTI-MEDIA PUBLIC BROADCASTING SERVICE THAT IS IMPORTANT TO, AND VALUED BY, NEW ZEALANDERS</u></p> <ul style="list-style-type: none"> • contribute to an informed democracy • provide an independent trusted media source • provide a service valued by New Zealanders 	<p>VALUES INDICES SURVEY MEASURING ATTITUDES OF ALL NEW ZEALANDERS TOWARDS RNZ, PUBLIC BROADCASTING, TRUST IN MEDIA.</p>
<p>3</p> <p><u>PRODUCE, PUBLISH AND BROADCAST A DIVERSE AND UNIQUE RANGE OF SERVICES</u></p> <ul style="list-style-type: none"> • remain strong in radio • be as strong in digital as radio • diverse range of services 	<p>THE PROGRAMMES AND CONTENT PROVIDED BY RNZ VIA ITS VARIOUS RADIO STATIONS, WEBSITES, APPS AND THIRD PARTY CONTENT SHARING ARRANGEMENTS.</p>
<p>4</p> <p><u>MAKE OUR SERVICES AVAILABLE WHERE, WHEN AND HOW AUDIENCES WANT</u></p> <ul style="list-style-type: none"> • use most effective means of access • multi-media • use range of delivery choices • resilience and available in times of emergency 	<p>THE RANGE OF ALTERNATIVE ACCESS POINTS AND DEVICES THAT AUDIENCES CAN USE TO LISTEN, READ AND WATCH RNZ'S PROGRAMMES, EITHER VIA LIVE BROADCAST OR ON DEMAND.</p>

² M8 refers to the indicator for The Estimates and Appropriations for the Government of New Zealand (Māori, Other Populations and Cultural Sector Vote). Crown Entities Act, S136 (1) defines output classes "that is directly funded (in whole or in part) by the Crown in accordance with the appropriations...."

Schedule of Performance Targets 2020 – 2021

These four areas of focus form the basis of RNZ’s performance assessment framework, with outputs and targets as follows:

Objective 1

ATTRACTING AND RETAINING DIVERSE AUDIENCES

To remain relevant and meet its statutory and strategic objectives, RNZ must ensure that its content and services appeal to a diverse range of audiences.

This is especially important in the current media environment where audiences now have so much choice, not just around the type of content, but also where, when, and how they consume that content.

To respond to this, RNZ must continue to provide a range of diverse services that meets the needs of both traditional radio listeners and new audiences seeking content through new multi-media platforms.

In order to track and measure this objective RNZ is a part of a radio industry ratings survey which assesses live listening in the New Zealand market. This is a collaborative survey involving commercial radio stations and RNZ. It is run by the respected research company GfK who manages Australian radio industry research.

RNZ also has access to a range of data tools that report on the online activity of its audiences and RNZ commissions research from Colmar Brunton to measure a range of other aspects including audiences’ awareness of RNZ and the engagement with its services.

The audience measures that RNZ will use to assess its success in achieving this objective are detailed in the following schedule of performance targets for 2020-21.

RNZ believes that the heightened forecast performance numbers for the 2019/20 year are a direct result of Covid-19, and these levels are unlikely to be maintained post-Covid-19. However, these are difficult to project with any degree of confidence; hence target numbers for 2020/21 are those that are believed to be obtainable prior to Covid-19.

TARGETS – Objective 1

ATTRACTING AND RETAINING DIVERSE AUDIENCES

OBJECTIVE	MEASURE	TARGET 2020/21	FORECAST 2019/20
Maintain our traditional live radio listeners	Average combined RNZ National and RNZ Concert weekly cumulative audience	650,000	687,000*
Build our online audiences	Average monthly users of RNZ’s websites	3.25 million	4.03 million
Maintain our current Pacific region radio audience	Number of Pacific region radio stations taking the RNZ service	20 stations	24 stations
Grow RNZ Pacific’s online audience	Pageviews of RNZ Pacific section of website	7.0 million	10.4 million
Grow the total number of people who use our services and/or access our content	Combined weekly number who engage with any RNZ service from any source	RNZ connects with and informs at least 3 out of 4	New measure

		New Zealanders during the year ³	
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*The GfK survey did not take place from April to June 2020. The forecast for 2019/20 is the average combined RNZ National and RNZ Concert weekly cumulative audience surveyed figures from June 2019 through to March 2020.

Objective 2	PROVIDING A PUBLIC BROADCASTING SERVICE THAT IS IMPORTANT TO, AND VALUED BY, NEW ZEALANDERS
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As a Crown owned and funded organisation, how New Zealanders view and value the services we provide is a critical measure of success. It is also very important in determining how we shape the content we deliver and the means of its delivery. This will be especially important while New Zealand battles the impact of Covid-19, which we believe will continue to dominate the global landscape for the next year.

RNZ will undertake research during the year to assess its success in achieving this objective and the measures that RNZ will use to assess its success in achieving this objective are detailed in the following schedule of performance targets for 2020-21.

TARGETS – Objective 2	PROVIDING A PUBLIC BROADCASTING SERVICE THAT IS IMPORTANT TO, AND VALUED BY, NEW ZEALANDERS
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OBJECTIVE	TARGET 2020/21	FORECAST 2019/20
A majority of New Zealanders agree that RNZ provides a valuable service to New Zealand.	At least 7 out of 10 New Zealanders agree that RNZ provides a valuable service to New Zealand.	At least 6 out of 10 New Zealanders agree that RNZ provides a valuable service to New Zealand
A majority of New Zealanders agree that it is important for New Zealand to have a public broadcaster.	At least 7 out of 10 New Zealanders agree that it is important for New Zealand to have a public broadcaster.	At least 7 out of 10 New Zealanders agree that it is important for New Zealand to have a public broadcaster.

RNZ is a designated Civil Defence Lifeline Utility in accordance with the Civil Defence Emergency Management Act 2002. This places extra social and legislative responsibilities on RNZ in the event of a Civil Defence emergency. In addition, RNZ Pacific provides a reliable source of information to the Pacific region in the event of natural disasters or a breakdown of local communication services.

RNZ will assess its performance in this area by the extent to which it is able to maintain essential services that keep the public informed when/if a civil emergency event occurs.

³ This measure is the average number of all people who engage with any RNZ service from any source across the whole year.

Objective 3**PRODUCING AND BROADCASTING A DIVERSE AND UNIQUE RANGE OF SERVICES**

To respond to the increasing competition for audience attention and to optimise its Charter performance, RNZ must deliver its own range of unique and exclusive content. To achieve this, RNZ offers six main services each with their own unique content range and with different audiences in mind. RNZ looks to achieve its diversity by providing this mix of services and the variety of programmes within each service.

The individual services that currently make up RNZ's portfolio are:

A. RNZ NATIONAL	B. RNZ CONCERT	C. RNZ PACIFIC
<p>RNZ National is a nationwide radio network providing a diverse range of live content comprising news, current affairs, feature documentaries and entertainment programmes.</p> <p>This includes music programmes featuring both New Zealand and international artists. Many of the quality programmes featured on RNZ National are not available on other radio stations because they are not commercially viable.</p>	<p>RNZ Concert brings fine music in stereo to all New Zealanders, through a network of FM transmitters and digital satellite. Musical, dramatic and performing arts comprise the core of RNZ Concert's broadcasts, with a repertoire featuring mainly classical music but also including jazz and special interest music.</p>	<p>RNZ Pacific broadcasts innovative, comprehensive and independent news and programming of interest to the Pacific region via shortwave radio, and online. This service is also available via satellite for relay and use by broadcasters within the Pacific and beyond. It provides an essential source of information in the event of natural disasters or breakdowns in local communication services</p>
D. RNZ PARLIAMENTARY RADIO AND PROCEEDINGS	E. RNZ ONLINE	F. RNZ NEWS AGENCY AND CONTENT SHARING
<p>Follow Parliament live, when the House is sitting, through the AM Network or audio live stream online.</p> <p>This coverage is also televised live on Freeview, with audio provided by RNZ.</p>	<p>Via its website, rnz.co.nz, and a range of mobile apps and social media platforms RNZ provides a portal to all of its content, allowing users access to live streaming services for RNZ National, RNZ Concert and RNZ Pacific, up to the minute news and analysis, as well as on-demand access to RNZ's vast collection of current and back catalogue of programming.</p>	<p>RNZ is the trusted backbone of collaborative journalism in New Zealand. RNZ content is made available to other media partners ranging from small independently owned regional newspapers and websites through to most of New Zealand's major commercial media businesses. Without RNZ support via the sharing of written, audio and visual material, many of these smaller outlets would not survive to keep telling the stories that are important to their communities.</p>

Although each of these services has an established format and an existing audience, changes in technology, audience preferences and New Zealand's evolving demographics mean RNZ will continually refresh, adapt and change its content across all its services to ensure they best meet the needs of the audience and optimises our Charter performance.

RNZ's assessment of its success in achieving this objective will be based on the amount of content made available from each of the services that appeal to their respective target audiences.

These measures are detailed in the following schedule of performance targets for 2020-21.

TARGETS - Objective 3
PRODUCING AND BROADCASTING A DIVERSE AND UNIQUE RANGE OF SERVICES

SERVICE	OBJECTIVE	TARGET 2020/21	FORECAST 2019/20
RNZ NATIONAL	Broadcast a nationwide network providing news, current affairs, feature documentaries and entertainment programmes, including music programmes featuring both New Zealand and international artists.	8,760 broadcast hours of RNZ National content	8,784* broadcast hours of RNZ National content
RNZ CONCERT	Broadcast fine music in stereo with a repertoire featuring mainly classical music but also including jazz, world, spiritual and special interest music, and current affairs coverage of music, dramatic and performing arts and culture.	8,760 broadcast hours of RNZ Concert content	8,784* broadcast hours of RNZ Concert content
RNZ PACIFIC	Provide an international radio service to the Pacific consisting of innovative, comprehensive and independent news and programming of interest to the Pacific region to encourage an awareness and understanding of New Zealand and providing a reliable source of information in the event of natural disasters or breakdowns in local communication services;	8,520 broadcast hours of RNZ Pacific content. 99% Transmission and Service availability (other than time lost for planned maintenance): Analogue and Digital Short-Wave network.	8,742* broadcast hours of RNZ Pacific content. 99% Transmission and Service availability (other than time lost for planned maintenance): Analogue and Digital Short-Wave network.
Parliamentary Radio and Proceedings	Live audio broadcast of Parliament, when the House is sitting.	Coverage of 90 Parliamentary sitting days	Coverage of 88 Parliamentary sitting days
Rnz.co.nz	Provide a comprehensive portal to RNZ's <i>News</i> , <i>National</i> , <i>Concert</i> and <i>Pacific</i> content, allowing users access to live streaming services for RNZ National, RNZ Concert and RNZ Pacific. In addition to this, users have access to comprehensive up to the minute news coverage, access to a large library of on-demand audio items from RNZ's vast online collection of back catalogue programming and web only collections.	48,000 hours (310,000 items) of audio content for RNZ's services available online at any time.	69,393 hours (445,930 items) of audio content for RNZ's services available online at any time.
RNZ News Agency & Content Sharing	RNZ is the trusted backbone of collaborative journalism in New Zealand. RNZ content is made available to more than 30 other media partners ranging from small independently owned regional newspapers and websites through to most of New Zealand's major commercial media businesses. Without RNZ support via the sharing of written, audio and visual material, many of these smaller outlets would not survive to keep telling the stories that are important to their communities.	Share RNZ content with at least 50 other media services	RNZ shared content is forecast to be with 58 other media services

*2020 was a leap year. This has resulted in one extra day of broadcast hours.

Objective 4

MAKING OUR SERVICES AVAILABLE AND ACCESSIBLE WHEN, WHERE AND HOW NEW ZEALANDERS WANT

In addition to producing compelling content, RNZ must also make that content available to audiences in ways and locations that meet their needs and preferences.

With the impact of new technologies and changing audience habits, the number and variety of platforms that audiences can use to access RNZ channels and content are growing rapidly and this expansion is expected to continue for many years to come. To meet this challenge RNZ must have strategies that can take full account of the differences in media consumption habits of the increasingly diverse range of audiences that RNZ seeks to serve.

It is expected that the range of platforms, access points and the capability for improved content sharing will be added to over the course of the next five years, especially through new online services and partnerships with other content providers designed to increase our audience reach and engagement. Notable additions to services in 2019/2020 include Story Time and RNZ Podcasts.

The challenge for RNZ is to determine which combination of delivery and distribution platforms provides the optimal outcome across a range of key criteria including audience availability and preferences, consumer device penetration, population coverage, infrastructure requirements, and capital and operating costs, giving alignment to our Charter's expectation that RNZ will take advantage of the most effective means of delivery.

The migration of audiences to new technologies will, over time, result in a decline in audiences relying solely on traditional radio equipment. As we introduce new options for audiences to access our content and services, the efficiency and effectiveness of existing delivery and distribution platforms will also need to be reviewed to ensure we allocate our budgets to the optimal mix of services.

Whilst no new distribution technology is planned for 2020/21 RNZ will continue to provide the range of current delivery and distribution methods to make our content accessible will basis for measuring our success in achieving this objective will be illustrated by services being delivered on the platforms highlighted in the below table.

TARGETS - Objective 4

MAKING OUR SERVICES AVAILABLE AND ACCESSIBLE WHERE AND WHEN NEW ZEALANDERS WANT

RNZ will continue to provide content through each of these platforms during FY20/21. By achieving this target we will be better served to achieve the over arching goal to reach and inform 3 out of 4 New Zealanders.

	AM radio (NZ)	FM radio (NZ)	Digital shortwave DRM (Pacific)	Freeview terrestrial (NZ)	Freeview satellite (NZ)	Sky satellite (NZ)	RNZ Mobile phone APP supporting streaming and on demand (NZ)	Multi device browser Internet streaming and on demand (NZ + Worldwide)	Third party distribution (including Social Media) of RNZ content (NZ + Worldwide)
RNZ National	✓	✓	✓	✓	✓	✓	✓	✓	✓
RNZ Concert		✓		✓	✓	✓	✓	✓	✓
RNZ Pacific (International)			✓				✓	✓	✓
Parliament	✓				✓	✓	✓	✓	
rnz.co.nz							✓	✓	✓

RNZ Podcasts	✓	✓	✓	✓	✓	✓	✓	✓	✓
Story Time	✓	✓		✓	✓	✓	✓	✓	

RNZ Māori Strategy

In 2019/20 RNZ implemented the first steps of a Māori Strategic Action Plan with the aim of enhancing, strengthening and increasing our commitment to te reo Māori throughout RNZ.

Since implementing our Māori strategy our partnerships within the Māori Media sector have increased which has provided RNZ with great quality Māori content. RNZ is working towards strengthening these relationships.

The RNZ Māori strategic action plan identifies four areas of focus.

- ❖ Our People (Ngāi Tangata)
- ❖ Our Content (Ngā kaupapa)
- ❖ Our Partnerships (Ngā Hononga)
- ❖ Our language (Te Reo Māori)

TARGETS – 2020/21

RNZ MĀORI STRATEGY

MEASURE	TARGET 2020/21	FORECAST 2019/20
Māori Language and Culture programming (radio broadcast hours) ⁴	100 hours	108 hours
Māori Language and Culture (number of items uploaded to website) ⁵	1150 hours	1248 hours
Māori Language and Culture (online pageviews – Google ⁶	2.6 million	2.9 million

These targets are only those that are more readily measured outputs and should not be taken as the full extent or focus of RNZ's Māori strategy. The key objective for the strategy is to have Māori language, culture, stories and perspectives to occur naturally as part of the fabric of RNZ's services, rather than be confined to specialised and separate outputs. This is achieved by a range of initiatives that are not so easily measured, including frequent use of te reo Māori throughout all key programming, Māori stories and perspectives featuring in general news bulletins, podcasts featuring topics of interest to or about Māori and more Māori staff in news and content roles and throughout the organisation.

⁴ This measure relates solely to stand-alone scheduled on-air programmes broadcast on RNZ National that focus exclusively on Māori content, and excludes Māori language and culture content that is broadcast as part of other programming content

⁵ The number of story-telling items that are published on the rnz.co.nz website during the year which relate to the Māori world. Both the measures are focused on material (audio, written, visual) which appear in the Te Manu Korihi and Te Ahi Kaa sections of the website. This is where the bulk of Māori – related story-telling is published. It will not include material which turns up in other broader interest programmes and shows, as it is too difficult to track at this time

⁶ The number of times a piece of story-telling relating to the Māori world is viewed on the website.

Prospective Financial Statements

GROUP PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENDITURE

	30 JUNE 2020 \$000 FORECAST	30 JUNE 2021 \$000 BUDGET	30 JUNE 2022 \$000 BUDGET	30 JUNE 2023 \$000 BUDGET
<u>INCOME</u>				
Revenue from the Crown	47,171	47,343	46,009	46,009
Other revenue	2,292	973	1,935	1,935
Interest income	88	92	92	92
	<u>49,551</u>	<u>48,408</u>	<u>48,036</u>	<u>48,036</u>
<u>EXPENDITURE</u>				
Personnel costs	29,532	29,432	29,892	29,747
Depreciation & amortisation	2,982	3,230	3,552	3,631
Other	17,030	15,720	14,525	14,570
	<u>49,544</u>	<u>48,382</u>	<u>47,969</u>	<u>47,948</u>
OPERATING SURPLUS / (DEFICIT)	7	26	67	88
Corporate taxation	0	0	0	0
TOTAL COMPREHENSIVE REVENUE & EXPENSES	<u><u>7</u></u>	<u><u>26</u></u>	<u><u>67</u></u>	<u><u>88</u></u>

The accompanying notes and statement of accounting policy are an integral part of the prospective financial statements

GROUP PROSPECTIVE STATEMENT OF FINANCIAL POSITION

	30 JUNE 2020 \$000 FORECAST	30 JUNE 2021 \$000 BUDGET	30 JUNE 2022 \$000 BUDGET	30 JUNE 2023 \$000 BUDGET
<u>EQUITY</u>				
Share capital	18,493	19,543	20,193	20,193
Asset Revaluation Reserve	46,980	46,700	46,700	46,700
Retained earnings	967	993	1,060	1,148
Total Equity	66,440	67,236	67,953	68,041
<u>CURRENT LIABILITIES</u>				
Accounts payable & accruals	4,126	2,522	2,636	2,330
Employee entitlements	3,266	2,014	1,914	1,014
Total Current Liabilities	7,392	4,536	4,550	3,344
Non-Current Liabilities	1,106	979	979	979
TOTAL LIABILITIES AND EQUITY	74,938	72,751	73,482	72,364
<u>CURRENT ASSETS</u>				
Cash & cash equivalents	6,464	2,627	2,181	2,324
Investments (Term Deposits)	3,000	3,500	2,300	2,000
Receivables	40	173	160	161
Prepayments and Other Receivables	614	190	180	190
Assets held for sale	562	0	0	0
Total Current Assets	10,680	6,490	4,821	4,675
<u>NON CURRENT ASSETS</u>				
Property, plant & equipment	62,218	63,785	65,713	64,379
Intangible assets	2,040	2,476	2,948	3,310
	64,258	66,261	68,661	67,689
NET ASSETS	74,938	72,751	73,482	72,364

The accompanying notes and statement of accounting policy are an integral part of the prospective financial statements

GROUP PROSPECTIVE STATEMENT OF CASH FLOW

	30 JUNE 2020 \$000 FORECAST	30 JUNE 2021 \$000 BUDGET	30 JUNE 2022 \$000 BUDGET	30 JUNE 2023 \$000 BUDGET
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Cash will be provided from:				
NZOA, the Crown, and other income	50,455	48,316	47,944	47,944
Interest received	88	92	92	92
Cash will be disbursed to:				
Payments to employees & suppliers	(45,298)	(49,495)	(44,517)	(45,081)
Interest expense	0	0	0	0
Net Cash from operating activities	5,245	(1,087)	3,519	2,955
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Cash will be provided from:				
Proceeds from the sale of assets	0	562	0	0
Cash will be disbursed to:				
Purchase of non current assets	(3,774)	(4,362)	(4,615)	(2,812)
Net Cash from investing activities	(3,774)	(3,800)	(4,615)	(2,812)
<u>CASHFLOWS FROM FINANCING ACTIVITIES</u>				
Cash will be provided from:				
New shares issued	1,800	1,050	650	0
Sale of Assets				
Cash will be disbursed to:				
Returns to Shareholders	0	0	0	0
Investments & Shareholders	0	0	0	0
Net Cash from financing activities	1,800	1,050	650	0
NET INCREASE/(DECREASE) IN CASH	3,271	(3,837)	(446)	143
plus Opening cash as at 1 July	3,193	6,464	2,627	2,181
CASH & CASH EQUIVALENTS AT YEAR END	6,464	2,627	2,181	2,324

The accompanying notes and statement of accounting policy are an integral part of the prospective financial statements

Notes to Prospective Financial Statements

1. These financial projections incorporate the new funding arrangements announced in Budget 2020, taking effect 1 July 2020, consisting of repositioning time-bound funding of \$7.25m moving into the baseline operating funding. The additional increase in Crown funding for the year ending 30 June 2021 is due to the the Government's Media Support Package, providing revenue to offset against RNZ's transmission charges to customers. As this revenue is coming from the Crown for the first four months of the financial year it is recognised as revenue from the Crown.

The Government's Media Support Package was effective from May 2020 and ends October 2020, overlapping two financial years and is estimated to be worth \$0.9 million.

2. An expected loss of non-Crown revenue due to Covid-19 is factored into these prospective statements. Whilst the immediate impact is reduced by the Government's Media Support Package for the wider media sector it is anticipated that the long term effects of Covid-19 will have some impact on our media customers.
3. Included in the Government's Media Support Package is a contribution by Government towards RNZ's transmission fees. RNZ intends on reallocating this funding to one off pieces of content and business improvement projects that will further enhance RNZ's ability to deliver its outcomes with efficiency.
4. Capital funding of \$3.5M over the next three years, payable by way of subscription for new shares in RNZ.

\$1.8M FY20,
\$1.05M FY21, and
\$0.65M FY22.

This Capital Funding will be used for additional capital expenditure and therefore will not have an immediate impact on the Statement of Revenue and Expenditure until the associated depreciation costs are recognised in subsequent years.

Statement of Accounting Policies

for the year ending 30 June 2021

A Reporting Entity

Radio New Zealand Limited is a Crown Entity in terms of the Crown Entities Act 2004. The company is wholly owned on behalf of the Crown by the two Shareholding Ministers, the Minister Responsible for RNZ and the Minister of Finance. Radio New Zealand Limited is a company registered under the Companies Act 1993.

The group consists of the consolidated activities of Radio New Zealand Limited and its subsidiary Sound Archives/Ngā Taonga Kōrero Limited which is 100% owned. Sound Archives/Ngā Taonga Kōrero Limited was incorporated on August 1998 and has operated the archive since 1 October 1998 but in the current forecasts is not operating.

RNZ is a Public Benefit Entity (PBE) and as such the potential conflict between the pursuit of core public service broadcaster objectives set out in RNZ's Charter and more commercial company objectives is minimised.

Government and Shareholding Ministers have confirmed and strengthened RNZ's role as a public service broadcaster and in that context have removed commercial and profit-making imperatives while still insisting on sound financial management.

B Basis of Preparation

These forecast financial statements have been prepared in accordance with New Zealand generally accepted account practice. They have been prepared in accordance with Tier 1 PBE Standards including PBE FRS 42 prospective Financial Statements.

These prospective financial statements have been prepared to comply with the Crown Entities Act 2004 and may not be appropriate for purposes other than complying with the requirements of this Act. The purpose for which these prospective financial statements of Radio New Zealand Limited have been prepared is for their inclusion in the RNZ Statement of Performance Expectations for the year ending 30 June 2020.

C Statement of Accounting Policies

The financial statements are presented in New Zealand dollars and the functional currency of RNZ is New Zealand dollars.

I Basis of Consolidation – Purchase Method

The consolidated financial statements include the holding company and its subsidiary. The subsidiary is accounted for using the purchase method.

II Goods and Services Tax (GST)

All items in the financial statements are exclusive of GST, with the exception of receivables and payables, which are stated with GST included. Where GST is irrecoverable as an input tax, then it is recognised as part of the related asset or expense.

III Taxation

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 difference 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 in 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 are 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.

IV Accounts Receivable

Accounts receivable are stated at expected fair value and measured at amortised cost less any provision for impairment.

V Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprises cash at bank, in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash.

VI Non-Current Assets

Property, plant and equipment are stated at fair value, including library and archival collections. Land and Buildings have been revalued in the prospective financial statements. A formal valuation of Land and Buildings was completed in the year ended 30 June 2017.

Library collections are reviewed to fair value at least every five years.

The results of revaluing library and archival collections are credited or debited to an asset revaluation reserve. Where a revaluation results in a debit balance in the revaluation reserve, the debit balance will be expensed in the Statement of Financial Position. To the extent that a revaluation gain reverses a loss previously charged to the Comprehensive Statement of Revenue and Expense, the gain is credited to the Comprehensive Statement of Revenue and Expense.

Other non-current assets such as prepayments are recorded in RNZ's Statement of Financial Position. These are payments received for services in one period but are recognised in the Statement of Financial Position in future periods.

Impairment of assets

At each balance sheet date, RNZ assesses whether there is any objective evidence that any group of non-current assets is impaired. Any impairment losses are recognised in the Comprehensive Statement of Revenue and Expense.

VII Depreciation and Amortisation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than freehold land, at rates that will write off the cost of the assets to their estimated residual values over their useful lives.

The useful lives of major classes of assets have been estimated as follows:

Buildings	20 to 40 years
Leasehold improvements	Term of lease
Plant and equipment	5 to 20 years
Motor vehicles	5 years
Computer hardware equipment	3 to 5 years
Furniture, fittings and other	5 to 10 years
Library books and music collection	10 to 15 years

Capital work in progress is not depreciated. The total cost of a project is transferred to the relevant fixed asset account when it is completed and begins its productive life. It is then depreciated over its estimated economic life.

VIII Intangible Assets

Software, both acquired and developed, is included under intangible assets. Also under this category are capital contribution payments made to suppliers for co-siting rights which relate to future periods in accordance with the contractual terms.

Archival collections are reviewed to fair value at least every five years

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life.

The sound archive collection will not be amortised as it is categorised as a heritage asset and as such is not normally amortised.

The useful lives of major classes of assets have been estimated as follows:

Computer software	2 to 5 years
Capital contributions	Term of contract
Sound archive collection	Infinite

IX Associates

RNZ is a party to the formation of Freeview Limited, a joint venture company formed to provide free to air digital broadcasting in New Zealand. The investment is accounted for using the equity method of accounting.

Redeemable Preference Shares

Redeemable preference shares held by the Government in RNZ are to be repayable at the option of the holder and are classified as a liability in the statement of financial position.

X Employee Entitlements

Provision is made for the company's liability for annual and long service leave. Annual leave is calculated on an actual entitlement basis at average current rates of pay over the past year in accordance with the Holidays Act 2003, whilst the long service leave provision is calculated on an actuarial basis. A provision for sick leave is not provided for as RNZ does not carry forward sick leave into future periods.

XI Provisions

RNZ recognises a provision 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, and it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount.

Provisions are measured at the present value of the expenditures 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.

XII Superannuation schemes

Obligations for contributions to KiwiSaver and the National Provident Fund are accounted for as defined contribution superannuation schemes and are recognised as an expense in the Income Statement as incurred.

XIII Leases

Finance Leases

RNZ has no finance leases.

Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are recognised as expenses in the periods in which they are incurred. RNZ leases its motor vehicles and the majority of its premises.

XIV Financial Instruments

RNZ is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, debtors, creditors and loans. All financial instruments are recognised in the statement of financial position and all revenues and expenses in relation to financial instruments are recognised in the Income Statement. All financial instruments are shown at their fair value.

XV Cash Flow Statement

Cash and cash equivalents mean current bank accounts and demand/call deposits.

Operating activities are those activities relating to the purchase and supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise those activities that change the equity and debt capital structure of the company.

XVI Foreign Currency Transactions

Foreign currency transactions are converted into New Zealand dollars at the spot rate at the date of the transaction. These transactions are settled immediately; consequently, no exchange gain or loss is recognised. RNZ also enters into foreign exchange contracts (FECs) to cover significant overseas purchases. These are defined as financial derivatives under PBE standards and the fair value of FECs are determined on the basis of quoted market rates.

XVII Borrowing Costs

RNZ has a credit facility arrangement with its banker. Costs relating to the drawdown of this facility are recognised in the Income Statement. No costs are attributed to the acquisition, construction or production of property, plant and equipment or other qualifying assets.

XVIII Revenue (Crown and Other Revenue)

RNZ Limited derives revenue from the Government through NZ On Air and from the Ministry for Culture and Heritage for specific purposes as outlined in its Charter and Statement of Intent. Other revenue is derived from generating activities and interest from bank deposits. All revenue is measured at the fair value of the consideration receivable. A small portion of funding from NZ On Air may be classified as non-exchange revenue.

D Changes in Accounting Policies

NZIFRS applied in 2014 and have been replaced by PBE standards for the year ending 30 June 2015.

No new standards have been applied to this period.

E Significant Assumptions

The following significant assumptions underpin the prospective financial statements:

- Government will continue to fund RNZ's core activities in the prospective year and for the following two planning years at least to the levels indicated in the statement. It is therefore expected that the nature of the operations of RNZ will not change significantly;
 - Shareholding Ministers will not require RNZ to pay a dividend on their shareholding in the company;
 - there will be no withdrawal of capital by Shareholding Ministers;
 - the prospective financial statements are based on estimates and forecasts, the effect of which may result in the actual financials varying from the information presented, and these variations may be material; and
 - the statements have been prepared on a going-concern basis.
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