

# STATEMENT of PERFORMANCE EXPECTATIONS

—  
FOR THE YEAR ENDING 30 JUNE 2022



**RNZ**

TE REO  
IRIRANGI  
O AOTEAROA



**RNZ** | For the year ending  
**30 JUNE 2022**

# STATEMENT of PERFORMANCE EXPECTATIONS

This Statement of Performance Expectations reflects our proposed activities, performance targets and forecast financial information for the year ending 30 June 2022. 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.



**Dr JIM MATHER**

Chair

11 JUNE 2021



**CAREN RANGI**

Audit and Risk Chair

11 JUNE 2021

# CONTENTS

4	OVERVIEW	19	RAUTAKI MĀORI (OUR MĀORI STRATEGY)
5	RNZ'S CHARTER	20	OUR PEOPLE STRATEGY
7	LIFELINE UTILITY	21	OUR SUSTAINABILITY PROGRAMME
8	OUR COMMITMENT to the PRINCIPLES of TE TIRITI O WAITANGI	22	OUR CONTRIBUTION to PUBLIC MEDIA OUTCOMES
9	OUR STRATEGIC PRINCIPLES, PRIORITIES and AREAS of FOCUS	23	OUR FINANCIAL PERFORMANCE
10	UNDERSTANDING OUR AUDIENCE	24	FINANCIAL STATEMENTS
11	OUR OUTCOMES FRAMEWORK and FUNDING	24	GROUP PROSPECTIVE STATEMENT of FORECAST COMPREHENSIVE REVENUE and EXPENSE
12	OUR STRATEGIC FOCUS AREAS	25	GROUP PROSPECTIVE STATEMENT of FORECAST FINANCIAL POSITION
12	ATTRACT and RETAIN AUDIENCES	26	GROUP PROSPECTIVE STATEMENT of FORECAST CHANGES in EQUITY
14	PROVIDE a PUBLIC BROADCASTING SERVICE THAT IS IMPORTANT TO, and VALUED BY, NEW ZEALANDERS	27	GROUP PROSPECTIVE STATEMENT of FORECAST CASH FLOW
15	PRODUCING and BROADCASTING a DIVERSE and UNIQUE RANGE of PROGRAMMES WITHIN OUR SERVICES	29	STATEMENT of ACCOUNTING POLICIES
18	MAKING OUR SERVICES AVAILABLE and ACCESSIBLE WHERE and WHEN NEW ZEALANDERS WANT		

# OVERVIEW

RNZ's mission is to deliver the RNZ Charter and to support a connected and informed Aotearoa.

This has never been more important. In a time of a global pandemic and of rapid economic, social and political change, the people of Aotearoa rely on public media that are trustworthy, accurate, independent and relevant. As the world gets more complicated, RNZ tells the stories that are important to New Zealanders, in an informative, challenging, and entertaining way.

We strive to be available when and how people need us, whether it is calmly and concisely delivering information amid a civil defence emergency, breaking and analysing the latest big story, or providing companionship. We take seriously our responsibilities to reflect and celebrate New Zealand arts, languages and culture. Our obligation to Māori and Te Reo are a particular focus.

The Covid-19 pandemic is showing how hungry New Zealanders are for information and entertainment that is high quality, impartial, non-commercial, and independent. Audiences came to us for breaking news, for detailed explanations, and for comfort.

RNZ is a multimedia service, encompassing radio, audio, written and video content across a range of broadcast and digital platforms. In March 2021 862,000 New Zealanders visited [rnz.co.nz](http://rnz.co.nz), double the number in January 2020.\*

Nationwide, the weekly cumulative audience for RNZ National is 609,800 New Zealanders

or 13.5% of the age 10+ population. In the first survey of 2021 the weekly cumulative audience for NZ National and Concert was 721,800 people aged 10+ years or 15.9% of the New Zealand population. RNZ Pacific continues to provide a high-quality news service to New Zealand and the wider Pacific.

We are guided by what audiences want and where they are, particularly audiences that have been underserved by New Zealand's media. We co-operate and collaborate with other entities with a view of making sure that the people of Aotearoa read, hear, and/or see themselves reflected in their media.

The trust that the audience places in RNZ is the key to everything we do. It is crucial that trust is maintained. As the Government advances its policy to reform public media, RNZ will focus on our key mandate: to serve the public interest.

Our 2021/22 priorities will be to lead New Zealand in audio content and grow regional news coverage. We will continue to enhance our mobile audience experiences and share our content. We will honour our commitment to the principles of Te Tiriti o Waitangi and continue to support and develop our people. While consistently providing our current audience with their favoured content we will also prioritise those audiences underserved by New Zealand media.

These priorities will be achieved by focusing on our audience, our brand, our content and our distribution channels. We will also change the

way we work to make RNZ a modern, efficient and great place to work.

Our forecast financial performance reflects our determination to strengthen and prepare RNZ for the planned reform of public media policy. We will continue to manage RNZ's finances prudently as we deliver the strategy.

## OUR RESPONSE to COVID-19

The COVID-19 pandemic has created many challenges for all New Zealanders. RNZ's priorities during this pandemic will continue to be to keep our people safe and supported and provide a trusted information lifeline in a time of crisis.

## THE FUTURE of PUBLIC MEDIA

The Government intends to strengthen public media in the current Parliamentary term through the creation of a proposed new public media entity. The announcement of the strong public media policy is a once-in-a-generation opportunity to create a public media entity that is sustainably funded, future-focused, comprehensive, high-quality and valued by all New Zealanders. A new entity, if implemented, must have a public media charter and independence at its core. RNZ will contribute our expertise to the policy development while continuing to execute our strategy and provide a valued and innovative service to New Zealanders.

\*SOURCE: NIELSEN DIGITAL RATINGS

# The Radio New Zealand CHARTER

As a Crown owned entity our 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.

## 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 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:
- 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.

*The following highlights are from the RNZ Charter contained within the RNZ Act 1995.*

# TE TŪTOHINGA ME NGĀ MĀTĀPONO

## o Te Reo Irirangi o Aotearoa

### TE PŪTAKE

- 1 Nā runga i tana tū hei kaipāpāho ratonga tūmatanui motuhake, ko te pūtake o te kamupene reo irirangi tūmatanui he ū ki ngā take whai tikanga ki a ngāi tūmatanui.
- 2 Ko te noho herekore o te mana whakaaro me te mana whakapuaki hei tūāpapa mō te pāpori manapori, ā, nā runga i tana tū hei kaipāpāho ratonga tūmatanui, he tūranga mātuatua tō te kamupene reo irirangi tūmatanui hei kaiwhakaū i ēnei mana.
- 3 Ka whakatītina te kamupene reo irirangi tūmatanui i tētahi tuakiri ā-motu mā te whakaū i ngā tikanga o te noho manawa nui me te māramatanga, otirā, ka whakaatu, ka whakatairanga anō i te whakapuakanga me te kanorautanga o ngā kaupapa ā-iwi, ā-ahurea, ā-toi hoki.
- 4 Ka whakaratonga e te kamupene reo irirangi tūmatanui he pārongo, otirā, he rongo o te wā, he tika, he motuhake, he māmā hoki te torohia atu.

### TE TUKUHANGA

- 5 Hei whakatutuki i tōna pūtake, me mātua whai te kamupene reo irirangi tūmatanui kia whakaratonga e ia he ratonga kounga nui, e pēnei ana —

**A** ko te nuinga, e mārama kehokeho ana, he mea pupū ake i Aotearoa:

**B** e whakamōhio ana, e whakangahau ana, e whakapūrangiāho anō ana i ngā uri o Aotearoa:

**C** e wero ana i te hinengaro, e auaha ana, e pārekareka anō ana:

**D** e whakatītina ana i te whakaaro hōhonu me te momo tautohetohe e whai mōhio ana, ā, e aro ana ki ētahi kaupapa whānui:

**E** e whakatenatena ana, e taunaki ana, e whakaatu anō ana i te kanorau o ngā momo whakapuakanga ā-ahurea, tae atu ki te whakaari, te whakakatakata, ngā momo tuhinga, me ngā mahi a Rēhia:

**F** e whakatenatena ana, e taunaki ana, e whakaatu anō ana i ētahi momo pūoru whānui, tae atu ki ngā titonga me ngā whakapuakanga o Aotearoa:

**G** e whakaatu ana i te tuakiri ahurea o Aotearoa, tae atu ki te reo me te ahurea Māori:

**H** e whai whakaaro ana ki te ao, otirā, ki te tūnga o Aotearoa ki te ao:

**I** e whakarato ana i ētahi rongo o te wā me ētahi kaupapa mohoa ā-rohe, ā-motu, ā-ao anō, he aro whānui, he motuhake, he tika, he tōkeke, he whārite hoki:

**J** e whakarato hōtaka ana e noho whārite ai ngā kaupapa aronga whāiti me ērā e arongia whānuitia ana, e whai wāhi mai ai ngā kaupapa whai take ki ngā reanga katoa:

**K** e whakaū ana i te whakawhanaketanga ā-hinengaro, ā-wairua hoki:

**L** e kapi ana i a ia he ratonga ā-ao ki Te Moana-nui-a-Kiwa, ki te reo Pākehā, ki ngā reo o Te Moana-nui-a-Kiwa hoki:

**M** e aro ana ki ngā ratonga e whakaratonga ana e ētahi kaipāpāho kē atu:

**N** e whai hua ana i te/ngā ara tuku whai take nui:

**O** e tiaki ana, e whakaputu anō ana i ngā kōrero pāpāho ka noho hei taonga tuku iho.

## LIFELINE UTILITY

Radio New Zealand (RNZ) is also 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.

RNZ has a statutory duty to ensure that it can function during an emergency and it is required to maintain appropriate systems for the dissemination of emergency-related information.

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.

**COVID-19**

**Latest coverage**

Auckland is now at alert level 1

ALERT LEVEL: 1 **PREPARE**

# OUR COMMITMENT to THE PRINCIPLES of Te Tiriti o Waitangi

## INTRODUCTION

RNZ is committed to embedding the principles of Te Tiriti o Waitangi into its strategy to ensure Māori perspectives, voices and aspirations are embedded in our content and services.

## PRIMARY CHARTER DELIVERABLES

Reflect New Zealand's cultural identity including Māori language and culture.

## KEY ACTIONS

Develop an action plan that takes account of:

- 1 The principles of Te Tiriti o Waitangi and through a series of wānanga/workshops further define and develop what these mean for RNZ:

- PARTNERSHIP** — Collaboration & Equity
- PARTICIPATION** — Whanaungatanga & Manaakitanga
- PROTECTION** — Te Reo Māori, Tikanga Māori, Mātauranga Māori

- 2 Identify a change model that will embed the principles of Te Tiriti o Waitangi into the culture of RNZ.
- 3 Tell our unique Aotearoa New Zealand stories which uplift and inspire our people, our audiences and our stakeholders.





# OUR STRATEGIC PRINCIPLES, PRIORITIES and AREAS of FOCUS

Our strategy is designed around three strategic principles. Every initiative is assessed on whether it falls within our mandate, is meaningful to and desired by audiences and encapsulates our attitudes.

**OUR ATTITUDES:** Be bold. Extend manaakitanga. Better everyday.

## PRINCIPLES

### MANDATE

We will deliver to our Charter

### AUDIENCE

We will put the audience at the heart of everything we do

### PEOPLE

We will support our people by living by our attitudes



## PRIORITIES

Honour our commitment to the principles of Te Tiriti o Waitangi

Prioritise our Audience

Lead NZ in Audio

Reinvigorate the mobile experience for audience

Grow Regional News

Support and develop our people



## FOCUS AREAS

AUDIENCE

BRAND

CONTENT

DISTRIBUTION

ENABLEMENT



# UNDERSTANDING OUR AUDIENCE

The RNZ 2019 Colmar Brunton research categorised the New Zealand population into 10 segments. This research provides a detailed understanding of audience needs, behaviours and preferences, and provides RNZ with the insights needed to develop the content and

distribution plans that will enable us to reach and engage with the audiences we seek to serve. This knowledge underpins the rationale for our strategic priorities and areas of focus.

AUDIENCE SEGMENTS	AUDIENCE INTERESTS
<ul style="list-style-type: none"> <li>• Globalist</li> <li>• Curious Intellectual</li> <li>• Curious Grazer</li> </ul>	<p>These three segments are interested in news and information with a <b>FOCUS on FACTS and THINGS</b></p>
<ul style="list-style-type: none"> <li>• Company Seeker</li> <li>• Tell it like it is – Sports Fan</li> <li>• Community Minded</li> </ul>	<p>These three segments are also interested in news and information, but they have a <b>FOCUS on PEOPLE and RELATIONSHIPS</b></p>
<ul style="list-style-type: none"> <li>• Relax and Unwind</li> <li>• Social Connector</li> <li>• Go-getter</li> <li>• Unengaged</li> </ul>	<p>These four segments have a higher level of interest in <b>ENTERTAINMENT and GENERAL KNOWLEDGE</b></p>



# OUR OUTCOMES FRAMEWORK and FUNDING

RNZ has one reportable class of output which is the delivery of Public Broadcasting Services (M8). This output is funded through the Public Broadcasting Services Appropriation within Votes Arts, Culture and Heritage.

A total of \$1.9m is specifically tagged for RNZ Pacific Services with the balance of funds distributed via NZ on Air for RNZ (\$43.5 million). Funding from New Zealand on Air includes a one-off uplift of \$0.9 million for 2021/22 to absorb rising costs associated with maintaining a high-quality, trusted public broadcasting service for both existing audience and an underserved audience.

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 focus areas which RNZ sees as integral to achieving its statutory objectives, responding to the environmental challenges, and delivering on its strategic intent.

\*M8<sup>2</sup> 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..."

1

## ATTRACT and RETAIN DIVERSE AUDIENCES

- reflect changing age, ethnic mix, geographic spread
- cater for audience sectors under-served by commercial media

2

## PROVIDE a MULTI-MEDIA PUBLIC BROADCASTING SERVICE that is IMPORTANT TO, and VALUED BY, NEW ZEALANDERS

- contribute to an informed democracy
- provide an independent trusted media source
- provide a service valued by New Zealanders

3

## PRODUCE, PUBLISH and BROADCAST a DIVERSE and UNIQUE RANGE of PROGRAMMES

- remain strong in radio
- be strong on digital platforms
- diverse range of content and programmes within our services

4

## MAKE OUR SERVICES AVAILABLE WHERE, WHEN and HOW AUDIENCES WANT

- use most effective means of access
- multi-media
- use range of delivery choices
- resilient and available in times of emergency

**UNDERPINNING  
THESE FOCUS AREAS  
is OUR COMMITMENT  
to the PRINCIPLES of  
TE TIRITI O WAITANGI  
and ENABLING OUR  
RNZ ATTITUDES**

# OUR STRATEGIC FOCUS AREAS

## Attract and retain audiences

### WHY THIS MATTERS

RNZ's vision is to **develop a life-long relationship with the people of Aotearoa**.

To achieve our vision, remain relevant and meet statutory and strategic objectives, we must ensure that our 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.

### WHAT WILL WE DO

OBJECTIVE	MEASURE	TARGET 2021/22	TARGET 2020/21	FORECAST* 2020/21
Extend RNZ's audience reach	Through the Value Indices research conducted by Colmar Brunton RNZ will connect with and inform 7 out of 10 New Zealanders in a week by 2023	67%	New Measure	63%
Maintain our combined live radio listenership	Reported from the GfK audience research the average combined RNZ National and RNZ Concert weekly cumulative audience	680,000	650,000	721,800
Maintain online audience	Average monthly users of RNZ's website	3.8 million	3.25 million	3.8 million
Maintain our current Pacific region radio audience	Number of Pacific region radio stations taking the RNZ service	22 stations	20 stations	22 stations
Maintain RNZ Pacific's online audience	Total pageviews of RNZ Pacific section of website	8.0 million	7.0 million	8.0 million

### HOW WILL THIS BE MEASURED

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 which 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.



# Provide a public broadcasting service that is important to, and valued by, New Zealanders

## WHY THIS MATTERS

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.

## WHAT WILL WE DO

OBJECTIVE	MEASURE	TARGET 2021/22	TARGET 2020/21	FORECAST 2020/21
A majority of New Zealanders aware of RNZ agree that RNZ provides a valuable service to New Zealand.	At least 7 out of 10 New Zealanders aware of RNZ agree that RNZ provides a <b>valuable service</b> to New Zealand.	70%	70%	66%
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 <b>important</b> for New Zealand to have a public broadcaster.	70%	70%	70%

## HOW WILL THIS BE MEASURED

RNZ will undertake research through Colmar Brunton, Value Indices and GfK during the year to assess its success in achieving these objectives.

# Producing and broadcasting a diverse and unique range of programmes within our services

## WHY THIS MATTERS

To respond to the increasing competition for audience attention and to optimise our Charter performance, we must deliver a range of unique and exclusive content. To achieve this, we offer six main services each

with their own unique content range and with different audiences in mind. We aim to reach a diverse audience by providing this mix of services and the variety of programmes within each service.

## OUR SERVICES

RNZ NATIONAL	RNZ CONCERT	RNZ PACIFIC	RNZ PARLIAMENTARY RADIO and PROCEEDINGS	RNZ DIGITAL	RNZ NEWS AGENCY and CONTENT SHARING
<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>	<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 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 optimise 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.

## HOW WILL THIS BE MEASURED

SERVICE	OBJECTIVE	TARGET 2021/22	TARGET 2020/21	FORECAST 2020/21*
<b>RNZ NATIONAL</b>	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	8,760 broadcast hours of RNZ National content	8,758 broadcast hours of RNZ National content
<b>RNZ CONCERT</b>	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	8,760 broadcast hours of RNZ Concert content	8,758 broadcast hours of RNZ Concert content
<b>RNZ PACIFIC</b>	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	8,520 broadcast hours of RNZ Pacific content. 99% Transmission and Service availability (other than time lost for planned maintenance): Analogue and Digital Short-Wave network.	8,520 broadcast hours of RNZ Pacific content. 99% Transmission and Service availability (other than time lost for planned maintenance): Analogue and Digital Short-Wave network.
<b>PARLIAMENTARY RADIO and PROCEEDINGS</b>	Live audio broadcast of Parliament, when the House is sitting.	Coverage of all Parliamentary sitting days as advised by the Office of the Clerk	Coverage of 90 Parliamentary sitting days	All 69 Parliament sitting days will have been covered.
<b>RNZ DIGITAL</b>	Provide a comprehensive portal to RNZ's News, National, Concert and Pacific 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. This includes programmes such as podcasts and storytime which are also distributed through other services and on multiple platforms.	An average of 75,000 hours (473,000 items) of audio content for RNZ's services available online at any time	An average 48,000 hours (310,000 items) of audio content for RNZ's services available online at any time	An average 75,000 hours (473,000 items) of audio content for RNZ's services available online at any time
<b>RNZ NEWS AGENCY and CONTENT SHARING</b>	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 60 other media services	Share RNZ content with at least 50 other media services	Share RNZ content with at least 61 other media services



## NEW SERVICE – TAHI

Our priority will be to reach the identified underserved audiences, especially the young, Māori and Pasifika. We will achieve this through the creation of trusted and valued entertainment, information and news services specifically tailored for them and their needs. This service will provide a multimedia content offering and is intended to have a staged availability when and where audiences want and need it to be.

Targeted audience segments will be those who represent 73% of the 1.05 million New Zealanders aged between 18 and 34. Of which 17.4% are Māori and 9.5% are Pasifika\*.

\*COLMAR BRUNTON, AUDIENCE DEVELOPMENT RESEARCH MAY 2019

SERVICE	OBJECTIVE	TARGET MEASURES 2021/22	TARGET 2021/22	FORECAST 2020/21
TAHI	Launch brand and begin to attract audience segments we have identified as underserved by traditional media, notably younger New Zealanders, Māori and Pasifika.	Google Analytics, Social Media audience metrics, RNZ Annual Value Indices report and audience reporting provided by content sharing media partners	Launch and attract an audience from the identified underserved segments of audience	This is a new service due to be launched in 2020/21.
	Produce content created by both RNZ and through the commissioning of content from the New Zealand independent production community.	50% of the commissioning department budget applied to content for the identified audience segments	\$100,000	
	Distribute content on platforms valued and prioritised by the audience	Successfully build and deploy Phase 1 of the content distribution plan: Website, App, Streaming services, Social platforms and ability to share on partner media organisation platforms.	All platforms active and delivering content	

# Making our services available and accessible **WHERE** and **WHEN** New Zealanders want

## WHY THIS MATTERS

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.

## WHAT WILL WE DO

RNZ will conduct regular research through Colmar Brunton and use the results of the annual Value Indices, alongside using Google Analytics and GfK results to inform our understanding of the differences in media consumption habits so as to plan to meet the needs of the audiences RNZ seeks to serve. We will report on the research conducted, the results and the direction taken as a result of the research information.

RNZ will continue to provide content through each of the platforms highlighted below. Content distributed through these platforms will assist the multiple broadcast and audience targets indicated throughout this statement of performance expectations.

	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) *
<b>RNZ NATIONAL</b>	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>RNZ CONCERT</b>		✓		✓	✓	✓	✓	✓	✓
<b>RNZ PACIFIC (International)</b>			✓				✓	✓	✓
<b>PARLIAMENT</b>	✓				✓	✓	✓	✓	
<b>RNZ DIGITAL</b>							✓	✓	✓

## Rautaki Māori / Our Māori Strategy

RNZ has a strong commitment to creating high quality Māori content, supporting te reo Māori and fostering Māori journalism.

Since implementing our Rautaki Māori, our partnerships within the Māori media sector have strengthened which has provided RNZ with quality Māori content.

This includes content we have shared with Māori Television such as Whitiki and The Outliers.

### HOW WILL THIS BE MEASURED

OBJECTIVE	TARGET 2021/22	TARGET 2020/21	FORECAST* 2020/21
Māori language and culture programming (radio broadcast hours) <sup>1</sup>	100 hours	100 hours	100 hours
Māori Language and Culture (number of items uploaded to website) <sup>2</sup>	1150 items	1150 items	1150 items
Māori language and culture (online pageviews – Google) <sup>3</sup>	2.6 million	2.6 million	2.6 million

The targets above are only those that are more readily measured outputs and should not be considered the full extent or limited focus of RNZ's Rautaki Māori. The key objective for the strategy is to have Māori language, culture, stories and perspectives 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.

\* Forecast performance measures for the year ending 30 June 2021 are reported in this draft version as being RNZ's target to reach and or exceed. The forecast actual will be provided in the final version of this SPE.

**1** 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.

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

**3** 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.

## Our People Strategy

The overarching principle of Our People Strategy is to ensure the wellbeing of everyone at RNZ and that we continue to build an inclusive and constructive culture.

### WE WILL DO THIS BY:

- Honouring our commitment to the principles of Te Tiriti o Waitangi
- Communicating our People Strategy so our desired inclusive and constructive culture is understood
- Everyday demonstration of the RNZ Attitudes
- Investing in the development of our leadership team (Te Ihu Waka)
- Delivering against our Diversity and Inclusion Strategy
- Becoming match fit for the changes ahead by growing the skill base, experience and careers of our teams

We believe that by doing the above things well we will improve on the following good employer objectives:

OBJECTIVE	TARGET 2021/22	TARGET 2020/21	FORECAST* 2020/21
RNZ Gender Diversity	50/50	50/50	50/50
Women in Leadership Roles	50%	50%	44%
RNZ Gender Pay Gap <sup>1</sup>	+/-2%	0%	+2.8%
RNZ Ethnicity Pay Gap	<10%	New Measure	<10%
RNZ Engagement Score <sup>2</sup>	70%	New Measure	65%

\* Forecast performance measures for the year ending 30 June 2021 are reported in this draft version as being RNZ's target to reach and or exceed. The forecast actual will be provided in the final version of this SPE.

<sup>1</sup> The target range is between +2% or less than zero but no greater than <2%

<sup>2</sup> Measured by Culture Amp survey

# Our Sustainability Programme

An initiative to develop a more sustainable RNZ was embarked on in late 2019. Embedding sustainability in RNZ's DNA ensures our people have a modern, sustainable-focused workplace.

Our sustainability initiatives focus on the three pillars of sustainability:

	NGĀ TĀNGATA / PEOPLE	TAIAO / PLANET	NGĀ HUAMONI / PROFIT
GOALS	<ul style="list-style-type: none"> <li>Inclusion and Diversity program to achieve Diversity Works Engineer rating by the end of 2022</li> <li>Act on the recommendations for the 2020/21 Engagement Survey and improve RNZ engagement score by 5% by 2022</li> <li>Gender and Ethnic Pay Gap initiatives to deliver against targets (and ongoing +/-2% for Gender and 10% non- Pakeha by the end of 2022)</li> </ul>	<ul style="list-style-type: none"> <li>Increase awareness of sustainability within RNZ</li> <li>Reduce waste through improved recycling schemes</li> <li>Reduce paper use by 50% from our 2020/21 baseline</li> <li>Ethical procurement</li> <li>Partnerships and relationships</li> </ul>	<ul style="list-style-type: none"> <li>Reduce accommodation footprint where surplus to operational requirements</li> <li>Operate within our financial means and report on our financial and non-financial results, including against our sustainability initiatives within our annual report</li> </ul>
ACHIEVEMENTS 2019 - 2021	<ul style="list-style-type: none"> <li>Initial sustainability group established 2019</li> <li>Training - Cambridge University study</li> <li>A majority of staff attendance at inclusion and diversity workshops</li> <li>Engagement survey completed with 65% of people engagement</li> <li>Gender Pay Gap assessment completed with a gap of 2.8%</li> </ul>	<ul style="list-style-type: none"> <li>Waste audit undertaken with recommendations</li> <li>Stationery recycling - Wellington</li> <li>Coffee grounds reuse</li> <li>Plastic and single-use kitchen items reduction</li> <li>Hybrid fleet</li> <li>Relationships and partnerships - Sustainability Trust</li> <li>Sustainable approach to Wellington refurbishment</li> <li>Method bins</li> <li>Paper reduction</li> </ul>	<ul style="list-style-type: none"> <li>Wellington refurbishment long-term savings</li> <li>Reporting against goals</li> <li>Living wage accreditation</li> </ul>
2022/2023	<ul style="list-style-type: none"> <li>Strengthen internal sustainability network</li> <li>Continue improving gender and ethnic pay gap</li> <li>Continue improving culture</li> </ul>	<ul style="list-style-type: none"> <li>Waste reduction - hand dryers to reduce our largest source of waste, paper towels</li> <li>Capitalise on networks</li> <li>Paper reduction</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable procurement practices and policy</li> <li>Carbon credits</li> <li>RNZ Offices energy reductions</li> </ul>

# OUR CONTRIBUTION to PUBLIC MEDIA OUTCOMES

## GOVERNMENT OUTCOMES

### New Zealand audiences choose to access mainstream and targeted content and services that support:

- 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.

### Public Media in New Zealand are:

- 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.

### Public media play an integral role in contributing to New Zealand being:

- A connected, informed, cohesive and independent nation;
- A healthy, participative democracy;
- Confident in and aware of our unique identity, cultures and languages.

## RNZ KEY INITIATIVES and CHARTER OUTCOMES

### Attract and Retain Audience

- 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.

### Provide a multi-media public broadcasting service that is important to, and valued by New Zealanders

- 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.

### Produce, publish and broadcast a diverse and unique range of services

- 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 a wide range of music both NZ composition and performance, drama, comedy and literature.

### Make our services available where, when and how audiences want

- 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 FINANCIAL PERFORMANCE

The prospective financial statements are based on assumptions which RNZ reasonably expect to occur. The actual results achieved for the periods covered are likely to vary from the information presented where unplanned events occur, such as the ongoing effects of COVID-19 and any other unknown future major event. RNZ will adjust its activities to ensure it remains financially sound whilst delivering to its mandate. Reporting against financial performance measures to more granular disclosure will be through the Annual Report.

In 2020/21 the impact of the Governments Media Support Package received by RNZ for relief of transmission charges to RNZ customers was recognised as funding being received by the Crown. This funding would have otherwise been recognised as other revenue. This one off

funding is the variance illustrated in Crown funding between 2020/21 and 2021/22. This funding was applied between May 2020 through to October 2020 and is not recognised in years beyond 30 June 2021. Other variable Crown Funding is funding obtained through New Zealand On Air's contestable fund to commission specific content. Only those commissioned programmes confirmed as at 31 May 2021 and expected to be broadcast have been recognised in the following prospective financial statements.

To support the priorities stated within this SPE RNZ intends on using a portion of its equity in the next two financial years returning to a balanced budget position in 2024.

OBJECTIVE	TARGET 2021/22	TARGET 2020/21	FORECAST 2020/21
Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA)	\$1.65m	\$3.16m	\$3.48m

# FINANCIAL STATEMENTS

## Group Prospective Statement of forecast comprehensive revenue and expense

	FORECAST 30 June 2021 \$000	BUDGET 30 June 2022 \$000	BUDGET 30 June 2023 \$000	BUDGET 30 June 2024 \$000
<b>INCOME</b>				
Revenue from the Crown	47,842	46,909	46,009	46,009
Other revenue	1,436	1,970	1,970	1,970
Interest income	65	40	40	40
	<b>49,343</b>	<b>48,918</b>	<b>48,018</b>	<b>48,018</b>
<b>EXPENDITURE</b>				
Personnel costs	29,140	30,730	28,300	28,200
Depreciation & amortisation	3,049	3,090	3,200	3,253
Other	16,656	16,501	16,501	16,501
	<b>48,845</b>	<b>50,321</b>	<b>48,001</b>	<b>47,954</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>	498	(1,402)	17	64
Corporate taxation	0	0	0	0
<b>Total Comprehensive Revenue and Expenditure</b>	<b>498</b>	<b>(1,402)</b>	<b>17</b>	<b>64</b>
<b>EBITDA</b>	3,483	1,647	3,177	3,277



## Group Prospective Statement of forecast financial position

	FORECAST 30 June 2021 \$000	BUDGET 30 June 2022 \$000	BUDGET 30 June 2023 \$000	BUDGET 30 June 2024 \$000
<b>Total Equity</b>	67,766	67,014	67,031	67,096
<b>CURRENT LIABILITIES</b>				
Accounts payable & accruals	2,533	2,430	2,483	2,266
Employee entitlements	2,327	2,014	1,914	1,746
Provisions	160	0	0	0
<b>Total Current Liabilities</b>	5,020	4,444	4,397	4,012
<b>Non-Current Liabilities</b>	1,106	506	506	506
<b>Total Liabilities and Equity</b>	<b>73,892</b>	<b>71,964</b>	<b>71,934</b>	<b>71,613</b>
<b>CURRENT ASSETS</b>				
Cash & cash equivalents	6,600	3,600	3,750	3,500
Investments (Term Deposits)	3,500	2,500	2,300	2,300
Receivables	147	173	160	161
Prepayments and Other Receivables	17	190	180	190
Assets held for sale	1,862	0	0	0
<b>Total Current Assets</b>	12,126	6,463	6,390	6,151
<b>NON CURRENT ASSETS</b>				
Property, plant & equipment	59,737	62,184	62,044	62,162
Intangible assets	2,029	3,317	3,500	3,300
<b>Total Non Current Assets</b>	61,766	65,501	65,544	65,462
<b>Net Assets</b>	<b>73,892</b>	<b>71,964</b>	<b>71,934</b>	<b>71,613</b>

## Group Prospective Statement of forecast changes in equity

	FORECAST 30 June 2021 \$000	BUDGET 30 June 2022 \$000	BUDGET 30 June 2023 \$000	BUDGET 30 June 2024 \$000
<b>EQUITY</b>				
Share capital	19,542	20,193	20,193	20,193
Asset Revaluation Reserve	46,724	46,224	46,224	46,224
Retained earnings	1,500	598	615	679
<b>Total Equity</b>	<b>67,766</b>	<b>67,014</b>	<b>67,031</b>	<b>67,096</b>

## Group Prospective Statement of forecast cash flow

	FORECAST 30 June 2021 \$000	BUDGET 30 June 2022 \$000	BUDGET 30 June 2023 \$000	BUDGET 30 June 2024 \$000
<b>CASH FLOWS from OPERATING ACTIVITIES</b>				
Cash will be provided from:				
NZOA, the Crown, and other income	48,831	48,681	47,979	47,627
Interest received	65	40	40	40
Cash will be disbursed to:				
Payments to employees & suppliers	(46,949)	(48,407)	(44,426)	(44,746)
Net Cash from operating activities	<b>1,947</b>	<b>314</b>	<b>3,593</b>	<b>2,921</b>
<b>CASH FLOWS from INVESTING ACTIVITIES</b>				
Cash will be provided from:				
Proceeds from the sale of assets	0	1,862	0	0
Cash will be disbursed to:				
Purchase of non current assets	(2,361)	(4,826)	(3,243)	(3,171)
Net Cash from investing activities	<b>(2,361)</b>	<b>(2,964)</b>	<b>(3,243)</b>	<b>(3,171)</b>

**CASH FLOWS from FINANCING ACTIVITIES**

Cash will be provided from:

New shares issued	1,050	650	0	0
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Cash will be disbursed to:

Investments	(500)	(1,000)	(200)	0
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Net Cash from financing activities	<b>550</b>	<b>(350)</b>	<b>(200)</b>	<b>0</b>
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<b>Net Increase/(Decrease) in Cash</b>	136	(3,000)	150	(250)
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plus Opening cash as at 1 July	6,464	6,600	3,600	3,750
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<b>Cash &amp; Cash Equivalents at year end</b>	<b>6,600</b>	<b>3,600</b>	<b>3,750</b>	<b>3,500</b>
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# STATEMENT of ACCOUNTING POLICIES

## 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.

## Basis of Preparation

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

These forecast 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 actual financial results for the period covered are likely to vary from the information presented and the variations may be material.

The measurement base adopted is that of historical cost.

The accrual basis of accounting has been used unless otherwise stated. These financial statements are presented in New Zealand dollars and rounded to the nearest thousand (\$000).

## Judgements and Estimations

The preparation of financial statements to conform with PBE Standards requires judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses (where material information on major assumptions is provided in the relevant accounting policy or will be provided in the relevant note). The estimates and associated assumptions are based on historical experience and various other factors that are believed to be

reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

## Statement of Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these forecast financial statements.

### 1 BASIS of CONSOLIDATION – PURCHASE METHOD

The consolidated financial statements include the holding company and its subsidiary Sounds Archives Ngā Taonga Kōrero Limited. The subsidiary is accounted for using the purchase method.

### 2 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.

### 3 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.

### 4 ACCOUNTS RECEIVABLE

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

### 5 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.

### 6 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.

### 7 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.

## 8 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.

## 9 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.

## 10 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

## 11 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.

## 12 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.

## 13 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.

## 14 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.

**15 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.

**16 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.

**17 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.

**18 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.

**19 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.

**20 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.

**Changes in Accounting Policies**

Accounting policies are changed only if the change is required by a standard or interpretation or otherwise provides more reliable and more relevant information.

There are not changes to accounting policies.

**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.