

WE LISTEN, WE LEARN, WE GROW







ideas

TO CONNECT WITH NEW AUDIENCES

With our new high-profile premises and studios in Auckland we now have the presence on the ground to match our presence on the airwaves.

This year we put in new FM transmitters in Whangarei, Nelson, Blenheim, Timaru, Alexandra and Invercargill. 85% of the population can now receive National Radio on FM quality radio.

New transmitters installed in Westport and Greymouth bring the delights of Concert FM to the West Coast for the first time.



know

OF OUR PAST AND PRESENT

⦿ The Pitcairn Island sex trials, the Pope's death and the election of his successor, the landmark Tahiti elections, and the tsunami disaster – when all of these major events happened we had people on the plane and on the spot.

⦿ It's as close as you can get to being there. Major outside broadcasts and recordings during the year included the Wellington International Jazz Festival, the Christchurch Jazz Festival and the New Zealand Country Music Awards.

⦿ The sounds of WOMAD echo around the world. A collaboration with the BBC World Service saw the recording of the WOMAD 2005 music festival with programmes being broadcast on both services.

ledge

Investment in new technology for Sound Archives/Ngā Taonga Kōrero allows much greater public access to the treasures of our past.





enthusia

TO EMBRACE NEW TECHNOLOGY

● This year we started work on a new DRM shortwave transmitter for Radio New Zealand International. The new digital technology will allow RNZI to reach far greater audiences with FM quality sound.

● New laptop broadcasting technology for Radio New Zealand reporters improves our ability to provide fast, immediate on-location reporting.

● New audio-on-demand and live streaming through the Radio New Zealand website expands the radio experience for the listener.

sm





looking

TO ENGAGE DIVERSITY

Radio New Zealand is the voice of New Zealand. This year we celebrated Open Story Season, a series of drama, poetry and readings that allowed individuals and communities not normally heard on National Radio to have their stories told.

Commissioned by the Commonwealth Broadcasting Association, Radio New Zealand International held five Pacific radio production workshops – in Tonga, Samoa, Kiribati, Vanuatu and Solomon Islands.

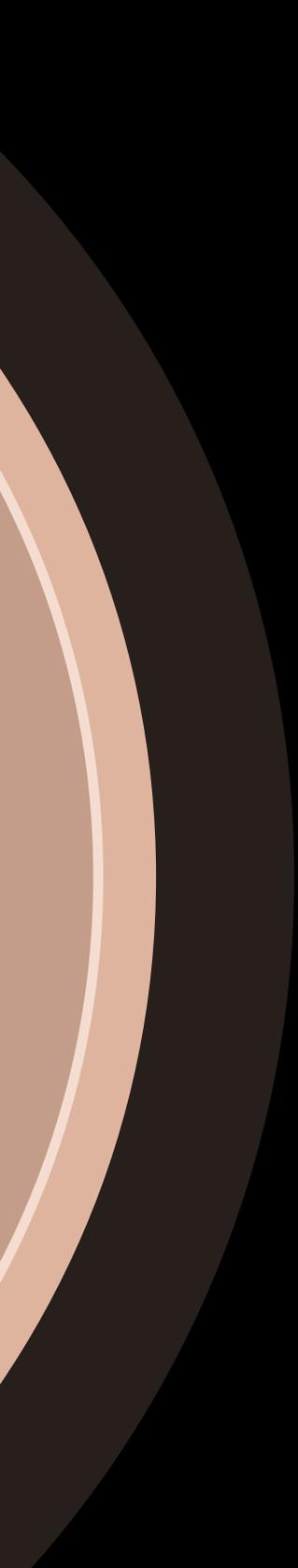
There is probably no other topic today that provokes as much discussion as the Treaty of Waitangi. This year we held the Treaty Debates, bringing together scholars, interest groups and communities to provide a range of perspectives on the place of the Treaty of Waitangi in our society.



forward



ambition



TO REFLECT AND SHARE OUR NATION'S IDENTITY

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

Programmes, which contribute towards intellectual, scientific and cultural, spiritual and ethical development, promote informed debate, and stimulate critical thought; and

A range of New Zealand programmes, including information, special interest and entertainment programmes, and programmes which reflect New Zealand's cultural diversity, including Māori language and culture; and

Programmes which provide for varied interests and a full range of age groups within the community, including information, educational, special interest and entertainment programmes; and

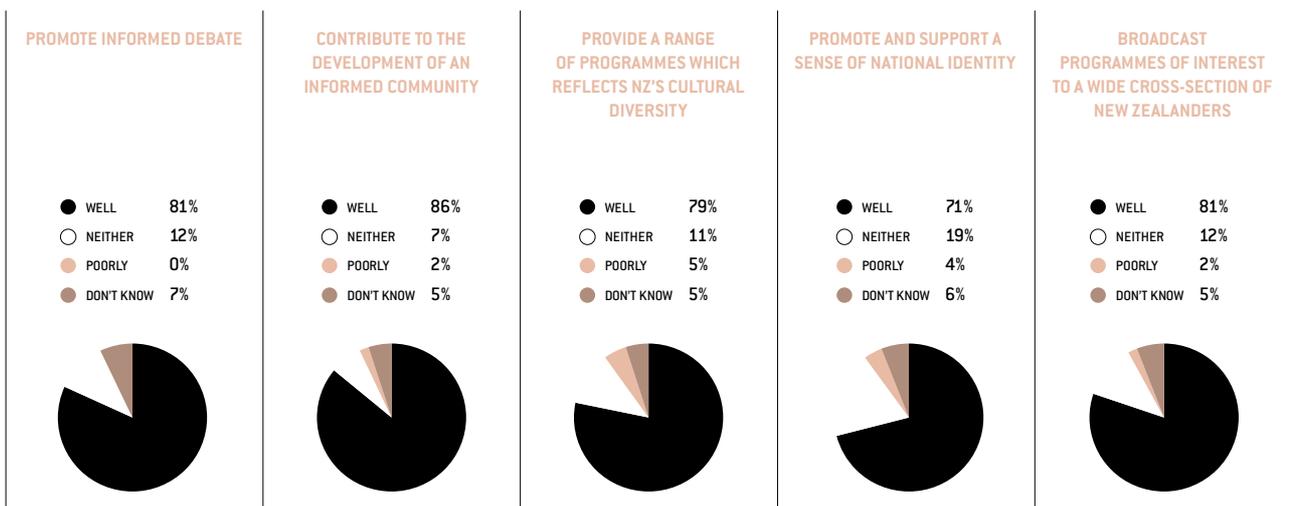
Programmes which encourage and promote the musical, dramatic and other performing arts, including programmes featuring New Zealand and international composers, performers and artists; and

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

Recognised standards of excellence; and

Its responsibility as the provider of an independent national broadcasting service to provide a balance between programmes of interest to minority audiences; and

How We Performed Against Charter Objectives



Source: Research International All New Zealand Radio Survey 2005. Attitudinal survey of Radio New Zealand listeners 15+

A nationwide service providing programming of the highest quality to as many New Zealanders as possible, thereby engendering a sense of citizenship and national identity; and

Comprehensive, independent, impartial and balanced national news services and current affairs, including items with a regional perspective; and

Comprehensive, independent, impartial and balanced international news services and current affairs and an international radio service to the South Pacific (Radio New Zealand International), which may include a range of programmes in English and Pacific languages; and

Archiving of programmes which are likely to be of historical interest in New Zealand.

The broadcasting services provided by other broadcasters; and

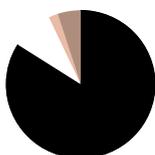
Surveys, commissioned annually, of persons who are members of its current audiences to establish whether those members consider that the quality and quantity of its services are being maintained in accordance with subsection (1); and

Surveys, commissioned from time to time, of persons who are not members of its current audiences.



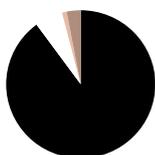
PROVIDE FAIR AND BALANCED INFORMATION

● WELL 84%
○ NEITHER 9%
● POORLY 2%
● DONT KNOW 5%



PROVIDE COMPREHENSIVE NEWS

● WELL 89%
○ NEITHER 7%
● POORLY 1%
● DONT KNOW 3%



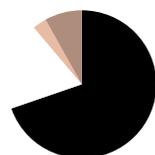
SUPPORT NZ MUSIC, AND OTHER PERFORMING ARTS AND ARTISTS

● WELL 75%
○ NEITHER 14%
● POORLY 2%
● DONT KNOW 9%



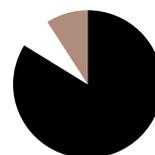
BALANCE THE NEED TO BROADCAST PROGRAMMES OF WIDE APPEAL WHILE ALSO BROADCASTING PROGRAMMES OF INTEREST TO MINORITY AUDIENCES

● WELL 69%
○ NEITHER 19%
● POORLY 3%
● DONT KNOW 9%



BROADCAST PROGRAMMES NOT GENERALLY FOUND ON OTHER RADIO STATIONS

● WELL 83%
○ NEITHER 7%
● POORLY 0%
● DONT KNOW 10%





A YEAR OF GROWTH. RADIO NEW ZEALAND, AS AN INDEPENDENT PUBLIC SERVICE BROADCASTER, PLAYS AN ESSENTIAL ROLE IN THE DEVELOPMENT OF NEW ZEALAND SOCIETY AND THE PURSUIT OF NATIONAL IDENTITY.



Chairman's Report

AT A TIME WHEN WE ARE FACED WITH INCREASED GLOBALISATION, the proliferation of services, fragmentation of audiences, and the dominance of commercial interests, Radio New Zealand plays a critical role in reflecting and strengthening our common values, creating opportunity for free and open debate, and providing for the diverse interests of all New Zealanders.

Radio New Zealand is where New Zealanders go to express their views, to hear themselves, and to talk to each other. It also gives us the opportunity to explore our global environment, to find out about the world, and to understand our place in it.

Radio New Zealand provides a public space for a conversation about our future and is an essential element in the framework of nation-building.

Last year we witnessed a welcome resurgence in public service broadcasting and it is satisfying to report that this year we have seen significant growth in Radio New Zealand's services and the ability of its networks to deliver quality programming to the highest international standards.

EXPANSION FOR RADIO NEW ZEALAND

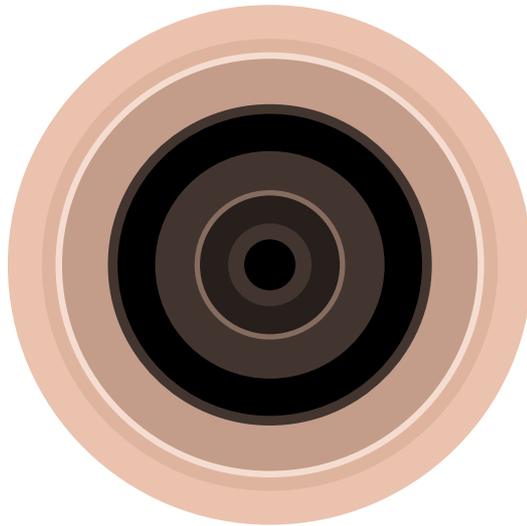
2004/2005 has been a year of growth for Radio New Zealand.

We have long recognised that Radio New Zealand is a vital social and cultural institution in what is a dynamic but still young society and that as a public service broadcaster Radio New Zealand must reflect the country's rapidly changing social and cultural diversity.

Last December the Radio New Zealand Board of Governors announced that the public service broadcaster would expand its presence in Auckland by purchasing high profile premises at 171 Hobson Street for \$7.5 million.

The purchase of the building followed the introduction and promotion of National Radio on 101.4 FM in Auckland and highlighted a commitment to focus on additional profile raising in Auckland that had been outlined in the Radio New Zealand Statement of Intent.

Auckland is the major New Zealand city by far and Radio New Zealand's previous level of representation was simply not adequate to recognise and do justice to the city and its region of influence. It needed to recognise both the size and multi-culturalism of Auckland as well



BRIAN CORBAN QSO – *Chairman*



as its status as the business capital of New Zealand. Development of these facilities firmly underlines Radio New Zealand's strategic intention to enhance network services in the Auckland region and accommodate future growth in the country's largest population centre.

In May, Radio New Zealand invited the Prime Minister to formally open the exciting new Auckland building. While Radio New Zealand headquarters will remain in Wellington, Radio New Zealand House in Auckland will provide an essential permanent base in the north for the country's leading public service broadcaster.

The purchase of this building is a major step forward for Radio New Zealand and, as Chairman of the Radio New Zealand Board, I feel a great personal satisfaction that Radio New Zealand has moved out from anonymous rented premises and can now reclaim the public profile it properly deserves with a permanent home in the country's biggest city.

Along with new studio facilities we have added significantly to our staff resources in Auckland this year with the introduction of a Pacific Island correspondent, a general news reporter, the appointment of an Asian affairs producer, an additional position for Sound Archives/

Ngā Taonga Kōrero, and the establishment of a position for a permanent Auckland producer to work on Nine to Noon with Linda Clark.

There has also been significant expansion in other areas with the addition of three regional offices in Tauranga, New Plymouth and Queenstown, and investment in new technology for Sound Archives/ Ngā Taonga Kōrero to increase public access to the Sound Archives historic audio collection.

Looking further to the future we must accept that the digital era and convergence technologies have the potential to transform the world we have known. It will have a similar impact on the lives of today's generation of children as the introduction of television had on ours.

Radio New Zealand has been investigating the potential of using DRM on medium wave in the Southern Hemisphere and digital radio broadcasting systems were demonstrated for the first time in New Zealand when Radio New Zealand hosted 75 leading international broadcasters for a three day symposium at Radio New Zealand House in April this year.

The New Zealand Government has supported the introduction of the DRM transmission system in this part of the world by funding Radio New Zealand International's purchase of a DRM shortwave transmitter which will begin broadcasting to the Pacific in 2006.

RECOGNITION

I am very proud of the outstanding programmes that have been generated by Radio New Zealand broadcasters, journalists and technical staff over the last twelve months.

The quality of this work was again recognised this year by New Zealand and international experts involved in judging the prestigious Qantas Media Awards and the New Zealand Radio Awards. Radio New Zealand dominated the broadcasting sections of the Qantas awards and collected nine category awards against strong commercial radio competition in the New Zealand Radio Awards.

In addition the Qantas Media Award for Lifetime Achievement in Broadcasting was presented to long time Radio New Zealand broadcaster, Henare Te Ua, in recognition of his outstanding contribution to Te Reo Māori programming and archiving and the wider New Zealand broadcasting industry.

Concert FM is a national treasure, with a commitment to the production of quality New Zealand music programmes that celebrate and reflect our cultural identity. In November the Arts Foundation of New Zealand recognised this contribution by presenting Concert FM with a special Governors' Award. Selected by the Arts Foundation of New Zealand Governors, this Award recognises an individual or institution that has contributed in a significant way to the development of the arts and artists in New Zealand. The 2004 Governors' Award is only the second to be awarded in the five years the Foundation has been in existence.

FUNDING

As in previous years Radio New Zealand has continued to argue strongly for adequate funding to enable the company to meet its Charter obligations, to cover rising costs of core services and to ensure the organisation remains relevant in New Zealand's fast changing broadcasting environment.

Government approved additional funding for 2004/2005 to target key strategic initiatives and will continue funding for these and additional initiatives in 2005/2006. I want to acknowledge the additional funding support the Government has provided for Radio New Zealand this year.

A Budget announcement in May saw the welcome provision of a \$3.75 million capital injection to assist with the purchase of the Auckland building. A further capital injection of \$2.64 million was also approved to enable Radio New Zealand International to purchase a new digital shortwave transmitter and cement its future as a South Pacific region broadcaster. An additional \$2.84 million to meet operating costs was provided to increase regionally and culturally diverse programming, to protect our audio heritage, to provide audio on demand through our website, to expand National Radio's AM and FM networks, Concert FM reception on the West Coast and transmission services to remote areas, and to extend shortwave broadcast services into the Pacific.

This funding provided greater certainty for Radio New Zealand and I believe reinforces the Government's commitment to development of New Zealand's cultural identity through public service broadcasting.



BUSINESS PERFORMANCE

A major contributor to the revitalisation of Radio New Zealand was the adjustment of its core funding in 2003/2004 to offset the effects of inflation. While Radio New Zealand had meticulously applied funding available to get best value and lower costs, service levels had started to suffer. That was turned around in 2003/2004 and, combined with a modest funding boost in 2004/2005, has seen a significant expansion of core services this year to meet Charter obligations.

Despite the increased funding, sound financial management has again been a key ingredient in our successful year. There are still a multitude of calls on our funding for service enhancements and our funds need careful management. That sound financial management is reinforced through a robust internal audit and risk management programme which, combined with active process and policy review cycles ensures value for money in our operations.

Total funding received through New Zealand On Air amounted to \$27,223,000 and, combined with other trading revenues and income of \$5,091,000, gave total revenue of \$32,314,000. After total operating expenditure of \$32,294,000, Radio New Zealand recorded an operating surplus before tax of \$20,000 compared with budget surplus of \$115,000. After provision for deferred and current tax the net deficit after tax is \$212,000 compared with budget surplus of \$77,000.

No dividend will be paid for the year as Shareholding Ministers have waived their right to receive a dividend. Our balance sheet remains strong and reflects the commitment of Shareholding Ministers to re-establishing Radio New Zealand as an enduring national treasure.

ACKNOWLEDGEMENTS

As Chairman, I am fortunate to be supported by a highly skilled and diverse team of Directors, each contributing valued knowledge and experience to governance and long term strategic planning for Radio New Zealand.

On behalf of the company I would like to pay tribute to Susan Huria, who left the Board at the end of March after joining the Board of Radio New Zealand in June 1999. Susan has made a unique contribution to public service broadcasting over the past six years and I thank her for her commitment and dedication.

The Board this year welcomed the appointment of two new Directors, Sifa Taumoepeau and Steve Murray and we look forward to the particular skills and experience that each of them brings to the Board table.

On behalf of the Board of Governors, I thank the Chief Executive, the management team and all the staff at Radio New Zealand for their hard work, their passion and their ongoing commitment to the principles of public service broadcasting. Their commitment has seen Radio New Zealand make significant progress in the past twelve months.

CONCLUSION

This has been a satisfying year of revitalisation and growth, a year of expansion, when reinvestment in Radio New Zealand has reaffirmed our independence and the continuing role we play in the growth of our nation and the wider Pacific region.

Looking ahead, we must work hard to guarantee that public service broadcasting has the resources needed to reflect and promote our culture and identity as a nation. We must ensure that Radio New Zealand continues to challenge, inform and entertain us, and that it not only endures but also retains its relevance and appeal to a wide audience.

Other Highlights for the Radio New Zealand Year

GOVERNORS' AWARD

Concert FM's place in the cultural landscape is confirmed when it receives the Governors' Award from the Arts Foundation of New Zealand for its contribution to the arts.

MEDIA AWARDS

Radio New Zealand's emphasis on quality broadcasting is recognised at the Qantas Media Awards, where it dominates the broadcasting section, and at the New Zealand Radio Awards, winning nine major categories. In addition, the Qantas Media Award for Lifetime Achievement in Broadcasting is presented to long-time Radio New Zealand broadcaster Henare Te Ua.

CULTURAL DIVERSITY

To meet the diverse and growing cultural demands of the New Zealand population, we have expanded our staffing resources to include a Pacific Island correspondent, an additional general news reporter in Auckland, a Māori affairs reporter, an Asian affairs producer, and an additional position for Sound Archives/Ngā Taonga Kōrero. In addition, an Iwi Liaison Archivist position has also been established for Sound Archives/Ngā Taonga Kōrero in association with Te Whakaruruhau.

REGIONAL EXPANSION

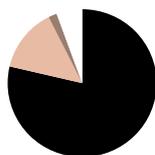
To extend our reach into communities the Radio New Zealand News team has appointed new regional reporters in Tauranga, Queenstown and New Plymouth. This year has also seen a major up-grade to Christchurch offices and studio facilities.

Our Performance

COST OF OPERATIONS

\$ IN MILLIONS

● NATIONAL RADIO	\$25.4
● CONCERT FM	\$4.5
● SOUND ARCHIVES	\$0.6
○ RADIO NZ INTERNATIONAL	\$1.8



AMONGST NATIONAL RADIO LISTENERS

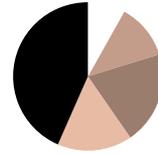
AUDIENCE SATISFACTION WITH THE CURRENT PROGRAMMES ON NATIONAL RADIO

● SATISFIED	86%
○ NEITHER	12%
● DISSATISFIED	2%



NUMBER OF YEARS NATIONAL RADIO LISTENERS HAVE LISTENED

● MORE THAN 20 YEARS	43%
● 10-20 YEARS	17%
● 5-10 YEARS	20%
● 1-5 YEARS	12%
○ LESS THAN A YEAR	8%



Source: Research International All New Zealand Radio Survey 2005. Attitudinal survey of Radio New Zealand listeners 15+

ENZOLOGY MUSIC SERIES

Radio New Zealand has long been a champion of New Zealand music. This year National Radio produces Enzology, a highly successful ten part music series that documents the story of New Zealand's iconic band Split Enz.

LIVE REPORTING

With more live reporting directly into programmes and the development of new laptop broadcast technology we have seen a major increase in outside broadcasts from around New Zealand.

INTERNATIONAL BROADCASTS

Development of a new Radio New Zealand website, including audio-on-demand and live streaming, and the development of digital shortwave transmission for Radio New Zealand International expands our potential to reach international audiences.

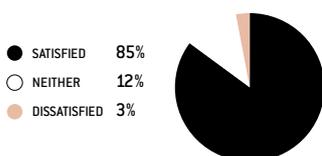
NETWORK EXPANSION

Expansion of the Concert FM and National Radio 101FM networks extends our reach to more New Zealand audiences.

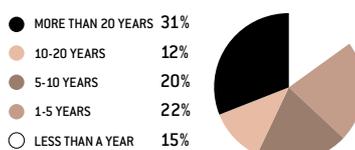


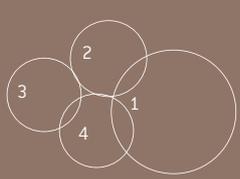
AMONGST CONCERT FM LISTENERS

AUDIENCE SATISFACTION WITH THE CURRENT PROGRAMMING ON CONCERT FM



NUMBER OF YEARS CONCERT FM LISTENERS HAVE LISTENED





ALAN
DICK

ALISON
TIMMS
Deputy Chairman

BRIAN
CORBAN
Chairman

SUSAN
HURIA



Board of Governors

BRIAN CORBAN QSO – *Chairman [MA (Hons), LLB, FIOD, FNZIM]*

Brian Corban is a professional company director, lawyer, and business and community leader. He has experience in successfully leading companies through restructuring and deregulatory changes in the television, telecommunications, transport and electricity sectors.

He is currently a member of the Waitangi Tribunal, Chairman of the Melanesian Trust Board, Chairman of Genesis Energy, Ngatarawa Wines and a number of private companies and is a trustee of various community trusts. He is a Fellow of the Institute of Directors and a Fellow of the New Zealand Institute of Management.

ALISON TIMMS – *Deputy Chairman [BA]*

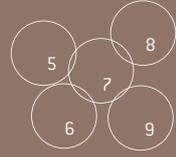
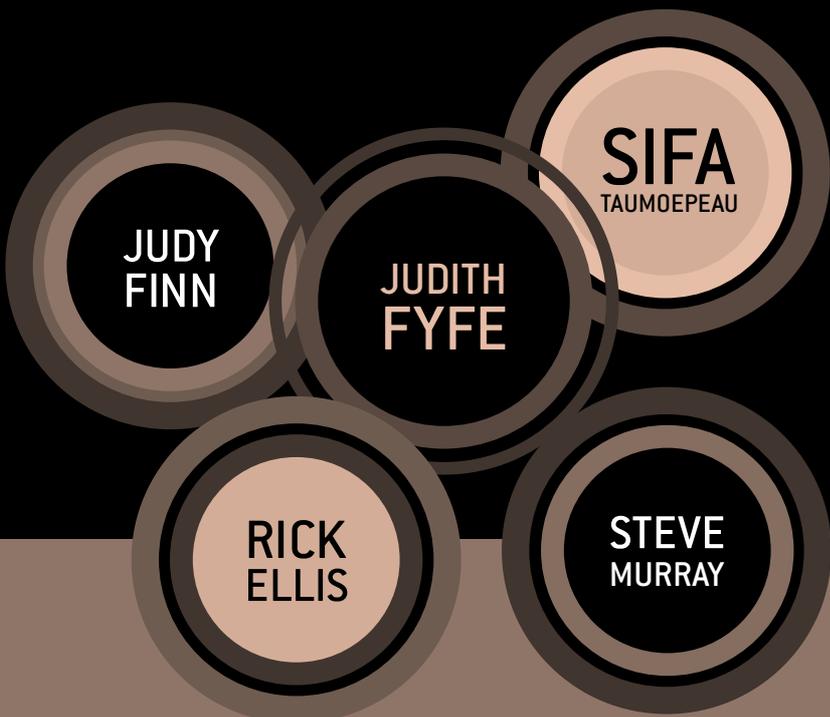
Alison Timms has had more than 20 years of management experience at senior levels in the public sector. She is now an independent consultant. Alison is a member of the New Zealand Parole Board, a director of Wellington Waterfront Ltd, Chair of the Insurance and Savings Ombudsman Commission, and is a voluntary worker for the Citizens Advice Bureau.

ALAN DICK QSO – *[MBA, FNZIM]*

Alan Dick has diverse business, community and governance experience. A business and commercial property consultant, he has been a director of LATES, a port company and numerous private companies. Alan has had a long and distinguished career in local government, serving 12 years as Mayor of Napier until standing down in 2001. He is currently Deputy Chairman of the Hawke's Bay Regional Council.

SUSAN HURIA – *Diploma in Journalism, Diploma in Business Marketing*

Susan Huria is an Auckland-based business consultant with a particular interest in progressing Māori economic development. She is a director of Housing New Zealand Corporation and a director of Ngai Tahu Development Corporation.



JUDY FINN

Judy Finn is a co-owner and director of Neudorf Vineyards and a director of the Bishop Suter Art Gallery in Nelson.

RICK ELLIS – *Chairman Audit Committee [BCom]*

Rick Ellis is Vice-President and Managing Director of EDS (New Zealand) Limited, New Zealand's largest IT services company, and a former Chief Executive of TVNZ. He has held a number of senior executive positions in the IT and airline industries in New Zealand, Australia and the United Kingdom. He chairs the Television Local Content Group.

JUDITH FYFE – *[LLB]*

Judith Fyfe is a practising barrister with an active interest in oral history as a lecturer, author and producer. Prior to co-founding the New Zealand Oral History Archive, she worked in broadcasting, television and film. Judith is a member of the Arts Board of Creative New Zealand, and a member of the Copyright Tribunal.

SIFA TAUMOEPEAU

Sifa Taumoepeau is the Government Affairs Manager for SKYCITY Entertainment Group Ltd. He has previously been a director of the National Pacific Radio Trust, which governs Niu FM.

STEVE MURRAY

Steve Murray has been with Tainui Group Holdings in the capacity of Chief Executive since 2002. His business experience includes a senior consulting role in Hong Kong with global IT services company EDS, and senior management roles with Ernst & Young and in the airline industry in New Zealand and Australia. Steve is currently a trustee of Sport Waikato and a director of The Katalyst Group.



OVER THE PAST YEAR, RADIO NEW ZEALAND HAS BEEN TAKING STOCK OF THE CHANGING NATURE OF NEW ZEALAND SOCIETY AND MUCH WORK HAS BEEN DONE TO IMPROVE THE RANGE, QUALITY AND DIVERSITY OF THE UNIQUE PROGRAMMING WE OFFER AS A PUBLIC SERVICE BROADCASTER.



Chief Executive's Report

AS NEW ZEALAND'S NATIONAL RADIO BROADCASTER, one of Radio New Zealand's most important roles is to reflect the nation back to itself – to explore notions of national identity and what it means to be a New Zealander in an increasingly complex global environment.

To better understand the pressures and challenges facing New Zealanders, Radio New Zealand commissioned research looking at current trends in population growth and distribution, cultural diversity and changes in social structures.

A modest boost in public funding for Radio New Zealand has enabled us to respond to some of those trends by providing targeted growth in a number of key areas.

We have responded to the inexorable growth of Auckland as New Zealand's largest and most culturally diverse population centre by significantly expanding the scale of our operations in the city. The purchase of high profile new premises in Auckland has enabled us to increase our staffing and programming output for the first time in many years.

In response to the changing mix of New Zealand's population, we appointed a number of new specialist staff based in Auckland including a Pacific issues correspondent, an Asian affairs producer and an additional Māori issues reporter. An extra position was created at Sound Archives/Ngā Taonga Kōrero and the Nine to Noon programme appointed its first Auckland-based producer.

The upgraded office and studio facilities we now have available will enable major programmes to be broadcast live from Auckland on an ongoing basis for the first time.

EXPANSION OF NATIONAL SERVICES

A number of major projects initiated in 2003/2004 came to fruition this year, providing a significant improvement to our broadcasting networks and enhancing our provision of core services to audiences nationwide.

The long-held dream of bringing Concert FM to communities on the west coast of the South Island finally became a reality with the commissioning of new transmitters in Westport and Greymouth. National Radio's 101 FM rollout continued with new FM services launched in Whangarei, Nelson, Blenheim, Timaru, Alexandra and



PETER CAVANAGH – *Chief Executive and Editor in Chief*



Invercargill. By year's end approximately 85% of the New Zealand population could receive National Radio on FM.

Coverage of news and current affairs outside the major population centres received a major boost with the opening of three new regional offices. New regional correspondents were appointed in Tauranga, Queenstown and New Plymouth, taking to 12 the number of Radio New Zealand newsrooms around the country. The addition of three new regions to our network of correspondents confirms Radio New Zealand's place as New Zealand's pre-eminent provider of national news.

A major upgrade of the Radio New Zealand website has been a significant focus of attention this year. The project, scheduled for completion in October 2005 will see the introduction of audio-on-demand services for news, major features and live day part programming.

Audio-on-demand will effectively allow audiences to time-shift their listening, freeing them from the tyranny of a fixed, linear programme schedule. This important new service will enable our audience to catch up with programmes they would otherwise have missed or listen again to favourite or recommended segments and interviews.

Live streaming via the internet will enable Radio New Zealand programming to reach new audiences both at home and overseas. It will provide a wonderful opportunity for New Zealanders living or travelling overseas to keep in touch with New Zealand news, information and cultural activities.

Similar web-based facilities offered by our international service, Radio New Zealand International, already provide a much used and valued service to the people of the Pacific region.

PROGRAMMING HIGHLIGHTS

It is worth taking a few moments to look back on some of the highlights of 2004/2005 and to appreciate the depth, breadth, richness and the outstanding quality of services provided by Radio New Zealand during this year of growth.

NEWS AND CURRENT AFFAIRS

Radio New Zealand News is the country's leading news provider. It is a 24 hour, seven-day-a-week operation providing up-to-the-minute news and current affairs while maintaining the very highest standards of accuracy, independence and impartiality.

Major coverage during the year included the Athens Olympic Games, the US Presidential Election and preparations for New Zealand's own general election, the flood and earthquake disaster in the Bay of Plenty, the death of Pope John Paul II and election of his successor, and the APEC and ASEAN Conferences.

Rolling news coverage was provided of the devastation caused by the Boxing Day tsunami, with Radio New Zealand journalists reporting live from the worst-affected regions of Aceh and Phuket.

Radio New Zealand's award-winning coverage of the Pitcairn Island sex trials attracted worldwide attention and was carried by a number of international news organisations including the BBC and the ABC in Australia.

Special programming was also provided during Waitangi Day celebrations, the presentation of the Budget in May, and during the elections in Tahiti.

Summer programming this year included the return of the popular Summer Report, which provided an engaging blend of hard news and current affairs integrated with lighter, summer-themed listening. New holiday season listening included Matinee Idle with Phil O'Brien and Summer Nights with Bryan Crump, both providing bright, live programming appreciated by many listeners.

SPOKEN FEATURES

One of the critical roles of a public service broadcaster is to offer a credible forum where ideas can be freely expressed and debated, free from commercial pressure or political influence. Radio New Zealand's feature programmes offer the freedom to explore

and strengthen our cultural identity as New Zealanders while also acknowledging and reflecting our diverse communities.

Through thought-provoking programming, we provide a public space where we can hear our own stories and explore what it means to be a New Zealander. The sense of urgency, creative energy and feeling of adventure which flows from that exploration is apparent in some of our programme highlights for the year.

The Treaty Debates, which aired in February, was a series of three programmes chaired by Dr Claudia Orange bringing together scholars, those involved in Treaty claims, and those with legal experience to provide a range of perspectives on the place of the Treaty of Waitangi today.

The Waitangi Rua Rau Tau lecture by Professor Whatarangi Winiata was broadcast on Waitangi Day. Māori Language Week featured a special documentary about two Māori who sailed to Europe in 1859; an encounter between the writers Patricia Grace, Albert Wendt and Witi Ihimaera; a bilingual drama recorded in a countryside marae; and Te Poti ro Potae, a translation into Māori of Dr Seuss's The Cat in the Hat.

New Zealand writing and drama were a regular feature of National Radio's book readings and drama slots and the seventh annual Worldplay series profiled the best of international English-language drama from around the world.

The ground-breaking Open Story Season of drama, poetry and readings gave a voice to the voiceless, providing a new opportunity for individuals and communities not normally heard on National Radio to have their stories told.

National Radio showcased the New Zealand Writers and Readers Week from the New Zealand International Festival of the Arts to the nation, celebrating and exploring the work of leading national and international writers.



Major international lecture series from the BBC and CBC aired during the year, the Nigerian playwright Wole Soyinka was featured in the Reith Lectures, and the Massey Lectures explored the history of progress and the truth about stories.

Professor Albert Wendt's MacMillan Brown Lectures provided reflections on autobiography as history and on the Samoan experience of life in New Zealand and the $E=mc^2$ lectures were produced in association with the Royal Society of New Zealand, exploring the legacy of Albert Einstein 100 years after he made public his radical theories.

MUSIC

Music content and features are an essential element of day-to-day programming for both National Radio and Concert FM. So too are those special projects and quality live events which often involve hours of production and preparation.

This year National Radio Music produced the acclaimed 10-part series *Enzology*, documenting the story of New Zealand's most widely known pop group, Split Enz. *Wild Music*, a first collaboration between Concert FM and the Department of Conservation, was launched during Conservation Week in July 2004 and the 10-part radio series *Douglas Lilburn: The Landscape of a New Zealand Composer* was launched in September 2004.

Coverage of live concerts has always been a feature on Radio New Zealand networks and 2004/2005 was no exception.

Coverage of New Zealand live music-making included outside broadcast recording projects at the 2004 Gore Gold Guitar Festival and the international WOMAD festival in New Plymouth, where Radio New Zealand collaborated with the BBC World Service to provide WOMAD recordings for international audiences. Concert FM also covered the Wellington Jazz Festival, the Adam New Zealand Festival of Chamber Music, and the Auckland Festival AK05, as well as the Michael Hill International Violin Competition.

RADIO NEW ZEALAND INTERNATIONAL

It has been a satisfying year of achievements for Radio New Zealand International (RNZI), our vital short wave network which does such a wonderful job of developing greater appreciation and understanding of New Zealand in the Pacific region and beyond.

Increasingly – and particularly during times of local instability – RNZI also plays an important role in providing accurate and reliable information about news and events in the Pacific, to the Pacific.

In July 2005, the Government announced funding for a new digital short wave transmitter for RNZI. Preparatory work has begun to install this transmitter which is due to be operational by January 2006. As part of the project, new digital short wave receivers will be installed at relaying Pacific stations over the next year. The new digital transmitter will work alongside RNZI's current analogue short wave transmitter, expanding the range and improving the reliability of broadcast services to the Pacific.

The value of the RNZI service was underlined when cyclones Meena, Nancy, Olaf, Percy and Rae threatened Pacific communities over the Christmas and early New Year period. RNZI provided essential early warning broadcasts and regular weather updates during this potentially devastating season.

The Commonwealth Broadcasting Association recognised the quality of Radio New Zealand's work in the region when it asked RNZI to conduct radio production training courses for Pacific broadcasters in Tonga, Samoa, Kiribati, Vanuatu and Solomon Islands.

SOUND ARCHIVES/NGĀ TAONGA KŌRERO

A start was made this year on the digitisation of Sound Archives/ Ngā Taonga Kōrero's heritage assets. This project has the dual aim of safeguarding archive recordings while also making them more accessible to the New Zealand public.

Other significant projects saw the initiation of a joint venture with Te Whakaruruhau o Nga Reo Irirangi Māori (the Federation of Māori Radio Stations) to assess and collaborate on management options for Iwi radio archival resources and the establishment of an industry advisory panel to assist with selection of archive material.

NATIONAL RADIO PROGRAMMING REVIEW

A major programming review initiated in November 2004 has resulted in a number of recent changes to the National Radio schedule. The wide-ranging review of both content and presentation provided a valuable opportunity for programme-makers to examine how they could best achieve Radio New Zealand's Charter objective to be relevant to the society it serves.

Regardless of how successful they are, public service broadcasters such as Radio New Zealand can never be content to rest on their laurels. To remain relevant, they must constantly reassess their performance to ensure that they stay in touch with the issues which are of interest or concern to a diverse range of contemporary audiences.

We believe that the recent introduction of new presentation concepts, new ideas and fresh programming on National Radio will help to reinvigorate the schedule, creating new areas of interest for our existing audience, while at the same time better meeting the needs of a new generation of listeners.

LISTENER SATISFACTION

There are more radio stations per capita in New Zealand than anywhere else in the world – but large numbers of New Zealanders continue to embrace the quality services provided by Radio New Zealand, reinforcing the strong position of public service broadcasting in a rapidly changing radio market.

Radio New Zealand's two non-commercial public service broadcasting networks – National Radio and Concert FM – experienced strong

audience growth in 2003/2004. However, over the past 12 months there have been significant changes to the commercial radio environment which have destabilised some traditional listening patterns and increased competition for the available radio audience.

Despite the increasing volatility in New Zealand's commercial radio sector, I am delighted to say that both National Radio and Concert FM have been able to consolidate the audience gains they've made over the past two years.

Results from the latest Research International survey of New Zealanders' radio listening habits show that one in five people aged 15 and over continue to listen to either National Radio and/or Concert FM each week.

That's around 600,000 people listening to Radio New Zealand in an average week – an outstanding vote of confidence for public service broadcasting in the world's most competitive radio market!

People are not only listening in great numbers, they also like what they hear. Audiences particularly appreciate our news coverage, with 92% of National Radio listeners surveyed saying they were satisfied with the quality of Radio New Zealand news – the highest result since we started asking the question five years ago. Only 1% expressed any dissatisfaction.

INDUSTRY RECOGNITION

It's not just our listeners who appreciate the quality of programming on Radio New Zealand's networks. Like most media organisations, Radio New Zealand looks to independent experts for confirmation of the quality of our services.

The Qantas Media Awards and New Zealand Radio Awards provide a broad-based measure through which Radio New Zealand staff can compare themselves with worthy peers in the highly competitive electronic and print media.



Once again this year Radio New Zealand broadcasters, journalists and technical staff have had their efforts recognised by their industry peers, collecting an impressive swag of awards.

Morning Report was Best News programme at the Qantas Media Awards, with Tagata O Te Moana selected as Best Current Affairs programme. Morning Report and Checkpoint shared the New Zealand Radio Award for Best Daily programme.

As a public service broadcaster we set ourselves exacting standards of quality and professionalism. Success in external awards means that we have measured up to the highest standards of programming and broadcast journalism established by both local and international judges.

We take pride in the quality of our news, current affairs and feature programmes. It is reassuring to see that talent and excellence continue to thrive in this country's broadcasting media and that Radio New Zealand still sets the standards for others to follow.

LOOKING FORWARD

The Radio New Zealand Charter is reviewed by Parliament every five years and a review of the existing Charter is scheduled to begin before the end of 2005.

The Charter underpins everything that Radio New Zealand does so that all of us – listeners, stakeholders and staff – can easily understand the special role we are asked to play in New Zealand broadcasting. To prepare for this review, we're proposing some changes to bring the Charter up to date and to make it easier for everyone to understand.

The Charter doesn't spell out what specific programmes should be made but the review process does provide an opportunity for healthy public debate on the role of public service broadcasting. Radio New Zealand welcomes the opportunity for public consultation and will actively engage in the process.

CONCLUSION

The past year has been a very important period for Radio New Zealand as it reasserts the vital role of public service broadcasting in the most competitive radio broadcasting market in the world.

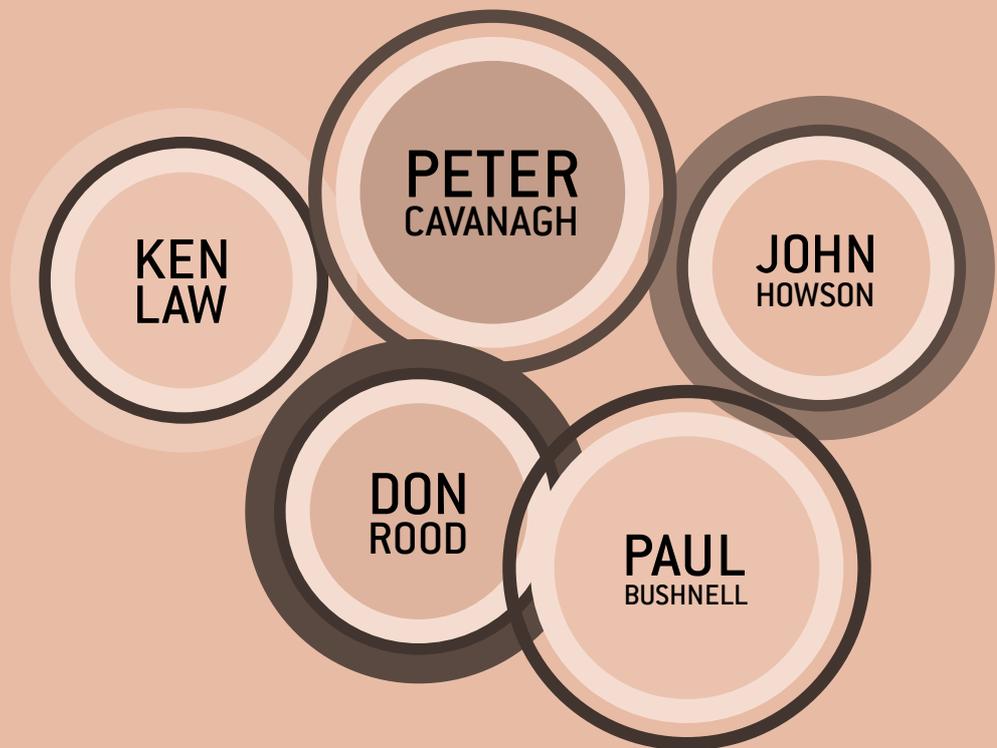
Significant audience gains achieved in 2003/2004 have been consolidated and modest additional funding has allowed us to achieve targeted growth and improved performance in a number of key strategic areas.

We have grown our presence and the range of our activities in Auckland to a level more befitting New Zealand's largest city. We have significantly expanded our network of regional offices so that we are better equipped to fulfil our role as New Zealand's national broadcaster. And we are making important progress in one of our key objectives to ensure that the cultural diversity of our staff and programming better reflects the cultural diversity of the audience that we serve.

It has been a year of growth for Radio New Zealand – not just growth for the sake of it, but targeted improvements to the range and quality of the service we provide to all New Zealanders.

I would like to take this opportunity to pay tribute to the work of the Chairman and the Board of Governors. I thank them for their strong support of both management and staff throughout the year and for their passionate commitment to Radio New Zealand's role as a vital national cultural institution.

Our staff, too, are worthy of special mention. It is the nature of our business that while some of our frontline staff are household names throughout New Zealand, many others work tirelessly behind the scenes in roles that are equally important to our on-air performance and success. I commend them all for their hard work and dedication to public service broadcasting and for their preparedness to embrace change as Radio New Zealand continues to evolve.



PETER CAVANAGH – *Chief Executive and Editor in Chief*
KEN LAW – *Deputy Chief Executive and Company Secretary*
JOHN HOWSON – *Networks Presentation Manager*
DON ROOD – *Acting Managing Editor News*
PAUL BUSHNELL – *Group Manager, Spoken Features*

Divisional Structure

PROGRAMME GROUP

Programme strategy, format, commissioning, special projects.

NETWORKS PRESENTATION

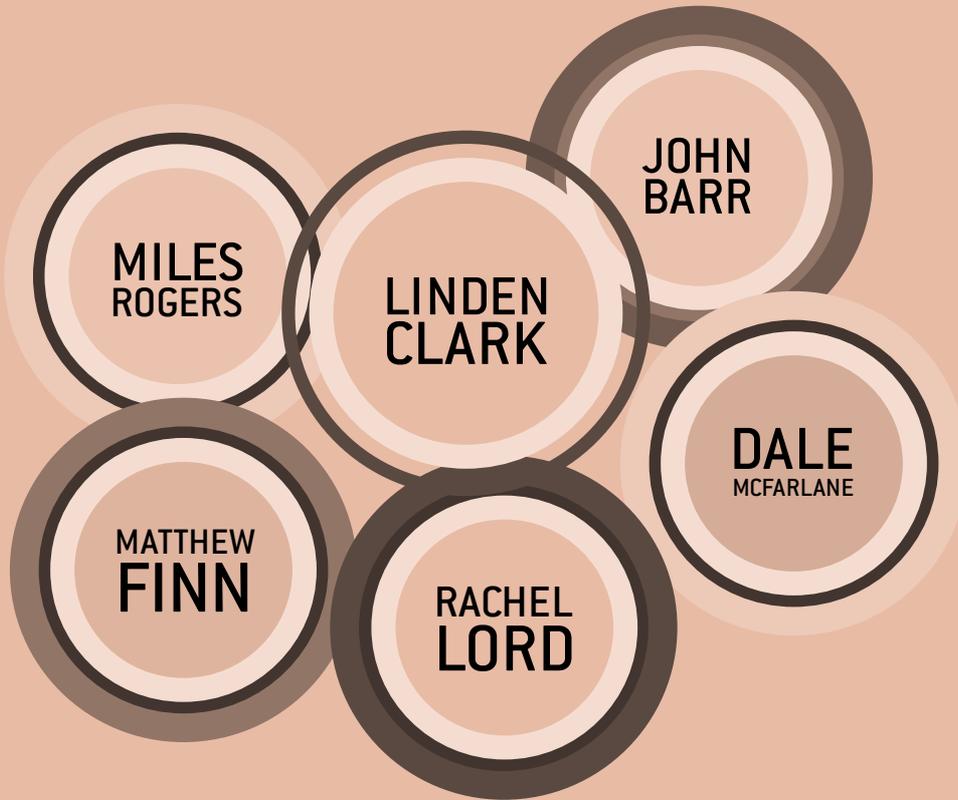
Programme presentation and standards, quality assurance, training.

RNZ NEWS

News, Sport, Morning Report, Checkpoint, Insight, Focus on Politics, Worldwatch.

SPOKEN FEATURES

Specialist features, documentaries and drama.



MILES ROGERS – *Group Manager, Music*

MATTHEW FINN – *Broadcast Infrastructure Manager*

LINDEN CLARK – *Manager, Radio New Zealand International*

RACHEL LORD – *Chief Archivist, Sound Archives/Ngā Taonga Kōrero*

DALE MCFARLANE – *Human Resources Manager*

JOHN BARR – *Communications Manager*

MUSIC

Network music programming, scheduling and production, music library.

BUSINESS AND BROADCAST INFRASTRUCTURE SERVICES

Finance, business development, human resources, communications, audience research, information technology, transmission and studio infrastructure support and management, AM Network and Replay Radio operations.

RADIO NEW ZEALAND INTERNATIONAL

International shortwave radio service funded through the Ministry for Culture and Heritage.

SOUND ARCHIVES/ NGĀ TAONGA KŌRERO

New Zealand's radio archive. A wholly owned subsidiary of Radio New Zealand.



RADIO NEW ZEALAND IS A CROWN ENTITY ESTABLISHED IN DECEMBER 1995 UNDER THE RADIO NEW ZEALAND ACT 1995. ITS SHAREHOLDING MINISTERS ARE THE MINISTER RESPONSIBLE FOR RADIO NZ AND THE MINISTER OF FINANCE. IN ACCORDANCE WITH THE PRINCIPLES OF THE CHARTER CONTAINED IN THE ACT, RADIO NEW ZEALAND IS REQUIRED “TO PROVIDE INNOVATIVE, COMPREHENSIVE AND INDEPENDENT BROADCASTING SERVICES OF A HIGH STANDARD”.

Radio New Zealand Activities

RADIO NEW ZEALAND BROADCASTS OVER THREE NATIONWIDE NETWORKS:

National Radio, Concert FM and the AM Network, which relays Parliamentary proceedings, and one international shortwave network, Radio New Zealand International.

NZ On Air is Radio New Zealand's source of income, relaying government funding for National Radio, Concert FM and Sound Archives/Ngā Taonga Kōrero. Additional public funding is received from Parliamentary Services for Parliamentary broadcasts. Radio New Zealand International is funded through the Ministry for Culture and Heritage. Further revenue is derived from the sale of Radio New Zealand programmes and services.

NATIONAL RADIO

National Radio is “the voice of New Zealand”, broadcasting programmes that aim to reflect and develop our national identity and culture.

The network's programme mix includes news and current affairs, informative documentaries and features, drama and music. At least 33% of the music it broadcasts is New Zealand in origin.

Talk-oriented programmes make up 60% of air time. National Radio is well known for its high profile programmes and personalities including Nine to Noon with Linda Clark, Saturday Morning with Kim Hill, and Sunday Morning with Chris Laidlaw.

SPOKEN AND MUSIC FEATURES

Specialist programmes add to the richness and diversity of National Radio's broadcast schedule. Features and documentaries produced exclusively for the network offer listeners a broader programme choice than any other radio station in New Zealand.

These range from programmes which address the needs of particular segments of the community, such as rural listeners and the disabled, to long-established series like Spectrum, which reflect New Zealand's identity. International programming from public radio networks around the world provides another dimension. We aim to produce programmes with mainstream appeal, even if they explore issues of special interest.

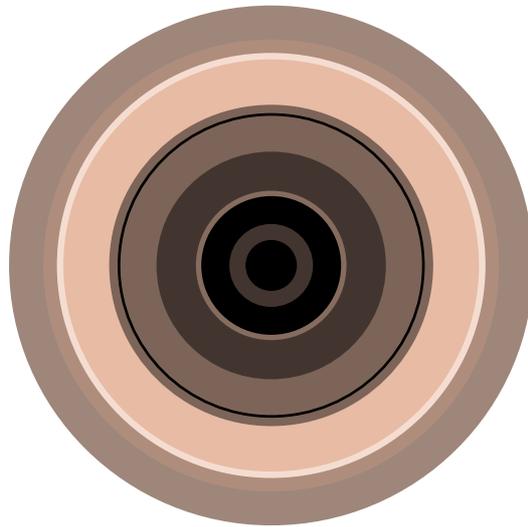
Drama production includes plays, original comedy and readings of New Zealand literature. Māori programming can also be heard across the schedule. Science, health, technology, environment and media programmes are just some of the features put to air, and music programming provides insight into the extraordinarily diverse musical landscape that is of interest to our listeners.

CONCERT FM

Concert FM is Radio New Zealand's fine music network.

Music comprises 85% of air time. The repertoire is mainly classical, with a weekly mix of specialist music programmes covering jazz, contemporary and world music. Concert FM also broadcasts spoken programmes, including a daily music news programme, documentaries and interviews featuring expert local and international contributors and artists.

Concert FM actively promotes New Zealand music and composition, providing an important showcase for the best of the country's top performing artists. Its specialised production department commissions work from New Zealand musicians and composers, and initiates a wide range of musical programmes.



RNZ NEWS

The nation's leading news provider, RNZ News brings reliable and impartial news and information to New Zealanders.

It supplies news bulletins to National Radio and Concert FM for broadcast every hour, and every half hour at peak times. It also produces Radio New Zealand's "flagship" current affairs programmes, Morning Report and Checkpoint, expanding the news with analytical commentary and live interviews. The Sports unit provides comprehensive coverage of national and international sporting events.

The news operation is staffed 24 hours a day, seven days a week, constantly updating news as it happens.

Reporters operate from twelve centres around the country, including news rooms in Auckland, Wellington and Christchurch. A team of political reporters is based at Parliament. In addition to general coverage, RNZ News draws on the expertise of specialist correspondents in health, the economy, education, Māori and Pacific issues, business and rural affairs. International news is sourced primarily from international news agencies. Special news services are sold to private radio stations and other customers. All key news material broadcast is available in screen text/data form.

RADIO NEW ZEALAND INTERNATIONAL

Radio New Zealand International is the country's international radio service. It broadcasts news and information on shortwave to audiences in the South Pacific. Its signal is heard by listeners as far away as Japan, North America, the Middle East and Europe, giving New Zealand a wide international presence.

RNZI also has a comprehensive internet site at www.rnzi.com with live audio feeds, on-demand news and programmes, and a Pacific news text service.

In addition to providing our Pacific neighbours with independent, comprehensive and reliable news and information, RNZI plays an important role in skills training for Pacific broadcasters.

RNZI develops an appreciation and understanding of New Zealand, both in the Pacific region and beyond.

SOUND ARCHIVES/NGĀ TAONGA KŌRERO

Sound Archives/Ngā Taonga Kōrero is New Zealand's leading archive of contemporary and historical radio programmes, and is responsible for collecting, preserving and providing access to New Zealand's audio heritage. The unit maintains a permanent collection of broadcast recordings dating from the 1920s to the present day. Archive status under section 90 of the Copyright Act allows material broadcast by any New Zealand radio station or network to be archived without breaching copyright.

SA/NTK is comprised of two archive units: Sound Archives, the general archive collection held in Christchurch; and Ngā Taonga Kōrero, the Māori programme archive held in Auckland. SA/NTK's collections give resonance to New Zealand's history, building up a broad picture of New Zealand's social, economic and political development via the medium of sound.

SA/NTK is a limited liability company, wholly owned by Radio New Zealand and funded separately by NZ On Air.

Financial Performance 2004/2005

RADIO NEW ZEALAND LIMITED



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Statement of Corporate Governance

ROLE OF THE BOARD



Radio New Zealand's Shareholding Ministers, the Minister Responsible for Radio New Zealand and the Minister of Finance, appoint a governing board of directors. The Radio New Zealand constitution sets the size of the Board at a minimum of two and a maximum of nine governors. There are currently eight governors appointed.

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

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

Board fees are set by the Shareholding Ministers each year.

BOARD CHANGES

Susan Huria retired on 29 March 2005

Alison Timms was reappointed on 1 October 2004

Judy Finn was reappointed on 1 October 2004

Judith Fyfe was reappointed on 1 October 2004

Alan Dick was reappointed on 1 June 2005

Steve Murray was appointed on 1 June 2005

Viliani Siosifa Moala Taumoepeau was appointed on 1 June 2005

SUBSIDIARY

A fully owned subsidiary company, Sound Archives/Ngā Taonga Kōrero Limited, was incorporated in August 1998. The subsidiary's directors are the Radio New Zealand Chief Executive (Peter Cavanagh) and a Board member (Ms Judith Fyfe). The subsidiary receives funding from NZ On Air and purchases services from Radio New Zealand to run the Archives.

BOARD COMMITTEES

The Board has formally constituted an Audit Committee to focus on audit and risk management issues. All members of the Board are on this committee. This committee met on five occasions during the year. The Board has also established a Remuneration Committee to advise on remuneration, performance and other employment-related issues for the Chief Executive and senior staff. Three Board members serve on this committee and it met on four occasions during the year.

BOARD MEETINGS

The Board normally meets on 11 scheduled occasions each year and convenes special meetings as required.

TABLE OF ATTENDANCE FOR THE YEAR ENDED 30 JUNE 2005

	BOARD MEETINGS	AUDIT COMMITTEE	REMUNERATION COMMITTEE
B Corban – Chairman	10	5	4
A Timms – Deputy Chairman	11	5	4
S Huria	7	4	4
J Fyfe	9	3	–
J Finn	11	5	–
A Dick	10	5	–
R Ellis	9	3	–
S Murray	1	–	–
S Taumoepeau	1	–	–

Statement of Corporate Governance

ROLE OF THE BOARD



MANAGEMENT AND OPERATING STRUCTURE

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

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

The Board and management have acknowledged their responsibility by signing the Statement of Responsibility in this report.

AUDITOR

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

LEGISLATIVE COMPLIANCE

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

Statement of Responsibility

FOR THE YEAR ENDED 30 JUNE 2005

The Board and management of Radio New Zealand Limited are responsible for:

- the preparation of these financial statements and the judgements used in them,
- establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting and non-financial reporting.

In the opinion of the Board and management these financial statements fairly reflect the financial position and operations of Radio New Zealand Limited for the year ended 30 June 2005.

The audit opinion on these financial statements is on page 55.

BRIAN CORBAN QSO – *Chairman*
28 October 2005

PETER CAVANAGH – *Chief Executive and Editor in Chief*
28 October 2005

Statement of Accounting Policies

FOR THE YEAR ENDED 30 JUNE 2005



A REPORTING ENTITY

Radio New Zealand Limited is a Crown entity in terms of the Public Finance Act 1989. The company is wholly owned on behalf of the Crown by the two Shareholding Ministers, the Minister Responsible for Radio New Zealand and the Minister of Finance. Radio New Zealand Limited is a company registered under the Companies Act 1993.

The group consists of Radio New Zealand Limited and its subsidiary Sound Archives/Ngā Taonga Kōrero Limited (100% owned). Sound Archives/Ngā Taonga Kōrero Limited was incorporated in August 1998 and has operated the archive since 1 October 1998.

The financial statements and group financial statements of Radio New Zealand Limited have been prepared in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 1993 and the Public Finance Act 1989.

In addition Radio New Zealand has reported the funding administered on behalf of the Crown as described in note 1 to the financial statements.

B MEASUREMENT SYSTEM

The financial statements have been prepared on an historical cost basis modified by the revaluation of certain Fixed Assets.

C ACCOUNTING POLICIES

The following particular accounting policies, which materially affect the measurement of financial results and financial position, have been applied:

1. 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. All significant inter-company transactions are eliminated on consolidation.

2. BUDGET FIGURES

The budget figures are those approved by the Board in the Statement of Intent set at the beginning of the financial year.

The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Board for the preparation of the financial statements.

3. 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.

4. TAXATION

Income tax expense is charged in the Statement of Financial Performance in respect of the current year's earnings after allowing for permanent and timing differences.

Deferred taxation is determined on a comprehensive basis using the liability method. Deferred tax assets attributable to timing differences or tax losses are only recognised where there is virtual certainty of realisation.

5. ACCOUNTS RECEIVABLE

Accounts receivable are stated at expected realisable value after providing for doubtful debts and uncollectable debts.

6. INVESTMENTS

Investments, including those in subsidiary companies, are stated at the lower of cost or net realisable value. Any decreases are recognised in the Statement of Financial Performance.

The accompanying notes and accounting policies form an integral part of the financial statements.

Statement of Accounting Policies

FOR THE YEAR ENDED 30 JUNE 2005



7. NON-CURRENT ASSETS

Property, plant and equipment are stated at historical cost, except for library and archival collections which are stated at fair value.

Library and archival collections are revalued to fair value at least every five years. Library collections are revalued by independent valuers. Archival collections are revalued by the directors using discounted expected future revenues as an approximation to fair value. From 1 July 2003 library collection acquisitions have been capitalised and depreciation charged in accordance with FRS-3.

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 Performance. To the extent that a revaluation gain reverses a loss previously charged to the Statement of Financial Performance, the gain is credited to the Statement of Financial Performance.

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

8. DEPRECIATION

Depreciation is provided on a straight-line basis on all fixed assets 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 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 ordinarily 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.

The sound archive collection has not been depreciated in the current year.

9. EMPLOYEE ENTITLEMENTS

Provision is made for the company's liability for annual, and long service leave. Annual leave has been calculated on an actual entitlement basis at average current rates of pay over the past year in accordance with the Holidays Pay Act 2003, whilst the long service leave provision has been calculated on an actuarial basis.

10. LEASES

Finance leases

Radio New Zealand had no finance leases as at 30 June 2005.

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. Radio New Zealand leases its motor vehicles and a majority of its premises.



11. FINANCIAL INSTRUMENTS

Radio New Zealand 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 Statement of Financial Performance.

All financial instruments are shown at their fair value.

12. STATEMENT OF CASH FLOWS

Cash means current bank accounts and demand/call deposits.

Operating activities include cash received from all income sources of Radio New Zealand and cash payments made for the supply of goods and services.

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

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

13. FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions have been converted into New Zealand dollars at the spot rate at the date of the transaction. These transactions are settled immediately, and consequently no exchange gain or loss is recognised.

14. REVENUE RECOGNITION

Radio New Zealand Limited derives revenue from the Government through NZ On Air, from the Ministry for Culture and Heritage, from its revenue activities and interest from bank deposits. All revenue is recognised when earned and is reported in the financial period to which it relates.

15. COST ALLOCATION

Radio New Zealand Limited has derived the net cost of service for each significant activity by using the cost allocation system outlined below.

Cost allocation policy

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities based on cost drivers and related activity and usage information.

Criteria for direct and indirect costs

“Direct costs” are those costs directly attributable to a specific output activity. The percentage of identified direct costs to total costs for the consolidated group is 72.86% (2004: 74.15%).

“Indirect costs” are those costs which are not directly attributable to a specific output activity. The percentage of identified indirect costs to total costs for the consolidated group is 27.14% (2004: 25.85%).

Cost drivers for allocation of indirect costs

The costs of internal services not directly charged to activities are allocated as overheads using appropriate cost drivers such as actual usage of broadcasting infrastructure services and equipment. Business infrastructure costs are allocated according to the number of staff in each cost centre. Occupancy costs are allocated in proportion to the cost of floor area occupied.

D CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies from those adopted in the last audited financial statements.

Statement Specifying Financial Performance

FOR THE YEAR ENDED 30 JUNE 2005



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

Budget figures are those set out in the 2004/2005 Statement of Intent.

	BUDGET \$000	ACHIEVEMENT \$000
REVENUE	32,011	32,314
EXPENDITURE	31,896	32,294
OPERATING SURPLUS/(DEFICIT) BEFORE TAXATION	115	20
TAXATION EXPENSE/(BENEFIT)	38	232
NET SURPLUS/(DEFICIT) AFTER TAXATION	77	(212)
EQUITY	22,813	22,504
WORKING CAPITAL RATIO (Current assets as percentage of current liabilities)	150.92%	14.42%
RATIO OF EQUITY TO TOTAL ASSETS (Equity as percentage of total assets)	87.00%	78.00%

Radio New Zealand has substantially met its targets in terms of Charter delivery within operating budgets. Both operating revenue and operating expenditure are within plus or minus 5% of budget. Revenue is 0.9% over budget and expenditure 1.2% over budget. Those two minor variances combine to give a negative variance of \$95,000 on operating surplus before tax.

The significant variation in performance relating to the net deficit after tax arises as a consequence of an increase in Revenue in Advance which has resulted in an increase in tax payable. Although tax has been paid now the associated revenue will be recognised in future years' financial statements. Timing differences due to different accounting and tax depreciation rates have also affected tax payable.

The major variations from target working capital ratio and the ratio of equity to total assets arise out of the unplanned purchase during the year of premises at 171 Hobson Street, Auckland for \$7.5 million. That purchase was funded from the application of all of Radio New Zealand's cash reserves plus additional loan finance.

Shareholding Ministers have subsequently approved a capital injection of \$3.75 million as a contribution to the cost of purchasing the Auckland premises. It will allow repayment of the loan finance.

Statement of Financial Performance

FOR THE YEAR ENDED 30 JUNE 2005



		GROUP BUDGET 2005 \$000	GROUP ACTUAL 2005 \$000	GROUP ACTUAL 2004 \$000	PARENT ACTUAL 2005 \$000	PARENT ACTUAL 2004 \$000
	NOTE					
OPERATING REVENUE						
NZ On Air:						
National Radio and Concert FM		26,674	26,675	24,942	26,675	24,942
Sound Archives/Ngā Taonga Kōrero		548	548	534	0	0
Ministry for Culture and Heritage		1,525	1,525	1,525	1,525	1,525
Interest income		345	278	460	278	460
Gain on sale of assets		0	0	0	0	0
Other income		2,919	3,288	3,016	3,836	3,539
Total operating revenue	1	32,011	32,314	30,477	32,314	30,466
OPERATING EXPENDITURE						
Audit fees	2	51	51	48	51	48
Directors' fees	10	201	198	191	198	191
Lease and rental costs		1,291	1,348	1,175	1,348	1,175
Depreciation	9	3,250	2,890	2,821	2,890	2,821
Fixed assets written off		0	60	0	60	0
Superannuation		407	443	392	443	392
Personnel costs		15,188	15,522	14,140	15,522	14,140
Bad debts written off/(recovered)		0	0	2	0	2
Increase/(decrease) in doubtful debts provision		1	0	4	0	4
Interest expense		0	112	0	112	0
Other expenditure		11,507	11,670	11,324	11,670	11,324
Total operating expenditure		31,896	32,294	30,097	32,294	30,097
OPERATING SURPLUS/(DEFICIT) BEFORE TAXATION		115	20	380	20	369
Taxation expense/(benefit)	3	38	232	331	232	327
NET SURPLUS/(DEFICIT) AFTER TAXATION		77	[212]	49	[212]	42

Statement of Movements in Equity

FOR THE YEAR ENDED 30 JUNE 2005

		GROUP BUDGET 2005 \$000	GROUP ACTUAL 2005 \$000	GROUP ACTUAL 2004 \$000	PARENT ACTUAL 2005 \$000	PARENT ACTUAL 2004 \$000
EQUITY AT BEGINNING OF THE YEAR		22,736	22,716	22,667	21,937	21,895
Increase in asset revaluation reserves		0	0	0	0	0
Net surplus/(deficit) after taxation for the year		77	[212]	49	[212]	42
Total recognised revenues and expenses		77	[212]	49	[212]	42
EQUITY AT END OF YEAR		22,813	22,504	22,716	21,725	21,937

Statement of Financial Position

AS AT 30 JUNE 2005



		GROUP BUDGET 2005 \$000	GROUP ACTUAL 2005 \$000	GROUP ACTUAL 2004 \$000	PARENT ACTUAL 2005 \$000	PARENT ACTUAL 2004 \$000
	NOTE					
EQUITY						
Share capital	4a	13,799	13,799	13,799	13,799	13,799
Revaluation reserve	4b	2,280	2,280	2,280	1,480	1,480
Retained earnings	4c	6,734	6,425	6,637	6,446	6,658
Total equity		22,813	22,504	22,716	21,725	21,937
CURRENT LIABILITIES						
Trade creditors		2,097	1,803	2,451	1,713	2,303
Employee entitlements	5	818	1,103	1,047	1,103	1,047
Provision for tax	3	1	185	253	186	249
Bank loan	6	0	2,820	0	2,820	0
Revenue received in advance		458	381	458	381	458
Total current liabilities		3,374	6,292	4,209	6,203	4,057
NON-CURRENT LIABILITIES						
Employee entitlements	5	35	58	35	58	35
TOTAL LIABILITIES AND EQUITY		26,222	28,854	26,960	27,986	26,029
CURRENT ASSETS						
Bank balances and deposits	7	4,610	118	9,142	67	9,094
Trade receivables	8	283	383	781	366	698
Other receivables and prepayments		765	406	497	406	497
Total current assets		5,092	907	10,420	839	10,289
NON-CURRENT ASSETS						
Prepayments		0	422	465	422	465
Fixed assets	9	21,130	27,525	16,075	26,725	15,275
		21,130	27,947	16,540	27,147	15,740
TOTAL ASSETS		26,222	28,854	26,960	27,986	26,029

For and on behalf of the Board

BRIAN CORBAN QSO – *Chairman*

28 October 2005

ALISON TIMMS – *Deputy Chairman*

28 October 2005

The accompanying notes and accounting policies form an integral part of the financial statements.

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2005



	GROUP BUDGET 2005 NOTE	GROUP ACTUAL 2005 \$000	GROUP ACTUAL 2004 \$000	PARENT ACTUAL 2005 \$000	PARENT ACTUAL 2004 \$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash was provided from:					
Receipts from customers	4,209	5,134	4,301	5,616	4,315
NZ On Air funding	27,222	27,223	25,476	26,675	24,942
Interest earned	346	263	460	263	460
Income tax refund	0	0	61	0	61
GST (net)	0	0	0	4	0
	31,777	32,620	30,298	32,558	29,778
Cash was applied to:					
Payments to employees	15,594	15,886	14,662	15,886	14,662
Payments to suppliers	13,789	13,724	12,154	13,670	11,635
Interest paid	0	112	0	112	0
Income tax paid	15	298	67	293	67
GST (net)	11	0	103	0	103
	29,409	30,020	26,986	29,961	26,467
Net cash inflow/(outflow) from operating activities	2,368	2,600	3,312	2,597	3,311
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash was provided from:					
Proceeds from sale of fixed assets	0	29	0	29	0
	0	29	0	29	0
Cash was applied to:					
Prepayments made	0	44	465	44	465
Purchase of fixed assets	6,865	14,429	2,413	14,429	2,413
	6,865	14,473	2,878	14,473	2,878
Net cash inflow/(outflow) from investing activities	(6,865)	(14,444)	(2,878)	(14,444)	(2,878)
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash was provided from:					
Borrowings	0	2,820	0	2,820	0
	0	2,820	0	2,820	0
Cash was applied to:					
Preference dividend paid to shareholders	0	0	0	0	0
	0	0	0	0	0
Net cash inflow/(outflow) from financing activities	0	2,820	0	2,820	0
Net increase/(decrease) in cash held	(4,497)	(9,024)	434	(9,027)	433
Add opening bank balance at 1 July	9,107	9,142	8,708	9,094	8,661
Realised foreign exchange gain (loss)	0	0	0	0	0
Closing bank balance at 30 June	7	4,610	118	67	9,094
Comprising:					
Cash & Call accounts	–	118	35	67	(13)
Demand deposits	4,610	0	9,107	0	9,107
CLOSING BANK BALANCE		4,610	118	67	9,094

Reconciliation of the Net Surplus/(Deficit) from Operations with the Net Cash Flows from Operating Activities

FOR THE YEAR ENDED 30 JUNE 2005



	GROUP ACTUAL 2005 \$000	GROUP ACTUAL 2004 \$000	PARENT ACTUAL 2005 \$000	PARENT ACTUAL 2004 \$000
NET SURPLUS/(DEFICIT) AFTER TAXATION	(212)	49	(212)	42
Add/(less) non-cash items:				
Depreciation	2,890	2,821	2,890	2,821
Bad debts written off	0	2	0	2
Change in provision for doubtful debts	0	(10)	0	(10)
Fixed assets written off	57	18	57	18
Amortised expenses	87	25	87	25
Other	23	(10)	23	(10)
Total non-cash items	3,057	2,846	3,057	2,846
Add/(less) items classified as investing activities:				
Net (gain)/loss on sale of fixed assets	3	0	3	0
Add/(less) movements in working capital items:				
Decrease/(increase) in receivables	398	(244)	332	(163)
Decrease/(increase) in prepayments	91	(168)	91	(136)
Increase/(decrease) in creditors and accruals	(716)	893	(653)	786
Increase/(decrease) in current employee entitlements	56	(128)	56	(128)
Increase/(decrease) in revenue received in advance	(77)	64	(77)	64
Working capital movement – net	(248)	417	(251)	423
NET CASH FLOW FROM OPERATING ACTIVITIES	2,600	3,312	2,597	3,311

The accompanying notes and accounting policies form an integral part of the financial statements.

Statement of Commitments

AS AT 30 JUNE 2005



	GROUP ACTUAL 2005 \$000	GROUP ACTUAL 2004 \$000	PARENT ACTUAL 2005 \$000	PARENT ACTUAL 2004 \$000
Capital commitments approved and contracted	1,986	453	1,986	453
Non-cancellable operating lease commitments:				
– payable within 1 year	975	1,064	975	1,064
– payable between 1-2 years	968	937	968	937
– payable between 2-5 years	1,649	2,716	1,649	2,716
– payable after 5 years	388	2,536	388	2,536
	3,980	7,253	3,980	7,253
Other non-cancellable operating commitments:				
– payable within 1 year	3,215	3,472	3,215	3,472
– payable between 1-2 years	2,295	2,528	2,295	2,528
– payable between 2-5 years	5,724	6,012	5,724	6,012
– payable after 5 years	1,361	2,511	1,361	2,511
	12,595	14,523	12,595	14,523
TOTAL NON-CANCELLABLE COMMITMENTS	16,575	21,776	16,575	21,776

Statement of Contingent Liabilities

AS AT 30 JUNE 2005

	GROUP ACTUAL 2005 \$000	GROUP ACTUAL 2004 \$000	PARENT ACTUAL 2005 \$000	PARENT ACTUAL 2004 \$000
Legal proceedings and disputes with third parties	1,125	362	1,125	362

The accompanying notes and accounting policies form an integral part of the financial statements.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2005



1. TRANSACTIONS WITH RELATED PARTIES

FUNDING

Radio New Zealand Limited received funding of \$27.22 million (2004: \$25.48 million) from NZ On Air for the year ended 30 June 2005. The contract between the two parties for broadcasting services prescribes the services which must be provided in relation to transmission coverage and hours, and types of programmes to be broadcast, and also places restrictions on advertising.

Included in the above amount is \$548,000 funding received by the subsidiary company of Radio New Zealand Limited, Sound Archives/Ngā Taonga Kōrero Limited, under separate contract for sound archiving services for the year ended 30 June 2005 (2004: \$534,000).

Radio New Zealand International, a division of Radio New Zealand Limited, received funding of \$1.52 million (2004: \$1.52 million) from the Ministry for Culture and Heritage for the year ended 30 June 2005.

Transactions with other State Owned Enterprises and Government departments are carried out on an arm's length basis.

INTER-GROUP TRANSACTIONS

An agreement for supply of services between Radio New Zealand Limited and Sound Archives/Ngā Taonga Kōrero Limited outlines the management fee paid by Sound Archives/Ngā Taonga Kōrero Limited for personnel and other resources to service the Archives.

An amount of \$639,000 has been transacted, for the period 1 July 2004 to 30 June 2005 (2004: \$593,000).

KEY MANAGEMENT AND DIRECTORS

Brian Corban, the Chairman of Radio New Zealand Limited's Board, is also Chairman of Genesis Power Limited, which is the main power supplier for Radio New Zealand Limited. In the current period \$449,413 (2004: \$378,025) was paid to Genesis Power Limited. These transactions are on normal commercial terms. There are no other material transactions between directors and senior management and Radio New Zealand Limited in any capacity other than that for which they are employed. There are no other related party transactions.

GROUP	GROUP	PARENT	PARENT
ACTUAL	ACTUAL	ACTUAL	ACTUAL
2005	2004	2005	2004
\$000	\$000	\$000	\$000

2. AUDIT FEES

FEES PAID TO AUDITORS

External audit	51	48	51	48
	51	48	51	48



	GROUP ACTUAL 2005 \$000	GROUP ACTUAL 2004 \$000	PARENT ACTUAL 2005 \$000	PARENT ACTUAL 2004 \$000
3. TAXATION				
NET SURPLUS/(DEFICIT) BEFORE TAXATION	20	380	20	369
Tax @ 33%	7	126	7	122
Plus/(less) the tax effect of:				
Permanent differences	32	51	32	51
Timing differences not recognised	193	143	193	143
Prior year adjustment	0	11	0	11
Use of money interest benefit reversal	0	0	0	0
TAX EXPENSE/(BENEFIT)	232	331	232	327
Current tax/(benefit)	232	331	232	327
IMPUTATION CREDIT ACCOUNT				
Opening balance	800	794	800	794
Tax paid	299	67	295	67
Tax refunded	(0)	(61)	(0)	(61)
CLOSING BALANCE	1,099	800	1,095	800
PROVISION FOR INCOME TAX				
Opening balance	(253)	68	(249)	68
Tax paid	300	67	295	67
Tax refunded	0	(61)	0	(61)
Use of money interest	0	4	0	4
Current tax	(232)	(331)	(232)	(327)
TAXATION RECEIVABLE/(PAYABLE)	(185)	(253)	(186)	(249)

A deferred tax benefit of \$722,798 (2004: \$529,081) has not been recognised in respect of timing differences as there is no virtual certainty the asset will be realised in the next financial period.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2005



	GROUP ACTUAL 2005 \$000	GROUP ACTUAL 2004 \$000	PARENT ACTUAL 2005 \$000	PARENT ACTUAL 2004 \$000
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4A. SHARE CAPITAL

(i) Ordinary shares

ORDINARY SHARES ON ISSUE AT 30 JUNE 2005	9,679	9,679	9,679	9,679
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Ordinary shares have the following rights:

- (a) Normal voting rights
- (b) No fixed dividend rights:

(ii) Redeemable preference shares of \$1 each

PREFERENCE SHARES ON ISSUE AT 30 JUNE 2005	4,120	4,120	4,120	4,120
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Redeemable preference shares have the following rights:

- (a) No voting rights except:
 - (i) In the event of a liquidation or any proposal of liquidation.
 - (ii) When the company is in default in the payment of any dividend.
- (b) The right to:
 - (i) A non-cumulative preferential dividend at a rate equal to the aggregate 5-year Benchmark Bond rate plus 1%.
 - (ii) All dividends shall be payable by equal half yearly instalments on 31 May and 30 November in each calendar year.
 - (iii) The priority to receive such dividends over rights of ordinary shareholders to receive a dividend.
 - (iv) Dividends commence from 1 December 1998.
- (c) On redemption, the company shall redeem the preference shares in cash, by repaying the capital paid up or credited as paid up.

TOTAL ISSUED SHARE CAPITAL	13,799	13,799	13,799	13,799
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4B. REVALUATION RESERVE

Balance as at 1 July 2004	2,280	2,280	1,480	1,480
Revaluation of fixed assets as per FRS-3	—	—	—	—
BALANCE AS AT 30 JUNE 2005	2,280	2,280	1,480	1,480

4C. RETAINED EARNINGS

Retained earnings at 1 July 2004	6,637	6,588	6,658	6,616
Operating surplus/(deficit)	[212]	49	[212]	42
RETAINED EARNINGS AT 30 JUNE 2005	6,425	6,637	6,446	6,658



	GROUP ACTUAL 2005 \$000	GROUP ACTUAL 2004 \$000	PARENT ACTUAL 2005 \$000	PARENT ACTUAL 2004 \$000
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5. EMPLOYEE ENTITLEMENTS

Annual leave	1,024	994	1,024	994
Other payroll accruals	137	88	137	88
	1,161	1,082	1,161	1,082

Made up of:

Current	1,103	1,047	1,103	1,047
Non-current	58	35	58	35
	1,161	1,082	1,161	1,082

6. BANK LOAN

Multi option credit line	2,820	0	2,820	0
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Radio New Zealand negotiated a redrawable line of credit of \$8,000,000 with Westpac Banking Corporation in December 2004. Advances are unsecured and as at 30 June 2005 the company had a balance drawn down of \$2,820,000.

The credit advance was a short-term market advance and the interest rate charged was the Westpac offer rate at the time the advance was made was 6.85% plus a margin of 0.45%. The effective rate at year end was 7.3%.

The balance of the credit line has since been repaid.

7. BANK BALANCES AND DEPOSITS

Call & Cheque accounts	118	35	67	(13)
Term deposits	0	9,107	0	9,107
	118	9,142	67	9,094

8. TRADE RECEIVABLES

Trade receivables	393	791	376	708
Provision for doubtful debts	(10)	(10)	(10)	(10)
	383	781	366	698

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2005



ASSET	2005	2005	2005	2004	2004	2004	2005	2004
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
	COST/ VALUATN	ACCUM DEPN	NET BOOK VALUE	COST/ VALUATN	ACCUM DEPN	NET BOOK VALUE	ANNUAL DEPN	ANNUAL DEPN
9. FIXED ASSETS – GROUP								
Land	5,138	0	5,138	2,438	0	2,438	0	0
Buildings	6,640	(953)	5,687	1,587	(708)	879	255	74
Leasehold improvements	5,846	(2,803)	3,043	5,906	(2,714)	3,192	372	401
Plant & equipment	15,195	(11,166)	4,029	14,125	(10,367)	3,758	848	908
Libraries & archival collection	2,883	(227)	2,656	2,760	(118)	2,642	144	118
Computer hardware & software	8,296	(7,108)	1,188	7,631	(6,001)	1,630	1,108	1,178
Furniture, fittings & other	1,907	(1,318)	589	1,663	(1,158)	505	163	142
Capital work in progress	5,195	0	5,195	1,031	0	1,031	0	0
TOTAL FIXED ASSETS	51,100	(23,575)	27,525	37,141	(21,066)	16,075	2,890	2,821
PARENT								
Land	5,142	0	5,142	2,438	0	2,438	0	0
Buildings	6,636	(953)	5,683	1,587	(708)	879	255	74
Leasehold improvements	5,846	(2,803)	3,043	5,906	(2,714)	3,192	372	401
Plant & equipment	15,195	(11,166)	4,029	14,125	(10,367)	3,758	848	908
Libraries and archival collection	2,083	(227)	1,856	1,960	(118)	1,842	144	118
Computer hardware & software	8,296	(7,108)	1,188	7,631	(6,001)	1,630	1,108	1,178
Furniture, fittings & other	1,907	(1,318)	589	1,663	(1,158)	505	163	142
Capital work in progress	5,195	0	5,195	1,031	0	1,031	0	0
TOTAL FIXED ASSETS	50,300	(23,575)	26,725	36,341	(21,066)	15,275	2,890	2,821

VALUATION

Radio New Zealand Limited has significant library and music collections. The reference library is valued at \$433,000 and the music library is valued at \$1.4 million. The valuations were completed by Rolle Limited (independent valuers) as at 30 June 2003. The company's 100% owned subsidiary, Sound Archives/Ngā Taonga Kōrero Limited, has a substantial archival collection of valuable radio recordings, and has been valued at \$800,000. This valuation was completed by the Directors of Sound Archives/Ngā Taonga Kōrero Limited as at 30 June 2002. These values have been reflected in the Statement of Financial Position in accordance with FRS-3. Depreciation has not been charged on the archival assets collection in 2004/2005.



10. DIRECTORS

DIRECTORS' REMUNERATION

The following persons held office as director during the year and received the following remuneration:

	2005	2004
	\$	\$
B Corban – Chairman	45,000	48,333
A Timms – Deputy Chairman	33,750	33,750
S Huria – retired 29/3/2005	19,500	26,000
J Fyfe – reappointed 1/10/2004	23,000	23,000
J Finn – reappointed 1/10/2004	23,000	23,000
A Dick – reappointed 1/6/2005	23,000	23,000
R Ellis	27,000	14,084
S Murray – appointed 1/6/2005	1,917	–
S Taumoepeau – appointed 1/6/2005	1,917	–
	198,084	191,167

DIRECTORS' INTERESTS

BRIAN CORBAN QSO

Chairman and Shareholder	Corban Consultants Limited, Lindsay Corban Associates Limited, Ngatarawa Wines Limited, Coronis Investments Limited
Consultant	Corban Revell Lawyers
Chairman	Melanesian Mission Trust Board, Genesis Power Limited, Corbans Viticulture Limited, West Auckland Trust Services Limited, Butts Bainbridge & Weir Limited, Languages International Limited
Member	Waitangi Tribunal
Trustee	Royal New Zealand Navy Museum, West Auckland Hospice Foundation Trust, Corban Estate Arts Centre, Prince of Wales Trust
Advisory Council Member	Church of Melanesia

ALISON TIMMS

Chair	Insurance and Savings Ombudsman Commission
Consultant	Independent Consultant
Trustee	Global Retirement Trust
Member	New Zealand Parole Board
Director	Wellington Waterfront Limited

JUDITH FYFE

Principal	Fyfe and Doherty
Co-Director	City Associates
Director	Sound Archives/Ngā Taonga Kōrero Limited
Member	Arts Board of Creative New Zealand, Copyright Tribunal
Trustee	New Zealand Branch of Cambodia Trust, Wellington Women's Boarding House Trust, Alexander Turnbull Library Endowment Trust

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2005



JUDY FINN

Director and Shareholder	Neudorf Vineyards Limited
Trustee	Suter Gallery Trust
Director	Pinot Noir 2007

ALAN DICK

Consultant	Business and Commercial Property
Chairman	Hawke's Bay Lotteries Grants Allocation Committee
Deputy Chairman/Councillor	Hawke's Bay Regional Council
Director	ALIZ Investments Limited
Trustee	Napier Cadet Academy Charitable Trust, Hawke's Bay Addiction Centre Trust

RICK ELLIS

Managing Director	EDS (New Zealand) Limited
Chairman	Television Local Content Quota Group
Director	Gulliver's Travel Group Ltd
Member	Advisory Board Auckland Campus of Massey University

STEVE MURRAY

Chief Executive Officer	Tainui Group Holdings Ltd
Director	Puka Park Resort Ltd, Tainui Corporation Ltd, Tainui Development Ltd, Te Rapa 2002 Ltd, Raukura Moana Seafoods Ltd, Callum Brae Tainui Ltd, Hamilton Riverview Hotel Ltd, The Base Te Rapa Ltd, Raukura Whare Ltd
Trustee	The Katalyst Group, Sport Waikato

SIFA TAUMOEPEAU

Manager Government Affairs	SKYCITY Entertainment Group Ltd
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DIRECTORS' INDEMNITY AND INSURANCE

Radio New Zealand Limited has insured all of its directors against liabilities to other parties (except the company or a related party of the company) that may arise from their position as directors. The insurance does not cover liabilities arising from criminal actions.

11. EMPLOYEE REMUNERATION

Details of remuneration ranges for employees whose remuneration is over \$100,000 for the year ended 30 June 2005 are:

REMUNERATION RANGES FOR EMPLOYEES	NUMBER OF EMPLOYEES	
	2005	2004
\$100,000 – 109,999	3	5
\$110,000 – 119,999	2	1
\$120,000 – 129,999	1	0
\$130,000 – 139,000	1	0
\$150,000 – 159,999	0	1
\$170,000 – 179,999	1	0
\$250,000 – 259,999	0	1
\$260,000 – 269,999	1	0
TOTAL NUMBER OF EMPLOYEES IN THESE RANGES	9	8

The Chief Executive's remuneration is within the \$260,000 – \$269,999 range.



12. FINANCIAL INSTRUMENTS

Nature of activities and management policies in respect to financial instruments:

(A) CURRENCY RISK

Currency risk is risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Radio New Zealand Limited in 2004/2005 had exposure to foreign exchange risk, which arose from transactions denominated in foreign currencies arising from the Radio New Zealand International shortwave transmitter project. In accordance with Radio New Zealand policy, foreign exchange contracts were purchased to manage the risk. As at balance date foreign exchange contracts for Swiss 1,200,000, Aus\$85,000 and US\$80,000 remain undelivered. The value of these contracts were NZ\$1,775,477 and their fair values as at 30 June 2005 totalled NZ\$1,551,437.

(B) CREDIT RISK

Credit risk is the risk that a third party will default on its obligations to Radio New Zealand Limited, causing Radio New Zealand to incur a loss. In the normal course of its business Radio New Zealand incurs credit risk from trade debtors and transactions with financial institutions.

Radio New Zealand has a credit policy, which is used to manage exposure to credit risk. Radio New Zealand does not require any collateral or security to support financial instruments, as it only deposits with banks with high credit ratings.

Concentrations of credit risk with respect to accounts receivable are high due to the reliance on NZ On Air for 84% of Radio New Zealand's revenue. However, NZ On Air is a high-quality credit entity, being the government purchaser of national broadcasting services.

Radio New Zealand does not have any other significant concentrations of credit risk.

(C) INTEREST RATE RISK

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The company has some interest rate risk on its borrowings with the bank, which at balance was at call rates. Surplus funds are invested on call or short-term deposit.

(D) FAIR VALUES

The carrying value of cash and liquid deposits, investments, accounts receivable, other receivables, dividends payable, bank borrowings, accounts payable and other creditors is equivalent to their fair value. None of the company's financial assets or liabilities are considered to have a fair value which differs from their carrying value. The company is not involved in any off balance sheet activities.

13. POST BALANCE DATE EVENTS

Since balance date, Radio New Zealand has received a capital injection of \$6.492 million from Shareholding Ministers in exchange for the issue of additional ordinary shares. The capital injection included funding for a contribution toward purchase of the new Auckland premises, purchase of a digital shortwave transmitter for Radio New Zealand International and another transmitter to extend our national AM network.

The capital injection is not included in the year end financial statements.

14. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

Radio New Zealand Limited will be adopting the proposed New Zealand International Financial Reporting Standards (NZ IFRS) on 1 July 2007, essentially following the Crown's timing. In complying with NZ IFRS for the first time, Radio New Zealand will restate comparative balances applying NZ IFRS. This will require a restatement of opening balances as at 30 June 2006, the incorporation of initial transitional adjustments, and the restatement of balances which may impact the financial performance, financial position and cashflow.

Radio New Zealand's preliminary view is that its organisational classification is a Public Benefit Entity (PBE) as opposed to a Profit Orientated Entity. A classification as a PBE will affect the selection of accounting policies required under NZ IFRS. The three key indicators which suggest that Radio New Zealand is a PBE are:

- the "intention" of Radio New Zealand's founding documents is for the provision of a public broadcasting service;
- the nature of the benefits generated are indeed of a public nature; and
- the quantum of the financial surplus that is expected is not for the maximisation of the surplus but to be financially responsible in order to maintain its financial viability and to provide an adequate return on shareholders' funds.



IMPACT OF NZ IFRS ON RADIO NEW ZEALAND

Measurement and recognition

The accounting policies adopted by Radio New Zealand are similar to the equivalent policies under NZ IFRS.

Disclosure

The main changes will be:

- disclosure of information within the primary financial statements rather than the notes;
- additional details on non-current assets and their movements; and
- calculation and the analysis of deferred tax balances.

Revaluation of property plant and equipment

Impairment testing (Valuation to "fair value by registered valuers"), is required under NZ IAS 36. Losses due to impairment are recognised in the income statement. Under NZ IAS 16 revaluations are managed on an individual basis so that revaluations falling below zero on an individual basis are taken to the income statement. NZ IAS 16 permits PBEs to adopt a class basis which allows for revaluations of assets within classes to be taken to the revaluation reserve. This is similar to FRS 3 so the financial impact will be minimal.

However increases in value due to revaluations will necessarily incur increased depreciation charged to the income statement and in turn will impact on the operating capacity of Radio New Zealand.

Deferred taxation

The approach to measuring deferred tax liabilities under NZ IAS 12 is fundamentally different to SSAP 12 Accounting for Taxes. Under SSAP 12 revaluation of non-current assets generates temporary tax differences which result in a deferred tax liability and are generally not recognised but are recognised under NZ IFRS 12.

Employee benefits

NZ IAS 19 requires an entity to:

- recognise a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
- recognise an expense when Radio New Zealand consumes the economic benefit arising from service provided by an employee in exchange for employee benefits.

Long service leave is already recognised by Radio New Zealand on an actuarial basis as opposed to recognising a liability on entitlement. No further effect on the income statement will occur.

Other employee benefits may have an effect. A quantification exercise will be undertaken of current and proposed employment clauses relating to such benefits to gauge the financial impact.

Financial ratios relating to Equity

NZ IFRS potentially requires Redeemable Preference Shares to be classified as debt rather than equity in the determination of debt. This will affect any financial ratio with a debt or equity component in it.

SUMMARY

There are likely to be other measurement, recognition and disclosure differences when Radio New Zealand adopts NZ IFRS. Once Radio NZ determines the restated opening balances then a more definitive determination of the financial effects of NZ IFRS will be known.

Statement of Objectives and Service Performance

FOR THE YEAR ENDED 30 JUNE 2005



This statement reports on the performance of Radio New Zealand Limited in relation to the objectives and output targets set in its Statement of Intent for the year ended 30 June 2005.

	NATIONAL RADIO	CONCERT FM	SA/NTK	RNZI	TOTAL
	2005	2005	2005	2005	2005
	\$000	\$000	\$000	\$000	\$000
RECONCILIATION OF OUTPUT FINANCIAL STATEMENTS TO GROUP NET SURPLUS/(DEFICIT) BEFORE TAX					
INCOME					
NZ On Air funding	21,994	4,681	548	–	27,223
MCH funding	–	–	–	1,525	1,525
Other	2,887	365	91	223	3,566
Total income	24,881	5,046	639	1,748	32,314
EXPENDITURE					
NZ On Air operations	25,403	4,469	639	–	30,511
MCH operations	–	–	–	1,783	1,783
Total expenditure	25,403	4,469	639	1,783	32,294
NET SURPLUS/(DEFICIT)	(522)	577	0	(35)	20

Statement of Objectives and Service Performance

FOR THE YEAR ENDED 30 JUNE 2005



OUTPUT: NATIONAL RADIO

ROLE

National Radio is a nationwide radio network providing news, current affairs, feature documentaries and entertainment programmes, including music programmes featuring both New Zealand and international artists. Programming on National Radio is primarily talk orientated. Many of the quality programmes featured on National Radio are not available on commercial radio because they are not considered commercially viable.

A Audience Development Plan

OBJECTIVE

Our audience will be maintained at a minimum of 90% of that as recorded in the 2001 base survey of listeners at the commencement of the current funding agreement. Listenership will be measured by Cume figures for persons 15 years and over.

RESULT

MEASUREMENT BASES		RESEARCH INTERNATIONAL SURVEY ACTUAL 2005	AC NIELSEN BASE SURVEY 2001	RESEARCH INTERNATIONAL SURVEY ACTUAL 2004
TYPE OF RATING	DESCRIPTION			
Cume	Number of different people listening for at least an 8-minute period from Monday to Sunday, 6am to midnight.	514,800	535,000	514,400
Average quarter hour audience	Average number of listeners that can be expected to be listening in any quarter hour from Monday to Sunday, 6am to midnight.	49,400	54,000	53,500
Time spent listening (TSL)	The average time (hrs:mins) a listener spends listening from Monday to Sunday, 6am to midnight.	12:05	12:43	13:07

The objective has been achieved. The surveyed 2005 audience (6am to midnight) of 514,800 exceeded the minimum required of 481,500, being 90% of the base survey.

The actual audience size (Monday to Sunday midnight to midnight) for the National Radio network in 2005 is statistically unchanged compared with 2004. National Radio has 517,400 listeners aged 15 years and over. This represents 18% of the total population aged 15 years and over. The audience in 2004 was 518,100 listeners and in 2003 was 494,700.

Among radio listeners in general, National Radio retains a large market share among people aged 15 years and over, with 11% of the market (Monday to Sunday, midnight to midnight).

Radio New Zealand is taking steps to further consolidate and expand its audience and has recently undertaken a programme relevancy audit and is currently implementing changes to its programme line-up. It is also improving access to its programming through new delivery systems such as its website.



B Hours Broadcast

OBJECTIVE

The Radio New Zealand National Radio signal is available for broadcast for 24 hours per day for every day of the period.

RESULT

MEASUREMENT BASES	ACTUAL 2005	TARGET 2005	ACTUAL 2004
Total broadcast hours	8,760	8,760	8,784

The objective has been achieved. Actual hours of 8,760 for 2005 equalled the target. Thus the National Radio signal was available for broadcast 24 hours a day for the 365 days of the year.

C Transmission

OBJECTIVE

The average time lost over all Radio New Zealand National Radio transmitters, other than for programmed maintenance, shall not exceed 0.10% for the period.

RESULT

MEASUREMENT BASES	ACTUAL 2005	TARGET 2005	ACTUAL 2004
Unplanned programme time lost per transmitter	0.01%	0.10%	0.06%

The objective has been achieved. Actual time lost of 0.01% is within the target range of up to 0.10%.

The average time lost is a function of unplanned actual hours lost to the number of hours available for broadcasting.

The objective relates to transmission over the National Radio AM and FM network. The AM network covers 96% of the New Zealand population and the FM network covers 85% but will increase to 90% when completed in December 2005. In addition to that, the signal was available through Sky digital satellite transmissions.

Statement of Objectives and Service Performance

FOR THE YEAR ENDED 30 JUNE 2005



D Charter/NZ On Air Compliance

OBJECTIVE

The following tables set out Radio New Zealand's targets for compliance with the provisions specified in both the Charter and the NZ On Air funding agreement for Radio New Zealand National Radio.

RESULT

TYPE OF PROGRAMMES AND SERVICES	2005	2005	2005	2005	2004	2004
	ACTUAL BROADCAST HOURS/YEAR	OUTPUTS % OF TOTAL B/C HOURS	TARGETS BROADCAST HOURS/YEAR	% OF TOTAL B/C HOURS	ACTUAL BROADCAST HOURS/YEAR	OUTPUTS % OF TOTAL B/C HOURS
NZ ON AIR FUNDING AGREEMENT						
Total broadcast hours	8,760	–	8,760	–	8,784	–
New Zealand content programmes	7,882	–	7,505	–	7,837	–
Māori language and culture	372	–	350	–	404	–
Special interest	339	–	339	–	366	–
New Zealand drama	257	–	194	–	202	–
% New Zealand music on rotate ^(Note 1)	36%	–	33%	–	36%	–
% of population able to receive transmission ^(Note 2)	97%	–	97%	–	97%	–
CHARTER FUNCTIONS ^(Note 3)						
A. Intellectual, scientific and cultural development.						
Informed debate and critical thought.	7,384	84%	7,446	85%	7,294	83%
B. Information, special interest and entertainment. Reflect cultural diversity including Māori language and culture.						
	7,888	90%	7,534	86%	7,837	89%
C. Varied interests within the community.						
Information, special interest and entertainment.	1,582	18%	1,664	19%	1,707	19%
D. Musical, drama and performing arts. New Zealand and international composers, performers and artists.						
	2,193	25%	2,014	23%	2,199	25%
E. Nationwide service, highest quality. Sense of citizenship and national identity.						
	8,760	100%	8,760	100%	8,784	100%
F. Comprehensive, independent, impartial, balanced news and current affairs. Regional perspective.						
	2,360	27%	2,452	28%	2,269	26%
G. Comprehensive, independent, impartial, balanced international news and current affairs.						
	1,127	13%	1,084	12%	1,127	13%

The provisions specified in the Charter and NZ On Air funding agreement have largely been achieved. Actual service levels have met or exceeded target for all of the NZOA functions and for four of the seven Charter functions. The underachievement (each at 1%) on three of the Charter functions is more than offset by the overachievement on the other functions and simply reflects minor changes in programming balance.

Note 1 In addition to New Zealand music on rotate, National Radio broadcasts feature programmes on New Zealand music.

Note 2 This target relates to terrestrial transmission. 100% of New Zealanders can receive National Radio broadcasts via Sky satellite.

Note 3 Particular programmes produced and broadcast have been assessed in terms of the contribution that the programme makes to Radio New Zealand's Statutory Charter functions. Most programmes contribute to more than one Charter function.



E Broadcast Standards

OBJECTIVE

Compliance with the Radio Code of Broadcasting Practice and the Broadcasting Act 1989 will be determined by the level of complaints upheld either by Radio New Zealand Limited or the Broadcasting Standards Authority for the period under review. No more than 10% of complaints received relating to Radio New Zealand will be upheld. Radio New Zealand will also comply with broadcast standards as specified in its own internal policies and procedures.

RESULT

MEASUREMENT BASES	ACTUAL	TARGET	ACTUAL
	OUTPUTS 2005	2005	OUTPUTS 2004
Number of complaints received	58	–	85
Number upheld	0	–	7
Number of complaints declined	58	–	78
Percentage of complaints upheld	0%	Less than 10%	8%

The objective has been achieved. The 0% of complaints upheld for 2005 is within the target range of up to 10%. This is an area given particular emphasis by Radio New Zealand during the year. The company has developed an extensive editorial policy manual and the Editor in Chief expectations in that regard have been clearly conveyed to staff.

F Quality

OBJECTIVE

Listeners' perception of the "quality" of Radio New Zealand National Radio is to be derived from annual surveys designed for this purpose. At least 85% of respondents will assess Radio New Zealand National Radio quality to have remained constant or improved during the period under review.

RESULT

A Research International nationwide survey of 4,548 respondents aged 15 years and over showed that those who listened to National Radio believed that in the previous 12 months the quality had:

	RESEARCH	TARGET	RESEARCH
	INTERNATIONAL SURVEY 2005	2005	INTERNATIONAL SURVEY 2004
Improved	12%	–	17%
Remained constant	81%	–	75%
Deteriorated	7%	–	8%
Percentage improved and constant:	93%	85%	92%

The objective has been achieved. The 93% of the 2005 listeners responding that National Radio quality had improved or remained constant exceeded the target of 85%. Additionally 92% of listeners said they were satisfied with the quality of Radio New Zealand's news – the highest result since Radio New Zealand started asking the question five years ago – and only 1% expressed any dissatisfaction.

Statement of Objectives and Service Performance

FOR THE YEAR ENDED 30 JUNE 2005



G Financial

OBJECTIVE

Services will be delivered within budget (variations from expenditure budget of less than 5% are not considered material).

RESULT

	ACTUAL 2005 \$000	TARGET 2005 \$000	ACTUAL 2004 \$000
INCOME			
NZ On Air funding	21,994	21,993	20,306
Other	2,887	1,438	2,870
Total income	24,881	23,431	23,176
EXPENDITURE			
NZ On Air operations	25,403	23,912	23,540
Total expenditure	25,403	23,912	23,540
NET SURPLUS/(DEFICIT)	(522)	(481)	(364)

Overall the target has been met. Although actual expenditure is 6.2% over budget this is substantially offset by revenue also exceeding target by 6.1%. The combined effect of these variances is a small negative variance of \$41,000 in net surplus/(deficit).



OUTPUT: CONCERT FM

ROLE

Concert FM brings fine music in stereo to 100% of New Zealanders, through a network of FM transmitters. Musical, dramatic and performing arts comprise 97% of Concert FM's broadcasts, with a repertoire featuring mainly classical music but also including jazz and special interest music. The remaining 3% of broadcasts comprises news and weather.

A Audience Development Plan

OBJECTIVE

Our audience will be maintained at a minimum of 90% of that as recorded in the 2001 base survey of listeners at the commencement of the current funding agreement. Listenership will be measured by Cume figures for persons 15 years and over.

RESULT

MEASUREMENT BASES		RESEARCH INTERNATIONAL SURVEY ACTUAL 2005	AC NIELSEN BASE SURVEY 2001	RESEARCH INTERNATIONAL SURVEY ACTUAL 2004
TYPE OF RATING	DESCRIPTION			
Cume	Number of different people who listen for at least an 8 minute period from Monday to Sunday, 6am to midnight.	155,500	160,000	164,600
Average quarter hour	Average number of listeners that can be expected to be listening in any quarter hour from Monday to Sunday, 6am to midnight.	8,900	10,000	10,000
Time spent listening (TSL)	The average time (hrs:mins) a listener spends from Monday to Sunday, 6am to midnight.	7:12	8:00	7:40

The objective has been achieved. The surveyed 2005 audience (6am to midnight) of 155,500 exceeded the required minimum of 144,000, being 90% of the base survey.

Concert FM has an actual audience size (Monday to Sunday midnight to midnight) of 159,300 listeners aged 15 years and over. While this is down on the estimated 168,000 listeners in 2004, it is not a statistically significant decrease and audience size is larger than in both the 2002 and 2003 surveys. The figure for 2003 was 137,400.

B Hours Broadcast

OBJECTIVE

The Concert FM signal will be available for broadcast for 24 hours on every day of the period under review.

RESULT

MEASUREMENT BASES	ACTUAL 2005	TARGET 2005	ACTUAL 2004
Total broadcast hours	8,760	8,760	8,784

The objective has been achieved. Actual hours of 8,760 for 2005 equalled the target. Thus the Concert FM signal was available 24 hours a day for all 365 days in the year.

Statement of Objectives and Service Performance

FOR THE YEAR ENDED 30 JUNE 2005



C Transmission

OBJECTIVE

The average time lost over all Radio New Zealand Concert FM transmitters, other than for programmed maintenance, shall not exceed 0.1% for the period.

RESULT

MEASUREMENT BASES	ACTUAL 2005	TARGET 2005	ACTUAL 2004
Unplanned programme time lost per transmitter	0.01%	0.10%	0.02%

The objective has been achieved. Actual time lost of 0.01% is within the target range of up to 0.10%. The average time lost is a function of unplanned actual hours lost to the number of hours available for broadcasting. The target relates to the FM transmitter network which covers 92% of the population. In addition the Concert FM signal is available over the Sky digital satellite network which covers 100% of the New Zealand population.

D Charter/NZ On Air Compliance

OBJECTIVE

The following tables set out Radio New Zealand's targets for compliance with the provisions specified in both the Charter and the NZ On Air funding agreement for Radio New Zealand Concert FM.

RESULT

TYPE OF PROGRAMMES AND SERVICES ^(NOTE 4)	2005	2005	2005	2005	2004	2004
	ACTUAL BROADCAST HOURS/YEAR	OUTPUTS % OF TOTAL B/C HOURS	TARGET BROADCAST HOURS/YEAR	% OF TOTAL B/C HOURS	ACTUAL BROADCAST HOURS/YEAR	OUTPUTS % OF TOTAL B/C HOURS
NZ ON AIR FUNDING AGREEMENT						
Total broadcast hours	8,760	–	8,760	–	8,784	–
% New Zealand music composition on rotate	3%	–	3%	–	3%	–
% New Zealand music performance	13%	–	13%	–	13%	–
% of population able to receive transmission ^(NOTE 5)	92%	–	92%	–	92%	–
CHARTER FUNCTIONS						
A. Intellectual scientific and cultural development. Informed debate and critical thought. ^(NOTE 6)						
B. Information, special interest and entertainment. Reflect cultural diversity including Māori language and culture. ^(NOTE 6)						
C. Varied interests within the community. Information, educational, special interest and entertainment.	8,760	100%	8,760	100%	8,784	100%
D. Musical, dramatic and performing arts. New Zealand and international composers, performers and artists.	8,472	97%	8,497	97%	8,480	97%
E. Nationwide service, highest quality. Sense of citizenship and national identity. ^(NOTE 6)						
F. Comprehensive, independent, impartial, balanced news and current affairs. Regional perspective. ^(NOTE 6)	215	2%	175	2%	227	3%
G. Comprehensive, independent, impartial, balanced international news and current affairs. ^(NOTE 6)	72	1%	85	1%	76	1%

The objective of complying with the provisions specified in the Charter and the NZ On Air funding agreement has been achieved. Total broadcast hours was 8,760 hours, NZ music composition on rotate was 3%, NZ music performance was 13% and the percentage of the population able to receive CFM is 92%.

Actual service levels have met or exceeded target for two of the four NZOA functions. Of the two main Charter functions (C and D), C was met and D was a minor 0.29% under the target. This is not considered to be a significant variance.



Note 4 Particular programmes produced and broadcast by Concert FM have been assessed in terms of the contribution that they make to Radio New Zealand's Statutory Charter functions. Most programmes contribute to more than one Charter function.

Note 5 100% of New Zealanders can receive the Concert FM broadcasts via Sky satellite.

Note 6 While Concert FM's programmes may broadly meet the intentions of Charter functions A, B, E, F and G, its primary role is to provide services intended by functions C and D.

E Broadcast Standards

OBJECTIVE

Compliance with the Radio Code of Broadcasting Practice and the Broadcasting Act 1989 will be determined by the level of complaints upheld either by Radio New Zealand or the Broadcasting Standards Authority for the period under review. No more than 10% of complaints received relating to Radio New Zealand will be upheld. Radio New Zealand will also comply with broadcast standards as specified in its own internal policies and procedures.

RESULT

MEASUREMENT BASES	ACTUAL	TARGET	ACTUAL
	OUTPUTS 2005	2005	OUTPUTS 2004
Number of complaints received	1	–	1
Number upheld	0	–	0
Number of complaints declined	1	–	1
Percentage upheld	0%	Less than 10%	0%

The objective has been achieved. No complaints were upheld in 2005.

F Quality

OBJECTIVE

Listeners' perception of the "quality" of Radio New Zealand Concert FM is to be derived from annual surveys designed for this purpose. At least 85% of respondents will assess Concert FM's quality to have remained constant or improved during the period under review.

RESULT

A Research International nationwide survey of 4,548 respondents aged 15 years and over showed those who listened to Concert FM believed that in the previous 12 months the quality had:

	RESEARCH	TARGET	RESEARCH
	INTERNATIONAL SURVEY 2005	2005	INTERNATIONAL SURVEY 2004
Improved	7%	–	9%
Remained constant	90%	–	87%
Deteriorated	3%	–	4%
Percentage improved and constant	97%	85%	96%

The objective has been achieved. The 97% of 2005 surveyed listeners responding that Concert FM quality had improved or remained constant exceeded the target of 85%.

Statement of Objectives and Service Performance

FOR THE YEAR ENDED 30 JUNE 2005



G Financial

OBJECTIVE

Services will be delivered within budget (variations from expenditure budget of less than 5% are not considered material).

RESULT

	ACTUAL 2005 \$000	TARGET 2005 \$000	ACTUAL 2004 \$000
INCOME			
NZ On Air funding	4,681	4,681	4,636
Other	365	41	328
Total income	5,046	4,722	4,964
EXPENDITURE			
NZ On Air operations	4,469	4,113	4,235
Total expenditure	4,469	4,113	4,235
NET SURPLUS/(DEFICIT)	577	609	729

Overall the objective has been achieved. Increased expenditure, while 8.6% over target, has been substantially offset by increased revenue exceeding target by 6.9%. These two variances combine to give a small variation of \$32,000 in the net surplus.

OUTPUT: SOUND ARCHIVES/NGĀ TAONGA KŌRERO

ROLE

Sound Archives/Ngā Taonga Kōrero Limited collects recordings of broadcast radio programmes, and related sound recordings from across the spectrum of all New Zealand stations and networks, and stores them for posterity. This resource is available to all New Zealanders on a cost recovery basis.

A Recordings Accessioned and Preserved

OBJECTIVE

Sound Archives/Ngā Taonga Kōrero will archive radio programmes and related recordings which are likely to be of long-term historical and cultural interest to the people of New Zealand and which reflect the bicultural nature of our society. Recordings will be preserved in CD format with a minimum expected life of 25 years.

RESULT

	ACTUAL 2005	TARGET 2005	ACTUAL 2004
Total hours of recordings acquired/accessioned	1,816	1,300	1,743
Total hours of recordings preserved	1,307	1,700	1,757

The target of 1,300 hours of recordings accessioned was exceeded by 516 hours or 40%.

Actual hours of recordings preserved at 1,307 hours was 393 hours or 23% below target. This was caused by delays in the installation of a new Quadriga digital preservation system. The system is now fully operational and that combined with the employment of an additional preservation archivist will significantly increase recordings preserved in 2005/2006.



B Financial

OBJECTIVE

Services will be delivered within budget (variations from expenditure budget of less than 5% are not considered material).

RESULT

	ACTUAL 2005 \$000	TARGET 2005 \$000	ACTUAL 2004 \$000
INCOME			
NZ On Air funding	548	548	534
Other	91	75	70
Total income	639	623	604
EXPENDITURE			
NZ On Air operations	639	638	593
Total expenditure	639	638	593
NET SURPLUS/(DEFICIT)	0	{ 15 }	11

The objective has been achieved. Total expenditure of \$639,000 was within plus or minus 5% of the \$638,000 budget.

OUTPUT: RADIO NEW ZEALAND INTERNATIONAL (RNZI)

ROLE

Radio New Zealand will provide an international radio service to the Pacific through Radio New Zealand International (RNZI). This service will:

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

A Programming

OBJECTIVE

The production and broadcast of news and information programmes of Pacific and New Zealand affairs to the Pacific region is measured by the number and range of annual broadcasts (with particular emphasis on Pacific regional issues, foreign relations, development assistance, immigration, human rights, economic developments, the environment, trade opportunities, and on being a reliable source of information in the event of natural disasters or breakdown of local communication services).

RESULT

BROADCASTS VIA SHORTWAVE (HOURS)	ACTUAL 2005	TARGET 2005	ACTUAL 2004
Morning sessions	301	301	295
Afternoon sessions	249	249	214
Evening sessions	249	249	214
Replays of National Radio and Radio Sport	365	365	318
Programmes for the World Radio Network	310	310	310
NZ Defence Force programmes	104	104	90

The objective has been achieved in all categories measured.

Statement of Objectives and Service Performance

FOR THE YEAR ENDED 30 JUNE 2005



B Quality

OBJECTIVE

The programming and technical quality of RNZI originated broadcasts is measured by the degree to which they are used by Pacific radio stations. At least 80% of RNZI news bulletins at the top of the hour will be relayed by one or more Pacific radio stations.

RESULT

The objective has been achieved. Fifteen radio stations relayed RNZI news bulletins and programmes each day, with 100% of RNZI news bulletins being relayed by one or more stations, compared with the target of 80%.

C Timeliness

OBJECTIVE

Programmes and services will be provided according to published schedules.

RESULT

The objective has been achieved through printed schedules and the RNZI website.

D Financial

OBJECTIVE

Services will be delivered within budget (variations from expenditure budget of less than 5% are not considered material).

RESULT

	ACTUAL 2005 \$000	TARGET 2005 \$000	ACTUAL 2004 \$000
INCOME			
MCH funding	1,525	1,525	1,525
Other	223	200	208
Total income	1,748	1,725	1,733
EXPENDITURE			
MCH operations	1,783	1,725	1,729
Total expenditure	1,783	1,725	1,729
NET SURPLUS/(DEFICIT)	(35)	0	4

The objective has been achieved. Expenditure of \$1.783 million was within plus or minus 5% of the \$1.725 million budget.



TO THE READERS OF RADIO NEW ZEALAND LIMITED AND GROUP'S FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005



The Auditor-General is the auditor of Radio New Zealand Limited (the company) and group. The Auditor-General has appointed me, John O'Connell, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the company and group on his behalf, for the year ended 30 June 2005.

UNQUALIFIED OPINION

In our opinion:

- The financial statements of the company and group on pages 25 to 54:
 - comply with generally accepted accounting practice in New Zealand; and
 - give a true and fair view of:
 - the company and group's financial position as at 30 June 2005;
 - the results of operations and cash flows for the year ended on that date; and
 - the service performance achievements measured against the performance targets adopted for the year ended on that date.
- Based on our examination the company and group kept proper accounting records.

The audit was completed on 28 October 2005, and is the date at which our opinion is expressed.

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

BASIS OF OPINION

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Board of Directors;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support our opinion above.



RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE AUDITOR

The Board of Directors is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must give a true and fair view of the financial position of the company and group as at 30 June 2005. They must also give a true and fair view of the results of operations and cash flows and service performance achievements for the year ended on that date. The Board of Directors responsibilities arise from the Public Finance Act 1989 and the Financial Reporting Act 1993.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and the Public Finance Act 1989.

INDEPENDENCE

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than in our role as auditor, we have no relationship with or interests in the company or its subsidiary.

JOHN O'CONNELL – *Audit New Zealand*

On behalf of the Auditor-General, Wellington, New Zealand

Directory

FOR THE YEAR ENDED 30 JUNE 2005



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