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*Source: Research International All New Zealand Radio Surveys 2004 and 2003 plus 2004 Attitudinal Survey
All people 15 years and over Mon-Sun 12midnight-12midnight, cumulative audience unless otherwise specified.
Results of the Research International All New Zealand Radio Survey 2004, show that 606,100 people aged 15 years or over listen to either Concert FM and/or National Radio at least once each week.*

Some people say we’ve become irrelevant and that nobody listens to Radio New Zealand anymore…this report is proof to the contrary.
One in five New Zealanders aged 15 and over now tune in to Radio New Zealand networks*
No.1 in the country.
National Radio is New Zealand's number one radio station in terms of a nationwide audience. It has the largest market share of any radio network, with 11.7%.

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National Radio’s audience has increased by 5%, up from 494,700 listeners in 2003 to 518,100 in mid 2004. This is its highest cumulative audience since 2001.
This year Concert FM scored its biggest audience since 2000, with an increase of 22% rising from 137,400 to 168,000.*
In the past 12 months, overall National Radio and Concert FM audiences have grown by 8%.*
In the fiercely competitive Auckland radio market, Saturday Morning with Kim Hill (8am–noon) gets the number one market share, as does Checkpoint (Mon–Fri 5–6pm), Country Life (Sat 7–8am) and Insight (Sun 8.15–8.45am).*
Only 1% of surveyed National Radio listeners have any dissatisfaction with the station’s overall news service.
Radio New Zealand dominated the radio broadcasting categories of the recent Qantas Media Awards and also took out seven categories at the New Zealand Radio Awards, in disciplines ranging from news reading to music production.
Radio New Zealand, along with other broadcasters, recently participated in a Government sponsored conference to examine the future for public service broadcasting in this country. After years in which broadcasting has essentially been driven by deregulation and commercial imperatives, the Government is actively rethinking its policy with a view to creating an environment where commercial, public service and community broadcasters can flourish. Broadcasting is a crucial element for successful nation building, which is why the principles of public service broadcasting have been revisited and placed at the heart of the Government’s broadcasting agenda.

The pursuit of national identity cannot be achieved through commercial interests alone. Only by adding the vital elements of independence, autonomy and service for the public good, can we provide all the ingredients necessary for a fully functioning participatory democracy. That is why Radio New Zealand is such a vital social and cultural institution in what is a dynamic but still young society.

New Zealand is witnessing a resurgence of interest in public service broadcasting, a resurgence reflected in the latest Radio New Zealand audience survey which shows that more than one in five New Zealanders tune in to Radio New Zealand each week.

Radio New Zealand networks account for 14% share of all radio listening in this country, Concert FM has experienced 22% growth in audience and National Radio continues to have the largest station share nationally of any station in New Zealand for all people over the age of fifteen.*

And some say no-one listens to Radio New Zealand!

**RADIO NEW ZEALAND CHARTER**

Radio New Zealand is proud to be a chartered public service broadcaster. The Radio New Zealand Charter is a critical document that sets out our operating principles. It defines what we do so that everyone – staff, listeners and stakeholders – can easily understand our objectives, and what we are expected to provide for New Zealand society. Our Charter is formally reviewed every five years.

The Radio New Zealand Amendment Act 2004 passed through committee stages in Parliament during the 2003/2004 financial year and came into effect from July 1st 2004. The Act introduces some changes to the Radio New Zealand Charter established in 1995. Changes under the Act mean that Radio New Zealand is required to provide programmes which contribute towards cultural, spiritual and ethical development of New Zealanders, to take account of more varied interests and a full range of age groups, and to expand audience research to survey people who are not current listeners.

Our Charter continues to serve us well. We welcome the outcome of the review process and we also welcome the fact that the Radio New Zealand International service is now formally recognised within the Radio New Zealand Charter.

**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.

Despite the increased funding sound financial management was still 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 NZOA amounted to $25.476m and combined with other trading revenues and income of $5.001m gave total revenue of $30.477m. After total operating expenditure of $30.097m Radio New Zealand recorded an operating surplus before tax of $380,000 compared to budget of $135,000. After provision for current tax the net profit after tax is $49,000 compared to budget of $90,000.

No dividend will be paid for the year as shareholding Ministers have waived their right to receive a dividend.

Our balance sheet remains strong although our substantial reserves are likely to be fully consumed in the coming year as we finance major capital investments such as for FM for National Radio, new office accommodation in Auckland and Christchurch and replacement and upgrading of our audio production systems. The company is also likely to be faced with a need to finance a new studio in Auckland to replace the Helen Young studio.

**FUNDING INCREASES**

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.

The announcement of additional Government funding for Radio New Zealand and Radio New Zealand International in the 2004 Budget is a great vote of confidence in public service broadcasting in this country.

A funding increase of $1.5 million for the 2004/2005 financial year and $1.08 million for each of the following two years will allow Radio New Zealand to focus on strategic planning priorities. These will be concentrated in five broad areas:

- Enhanced news, current affairs and features programming
- Promotion of FM frequencies for National Radio New Zealand
- Extension of the Concert FM transmission network
- Development of an internet based audio-on-demand facility
- Expansion of audience research and audience analysis.

Radio New Zealand International is the country’s only international short wave station, broadcasting 24 hours a day to audiences from Papua New Guinea in the West to French Polynesia in the East, covering all South Pacific countries in between.

The station received a welcome boost with the announcement that the Government is to fund the purchase of a new $2.64 million digital transmitter to replace the existing analogue transmitter which has reached the end of its serviceable life. Radio New Zealand International
also received an additional $421,000 annually to meet the increased costs in operating the new equipment.

The Radio New Zealand Board has supported Radio New Zealand International for many years as it struggled to secure its future. It is encouraging to see such a positive outcome for these efforts.

MOVING FORWARD

The Board of Governors, Executive, Managers and staff of Radio New Zealand are committed to re-building and further developing this country’s principal public service broadcaster. Strategic emphasis has been placed on long term planning – integrating, consolidating and enhancing the institution of Radio New Zealand as an independent entity with a mandate to operate in the broad public interest.

Radio New Zealand has identified several elements of strategic importance that will underpin its operations in the coming year. The Board has approved a strategic plan that will focus on five broad areas:

- Scope of activity and programming
- Technology
- Our culture and our people
- Financial management
- Stakeholder satisfaction.

Crucial elements to that strategy will include the employment of talented and motivated staff, the provision of adequate funding for all Charter functions, and the creation of transmission networks that make programming available to all New Zealanders.

We must ensure Radio New Zealand remains relevant in a rapidly changing environment by reflecting New Zealand’s cultural diversity in our programming, structure and our workforce. There is a realisation that we are more than a New Zealand broadcaster, we are a Pacific broadcaster, and as such must recognise the needs of a variety of audiences, ensuring our programming is relevant to all.

We must educate stakeholders that quality public radio is vital for New Zealand society, and that it is best delivered by Radio New Zealand.

OUR PEOPLE

For public service broadcasters, the most important priority is people – the people who make up our audiences – those who rely on us to provide them with news, information and programmes that are accurate, independent and impartial. Information which is free from commercial influence and not tainted by conflict of interest.

Public service broadcasting is also about another group of people – the presenters, journalists, producers and researchers whose task it is to enrich the lives of their audiences. To succeed as public service broadcasters we must nurture the ideas, talents and creativity of our staff. We must empower them to report fairly and accurately – but without fear or favour – in the public interest.

People remain our greatest asset. We need to attract, develop and retain staff of the highest calibre, working constructively towards achieving the strategic aims and Charter objectives of Radio New Zealand.

The Board this year welcomed the appointment of Rick Ellis as a director of the Board of Governors filling a vacancy created by the departure of Elizabeth Hickey who left to take up a senior role with the International Accounting Standards Board in London.

I am fortunate to share the board table with a highly skilled and diverse range of people, each with their own unique contribution to public service broadcasting. I thank them for their commitment and dedication.

The period of this report spans the stewardship of two Chief Executives, Sharon Crosbie and Peter Cavanagh. I made note of Sharon Crosbie’s outstanding contribution to Radio New Zealand in last year’s report. It was gratifying and entirely appropriate to see the value of that contribution acknowledged in the Queen’s Birthday Honours List and recognition from her broadcasting peers reflected in this year’s Qantas Media Awards and New Zealand Radio Awards.

As Chairman of the Board of Governors I was pleased to announce, in October, the appointment of Peter Cavanagh as Radio New Zealand’s new Chief Executive and Editor in Chief.

Peter has equally had a distinguished career in public service broadcasting and is already bringing considerable experience and expertise to his role. His passion and commitment to public service broadcasting clearly mirrors the Board’s own focus. We are delighted to have attracted a Chief Executive with such credentials to Radio New Zealand.

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.

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 it continues to challenge, inform and entertain us, and that it not only endures but also retains its relevance and appeal to a wide audience.

Too often we hear the critics decry public service broadcasting as “worthy but dull…” that no-one listens and no-one cares. This is simply not true.

More than one in five New Zealanders listen to Radio New Zealand networks and National Radio remains the number one radio network in the country with the largest station share nationally of any radio network in New Zealand.*

Radio New Zealand has a long and proud history of contribution to New Zealand spanning over 75 years. We are now witnessing a resurgence in public service broadcasting in this country, and Radio New Zealand is leading the way. That is the way it should be for one of the nation’s most important social and cultural institutions.

BRIAN CORBAN
Chairman

*Source: page 1
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 and Auckland City Mission, Chairman of Genesis Energy, Ngatarawa Wines and a number of private companies and is a trustee of various community trusts. In 2000 Brian was appointed a Fellow of the Institute of Directors and in 2001 was made a Fellow of the New Zealand Institute of Management.

ALISON TIMMS
Deputy Chairman
BA

Alison Timms has more than 20 years of management experience in the public sector, most recently as Acting Chief Executive of the NZ Fire Service, a position she held until 2001. She is now an independent consultant. Alison is a member of the New Zealand Parole Board, a director of Wellington Waterfront Ltd, a trustee of Global Retirement Trust and is a voluntary worker for the Citizens Advice Bureau.

ALAN DICK
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.

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.

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.

RICK ELLIS
Chairman Audit Committee
BCom

Rick Ellis is 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.
HIGHLIGHTS

• National Radio is No.1 for station share in New Zealand for all people over the age of 15 for the second consecutive year.

• Concert FM increases its audience by more than 22%.

• More than 600,000 people listen to Radio New Zealand networks in an average week.

• $2.64m additional Government funding for a new Radio New Zealand International digital transmitter. Support funding of $421,000 per annum for operating costs.

• $1.5m additional Government funding announced for Radio New Zealand for 2004/2005.

• $1.08m additional Government funding announced for Radio New Zealand in each of the two following years 2005/2006 and 2006/2007.

• Peter Cavanagh appointed as Chief Executive and Editor in Chief.

• New National Radio 101FM frequencies are promoted in major metropolitan centres.

• Live CD recording of Bic Runga and the Christchurch Symphony Orchestra proves a commercial success.

• Radio New Zealand International broadcasting extends to provide 24 hour service with new programming and evening news bulletins.

• Extended Drama programme for National Radio.

• Coverage of the New Zealand International Festival of the Arts.

• 50 Years of rural radio are celebrated with a Country Life Special.

• Transit of Venus Lecture series culminates with a 3 hour special from Te Papa.

• Tangiwaï 50th Anniversary Special programme.

• Waitangi Day coverage includes a Waitangi Rau Tau Lecture from Joan Metge, documentaries, music and poetry.

• Radio New Zealand dominates broadcasting sections of the QANTAS Media Awards and rejoins the NZ Radio Awards winning six categories.

• Sharon Crosbie’s contribution to the New Zealand radio industry is acknowledged with two lifetime achievement awards.

• Radio New Zealand Sound Archives contributes to Ministry of Culture and Heritage Online Encyclopedia project.

• Summer Report and revamped Morning Report programmes.

• Audience satisfaction levels for Radio New Zealand News exceed 90%.

• Increased music quotas: National Radio NZ music content on rotate exceeds 35% and Concert FM exceeds 14%.

• Concert FM Upbeat programme broadcasts from Christchurch and Auckland.

• Outspoken and Off The Wire hit the road and are recorded live in main centres.

• Cadenza moves to Concert FM and is extended to two hours.

• Sound Lounge gives contemporary music its own forum on Concert FM.

• Expanded training programmes for all on air staff.

*Source: page 1
## Performance Indicators

### Cost of Operations
- **Radio New Zealand International**: $1.7m
- **Sound Archives Nga Taonga Kōrero**: $0.6m
- **Concert FM**: $4.2m
- **National Radio**: $23.5m

| Source: Research International All NZ Radio Survey 2004 |

### Number of Years
- National Radio listeners have listened
  - Less than a year: 6%
  - 1-5 years: 13%
  - 5-10 years: 15%
  - 10-20 years: 19%
  - >20 years: 46%

| Source: Research International All NZ Radio Survey 2004 |

### Audience Satisfaction with the current programming on National Radio
- Dissatisfied: 1%
- Neither: 10%
- Satisfied: 89%

| Source: Research International All NZ Radio Survey 2004 |

### Number of Years
- Concert FM listeners have listened
  - Less than a year: 11%
  - 1-5 years: 13%
  - 5-10 years: 15%
  - 10-20 years: 19%
  - >20 years: 46%

| Source: Research International All NZ Radio Survey 2004 |

### Level of satisfaction with the current programming on Concert FM over time
- Dissatisfied: 3%
- Neither: 19%
- Satisfied: 78%

| Source: Research International All NZ Radio Survey 2004 |
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 Forgoing, to Provide:**

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

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

   (c) 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

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

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

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

   (g) 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

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

2. **In Providing Broadcasting Services, the Public Radio Company Shall Take Account Of:**

   (a) Recognised standards of excellence; and

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

   (c) The broadcasting services provided by other broadcasters; and

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

   (e) Surveys, commissioned from time to time, of persons who are not members of its current audiences.
...AND HOW WE’VE PERFORMED AGAINST IT

Provide a range of programmes which reflects NZ’s cultural diversity

Broadcast programmes of interest to a wide cross-section of New Zealanders

Promote informed debate

Promote and support a sense of national identity

Provide comprehensive news

Provide fair and balanced information

Support NZ music, and other performing arts and artists

Balance the need to broadcast programmes of wide appeal whilst also broadcasting programmes of interest to minority audiences

Contribute to the development of an informed community

Broadcast programmes that are not generally found on other radio stations

Source: Research International All NZ Radio Survey 2004
In October 2003, I was invited by the Chairman and Board of Governors to take up the role as Chief Executive and Editor-in-Chief of Radio New Zealand.

After more than 30 years as a passionate and committed public service broadcaster, I was delighted to accept the offer for two reasons. Firstly, as an interested observer from the Australian side of the Tasman, I was well aware of the integral part played by Radio New Zealand in keeping the flame of quality public service broadcasting alive during a period of unprecedented upheaval in New Zealand broadcasting. And secondly because I was aware of a growing recognition at many levels in New Zealand of the crucial importance of public service broadcasting to nation building and to the health and wellbeing of a vibrant democratic society.

In my first year as Chief Executive of Radio New Zealand it has become clear to me that public service broadcasting is very much alive and well in New Zealand. New Zealanders are embracing the services provided by Radio New Zealand. Despite market deregulation that has seen an explosion of competition in radio broadcasting, National Radio continues to attract strong and growing audiences. There are more radio stations per capita in New Zealand than anywhere else in the world – and yet it is the national broadcaster which has the largest share of listening of any network in the country.* Few public service broadcasters – including those with vastly more networks and resources than Radio New Zealand – could boast such an impressive performance.

This shows that New Zealanders are not just paying lip service to the importance of quality public service broadcasting. In a very practical way they are using the services we provide every day to make informed decisions about the things which are important in their lives.

I am very proud that in the 2004 All New Zealand Radio Survey, National Radio had the highest audience share of any radio network in the country for all listeners 15 years and over.* However for a public service broadcaster, it is the total size of the audience rather than its percentage share of the market that is the most important measurement of relevance and success.

In 2004, more than 600,000 New Zealanders tuned in to Radio New Zealand’s domestic services in an average week – an increase of more than 8% on 2003. Many thousands more listened to the shortwave services broadcast to the Pacific Region by Radio New Zealand International or accessed news and information via the Radio New Zealand website. One particularly pleasing result from this year’s survey was a significant increase in listeners aged 35-44 – an age group* Radio New Zealand has, in the past, had difficulty attracting.

Listener satisfaction with the services provided by Radio New Zealand was again very high. 89% of listeners said they were satisfied with programming on National Radio, while the satisfaction rating for Concert FM was 78%. Radio New Zealand News was regarded particularly highly by our listeners with just 1% of those surveyed expressing any dissatisfaction with the service.*

The high quality of our output was also recognised by others in the broadcasting industry, with Radio New Zealand collecting a raft of awards at both the Qantas Media Awards and the New Zealand Radio Awards.

After a number of years of declining resources, Radio New Zealand received a modest increase in government funding in 2002/2003 and again in 2003/2004. This additional funding will enable the organisation to expand the range and quality of the services it provides. A number of exciting projects are now underway which will come to fruition in the year ahead:

- the establishment of an FM network for National Radio will increase its appeal to younger listeners while improving reception quality for many existing listeners living in fringe areas and transmission black spots;
- the expansion of the Concert FM network to include the west coast of the South Island;
- a major upgrade of the Radio New Zealand website to include an audio-on-demand service for news, major programmes and segments and a greater depth of additional information to enrich the on-air listening experience;
- the commissioning of a new digital shortwave transmitter for Radio New Zealand International to expand our Pacific coverage and facilitate greater use of RNZI programming by regional broadcasters;
- expansion of the network of regional news correspondents to include Tauranga, New Plymouth and Queenstown;
- relocation and expansion of Radio New Zealand’s Auckland studios and offices;
- upgrading of Radio New Zealand’s Christchurch operations;
- additional specialist news correspondents in both Maori and Pacific Island Affairs;
- the appointment of the new role of Asian Affairs Features Producer based in Auckland;
- more in-depth research into the views and attitudes of both Radio New Zealand listeners and non-listeners and
- improved public awareness and accessibility of the treasure trove of historical material at Radio New Zealand’s Sound Archives.

The defining difference between Radio New Zealand and other broadcasters in the country is our Charter that underpins everything that we do. While other media organisations exist to maximize commercial revenue or to increase shareholder wealth, the driving motivation for Radio New Zealand can only ever be altruistic.

As a true public service broadcaster, our goal is to make New Zealand a better place in which to live. To provide our listeners with critical information which they can trust implicitly to inform their views and decisions. To provide a forum to discuss our sense of national identity – what it is to be a New Zealander in such a rapidly changing world. To challenge prejudice and discrimination wherever it exists and promote a sense of fairness, compassion and national harmony. To explore intellectual, scientific and ethical issues and expose our audiences to the full depth and breadth of the arts.
To reflect New Zealand’s growing cultural diversity with equally diverse programming including appropriate recognition of the special role Māori language and culture plays in our community.

A key component of our Charter is that we stimulate critical thought and promote informed debate. To meet that responsibility, our programming will often be hard-hitting, thought-provoking and at times, controversial. We will challenge decision-makers and conventional wisdom – and not everyone may be happy with the outcome. However, our guiding Charter principle will ensure that we remain independent, impartial and balanced in our coverage of such issues and our listeners will always be left to make up their own minds.

LISTENER SATISFACTION

Peer assessment is arguably the best test of true quality and so it proved in May when a panel of journalists, including international assessors, judged Radio New Zealand best in all except two of the radio broadcasting categories at the Qantas Media Awards.

This year Radio New Zealand was also invited to enter the New Zealand Radio Awards, measuring our best work against the very best in commercial radio. We welcomed the opportunity to rejoin our commercial radio colleagues and were delighted to win six categories including Nicola Wright for Best News Reader.

PROMOTING QUALITY

As a public service broadcaster Radio New Zealand has traditionally been reluctant to spend any of its tight resources on promoting its values and quality programming... this changed in 2003/2004 when additional funding was allocated specifically for the promotion of Radio New Zealand services.

Radio New Zealand attracted a lot of attention and comment when it advertised on primetime television for the first time ever during June 2004 with a two week campaign designed to change some public misconceptions about National Radio and Concert FM.

Television advertising followed hard on the heels of extensive print media and poster campaigns in main centres to support National Radio’s new FM frequencies.

The first stage introduction of new FM frequencies to major centres created an exciting opportunity for National Radio to enhance its service to existing listeners and reach out to new listeners. Extended promotion of the new frequencies saw National Radio broadcasting key daypart programmes from Christchurch, Dunedin, Hamilton, Napier, Palmerston North and Auckland between January and June.

We will continue to reach out to our audiences and in doing so will constantly promote and reinforce the value of the taonga that is Radio New Zealand.

Over half a million New Zealanders aged 15 and over consider the Radio New Zealand stations provide the most reliable news.*

PROGRAMMING HIGHLIGHTS

Ask a cross section of our audience to name their highlight over the past year and chances are it will be something different for everyone. And that’s not surprising, it simply reflects the depth, the breadth and the richness of Radio New Zealand programming as we strive to meet our Charter obligations. It is worth reflecting on some of the outstanding work that has been broadcast in the last twelve months

NEWS

Radio New Zealand News, the country’s leading news provider is a 24 hour seven day a week operation. For News it has been a busy year.

Extensive on the spot coverage of breaking news stories included January’s devastating cyclone in Niue, floods in the lower North Island and Bay of Plenty, a major earthquake, the seabed hikoi to Parliament and live coverage of the Lord of the Rings Oscars from Hollywood. We have seen exceptional work from a quality team of journalists and presenters, work once again recognised by their domination of the broadcasting categories at the annual Qantas Media Awards.

Continued success for primetime news programmes Morning Report, Midday Report and Checkpoint was reinforced when Summer Report launched us into the new year and once again the relaxed magazine style format proved a hit with holiday listeners, scooping the Best News category at the Qantas Media Awards. Todd Niall won the prestigious Bill Toft Memorial Award for Radio Journalism for his portfolio of work on political, business and sporting issues, and for his on-air work as presenter of the Summer Report programme.

SPOKEN FEATURES

Broadcasters cannot afford to stand still. As the country changes, our greatest challenge is not only to remain relevant in a rapidly changing world, but to reflect that world, to meet the needs of a multitude of community interests, and to mirror New Zealand’s cultural diversity. There is a new sense of creative energy and adventure in our spoken feature programmes, and there have been many highlights that stand out in reviewing the twelve months covered by this report.

Features include the Transit of Venus lecture series recorded around the country culminating in a three hour live special from Te Papa with international links to correspondents in the U.K.

An award winning two hour feature on Christmas Eve marking the anniversary of the Tangiwai disaster was particularly poignant as it went to air 50 years to the hour after the tragic event had occurred. We also celebrated 50 years of rural radio this year with a special edition of Country Life and launched into Conservation Week with our landmark series A Nation’s Heritage.

Waitangi Day was marked with two documentaries Puta River Pu, and Waitangi Endowments, work from poets Hone Tuwhare and Glenn Colquhon, the Waitangi Rau Tau Lecture, a celebrated re-opening for Rangiatea Church and great music from Trinity Roots and Fat Freemdes Drop.

Two new programmes were introduced this year to stimulate critical thought and promote informed debate, a vital Charter objective for Radio New Zealand. Outspokon expanded National Radio’s
audience participation and proved that talkback can be entertaining, informative and also of high quality while *Windows on the World* brought the very best of international public service broadcasting to our listeners every weekday evening.

**MUSIC**

Concert FM enhanced its network formats this year with the introduction of *Sound Lounge*, a contemporary music forum, and *Cadence* was moved from National Radio to Concert FM as part of a change to the weekday afternoon schedule with positive audience survey results for both networks.

*Upbeat* travelled to Auckland and Christchurch for live outside broadcasts. Coverage of New Zealand live music was achieved with recording projects for the Golden Guitar Awards in Gore and Concert FM recorded more than 30 concerts from the International Arts Festival, the Wellington Jazz Festival, the first Auckland Festival, and (09)/03, a festival of contemporary music.

New Zealand Music Month was celebrated by a range of specially commissioned programmes and coverage of the high profile WOMAD music festival in New Plymouth included documentary and live concert programmes.

**RADIO NEW ZEALAND INTERNATIONAL**

Radio New Zealand International provided a lifeline to small Pacific nations when Cyclones Heta and Ivy required warning broadcasts by RNZI early in 2004. An additional 24 hours of staffing was required to deliver hourly updates for these cyclones.

RNZI staff this year travelled to cover events in Solomon Islands, Samoa, Palau, the Marshall Islands, French Polynesia and Fiji. Major event coverage included the Pacific Forum in Auckland, the French/Pacific leaders Summit, the Pacific Islands News and Broadcasting Association Conferences, and the Trade Minister's and Foreign Minister's regional visits.

The Commonwealth Broadcasters Association Conference in Fiji this year was an historic event, being held in the Pacific for the first time.

Radio New Zealand made a significant contribution to the Conference with Chairman, Brian Corban, delivering the keynote address and chairing a working session on the implications of the Hutton Report for public service broadcasters and several Radio New Zealand staff being invited by the CBA to present papers or contribute to programme sessions.

**SOUND ARCHIVES**

The core work of Sound Archives/Nga Taonga Kōrero receives little public attention but the unit’s role in the collection and preservation of New Zealand radio treasures makes it the leading archive of contemporary and historical radio programmes in this country. SANTK contributed audio for several major projects this year including the groundbreaking Ministry of Culture and Heritage Online Encyclopedia and Te Whare Korero television series.

**STAFF DEVELOPMENT**

Underpinning Radio New Zealand's redevelopment is its key asset – our people. The success of Radio New Zealand rests on the professional talent of our staff and the teams of people who support them. Full implementation of the Human Resources strategic implementation plan has been a major focus. Further development of HR systems, policies and practices, to achieve an integrated, competence-based HR framework continues.

The past year has also seen a significant growth in Radio New Zealand's presentation training for all on-air staff. Regular training seminars are conducted on skills such as interviewing, live reporting, Maori pronunciation and general presentation. Such seminars provide more than direct training, they create invaluable forums for discussion on broadcasting techniques and reinforce Radio New Zealand's commitment to the highest broadcasting standards.

I could not complete my first annual report without acknowledging the wonderful contribution to Radio New Zealand over many years of my predecessor, Sharon Crosbie. Sharon provided strong and passionate advocacy for public service broadcasting in New Zealand when it was needed most. She can certainly take much credit for the very positive and forward-looking organization I have inherited.

I also appreciate the commitment and passion of the Chairman and Board of Governors to Radio New Zealand and its purposes and thank them for their positive and constructive support.

This annual report is, quite unashamedly, designed as a proud statement of Radio New Zealand success. The success of a public broadcaster that has, too often in the past, been taken for granted.

To the critics who have argued that public service broadcasting has passed its use by date, that it is tired and boring, that audiences are plummeting, and that no one actually listens any more... we say think again! Let the facts speak for themselves.

**PETER CAVANAGH**
Chief Executive and Editor in Chief

*Source: page 1*
RADIO NEW ZEALAND STRUCTURE

PROGRAMME GROUP
Programming strategy, format, commissioning, special projects

NETWORKS PRESENTATION
Programme presentation and standards, quality assurance, training

RNZ NEWS
News, Sport, Morning Report, Midday Report, Checkpoint, Insight, Focus on Politics, Worldwatch

SPOKEN FEATURES
Specialist features, documentaries and drama

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 short-wave radio service funded through the Ministry for Culture and Heritage

SOUND ARCHIVES/ NGĀ TAONGA KŪRERO
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 broadcasts over three nationwide networks: National Radio, Concert FM and the AM Network, which relays Parliamentary proceedings, and one international short-wave network.

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, In Touch with New Zealand with Wayne Mauat, 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 music programmes.

Concert FM also presents international programmes selected from public radio broadcasters overseas.

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 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 nine 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 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 short-wave 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 cultural, 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.
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<th>Page</th>
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<td>RECONCILIATION OF THE NET SURPLUS/(DEFICIT) FROM OPERATIONS WITH THE NET CASH FLOWS FROM OPERATIONAL ACTIVITIES</td>
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<tr>
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<td></td>
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<td>• CONCERT FM</td>
<td></td>
</tr>
<tr>
<td>• SOUND ARCHIVES/NGĀ TAONGA KŌRERO</td>
<td></td>
</tr>
<tr>
<td>• RADIO NEW ZEALAND INTERNATIONAL</td>
<td></td>
</tr>
<tr>
<td>REPORT OF THE AUDITOR–GENERAL</td>
<td>52</td>
</tr>
</tbody>
</table>
STATEMENT OF RESPONSIBILITY
FOR THE YEAR ENDED 30 JUNE 2004

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.

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 2004.

The audit opinion on these financial statements is on page 52.

Brian Corban QSO
Chairman
21 October 2004

Peter Cavanagh
Chief Executive and Editor in Chief
21 October 2004
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 seven 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, 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
Rick Ellis was appointed on 1 December 2003.

SUBSIDIARY
A fully owned subsidiary company, Sound Archives/Te aunga Kōrero Limited, was incorporated in August 1998. The subsidiary’s new 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 three occasions during the year.

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

<table>
<thead>
<tr>
<th>Table of attendance for the year ended 30 June 2004</th>
<th>Board meetings</th>
<th>Audit Committee</th>
<th>Remuneration Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>B Corban – Chairman</td>
<td>11</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>A Timms – Deputy Chairperson</td>
<td>11</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>S Huria</td>
<td>10</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>J Finn</td>
<td>10</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>J Fyfe</td>
<td>11</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>A Dick</td>
<td>11</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>R Ellis</td>
<td>5</td>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>

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 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 Chong Lim, 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.
The Board agreed financial targets with the Crown at the beginning of the year. Budget figures are those set out in the 2003/2004 Statement of Intent.

<table>
<thead>
<tr>
<th></th>
<th>Budget $000</th>
<th>Achievement $000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td>29,858</td>
<td>30,477</td>
</tr>
<tr>
<td><strong>EXPENDITURE</strong></td>
<td>29,723</td>
<td>30,097</td>
</tr>
<tr>
<td><strong>OPERATING SURPLUS/(DEFICIT) BEFORE TAXATION</strong></td>
<td>135</td>
<td>380</td>
</tr>
<tr>
<td><strong>TAXATION EXPENSE/(BENEFIT)</strong></td>
<td>45</td>
<td>331</td>
</tr>
<tr>
<td><strong>NET SURPLUS/(DEFICIT) AFTER TAXATION</strong></td>
<td>90</td>
<td>49</td>
</tr>
<tr>
<td><strong>EQUITY</strong></td>
<td>21,236</td>
<td>22,716</td>
</tr>
<tr>
<td><strong>WORKING CAPITAL RATIO (Current assets as percentage of current liabilities)</strong></td>
<td>329.9%</td>
<td>247.6%</td>
</tr>
<tr>
<td><strong>RATIO OF EQUITY TO TOTAL ASSETS (Equity as percentage of total assets)</strong></td>
<td>90.2%</td>
<td>84.3%</td>
</tr>
</tbody>
</table>
# STATEMENT OF FINANCIAL PERFORMANCE

**FOR THE YEAR ENDED 30 JUNE 2004**

<table>
<thead>
<tr>
<th>Note</th>
<th>$000</th>
<th>$000</th>
<th>$000</th>
<th>$000</th>
<th>$000</th>
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</thead>
<tbody>
<tr>
<td><strong>Group Budget</strong></td>
<td><strong>Group Actual</strong></td>
<td><strong>Group Actual</strong></td>
<td><strong>Parent Actual</strong></td>
<td><strong>Parent Actual</strong></td>
<td></td>
</tr>
</tbody>
</table>

## OPERATING REVENUE

**NZ On Air:**
- Sound Archives/Ngā Taonga Kōrero: 462, 534, 468, 0, 0
- Ministry for Culture and Heritage: 1,525, 1,525, 1,392, 1,525, 1,392
- Interest income: 338, 460, 385, 460, 385
- Gain on sale of assets: 12, 0, 5, 0, 5
- Other income: 2,580, 3,016, 2,582, 3,539, 3,070


## OPERATING EXPENDITURE

- Audit fees: 2, 45, 48, 41, 48, 41
- Directors’ fees: 9, 201, 191, 198, 191, 198
- Lease and rental costs: 1,175, 1,175, 1,074, 1,175, 1,074
- Depreciation: 8, 3,083, 2,821, 2,592, 2,821, 2,592
- Fixed assets written off: 0, 0, 5, 0, 5
- Superannuation: 372, 392, 332, 392, 332
- Personnel costs: 13,806, 14,140, 12,847, 14,140, 12,847
- Bad debts written off/(recovered): 0, 2, 0, 2, 0
- Increase/(decrease) in doubtful debts provision: 1, 4, (6), 4, (6)
- Other expenditure: 11,040, 11,324, 10,007, 11,324, 10,007


## OPERATING SURPLUS/(DEFICIT) BEFORE TAXATION

- 135, 380, 31, 369, 51

## Taxation expense/(benefit)

- 3, 45, 331, (13), 327, (6)

## NET SURPLUS/(DEFICIT) AFTER TAXATION

- 90, 49, 44, 42, 57

---

The accompanying notes and accounting policies form an integral part of the financial statements.
## STATEMENT OF MOVEMENTS IN EQUITY
### FOR THE YEAR ENDED 30 JUNE 2004

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Group</th>
<th>Group</th>
<th>Parent</th>
<th>Parent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budget</td>
<td>Actual</td>
<td>Actual</td>
<td>Actual</td>
<td>Actual</td>
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<tr>
<td>2004</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
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</tr>
<tr>
<td>Increase in asset revaluation reserves</td>
<td>0</td>
<td>0</td>
<td>1,480</td>
<td>0</td>
<td>1,480</td>
</tr>
<tr>
<td>Net surplus/(deficit) after taxation for the year</td>
<td>90</td>
<td>49</td>
<td>44</td>
<td>42</td>
<td>57</td>
</tr>
<tr>
<td>Total recognised revenues and expenses</td>
<td>90</td>
<td>49</td>
<td>1,524</td>
<td>42</td>
<td>1,537</td>
</tr>
<tr>
<td>EQUITY AT BEGINNING OF THE YEAR</td>
<td>21,146</td>
<td>22,667</td>
<td>21,143</td>
<td>21,895</td>
<td>20,358</td>
</tr>
<tr>
<td>EQUITY AT END OF YEAR</td>
<td>21,236</td>
<td>22,716</td>
<td>22,667</td>
<td>21,937</td>
<td>21,895</td>
</tr>
</tbody>
</table>

The accompanying notes and accounting policies form an integral part of the financial statements.
# Statement of Financial Position

As at 30 June 2004

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Note</strong></td>
<td><strong>$000</strong></td>
<td><strong>$000</strong></td>
<td><strong>$000</strong></td>
<td><strong>$000</strong></td>
<td><strong>$000</strong></td>
</tr>
<tr>
<td><strong>EQUITY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>4a 13,799</td>
<td>13,799</td>
<td>13,799</td>
<td>13,799</td>
<td>13,799</td>
</tr>
<tr>
<td>Revaluation reserve</td>
<td>4b 800</td>
<td>2,280</td>
<td>2,280</td>
<td>1,480</td>
<td>1,480</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>4c 6,637</td>
<td>6,637</td>
<td>6,588</td>
<td>6,658</td>
<td>6,616</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>21,236</td>
<td>22,716</td>
<td>22,667</td>
<td>21,937</td>
<td>21,895</td>
</tr>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade creditors</td>
<td>718</td>
<td>2,451</td>
<td>1,811</td>
<td>2,303</td>
<td>1,766</td>
</tr>
<tr>
<td>Employee entitlements</td>
<td>5 1,152</td>
<td>1,047</td>
<td>1,175</td>
<td>1,047</td>
<td>1,175</td>
</tr>
<tr>
<td>Provision for tax</td>
<td>3 0</td>
<td>253</td>
<td>0</td>
<td>249</td>
<td>0</td>
</tr>
<tr>
<td>Revenue received in advance</td>
<td>379</td>
<td>458</td>
<td>394</td>
<td>458</td>
<td>394</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>2,249</td>
<td>4,209</td>
<td>3,380</td>
<td>4,057</td>
<td>3,335</td>
</tr>
<tr>
<td><strong>NON-CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee entitlements</td>
<td>5 50</td>
<td>35</td>
<td>35</td>
<td>35</td>
<td>35</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND EQUITY</strong></td>
<td>23,535</td>
<td>26,960</td>
<td>26,082</td>
<td>26,029</td>
<td>25,265</td>
</tr>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank balances and deposits</td>
<td>6 6,597</td>
<td>9,142</td>
<td>8,708</td>
<td>9,094</td>
<td>8,661</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>7 589</td>
<td>781</td>
<td>469</td>
<td>698</td>
<td>467</td>
</tr>
<tr>
<td>Income tax receivable</td>
<td>3 0</td>
<td>0</td>
<td>68</td>
<td>0</td>
<td>68</td>
</tr>
<tr>
<td>Other receivables and prepayments</td>
<td>234</td>
<td>497</td>
<td>329</td>
<td>497</td>
<td>361</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>7,420</td>
<td>10,420</td>
<td>9,574</td>
<td>10,289</td>
<td>9,557</td>
</tr>
<tr>
<td><strong>NON-CURRENT ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepayments</td>
<td>0 465</td>
<td>465</td>
<td>0</td>
<td>465</td>
<td>0</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>8 16,115</td>
<td>16,075</td>
<td>16,508</td>
<td>15,275</td>
<td>15,708</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>16,115</td>
<td>16,540</td>
<td>16,508</td>
<td>15,740</td>
<td>15,708</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>23,535</td>
<td>26,960</td>
<td>26,082</td>
<td>26,029</td>
<td>25,265</td>
</tr>
</tbody>
</table>

For and on behalf of the Board

Brian Corban QSO
Chairman
21 October 2004

Alison Timms
Deputy Chairperson
21 October 2004

The accompanying notes and accounting policies form an integral part of the financial statements.
RADIO NEW ZEALAND LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2004

<table>
<thead>
<tr>
<th>Group</th>
<th>Group</th>
<th>Group</th>
<th>Parent</th>
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</thead>
<tbody>
<tr>
<td>Budget</td>
<td>Actual</td>
<td>Actual</td>
<td>Actual</td>
<td>Actual</td>
</tr>
<tr>
<td>Note</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
</tr>
</tbody>
</table>

CASH FLOWS FROM OPERATING ACTIVITIES
Cash was provided from:

<table>
<thead>
<tr>
<th>Note</th>
<th>$000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from customers</td>
<td>4,205</td>
</tr>
<tr>
<td>NZ On Air funding</td>
<td>25,404</td>
</tr>
<tr>
<td>Interest earned</td>
<td>340</td>
</tr>
<tr>
<td>Income tax refund</td>
<td>0</td>
</tr>
<tr>
<td>GST (net)</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>29,949</strong></td>
</tr>
</tbody>
</table>

Cash was applied to:

<table>
<thead>
<tr>
<th>Note</th>
<th>$000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments to employees</td>
<td>14,166</td>
</tr>
<tr>
<td>Payments to suppliers</td>
<td>12,865</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>47</td>
</tr>
<tr>
<td>GST (net)</td>
<td>(12)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>27,066</strong></td>
</tr>
</tbody>
</table>

Net cash inflow/(outflow) from operating activities

<table>
<thead>
<tr>
<th>$000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,883</td>
</tr>
</tbody>
</table>

CASH FLOWS FROM INVESTING ACTIVITIES
Cash was provided from:

<table>
<thead>
<tr>
<th>Note</th>
<th>$000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from sale of fixed assets</td>
<td>12</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12</strong></td>
</tr>
</tbody>
</table>

Cash was applied to:

<table>
<thead>
<tr>
<th>Note</th>
<th>$000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepayments made</td>
<td>0</td>
</tr>
<tr>
<td>Purchase of fixed assets</td>
<td>2,714</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,714</strong></td>
</tr>
</tbody>
</table>

Net cash inflow/(outflow) from investing activities

<table>
<thead>
<tr>
<th>$000</th>
</tr>
</thead>
<tbody>
<tr>
<td>(2,702)</td>
</tr>
</tbody>
</table>

CASH FLOWS FROM FINANCING ACTIVITIES
Cash was applied to:

<table>
<thead>
<tr>
<th>Note</th>
<th>$000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preference dividend paid to shareholders</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>0</strong></td>
</tr>
</tbody>
</table>

Net cash inflow/(outflow) from financing activities

<table>
<thead>
<tr>
<th>$000</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
</tr>
</tbody>
</table>

Net increase/(decrease) in cash held

<table>
<thead>
<tr>
<th>$000</th>
</tr>
</thead>
<tbody>
<tr>
<td>181</td>
</tr>
</tbody>
</table>

Add opening bank balance at 1 July

<table>
<thead>
<tr>
<th>$000</th>
</tr>
</thead>
<tbody>
<tr>
<td>8,550</td>
</tr>
</tbody>
</table>

Realised foreign exchange gain (loss)

<table>
<thead>
<tr>
<th>$000</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
</tr>
</tbody>
</table>

Closing bank balance at 30 June

<table>
<thead>
<tr>
<th>$000</th>
</tr>
</thead>
<tbody>
<tr>
<td>8,731</td>
</tr>
</tbody>
</table>

Comprised of:

<table>
<thead>
<tr>
<th>Note</th>
<th>$000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cheque accounts</td>
<td>0</td>
</tr>
<tr>
<td>Demand deposits</td>
<td>8,731</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8,731</strong></td>
</tr>
</tbody>
</table>

CLOSING BANK BALANCE

<table>
<thead>
<tr>
<th>$000</th>
</tr>
</thead>
<tbody>
<tr>
<td>8,731</td>
</tr>
</tbody>
</table>

The accompanying notes and accounting policies form an integral part of the financial statements.
## RECONCILIATION OF THE NET SURPLUS/(DEFICIT) FROM OPERATIONS WITH THE NET CASH FLOWS FROM OPERATING ACTIVITIES

FOR THE YEAR ENDED 30 JUNE 2004

<table>
<thead>
<tr>
<th></th>
<th>Group Actual $000</th>
<th>Group Actual $000</th>
<th>Parent Actual $000</th>
<th>Parent Actual $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net surplus/(deficit) after taxation</td>
<td>49</td>
<td>44</td>
<td>42</td>
<td>57</td>
</tr>
<tr>
<td>Add/(less) non-cash items:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>2,821</td>
<td>2,592</td>
<td>2,821</td>
<td>2,592</td>
</tr>
<tr>
<td>Bad debts written off</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Provision for doubtful debts</td>
<td>(10)</td>
<td>(6)</td>
<td>(10)</td>
<td>(6)</td>
</tr>
<tr>
<td>Fixed assets written off</td>
<td>18</td>
<td>5</td>
<td>18</td>
<td>5</td>
</tr>
<tr>
<td>Amortised expenses</td>
<td>25</td>
<td>0</td>
<td>25</td>
<td>0</td>
</tr>
<tr>
<td>Other</td>
<td>(10)</td>
<td>0</td>
<td>(10)</td>
<td>0</td>
</tr>
<tr>
<td>Increase/(decrease) in non-current employee entitlements</td>
<td>0</td>
<td>(56)</td>
<td>0</td>
<td>(56)</td>
</tr>
<tr>
<td>Total non-cash items</td>
<td>2,846</td>
<td>2,535</td>
<td>2,846</td>
<td>2,535</td>
</tr>
<tr>
<td>Add/(less) items classified as investing activities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net (gain)/loss on sale of fixed assets</td>
<td>0</td>
<td>(5)</td>
<td>0</td>
<td>(5)</td>
</tr>
<tr>
<td>Add/(less) movements in working capital items:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease/(increase) in receivables</td>
<td>(244)</td>
<td>(151)</td>
<td>(163)</td>
<td>(150)</td>
</tr>
<tr>
<td>Decrease/(increase) in prepayments</td>
<td>(168)</td>
<td>13</td>
<td>(136)</td>
<td>0</td>
</tr>
<tr>
<td>Increase/(decrease) in creditors and accruals</td>
<td>893</td>
<td>66</td>
<td>786</td>
<td>65</td>
</tr>
<tr>
<td>Increase/(decrease) in current employee entitlements</td>
<td>(128)</td>
<td>(45)</td>
<td>(128)</td>
<td>(45)</td>
</tr>
<tr>
<td>Increase/(decrease) in revenue received in advance</td>
<td>64</td>
<td>231</td>
<td>64</td>
<td>231</td>
</tr>
<tr>
<td>Working capital movement – net</td>
<td>417</td>
<td>114</td>
<td>423</td>
<td>101</td>
</tr>
<tr>
<td><strong>Net cash flow from operating activities</strong></td>
<td>3,312</td>
<td>2,688</td>
<td>3,311</td>
<td>2,688</td>
</tr>
</tbody>
</table>

The accompanying notes and accounting policies form an integral part of the financial statements.
## STATEMENT OF COMMITMENTS
AS AT 30 JUNE 2004

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital commitments approved and contracted</td>
<td>453</td>
<td>427</td>
<td>453</td>
<td>427</td>
</tr>
<tr>
<td>Non-cancellable lease commitments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– payable within 1 year</td>
<td>1,064</td>
<td>996</td>
<td>1,064</td>
<td>996</td>
</tr>
<tr>
<td>– payable between 1-2 years</td>
<td>937</td>
<td>800</td>
<td>937</td>
<td>800</td>
</tr>
<tr>
<td>– payable between 2-5 years</td>
<td>2,716</td>
<td>2,024</td>
<td>2,716</td>
<td>2,024</td>
</tr>
<tr>
<td>– payable after 5 years</td>
<td>2,536</td>
<td>283</td>
<td>2,536</td>
<td>283</td>
</tr>
<tr>
<td>Non-cancellable operating commitments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– payable within 1 year</td>
<td>3,472</td>
<td>2,072</td>
<td>3,472</td>
<td>2,072</td>
</tr>
<tr>
<td>– payable between 1-2 years</td>
<td>2,528</td>
<td>913</td>
<td>2,528</td>
<td>913</td>
</tr>
<tr>
<td>– payable between 2-5 years</td>
<td>6,012</td>
<td>1,286</td>
<td>6,012</td>
<td>1,286</td>
</tr>
<tr>
<td>– payable after 5 years</td>
<td>2,511</td>
<td>532</td>
<td>2,511</td>
<td>532</td>
</tr>
<tr>
<td>TOTAL NON-CANCELLABLE COMMITMENTS</td>
<td>21,776</td>
<td>8,906</td>
<td>21,776</td>
<td>8,906</td>
</tr>
</tbody>
</table>

## STATEMENT OF CONTINGENT LIABILITIES
AS AT 30 JUNE 2004

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal proceedings and disputes with third parties</td>
<td>362</td>
<td>250</td>
<td>362</td>
<td>250</td>
</tr>
</tbody>
</table>

The accompanying notes and accounting policies form an integral part of the financial statements.
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2004

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/Nga Taonga Korero Limited (100% owned). Sound Archives/Nga Taonga Korero 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.

B. MEASUREMENT SYSTEM
The financial statements have been prepared on an historical cost basis.

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.
RADIO NEW ZEALAND LIMITED

STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2004

7. Fixed 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.

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 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 current rates of pay, whilst the long service leave provision has been calculated on an actuarial basis.

10. Leases

Finance leases
Leases, which effectively transfer to the company substantially all the risks and benefits incident to ownership of the leased items, are classified as finance leases. Radio New Zealand had no finance leases as at 30 June 2004.

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.

11. Financial Instruments
Radio New Zealand Limited is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits and debtors and creditors. 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.

Cash means current bank accounts and demand/call deposits.

Operating activities include cash received from all income sources of Radio New Zealand Limited 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.
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2004

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, 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 income 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 74.15% (2003: 80.26%).

“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 25.85% (2003: 19.74%).

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 except that depreciation of $118,000 has been charged in the current year on the library and music collection. All other policies have been applied on bases consistent with those used in the previous year.
I. TRANSACTIONS WITH RELATED PARTIES

Funding
Radio New Zealand Limited received funding of $25.48 million (2003: $22.75 million) from NZ On Air for the year ended 30 June 2004. The contract between the two parties for broadcasting services prescribes the services which must be provided in relation to transmission coverage and hours, types of programmes to be broadcast and also places restrictions on advertising.

Included in the above amount is $534,000 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 2004 (2003: $468,000).


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 contract 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 archive. An amount of $593,000 has been transacted, for the period 1 July 2003 to 30 June 2004 (2003: $556,000).

Key Management and Directors
Brian Corban is Chairman of Genesis Power Limited who are the main power suppliers for Radio NZ Limited. $378,025 was paid to Genesis Power Limited in the current period. These transactions are on normal commercial terms. There are no other material transactions between directors and senior management and Radio NZ Limited in any capacity other than that for which they are employed.

<table>
<thead>
<tr>
<th>Group</th>
<th>Group</th>
<th>Parent</th>
<th>Parent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual</td>
<td>Actual</td>
<td>Actual</td>
<td>Actual</td>
</tr>
<tr>
<td>2004</td>
<td>2003</td>
<td>2004</td>
<td>2003</td>
</tr>
<tr>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
</tr>
</tbody>
</table>

2. AUDIT FEES

FEES PAID TO AUDITORS

<table>
<thead>
<tr>
<th>Services</th>
<th>Group</th>
<th>Group</th>
<th>Parent</th>
<th>Parent</th>
</tr>
</thead>
<tbody>
<tr>
<td>External audit</td>
<td>48</td>
<td>40</td>
<td>48</td>
<td>40</td>
</tr>
<tr>
<td>Tax advice</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>48</strong></td>
<td><strong>41</strong></td>
<td><strong>48</strong></td>
<td><strong>41</strong></td>
</tr>
</tbody>
</table>
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

3. TAXATION

<table>
<thead>
<tr>
<th>NET SURPLUS/(DEFICIT) BEFORE TAXATION</th>
<th>2004</th>
<th>2003</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>380</td>
<td>126</td>
<td>31</td>
<td>122</td>
<td>51</td>
</tr>
<tr>
<td>Tax @ 33%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>369</td>
<td>143</td>
<td>0</td>
<td>143</td>
<td>0</td>
</tr>
<tr>
<td>Permanent differences</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>51</td>
<td>0</td>
<td>9</td>
<td>51</td>
<td>9</td>
</tr>
<tr>
<td>Timing differences not recognised</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>11</td>
<td>(40)</td>
<td>11</td>
<td>(40)</td>
</tr>
<tr>
<td>Prior year adjustment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>8</td>
<td>0</td>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td>Use of money interest benefit reversal</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>4</td>
<td>7</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>Tax expense/(benefit)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>331</td>
<td>327</td>
<td>(6)</td>
<td>327</td>
<td>(6)</td>
</tr>
<tr>
<td>Current tax/(benefit)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>331</td>
<td>327</td>
<td>(6)</td>
<td>327</td>
<td>(6)</td>
</tr>
</tbody>
</table>

IMPUTATION CREDIT ACCOUNT

| Opening balance                      | 794  | 794  |
| Tax paid                             | 67   | 67   |
| Tax refunded                         | (61) | (61) |
| Closing balance                      | 800  | 800  |

PROVISION FOR INCOME TAX

| Opening balance                      | 68   | 68   |
| Tax paid                             | 67   | 67   |
| Tax refunded                         | (61) | (61) |
| Use of money interest                | 4    | 4    |
| Current tax                          | (331)| (327)|
| Taxation receivable/(payable)        | (253)| 68   |

A deferred tax benefit of $529,081 (2003: $375,000) 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 2004

<table>
<thead>
<tr>
<th>Group</th>
<th>Group</th>
<th>Parent</th>
<th>Parent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual</td>
<td>Actual</td>
<td>Actual</td>
<td>Actual</td>
</tr>
<tr>
<td>2004</td>
<td>2003</td>
<td>2004</td>
<td>2003</td>
</tr>
<tr>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
</tr>
</tbody>
</table>

4A. SHARE CAPITAL

(i) Ordinary shares

Ordinary shares on issue at 30 June 2004  
9,679  9,679  9,679  9,679

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 2004  
4,120  4,120  4,120  4,120

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 installments 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

4B. REVALUATION RESERVE

Balance as at 1 July  
2,280  800  1,480  0
Revaluation of fixed assets as per FRS-3  
0  1,480  0  1,480
Balance as at 30 June 2004  
2,280  2,280  1,480  1,480

4C. RETAINED EARNINGS

Retained earnings at 1 July  
6,588  6,544  6,616  6,559
Operating surplus/(deficit)  
49  44  42  57
Retained earnings at 30 June 2004  
6,637  6,588  6,658  6,616
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

<table>
<thead>
<tr>
<th></th>
<th>Group Actual</th>
<th>Group Actual</th>
<th>Parent Actual</th>
<th>Parent Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2004</td>
<td>2003</td>
<td>2004</td>
<td>2003</td>
</tr>
<tr>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
</tr>
</tbody>
</table>

5. EMPLOYEE ENTITLEMENTS

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual leave</td>
<td>994</td>
<td>1,111</td>
<td>994</td>
<td>1,111</td>
</tr>
<tr>
<td>Other payroll accruals</td>
<td>88</td>
<td>99</td>
<td>88</td>
<td>99</td>
</tr>
<tr>
<td></td>
<td><strong>1,082</strong></td>
<td><strong>1,210</strong></td>
<td><strong>1,082</strong></td>
<td><strong>1,210</strong></td>
</tr>
</tbody>
</table>

Made up of:

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>1,047</td>
<td>1,175</td>
<td>1,047</td>
<td>1,175</td>
</tr>
<tr>
<td>Non-current</td>
<td>35</td>
<td>35</td>
<td>35</td>
<td>35</td>
</tr>
<tr>
<td></td>
<td><strong>1,082</strong></td>
<td><strong>1,210</strong></td>
<td><strong>1,082</strong></td>
<td><strong>1,210</strong></td>
</tr>
</tbody>
</table>

6. BANK BALANCES AND DEPOSITS

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cheque accounts</td>
<td>35</td>
<td>162</td>
<td>(13)</td>
<td>115</td>
</tr>
<tr>
<td>Call and term deposits</td>
<td>9,107</td>
<td>8,546</td>
<td>9,107</td>
<td>8,546</td>
</tr>
<tr>
<td></td>
<td><strong>9,142</strong></td>
<td><strong>8,708</strong></td>
<td><strong>9,094</strong></td>
<td><strong>8,661</strong></td>
</tr>
</tbody>
</table>

Radio New Zealand Limited had $4.0 million on call with Westpac Banking Corporation at balance date. A further $3.1 million was with Westpac Banking Corporation and $2.0 million with ASB on term deposit. The interest rates that applied to these funds, at year end, ranged from 5.56% to 5.87%. (2003: $3.5 million on call, $5.0 million in term deposits. Interest rates ranged from 5.18% to 5.49%).

7. TRADE RECEIVABLES

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables</td>
<td>791</td>
<td>475</td>
<td>708</td>
<td>473</td>
</tr>
<tr>
<td>Provision for doubtful debts</td>
<td>(10)</td>
<td>(6)</td>
<td>(10)</td>
<td>(6)</td>
</tr>
<tr>
<td></td>
<td><strong>781</strong></td>
<td><strong>469</strong></td>
<td><strong>698</strong></td>
<td><strong>467</strong></td>
</tr>
</tbody>
</table>
## 8. FIXED ASSETS

### GROUP

<table>
<thead>
<tr>
<th>Asset</th>
<th>2004</th>
<th>2003</th>
<th>2004</th>
<th>2003</th>
<th>Cost/Accum Net Book A/N $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>2,438</td>
<td>0</td>
<td>2,438</td>
<td>0</td>
<td>2,438</td>
</tr>
<tr>
<td>Buildings</td>
<td>1,587</td>
<td>(708)</td>
<td>879</td>
<td>1,396</td>
<td>1,396</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>5,906</td>
<td>(2,714)</td>
<td>3,192</td>
<td>5,790</td>
<td>5,790</td>
</tr>
<tr>
<td>Plant &amp; equipment</td>
<td>14,125</td>
<td>(10,367)</td>
<td>3,758</td>
<td>13,208</td>
<td>13,208</td>
</tr>
<tr>
<td>Libraries &amp; archival collection</td>
<td>2,760</td>
<td>(118)</td>
<td>2,642</td>
<td>2,680</td>
<td>2,680</td>
</tr>
<tr>
<td>Computer hardware &amp; software</td>
<td>7,631</td>
<td>(6,001)</td>
<td>1,630</td>
<td>7,060</td>
<td>7,060</td>
</tr>
<tr>
<td>Furniture, fittings &amp; other</td>
<td>1,663</td>
<td>(1,158)</td>
<td>505</td>
<td>1,575</td>
<td>1,575</td>
</tr>
<tr>
<td>Capital work in progress</td>
<td>1,031</td>
<td>0</td>
<td>1,031</td>
<td>700</td>
<td>700</td>
</tr>
<tr>
<td><strong>Total fixed assets</strong></td>
<td><strong>37,141</strong></td>
<td><strong>(21,066)</strong></td>
<td><strong>16,075</strong></td>
<td><strong>34,847</strong></td>
<td><strong>(18,339)</strong></td>
</tr>
</tbody>
</table>

### PARENT

<table>
<thead>
<tr>
<th>Asset</th>
<th>2004</th>
<th>2003</th>
<th>2004</th>
<th>2003</th>
<th>Cost/Accum Net Book A/N $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>2,438</td>
<td>0</td>
<td>2,438</td>
<td>0</td>
<td>2,438</td>
</tr>
<tr>
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<td>1,587</td>
<td>(708)</td>
<td>879</td>
<td>1,396</td>
<td>1,396</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>5,906</td>
<td>(2,714)</td>
<td>3,192</td>
<td>5,790</td>
<td>5,790</td>
</tr>
<tr>
<td>Plant &amp; equipment</td>
<td>14,125</td>
<td>(10,367)</td>
<td>3,758</td>
<td>13,208</td>
<td>13,208</td>
</tr>
<tr>
<td>Libraries &amp; archival collection</td>
<td>2,760</td>
<td>(118)</td>
<td>2,642</td>
<td>2,680</td>
<td>2,680</td>
</tr>
<tr>
<td>Computer hardware &amp; software</td>
<td>7,631</td>
<td>(6,001)</td>
<td>1,630</td>
<td>7,060</td>
<td>7,060</td>
</tr>
<tr>
<td>Furniture, fittings &amp; other</td>
<td>1,663</td>
<td>(1,158)</td>
<td>505</td>
<td>1,575</td>
<td>1,575</td>
</tr>
<tr>
<td>Capital work in progress</td>
<td>1,031</td>
<td>0</td>
<td>1,031</td>
<td>700</td>
<td>700</td>
</tr>
<tr>
<td><strong>Total fixed assets</strong></td>
<td><strong>36,341</strong></td>
<td><strong>(21,066)</strong></td>
<td><strong>15,275</strong></td>
<td><strong>34,047</strong></td>
<td><strong>(18,339)</strong></td>
</tr>
</tbody>
</table>

### VALUATION

#### Libraries and Collections

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 2003/2004.

### 9. DIRECTORS

#### DIRECTORS’ REMUNERATION

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

<table>
<thead>
<tr>
<th>Director</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>B Corban – Chairman</td>
<td>48,333</td>
<td>44,500</td>
</tr>
<tr>
<td>A Timms – Deputy Chairperson</td>
<td>33,750</td>
<td>31,958</td>
</tr>
<tr>
<td>S Huria</td>
<td>26,000</td>
<td>23,000</td>
</tr>
<tr>
<td>J Finn</td>
<td>23,000</td>
<td>23,000</td>
</tr>
<tr>
<td>J Fyfe</td>
<td>23,000</td>
<td>23,000</td>
</tr>
<tr>
<td>A Dick</td>
<td>23,000</td>
<td>23,000</td>
</tr>
<tr>
<td>R Ellis – appointed 1 December 2003</td>
<td>14,084</td>
<td>0</td>
</tr>
<tr>
<td>E Hickey – resigned 30 June 2003</td>
<td>0</td>
<td>29,500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>191,167</strong></td>
<td><strong>197,958</strong></td>
</tr>
</tbody>
</table>
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

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
Member  Waitangi Tribunal
Trustee  Anglican Trust Board, Royal New Zealand Navy Museum, West Auckland Hospice Foundation Trust, Corban Estate Arts Centre, Advisory Council Member Church of Melanesia

Alison Timms
Consultant  Independent Consultant
Director  Wellington Waterfront Limited
Trustee  Global Retirement Trust
Member  New Zealand Parole Board, Casino Control Authority

Susan Huria
Director and Shareholder  Huria Anders Limited
Director  Ngai Tahu Development Corporation, Susan Huria 2003 Limited
Member  Housing New Zealand Corporation

Judy Finn
Director and Shareholder  Neudorf Vineyards Limited
Trustee  Suter Gallery Trust

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

Alan Dick
Consultant  Business and Commercial Property Consultant
Director  ALIZ Investments Limited
Trustee  Napier Cadet Academy Charitable Trust

Rick Ellis
Managing Director  EDS (New Zealand) Limited
Director  TEK Travel Holdings Limited
Chairman  Television Local Content Quota Group

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.
IO. EMPLOYEE REMUNERATION

Details of remuneration ranges for employees whose remuneration is over $100,000 for the year ended 30 June 2004 are:

<table>
<thead>
<tr>
<th>Remuneration ranges for employees</th>
<th>Number of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100,000 – 109,999</td>
<td>5</td>
</tr>
<tr>
<td>$110,000 – 119,999</td>
<td>1</td>
</tr>
<tr>
<td>$140,000 – 149,999</td>
<td>0</td>
</tr>
<tr>
<td>$150,000 – 159,999</td>
<td>1</td>
</tr>
<tr>
<td>$180,000 – 189,999</td>
<td>0</td>
</tr>
<tr>
<td>$250,000 – 259,999</td>
<td>1</td>
</tr>
</tbody>
</table>

Total number of employees in these ranges: 8

The Chief Executive's remuneration is within the $250,000 – $259,000 range.

II. FINANCIAL INSTRUMENTS

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

(a) Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Radio New Zealand Limited in 2003/2004 had some exposure to foreign exchange risk, which arose from transactions denominated in foreign currencies arising from normal trading activities.

A foreign currency policy, to manage the risk, has been developed and is in use. As at balance date a foreign exchange contract with a balance of Euro 78,177.05 remained. The fair value of this foreign exchange contract as at 30 June 2004 is NZ$150,427. This contract relates to the National Radio FM expenditure programme.

(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 Limited to incur a loss. In the normal course of its business Radio New Zealand Limited incurs credit risk from trade debtors and transactions with financial institutions.

Radio New Zealand Limited has a credit policy, which is used to manage exposure to credit risk. Radio New Zealand Limited 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 83% of Radio New Zealand Limited's revenue. However, NZ On Air is a high quality credit entity, being the government purchaser of national broadcasting services. Radio New Zealand Limited does not have any other significant concentrations of credit risk, except as outlined in Note 6.

(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 minimal interest rate risk as it has no borrowings and all funds invested are 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.

12. POST BALANCE DATE EVENTS

There have been no events between 30 June 2004 and the signing of these financial statements which materially affect the financial statements.
STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2004

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 2004.

RECONCILIATION OF OUTPUT FINANCIAL STATEMENTS TO GROUP NET SURPLUS/(DEFICIT) BEFORE TAX

<table>
<thead>
<tr>
<th>National</th>
<th>Concert</th>
<th>SA/NTK</th>
<th>RNZI</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Radio</td>
<td>FM</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INCOME</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>NZ On Air funding</td>
<td>20,306</td>
<td>4,636</td>
<td>534</td>
<td>0</td>
</tr>
<tr>
<td>MCH funding</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1,525</td>
</tr>
<tr>
<td>Other</td>
<td>2,870</td>
<td>328</td>
<td>70</td>
<td>208</td>
</tr>
<tr>
<td>Total income</td>
<td>23,176</td>
<td>4,964</td>
<td>604</td>
<td>1,733</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENDITURE</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>NZ On Air operations</td>
<td>23,540</td>
<td>4,235</td>
<td>593</td>
<td>0</td>
</tr>
<tr>
<td>MCH operations</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1,729</td>
</tr>
<tr>
<td>Total expenditure</td>
<td>23,540</td>
<td>4,235</td>
<td>593</td>
<td>1,729</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SURPLUS/(DEFICIT)</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(364)</td>
<td>729</td>
<td>11</td>
<td>4</td>
<td>380</td>
</tr>
</tbody>
</table>
STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2004

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

<table>
<thead>
<tr>
<th>Type Of Rating</th>
<th>Description</th>
<th>Research ACNielsen Survey</th>
<th>Actual 2004</th>
<th>Target 2004</th>
<th>Actual 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cume</td>
<td>Number of different people listening for at least an 8 minute period from Monday to Sunday, 6am to midnight.</td>
<td></td>
<td>514,400</td>
<td>535,000</td>
<td>489,400</td>
</tr>
<tr>
<td>Average quarter hour audience</td>
<td>Average number of people that can be expected to be listening in any quarter hour from Monday to Sunday, 6am to midnight.</td>
<td></td>
<td>53,500</td>
<td>54,000</td>
<td>53,000</td>
</tr>
<tr>
<td>Time spent listening (TSL)</td>
<td>The average time (hrs:mins) a listener spends listening from Monday to Sunday, 6am to midnight.</td>
<td></td>
<td>13:07</td>
<td>12:43</td>
<td>13:39</td>
</tr>
</tbody>
</table>

The objective has been achieved. The surveyed 2004 audience of 514,400 exceeds the minimum target of 481,500 being 90% of the base survey.

B. Hours Broadcast

OBJECTIVE
The National Radio signal will be available for broadcast for 24 hours on every day of the period under review.

RESULT

<table>
<thead>
<tr>
<th>Measurement Bases</th>
<th>Actual 2004</th>
<th>Target 2004</th>
<th>Actual 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total broadcast hours</td>
<td>8,784</td>
<td>8,760</td>
<td>8,760</td>
</tr>
</tbody>
</table>

The objective has been achieved. Actual hours for 2004 of 8,784 is greater than the target.

C. Transmission

OBJECTIVE
The average time lost over all transmitters, other than for programmed maintenance, will not exceed 0.1% for the 12 month period.

RESULT

<table>
<thead>
<tr>
<th>Measurement Bases</th>
<th>Actual 2004</th>
<th>Target 2004</th>
<th>Actual 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unplanned programme time lost per transmitter</td>
<td>0.06%</td>
<td>0.10%</td>
<td>0.01%</td>
</tr>
</tbody>
</table>

The objective has been achieved. Actual time lost of 0.06% is within the target range of up to 0.10%.
STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2004

OUTPUT: NATIONAL RADIO

D. Charter/NZ On Air Compliance

OBJECTIVE

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

RESULT

<table>
<thead>
<tr>
<th>Type of Programmes and Services</th>
<th>2004 Actual Broadcast hours/year</th>
<th>2004 Target Broadcast % of Total</th>
<th>2004 Actual Outputs % of Total</th>
<th>2003 Actual Broadcast hours/year</th>
<th>2003 Target Broadcast % of Total</th>
<th>2003 Actual Outputs % of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>NZ ON AIR FUNDING AGREEMENT</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total broadcast hours</td>
<td>8,784</td>
<td>8,760</td>
<td>8,760</td>
<td>8,760</td>
<td>8,760</td>
<td>8,760</td>
</tr>
<tr>
<td>New Zealand content programmes</td>
<td>7,837</td>
<td>7,505</td>
<td>8,060</td>
<td>7,505</td>
<td>8,060</td>
<td>8,060</td>
</tr>
<tr>
<td>Maori language and culture</td>
<td>404</td>
<td>342</td>
<td>359</td>
<td>339</td>
<td>322</td>
<td>332</td>
</tr>
<tr>
<td>Special interest</td>
<td>366</td>
<td>339</td>
<td>332</td>
<td>339</td>
<td>332</td>
<td>332</td>
</tr>
<tr>
<td>New Zealand drama</td>
<td>202</td>
<td>190</td>
<td>260</td>
<td>190</td>
<td>260</td>
<td>260</td>
</tr>
<tr>
<td>% New Zealand music on rotate (Note 1)</td>
<td>36%</td>
<td>33%</td>
<td>34%</td>
<td>33%</td>
<td>34%</td>
<td>34%</td>
</tr>
<tr>
<td>% of population able to receive transmission (Note 2)</td>
<td>97%</td>
<td>97%</td>
<td>97%</td>
<td>97%</td>
<td>97%</td>
<td>97%</td>
</tr>
</tbody>
</table>

CHARTER FUNCTIONS (Note 3)

A. Intellectual, scientific and cultural development.
   Informed debate and critical thought. 7,294 83% 7,466 85% 7,522 86%
B. Information, special interest and entertainment. Reflect cultural diversity including Maori language and culture. 7,837 89% 7,534 86% 8,060 92%
C. Varied interests within the community. Information, special interest and entertainment. 1,707 19% 1,310 15% 1,705 19%
D. Musical, drama and performing arts. New Zealand and international composers, performers and artists. 2,199 25% 1,655 19% 2,266 26%
E. Nation-wide service, highest quality. Sense of citizenship and national identity. 8,784 100% 8,760 100% 8,760 100%
F. Comprehensive, independent, impartial, balanced news and current affairs. Regional perspective. 2,269 26% 2,452 28% 2,183 25%
G. Comprehensive, independent, impartial, balanced international news and current affairs. 1,127 13% 1,084 12% 1,095 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 five of the seven charter functions. The under achievement on two of the Charter functions is more than offset by the over achievement on the other functions and simply reflects a minor change 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.
STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2004

OUTPUT: NATIONAL RADIO

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 National Radio will be upheld. National Radio will also comply with broadcast standards as specified in Radio New Zealand Limited’s internal policies and procedures.

RESULT

<table>
<thead>
<tr>
<th>Measurement Bases</th>
<th>Actual 2004</th>
<th>Target 2004</th>
<th>Actual 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of complaints received</td>
<td>85*</td>
<td>–</td>
<td>101</td>
</tr>
<tr>
<td>Number upheld</td>
<td>7*</td>
<td>–</td>
<td>3</td>
</tr>
<tr>
<td>Number of complaints declined</td>
<td>78</td>
<td>–</td>
<td>98</td>
</tr>
<tr>
<td>Percentage of complaints upheld</td>
<td>8%*</td>
<td>Less than 10%</td>
<td>3%</td>
</tr>
</tbody>
</table>

* includes 2 complaints from the previous year 2002/2003.

The objective has been achieved. The 8% of complaints upheld for 2004 is within the target range of up to 10%.

F. Quality

OBJECTIVE
Listeners’ perception of the “quality” of National Radio is to be derived from annual surveys designed for this purpose. At least 85% of respondents will assess National Radio programme quality to have remained constant or improved during the period under review.

RESULT
A Research International nationwide survey of 4,390 respondents aged 15 years and over showed that those who listened to National Radio believed that in the previous 12 months the quality had:

<table>
<thead>
<tr>
<th>Research International Survey</th>
<th>Actual 2004</th>
<th>Target 2004</th>
<th>Actual 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved</td>
<td>17%</td>
<td>–</td>
<td>14%</td>
</tr>
<tr>
<td>Remained constant</td>
<td>75%</td>
<td>–</td>
<td>74%</td>
</tr>
<tr>
<td>Deteriorated</td>
<td>8%</td>
<td>–</td>
<td>12%</td>
</tr>
</tbody>
</table>

Percentage improved and constant

92% 85% 88%

The objective has been achieved. The 92% of the 2004 listeners responding that National Radio quality had improved or remained constant exceeded the target of 85%.

G. Financial

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

RESULT

<table>
<thead>
<tr>
<th></th>
<th>Actual 2004</th>
<th>Target 2004</th>
<th>Actual 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INCOME</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NZ On Air funding</td>
<td>20,306</td>
<td>20,260</td>
<td>18,145</td>
</tr>
<tr>
<td>Other</td>
<td>2,870</td>
<td>2,521</td>
<td>2,603</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td>23,176</td>
<td>22,781</td>
<td>20,748</td>
</tr>
<tr>
<td><strong>EXPENDITURE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NZ On Air operations</td>
<td>23,540</td>
<td>23,329</td>
<td>21,010</td>
</tr>
<tr>
<td><strong>Total expenditure</strong></td>
<td>23,540</td>
<td>23,329</td>
<td>21,010</td>
</tr>
<tr>
<td><strong>NET SURPLUS/(DEFICIT)</strong></td>
<td>(364)</td>
<td>(548)</td>
<td>(262)</td>
</tr>
</tbody>
</table>

The objective has been achieved. Total expenditure of $23.540 million was within 5% of the budget of $23.329 million.
STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2004

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 96% of Concert FM’s broadcasts, with a repertoire featuring mainly classical music but also including jazz and special interest music. The remaining 4% 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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cume</td>
<td>Number of different people who listen for at least an 8 minute period from Monday to Sunday 6am to midnight.</td>
<td>164,600</td>
<td>160,000</td>
<td>134,500</td>
</tr>
<tr>
<td>Average quarter hour</td>
<td>Average number of people that can be expected to listen in any quarter hour Monday to Sunday, 6am to midnight.</td>
<td>10,000</td>
<td>10,000</td>
<td>9,300</td>
</tr>
<tr>
<td>Time spent listening (TSL)</td>
<td>The average time (hrs:mins) a listener spends listening to Concert FM from Monday to Sunday, 6am to midnight.</td>
<td>7:40</td>
<td>8:00</td>
<td>8:45</td>
</tr>
</tbody>
</table>

The objective has been achieved. The surveyed 2004 audience of 164,600 exceeds the minimum target of 144,000 being 90% of the base survey. Radio New Zealand revised the Concert FM format in two stages, October 2003 and late January 2004. The format changes are likely to have contributed to the increase in audience numbers between 2003 and 2004.

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

<table>
<thead>
<tr>
<th>Measurement Bases</th>
<th>Actual 2004</th>
<th>Target 2004</th>
<th>Actual 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total broadcast hours</td>
<td>8,784</td>
<td>8,760</td>
<td>8,760</td>
</tr>
</tbody>
</table>

The objective has been achieved. Actual hours for 2004 of 8,784 is greater than the target.

C. Transmission

OBJECTIVE
The average time lost over all transmitters, other than for programmed maintenance, will not exceed 0.1% over the 12 month period.

RESULT

<table>
<thead>
<tr>
<th>Measurement Bases</th>
<th>Actual 2004</th>
<th>Target 2004</th>
<th>Actual 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unplanned programme time lost per transmitter</td>
<td>0.02%</td>
<td>0.10%</td>
<td>0.05%</td>
</tr>
</tbody>
</table>

The objective has been achieved. Actual time lost for 2004 of 0.02% is within the target range of up to 0.10%.
OUTPUT: CONCERT FM

D. Charter/NZ On Air Compliance

OBJECTIVE

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

RESULT

<table>
<thead>
<tr>
<th>Type of Programmes and Services (Note4)</th>
<th>2004 Actual Broadcast hours/year</th>
<th>NZ On Air FUNDING AGREEMENT</th>
<th>2004 Target Broadcast % of Total b/c hours</th>
<th>2003 Actual Broadcast hours/year</th>
<th>2003 Target Broadcast % of Total b/c hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>NZ ON AIR FUNDING AGREEMENT</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total broadcast hours</td>
<td>8,784</td>
<td>8,760</td>
<td>8,760</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% New Zealand music composition on rotate</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% New Zealand music performance</td>
<td>13%</td>
<td>13%</td>
<td>12%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of population able to receive transmission (Note 5)</td>
<td>92%</td>
<td>92%</td>
<td>92%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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 Maori language and culture. (Note 6)
C. Varied interests within the community. Information, educational, special interest and entertainment.
D. Musical, dramatic and performing arts. New Zealand and international composers, performers and artists.
E. Nation-wide service, highest quality. Sense of citizenship and national identity. (Note 6)
F. Comprehensive, independent, impartial, balanced news and current affairs. Regional perspective.
G. Comprehensive, independent, impartial, balanced international news and current affairs.

8,784 100% 8,760 100% 8,760 100%
8,480 97% 8,420 96% 8,408 96%
227 3% 260 3% 263 3%
76 1% 85 1% 88 1%

The objective of complying with the provisions specified in the Charter and the NZ On Air funding agreement has not been achieved. Actual service levels have met or exceeded target for all of the NZOA functions and in two of the four charter functions. With the revision of Concert FM's format mid year, the number of news bulletins per week decreased, thus lowering the outputs below original target levels for 2003/2004 for Charter functions F and G.

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, and E, its primary role is to provide services intended by functions C and D.
STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2004

OUTPUT: CONCERT FM

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 Concert FM will be upheld. Concert FM will also comply with broadcast standards as specified in Radio New Zealand Limited’s internal policies and procedures.

RESULT

<table>
<thead>
<tr>
<th>Measurement Bases</th>
<th>Actual 2004</th>
<th>Target 2004</th>
<th>Actual 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of complaints received</td>
<td>1</td>
<td>–</td>
<td>2</td>
</tr>
<tr>
<td>Number upheld</td>
<td>0</td>
<td>–</td>
<td>0</td>
</tr>
<tr>
<td>Number of complaints declined</td>
<td>1</td>
<td>–</td>
<td>2</td>
</tr>
<tr>
<td>Percentage upheld</td>
<td>0%</td>
<td>Less than 10%</td>
<td>0</td>
</tr>
</tbody>
</table>

The objective has been achieved. No complaints were upheld in 2004.

F. Quality

OBJECTIVE

Listeners’ perception of the “quality” of 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 4,390 respondents aged 15 years and over showed those who listened to Concert FM believed that in the previous 12 months the quality had:

<table>
<thead>
<tr>
<th></th>
<th>Research International Survey Actual 2004</th>
<th>Target 2004</th>
<th>Actual 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved</td>
<td>9%</td>
<td>–</td>
<td>9%</td>
</tr>
<tr>
<td>Remained constant</td>
<td>87%</td>
<td>–</td>
<td>85%</td>
</tr>
<tr>
<td>Deteriorated</td>
<td>4%</td>
<td>–</td>
<td>5%</td>
</tr>
</tbody>
</table>

Percentage improved and constant

96% 85% 94%

The objective has been achieved. The 96% of 2004 listeners responding that Concert FM quality had improved or remained constant exceeded the target of 85%.

G. Financial

OBJECTIVE

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

RESULT

<table>
<thead>
<tr>
<th></th>
<th>Actual 2004</th>
<th>Target 2004</th>
<th>Actual 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>$4,964</td>
<td>$4,970</td>
<td>$4,245</td>
</tr>
<tr>
<td>NZ On Air funding</td>
<td>4,636</td>
<td>4,681</td>
<td>4,144</td>
</tr>
<tr>
<td>Other</td>
<td>328</td>
<td>289</td>
<td>101</td>
</tr>
<tr>
<td>Total income</td>
<td>4,964</td>
<td>4,970</td>
<td>4,245</td>
</tr>
</tbody>
</table>

Expenses

<table>
<thead>
<tr>
<th></th>
<th>Actual 2004</th>
<th>Target 2004</th>
<th>Actual 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>NZ On Air operations</td>
<td>4,235</td>
<td>4,215</td>
<td>3,956</td>
</tr>
<tr>
<td>Total expenses</td>
<td>4,235</td>
<td>4,215</td>
<td>3,956</td>
</tr>
</tbody>
</table>

Net Surplus/(Deficit)

<table>
<thead>
<tr>
<th></th>
<th>Actual 2004</th>
<th>Target 2004</th>
<th>Actual 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>729</td>
<td>755</td>
<td>289</td>
</tr>
</tbody>
</table>

The objective has been achieved. Total expenditure of $4.235 million was within 5% of the budget of $4.215 million.
STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2004

OUTPUT: SOUND ARCHIVES/ NGĀTAONGA 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
To 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 life of 25 years.

RESULT

<table>
<thead>
<tr>
<th>Hours of Recording Acquired</th>
<th>Actual 2004</th>
<th>Target 2004</th>
<th>Actual 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total hours accessioned</td>
<td>1,743</td>
<td>1,200</td>
<td>1,256</td>
</tr>
<tr>
<td>Total hours of Recordings Preserved</td>
<td>1,757</td>
<td>1,700</td>
<td>2,054</td>
</tr>
</tbody>
</table>

The objective has been achieved. Total hours of accessions and recordings preserved for 2004 both exceeded target.

B. Financial

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

RESULT

<table>
<thead>
<tr>
<th></th>
<th>Actual 2004 $000</th>
<th>Target 2004 $000</th>
<th>Actual 2003 $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>INCOME</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NZ On Air funding</td>
<td>534</td>
<td>462</td>
<td>468</td>
</tr>
<tr>
<td>Other</td>
<td>70</td>
<td>76</td>
<td>78</td>
</tr>
<tr>
<td>Total income</td>
<td>604</td>
<td>538</td>
<td>546</td>
</tr>
</tbody>
</table>

| EXPENDITURE    |                  |                  |                  |
| NZ On Air operations | 593             | 613              | 566              |
| Total expenditure | 593             | 613              | 566              |

<table>
<thead>
<tr>
<th>NET SURPLUS/(DEFICIT)</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>11</td>
<td>(75)</td>
</tr>
</tbody>
</table>

The objective has been achieved. Total expenditure of $593,000 is within the budget of $613,000.

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 of being a reliable source of information in the event of natural disasters or breakdown of local communication services).
STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2004

OUTPUT: RADIO NEW ZEALAND INTERNATIONAL (RNZI)

RESULT

<table>
<thead>
<tr>
<th>Broadcasts via Short-wave (hours)</th>
<th>Actual 2004</th>
<th>Target 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Morning Sessions</td>
<td>295</td>
<td>301</td>
</tr>
<tr>
<td>Afternoon Sessions</td>
<td>214</td>
<td>249</td>
</tr>
<tr>
<td>Evening Sessions</td>
<td>214</td>
<td>205</td>
</tr>
<tr>
<td>Replays of National Radio and Radio Sport</td>
<td>318</td>
<td>365</td>
</tr>
<tr>
<td>Programmes for the World Radio Network</td>
<td>310</td>
<td>310</td>
</tr>
<tr>
<td>NZ Defence Force programmes</td>
<td>90</td>
<td>104</td>
</tr>
</tbody>
</table>

The objective has not been achieved. The RNZI short-wave transmitter was off-air for a total of 47 days in September/October 2003 with a series of major component failures. A week into the outage RNZI leased short-wave air-time from Radio Australia to broadcast RNZI morning sessions – so only 6 of these were not broadcast via short-wave. 35 weekday afternoon and evening sessions and 47 daily National Radio/Radio Sport replays were not able to broadcast on short-wave during the outage period. World Radio Network programmes were produced and delivered as normal for distribution on their network. 14 NZ Defence Force programmes were not able to be broadcast on short-wave during the outage (however they continued to be produced as CD’s for distribution by the New Zealand Defence Forces as normal). RNZI’s website continued as normal throughout the outage with morning, afternoon and evening sessions and NZ Defence Force programmes available as a live stream and as on-demand audio.

B. Quality

OBJECTIVE

The 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 station.

RESULT

The objective has not been achieved. During the first week of the transmitter outage (see note above) Pacific radio stations were unable to relay RNZI. When RNZI leased short-wave air-time from Radio Australia to broadcast morning sessions most stations began relaying these again. Afternoon and evening sessions remained unavailable throughout the outage. For the remainder of the year thirteen Pacific radio stations relayed RNZI news bulletins each day, with 100% of RNZI bulletins being relayed by one or more stations compared to the target of at least 80%.

C. Timeliness

OBJECTIVE

Programmes and services will be provided according to published schedules.

RESULT

The objective has not been achieved. During the transmitter outage (see note above) RNZI programmes were not broadcast according to published printed schedules. However the RNZ website schedule was accurate.

D. Financial

OBJECTIVE

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

RESULT

<table>
<thead>
<tr>
<th>Actual 2004</th>
<th>Target 2004</th>
<th>Actual 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>$000</td>
<td>$000</td>
<td>$000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INCOME</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>MCH funding</td>
<td>1,525</td>
<td>1,525</td>
</tr>
<tr>
<td>Other</td>
<td>208</td>
<td>178</td>
</tr>
<tr>
<td>Total income</td>
<td>1,733</td>
<td>1,703</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENDITURE</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>MCH operations</td>
<td>1,729</td>
<td>1,701</td>
</tr>
<tr>
<td>Total expenditure</td>
<td>1,729</td>
<td>1,701</td>
</tr>
</tbody>
</table>

| NET SURPLUS/(DEFICIT) | 4 | 2 | 24 |

The objective has been achieved. Expenditure of $1.729 million was within 5% of the $1.701 million budget.
The Auditor-General is the auditor of Radio New Zealand Limited and group. The Auditor-General has appointed me, H C Lim, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of Radio New Zealand Limited and group, on his behalf, for the year ended 30 June 2004.

UNQUALIFIED OPINION

In our opinion:
• the financial statements of Radio New Zealand Limited and group on pages 25 to 51:
  – comply with generally accepted accounting practice in New Zealand; and
  – give a true and fair view of:
    - Radio New Zealand Limited and group's financial position as at 30 June 2004;
    - the results of its 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 Radio New Zealand Limited and group kept proper accounting records.

The audit was completed on 26 October 2004, and is the date at which our opinion is expressed.

The basis of the 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 our 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 the opinion.

Our 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 the 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 Radio New Zealand and group as at 30 June 2004. They must also give a true and fair view of the results of its 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 section 43(1) of 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 the audit, we have no relationship with or interests in Radio New Zealand Limited and group.

H C Lim
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand
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OUR VISION

Radio New Zealand will inform and engage New Zealanders and listeners in the Pacific region through challenging and innovative radio.