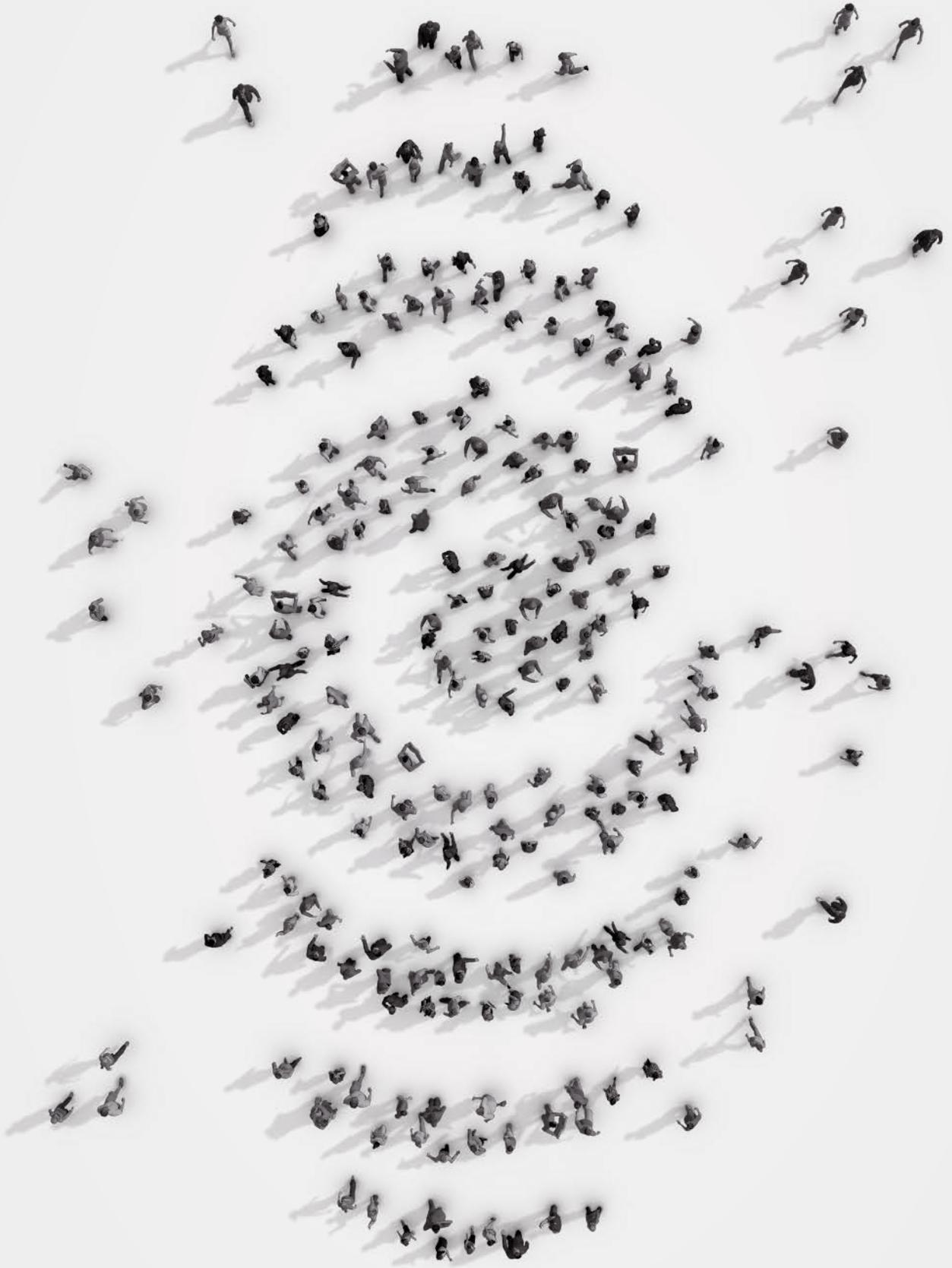


REDEFINING RADIO



THE NUMBERS

ON AIR

563,000
PEOPLE LISTEN TO
RADIO NEW ZEALAND

374,000
PEOPLE LISTEN TO
MORNING
REPORT

247,000
PEOPLE LISTEN TO
NINE TO NOON

247,000
PEOPLE LISTEN TO
AFTERNOONS

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ON DEMAND

3.5 million
ITEMS
DOWNLOADED FROM
RADIONZ.CO.NZ

PUBLIC APPROVAL RATINGS

88%

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

89%

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

90%

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

80%

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

92%

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

85%

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

STRATEGIC DIRECTION >> New strategic direction for Radio New Zealand >> Organisational change prepares the way for a digital future

ONLINE

21
MILLION

>> PAGE VIEWS ON
RADIONZ.CO.NZ <<

173,000
AUDIO ITEMS
AVAILABLE ON
DEMAND

THE WIRELESS is launched on 31 October creating a new multimedia web-based network inspiring New Zealanders who have grown up in the digital age. Within six months of launching, *The Wireless* website is a finalist in Canon Media Awards.

ON MOBILE

62% INCREASE IN ACTIVE USERS
OF MOBILE APPLICATIONS
IN 12 MONTHS 

21,000 AVERAGE ACTIVE
MOBILE APP USERS
EVERY MONTH

AWARD RECOGNITION

- 2013 ABU Prize for Radio Drama
- 2013 ABU Commendation for Radio News Reporting
- 2014 CANON MEDIA AWARDS
Finalist Best Website - *The Wireless*
- 2014 NEW ZEALAND RADIO AWARDS
9 Radio New Zealand Winners

NEW ZEALAND RADIO AWARDS

- Individual Radio Journalist of the Year
- Best Music Feature
- Best Recorded Live Music Event
- Best Documentary or Feature Programme
- Best Daily or Weekly Feature under 1 Hour
- Best Daily or Weekly Feature over 1 Hour
- Best Dramatic Production
- Best Individual Sports Journalist
- Best Studio or Outside Broadcast Recording

PACIFIC PROGRAMMING

2,385 hours of programming specifically about the Pacific region.

17 Pacific radio stations rebroadcast Radio New Zealand International.

CHAIR'S REPORT

I AM PLEASED TO REPORT THAT IN THE PERIOD UNDER REVIEW A DETERMINATION BY THE BOARD OF GOVERNORS SOME THREE YEARS PREVIOUSLY TO REFRESH AND REFOCUS THE ASPIRATIONS OF RADIO NEW ZEALAND FINALLY TOOK SHAPE, GAINED REAL MOMENTUM AND EVOLVED INTO AN ON-GOING STRATEGIC PLAN THAT WILL BE THE WORKING BRIEF FOR FUTURE DEVELOPMENT.

OVERVIEW

The considerable strategic progress achieved over the last twelve months is the result of the extraordinary traction created within the organisation by the incoming Chief Executive, Paul Thompson.

As a consequence of his appointment Radio New Zealand has taken very positive steps towards a significant transformation in the face of a rapidly changing international media environment.

TRANSITION

It has been obvious to the Board for some time that the positioning of Radio New Zealand as a stand-alone public service broadcasting organisation was not enough to maintain a place, long-term, as a significant player in the increasingly diverse and competitive media market.

The Board agreed that the 'status quo' was not an option and, in our opinion, it was critical we introduced policy that ensured we could grow our audience as a multimedia organisation.

To achieve this objective the Board unanimously supported and endorsed the Chief Executive's proposals to "seize the future". We have worked harmoniously with him on a programme of renewal designed to ensure Radio New Zealand will become the premier, audience driven, on air, online and on demand media company the New Zealand public has a right to expect.

In the course of the twelve months under review Radio New Zealand staff and management have responded positively to new leadership and the associated impact on programming, executive responsibility and internal culture. The process of renewal has achieved a momentum that the Board anticipates will continue through the next twelve months and beyond.

PUBLIC SUPPORT

We are under no illusions. The Board is conscious that there is a significant level of public and political scepticism to the concept of a publicly financed national media organisation. The global debate on the place and function of public broadcasting within the framework of western democracies has resulted in wide-spread financial and attitudinal soul-searching among similar institutions around the world.

Radio New Zealand confronted this reality and responded with a plan that involved the recruitment of a new management team, a review of all on air and online programmes and processes, a leadership development programme that will re-energise the internal culture and

a blueprint for future development that will be critical to funding discussions with the Government Shareholding Ministers.

To date the public response, measured by an increase in audience numbers across the range of services, has been positive and congratulatory.

FINANCE AND FUNDING

The Board has recognised for some time that a 'cap in hand' approach to Government for increased funding was not going to be successful unless Radio New Zealand could convince Shareholding Ministers all that could be done, in terms of financial management, has been done.

The rigorous focus on costs and spending together with a determination to re-evaluate a range of financial operations has been ably driven by Deputy CEO, Ken Law. Mr Law will be retiring in early 2015 but the Board believes he leaves the company in good financial heart and in a position to claim every possible avenue of fiscal restraint has been traversed and satisfactorily investigated.

Stringent management by Ken Law's financial team plus the benefit of a substantial insurance payout to the company following the Christchurch earthquake has allowed Radio New Zealand to operate within budget for the past year returning a small operating surplus of \$13,000 before tax. In keeping with past practice Shareholding Ministers have again waived the right to a dividend.

While the company has been doing more with less for the last seven years it is obvious present services and potential advances into new technology will have to be reassessed in light of financial reality and the potential for a continuing diminishing revenue stream. This is not an option this Board regards as feasible. We believe we can make a strong case for the continuation and expansion of the independent public broadcasting model and look forward to putting a considered business case for future investment to the Shareholding Ministers.

The Radio New Zealand Charter outlines the purposes for which the organisation is publicly funded. Proposed changes to the original Charter are included in the Radio New Zealand Amendment Bill which is awaiting a second reading in Parliament.

ACKNOWLEDGEMENT

The Board is well served by a talented and diverse team of directors. Each contributes valuable knowledge and experience to governance and the professional support and considered advice they have provided over the past twelve months has been critical to the progress made.

This year the Board welcomed the appointment of Melissa Clark-Reynolds as a director, replacing the Rt Hon Paul East who retired from the Board as its longest serving director on 30 April. Paul was a source of much common-sense and humorous political nous around the table. His support and contribution to the organisation in recent years will be missed by all of us.

The Board would also like to acknowledge the more than decade-long advice and assistance from legal consultants Hugh Rennie QC and Michael Quigg of Quigg Partners in the successful outcome of a financial and morale sapping employment dispute that was finally concluded, with costs awarded to Radio New Zealand, in April this year.

We would also like to acknowledge the support, encouragement and innovative advice over the last three years from outgoing Broadcasting Minister, Hon Craig Foss.

The quality of our staff remains our greatest asset.

On behalf of the Board, I want to congratulate the new Chief Executive, Paul Thompson, the senior management team and all the staff at Radio New Zealand for their hard work and dedication.

This commitment has seen Radio New Zealand make significant progress in the past twelve months.

RICHARD GRIFFIN

– Chair

CHIEF EXECUTIVE REPORT

THIS HAS BEEN A SIGNIFICANT YEAR FOR RADIO NEW ZEALAND.

THE ORGANISATION IS RENEWING ITSELF AND DEVELOPING A FRESH STRATEGY FOR THE FUTURE.

REINVENTING RADIO

We have set a simple but challenging goal: to make sound decisions that will ensure Radio New Zealand continues to flourish in a challenging environment and is stronger in future than we are now.

This has involved some soul-searching. Will we continue to be primarily a broadcaster as we introduce more online content and services? In what ways must we change to keep pace with technology and audience expectations? And, if we are convinced of the need to evolve, how do we do so without reducing the quality and range of existing content and services?

It is tempting to navel-gaze and turn inward when asking such questions. But the true answers lie in the hearts, minds and habits of the people we serve – the New Zealand public.

We have decided that what matters most is the quality, distinctiveness and appeal of Radio New Zealand's journalism and programming – along with our ability to make it relevant, accessible and useful to as many people as possible, in whatever form they prefer.

That is why we are taking our trusted and impartial content, our music, documentaries, and features to New Zealanders wherever they want it to be – on air, online and on demand.

SIGNIFICANT HIGHLIGHTS

To recap, the 2013-2014 year was a successful one for Radio New Zealand. Significant highlights included the refreshment of primetime programmes including *Morning Report*, *Checkpoint* and *Sunday Morning* and our continuing strength in the New Zealand radio market – we retained strong radio audiences and growing online audiences.

We were proud to launch *The Wireless*, an innovative website for young New Zealanders, and we engaged all staff in the development of a new strategy that will see Radio New Zealand evolve into a multimedia organisation that connects with diverse audiences across many different platforms.

In a difficult environment we maintained strict financial control over very tight budgets and generated a small surplus.

These achievements provide us with a strong foundation and the confidence to tackle future challenges.

Our financial sustainability will be a key focus. Radio New Zealand has responded well to seven years of frozen Government funding and, through prudent management, has maintained current services while developing new digital output.

The organisation is operating more efficiently but must now find ways to expand the funding base so that we can invest in our future plans.

RAPIDLY CHANGING MEDIA ENVIRONMENT

We cannot stand still. Like all media organisations, we are facing unprecedented disruption as audiences spend more time and energy on digital media.

In the past people were heavily reliant on mainstream media for news and information about their community, country and the wider world. Those media outlets – the publishers and broadcasters – controlled the printing presses, delivery trucks, transmission masts and frequencies through which content was distributed.

That control of distribution was the cornerstone of the commercial model that sustained most media organisations. The internet and the evolution of the world wide web changed that irrevocably. No one controls or owns the web. Anyone with a browser and some data can make use of it – both as a consumer and publisher.

It is now quick, simple and cheap – often free – to create, consume and share multimedia information. Scarcity of information has been replaced by abundance and the fusion of social media and mobile technology have been particularly empowering.

CHALLENGES AND OPPORTUNITIES

This new media environment creates both challenges and opportunities for Radio New Zealand.

One of the main challenges is to continue to inform and entertain loyal radio audiences through high quality and appealing programming. Good radio is an intimate experience which forges a strong connection with the listeners. Our ability to maintain those connections, and build new ones with people who have yet to discover what we do, is a priority as we look to a digital future.

I am pleased to report that audiences for our National and Concert networks remain very strong despite the continuing decline in the proportion of New Zealanders who listen to live radio each week.

That is testament to the hard work and expertise of staff and to the commitment of listeners who highly value Radio New Zealand National and Concert, as well as those in the Pacific listening to programming from Radio New Zealand International.

While we remain strong as a broadcaster we are acutely aware that many New Zealanders are looking for more from us. They want greater access to our distinctive, high quality content online. They want us to tell stories in new and appealing ways using the visual power of the web. And they want to engage more fully with Radio New Zealand and join an informed conversation about critical issues.

We have a clear strategy that will enable us to meet those expectations and grow online audiences while continuing to serve traditional audiences.

The strategy has six strands:

- To learn more about the wants and needs of current and potential audiences and to respond to them.
- To be expert at digital media and provide high quality multimedia content and satisfying user experiences online.
- To re-invent radio by refreshing current programming and creating new content for new audiences – on air, online and on demand.
- To be an agile and united organisation that works collaboratively and collegially.
- To develop, coach and support our staff and to help them do their best work.
- To be financially strong and to develop a range of sustainable revenue sources that allows us to invest in our growth.

GIVING NEW ZEALAND A VOICE

Radio New Zealand – as the sole commercial-free public broadcaster – plays a pivotal role in New Zealand life. We are funded by the public to provide an independent voice that explores, reflects and celebrates what it means to be a New Zealander.

Our new direction builds on strong foundations and is shaped by a desire to connect with New Zealanders of all ages, backgrounds and walks of life. Our audiences are discerning and one of the key things they value is the sense of surprise and discovery that we provide.

Whether people tune in on the radio or via the web, our aim is to make sure they find something that intrigues, informs, entertains and makes them think.

It gives me great pleasure to report on a successful year and to look to the future with optimism.

The credit for that must be widely shared.

My thanks to our talented staff for their hard work and commitment. I am particularly grateful for their willingness to help shape our strategic planning which is all the stronger for their contribution.

I also thank Chair Richard Griffin and the governors for their unstinting support and guidance.

We are in good heart at Radio New Zealand and have embarked on a path that will ensure we continue to flourish in the future.

PAUL THOMPSON

– Chief Executive and Editor-in-Chief

PERFORMANCE MANAGEMENT

STRATEGIC DIRECTION

THE FOCUS OVER THE YEAR WAS TO MAINTAIN SERVICE LEVELS WHILE IDENTIFYING AND DEVELOPING MEDIUM- TO LONG-TERM STRATEGIC PLANS WHICH WILL ENABLE RADIO NEW ZEALAND TO GROW AS AN EFFECTIVE MULTIMEDIA ORGANISATION.

IN THAT REGARD:

- > Our listenership for Radio New Zealand National was stronger than we predicted with a cumulative weekly live audience of 503,000 which was representative of 18.4% of the available radio audience. Radio New Zealand National continued to buck the radio listening trend by maintaining its cumulative weekly live audience in an environment that has seen the listenership of some radio broadcasters drop.
- > Listenership for Radio New Zealand Concert rose 30,000 during the period to a weekly cumulative live audience of 138,000 which was 5% of the available radio audience.
- > Our audience research among listeners shows delivery of our Charter objectives remains strong.
- > Research among the general public shows New Zealanders think it is important for New Zealand to have a public service radio broadcaster and they think Radio New Zealand provides a valuable service to New Zealanders.
- > Radio New Zealand National and Radio New Zealand Concert provided around 4,440 hours of news and current affairs programming.
- > During the reporting period the number of monthly active users of the Radio New Zealand mobile phone app rose by almost 62% to an average of 21,000 users per month.
- > Our online services continued to grow as we uploaded more of our content with over 173,000 items available (equating to 27,000 hours of content) and a staggering 21 million pageviews to our website with 3.5 million podcasts downloaded.
- > Strategic planning continued with a focus on Radio New Zealand's statutory obligation as the only Civil Defence Lifeline Utility radio broadcaster – providing all New Zealanders with essential services in times of need.
- > On 31 October 2013 Radio New Zealand successfully launched *The Wireless*, a web-based network with a multimedia approach producing inspiring, insightful and entertaining stories for New Zealanders oriented towards digital media.

OUR OPERATIONS CONTINUE AS WE UNDERTAKE THE FOLLOWING:

- > embedding our strategic purpose and values into Radio New Zealand's culture;
- > implementing a management structure which is better positioned to the delivery of those strategic objectives;
- > developing and implementing longer term strategic plans which focus on Radio New Zealand's role as an effective multimedia organisation;
- > examining our services to find ways to engage a wider range of listeners;
- > implementing business continuity plans which ensure Radio New Zealand functions even more effectively in the event of a major disaster; and
- > the permanent reinstatement of our Christchurch operations.

PERFORMANCE MANAGEMENT FRAMEWORK: OUTCOMES

THE RADIO NEW ZEALAND PERFORMANCE MANAGEMENT FRAMEWORK IS ALIGNED WITH THE GOVERNMENT'S GOALS TO ENRICH NEW ZEALANDERS' LIVES WITH NEW ZEALAND'S DISTINCTIVE CULTURE. WE PROVIDED A WIDE RANGE OF SERVICES TO INFORM, ENGAGE AND PRESERVE NEW ZEALAND'S UNIQUE CULTURE AND NATIONAL IDENTITY, WHICH ARE REITERATED TO THE PUBLIC IN THE RADIO NEW ZEALAND CHARTER.

THE OUTCOMES WE SOUGHT TO CONTRIBUTE TO WERE:

- CREATE:** Creating an informed New Zealand and Pacific region;
- ENGAGE:** New Zealanders actively engage and identify with New Zealand's unique culture and national identity; and
- PRESERVE:** Preservation of New Zealand's sound heritage for future generations.

OUR SERVICES DIRECTLY CONTRIBUTED TOWARDS ACHIEVING THE FOLLOWING IMPACTS:

- > New Zealanders and the Pacific region are better informed about their regions and the world.
- > New Zealanders and those in the Pacific region are able to access and use information important to their lives.
- > New Zealanders are entertained by New Zealand's unique culture and national identity.
- > New Zealanders, no matter where they are, maintain their connection with and belonging to New Zealand.
- > New Zealanders are aware of their history and heritage as represented by our sound archives.

AT A GLANCE:

GOVERNMENT GOAL: NEW ZEALAND'S DISTINCTIVE CULTURE ENRICHES OUR LIVES CONNECTING OUR TAONGA, OUR PEOPLE, OUR PLACE IN THE WORLD

CULTURE AND HERITAGE OUTCOMES

CULTURAL ACTIVITY FLOURISHES IN NEW ZEALAND **(CREATE)**

ENGAGEMENT IN CULTURAL ACTIVITIES IS INCREASING **(ENGAGE)**

OUR CULTURE AND HERITAGE CAN BE ENJOYED BY FUTURE GENERATIONS **(PRESERVE)**

RADIO NEW ZEALAND CHARTER

CREATE: CREATING AN INFORMED NEW ZEALAND AND PACIFIC REGION

ENGAGE: NEW ZEALANDERS ACTIVELY ENGAGE AND IDENTIFY WITH NEW ZEALAND'S UNIQUE CULTURE AND NATIONAL IDENTITY

PRESERVE: NEW ZEALAND'S SOUND HERITAGE IS PRESERVED FOR FUTURE GENERATIONS

Impact 1: New Zealanders and the Pacific region are better informed about their region and the world.

Impact 1: New Zealanders are entertained by New Zealand's unique culture and national identity.

Impact 1: New Zealanders are aware of their history and heritage as represented by our sound archives.

Impact 2: New Zealanders and those in the Pacific are able to access and use information important to their lives.

Impact 2: New Zealanders, no matter where they are, maintain their connection with and belonging to New Zealand.

RADIO NEW ZEALAND OUTPUTS DELIVERING CHARTER SERVICES



RADIO NEW ZEALAND NATIONAL



RADIO NEW ZEALAND CONCERT



RADIO NEW ZEALAND INTERNATIONAL

THE RADIO NEW ZEALAND CHARTER

SECTION 7 OF THE RADIO NEW ZEALAND ACT 1995

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

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

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

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

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

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

THE RADIO NEW ZEALAND OPERATING PRINCIPLES

SECTION 8 OF THE RADIO NEW ZEALAND ACT 1995

1 THE PUBLIC RADIO COMPANY SHALL, IN FULFILLING ITS CHARTER, EXHIBIT A SENSE OF SOCIAL RESPONSIBILITY BY HAVING REGARD TO THE INTERESTS OF THE COMMUNITY IN WHICH IT OPERATES AND BY ENDEAVOURING TO ACCOMMODATE OR ENCOURAGE THOSE INTERESTS WHEN ABLE TO DO SO.

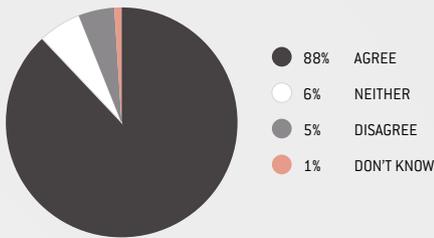
2 THE PUBLIC RADIO COMPANY SHALL, IN FULFILLING ITS CHARTER, OPERATE IN A FINANCIALLY RESPONSIBLE MANNER SO THAT IT MAINTAINS ITS FINANCIAL VIABILITY.

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

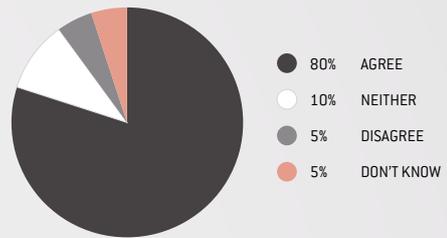
- (a) the activities of the company generate, on the basis of generally acceptable accounting principles, an adequate rate of return on shareholders' funds; and
- (b) the company is operating as a successful going concern.

OUR PERFORMANCE BASED ON PUBLIC VALUE AND OUR CHARTER OBJECTIVES

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



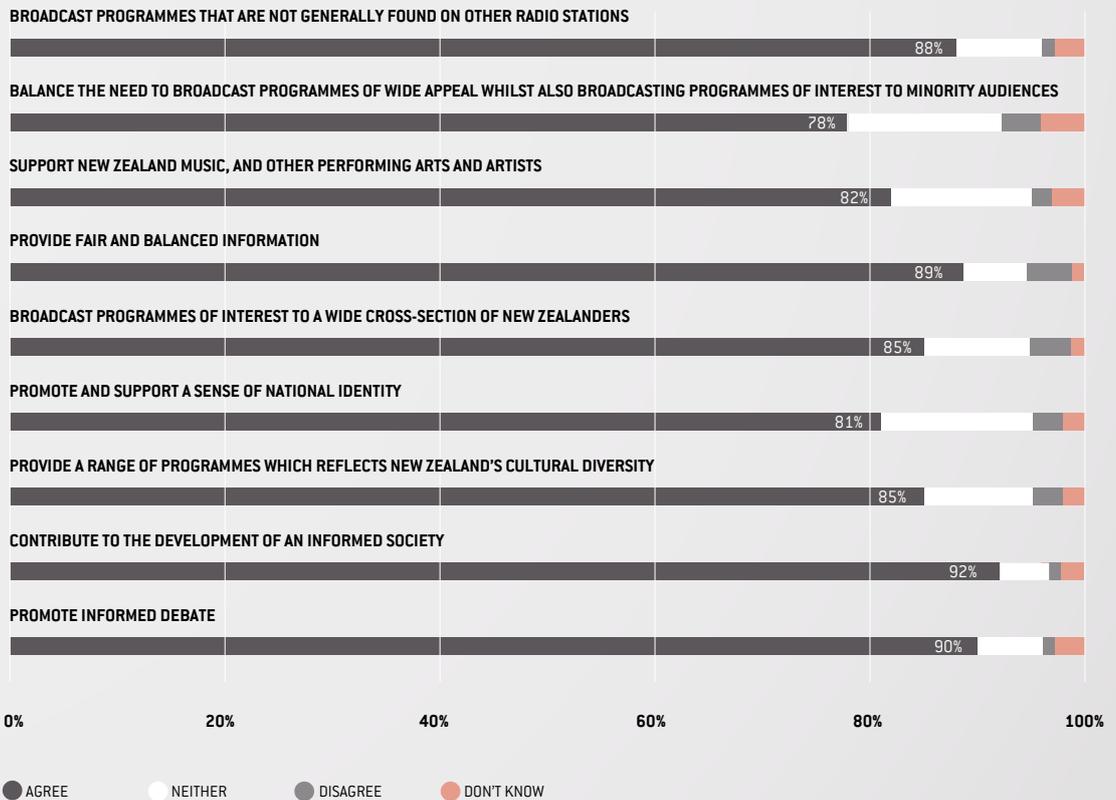
RADIO NEW ZEALAND PROVIDES A VALUABLE SERVICE FOR NEW ZEALANDERS



Source: March/April 2014 survey – Radio New Zealand Value Indices research, conducted nationwide by Colmar Brunton among all New Zealanders aged 15+

RADIO NEW ZEALAND'S CHARTER PERFORMANCE

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



Source: RNZ Listener Survey: 2013–2014 Financial Year (Nielsen)

CREATE: CREATING AN INFORMED NEW ZEALAND AND PACIFIC REGION

IMPACT 1:

NEW ZEALANDERS AND THE PACIFIC REGION ARE BETTER INFORMED ABOUT THEIR REGION AND THE WORLD.

IMPACT MEASURES:	PERFORMANCE TARGETS AND ACTUAL RESULTS:			
	2014 [ACTUAL]	2014 [FORECAST]	2013 [ACTUAL]	2012 [ACTUAL]
Audience research¹ results. The percentage of:				
• Radio New Zealand National listeners who agree that Radio New Zealand provides in-depth news and current affairs about New Zealand	95%	94%	93%	94%
• listeners who agree that Radio New Zealand contributes to the development of an informed society	92%	92%	93%	93%
• listeners who agree that Radio New Zealand broadcasts programmes of interest to a wide cross-section of New Zealanders.	85%	84%	87%	85%
Pacific radio stations will want to engage with Radio New Zealand International to rebroadcast the service to the Pacific region.	17	17	18	17
Average programming hours. Pacific people will have access to:				
• original programming produced specifically for and about the Pacific region	2,385 hrs	2,385 hrs	2,385 hrs	2,442 hrs
• Radio New Zealand National programming about New Zealand and the world.	6,375 hrs	6,375 hrs	6,375 hrs	6,342 hrs

2013–2014 PERFORMANCE STATUS:

All targets were achieved.

Coverage of significant news and current affairs events included:

- the Ruataniwha dam controversy;
- the resignation of the Labour leader, David Shearer;
- the triple shooting in Dunedin;
- Brendon McCullum's historic triple century against India;
- the America's Cup; and
- the John Banks electoral contributions trial.

Radio New Zealand deployed staff overseas to cover the following international stories:

- the Pacific Island Forum in the Marshall Islands;
- the Australian election;
- the Prime Minister at the United Nations general assembly in New York;
- the Prime Minister's US/New Zealand Council visit to Washington DC;
- the Prime Minister's visit to China
- the Prime Minister's attendance at the Nuclear Security Summit in The Hague;
- the meeting of the Prime Ministers of New Zealand and Australia, in Sydney;
- the Convention on the Conservation of Antarctic Marine Living Resources, Tasmania;
- APEC in Bali, Indonesia;
- Commonwealth Heads of Government in Sri Lanka; and
- the America's Cup in San Francisco.

1. Source: Radio New Zealand Listener Surveys.

Programming of significance included:

- *Morning Report*;
- *Checkpoint*;
- *Nine to Noon*;
- *Te Manu Korihū*;
- *Nights*;
- *Saturday Morning*;
- *Sunday Morning*;
- *Mediawatch*;
- *Arts on Sunday* (superseded by *Standing Room Only*);
- *This Way Up*;
- *Afternoons*;
- *Our Changing World*;
- *Spectrum*;
- *One in Five*;
- *Country Life*;
- *Appointment*;
- *Upbeat*;
- *Sounds Historical*;
- *Young New Zealand*, including 52 broadcasts of young musicians recorded overseas and around the country;
- *Insight and Focus on Politics*;
- *Composer of the Week* including programmes featuring New Zealand composers;
- drama and book readings;
- *Music 101*; and
- *The Music Mix*.

IMPACT 2:

NEW ZEALANDERS AND THOSE IN THE PACIFIC ARE ABLE TO ACCESS AND USE INFORMATION IMPORTANT TO THEIR LIVES.

IMPACT MEASURES:	PERFORMANCE TARGETS AND ACTUAL RESULTS:			
	2014 [ACTUAL]	2014 [FORECAST]	2013 [ACTUAL]	2012 [ACTUAL]
Maintenance of services – availability and accessibility. The percentage of the:				
• New Zealand population able to receive either an AM or FM network signal	not available ²	97%	97%	97%
• time New Zealanders will have access to our AM or FM network signals	99.97%	99.9%	99.99%	99.99%
• time the Pacific region will have access to our shortwave network signals	99.7%	99.9%	99.8%	99.8%
• time New Zealanders will have access to our website radionz.co.nz	99.96%	99.9%	99.99%	99.99%
• time New Zealanders will have access to our website rnzi.com.	99.96%	99.9%	99.99%	99.99%
Radio New Zealand International will be widely available and accessible throughout the Pacific region providing programming and a reliable source of information in the event of natural disasters or a breakdown of local communication services.	<p>Access to an average of 16 hours of good reception per day:</p> <ul style="list-style-type: none"> • French Polynesia, Cook Islands, Tokelau, Samoa, American Samoa, Niue, Tonga, Wallis and Futuna, Fiji, Tuvalu, New Caledonia and Vanuatu. <p>Access to an average of eight hours of good reception per day:</p> <ul style="list-style-type: none"> • the Solomon Islands, Papua New Guinea, Nauru and Kiribati. <p>Access to an average of four hours of good reception per day:</p> <ul style="list-style-type: none"> • Asia/Pacific and Pacific Rim including: Federated States of Micronesia, Marshall Islands and Palau. 			
Fulfilment of lifeline utility role – system backup and transmission audit maintenance programme.	Radio New Zealand will provide a 24 hour service ready to respond and inform during a declared state of emergency.			

2. The population coverage of the AM and FM transmissions is being recalculated against the current 2013 census data; the figure is estimated to be approximately a 97% population coverage.

2013–2014 PERFORMANCE STATUS:

Seven of the nine targets were achieved. The shortwave transmitter providing the Radio New Zealand International signal to the Pacific region is becoming less reliable due to its age and Radio New Zealand is exploring replacement options with the Ministry for Culture and Heritage.

Programming of significance included:

- *Morning Report*;
- *Checkpoint*;
- *Nine to Noon*;
- *Te Manu Korihi*;
- *Nights*;
- *Saturday Morning*;
- *Sunday Morning*;
- *Mediawatch*;
- *This Way Up*;
- *Afternoons*;
- *Our Changing World*;
- *Spectrum*;
- *One in Five*;
- *Country Life*; and
- *Insight and Focus on Politics*.

Including news coverage of:

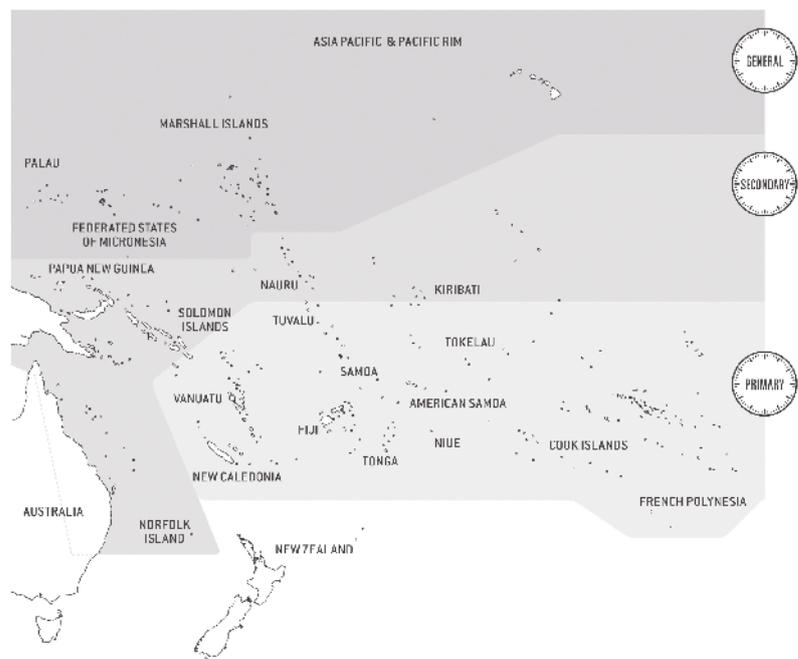
- the Fonterra contamination scandal and its implications for New Zealand;
- the second Seddon earthquake and the Eketahuna earthquake;
- live coverage of Waitangi Day;
- cyclone Ita on the West Coast; and
- the Royal tour.

Radio New Zealand deployed staff overseas to cover the following Pacific region stories:

- the 12th Triennial Conference of Pacific Women and the 5th Pacific Women's Ministerial Meeting in the Cook Islands;
- the Pacific Mini Games in Wallis and Futuna;
- the inaugural Pacific Islands Development Forum in Nadi, Fiji;
- the 39th Constitution Day celebrations in Niue;
- the Foreign Minister's trip to Papua New Guinea, the Solomon Islands and Vanuatu;
- the growing Chinese influence in Vanuatu and the Solomon Islands;
- the South Pacific Regional Environmental Conference in Fiji;
- post-cyclone rebuilding in Fiji's Yasawa Islands;
- RAMSI's (the Regional Assistance Mission) marking of their ten year presence in the Solomon Islands;
- the Prime Minister's trip to Samoa, Tonga, and Niue; and
- the New Zealand Foreign Minister's trip to look at renewable energy projects in Samoa, Tuvalu, Kiribati and the Cook Islands.

In its role as a statutory lifeline utility, Radio New Zealand is required to respond to declared civil defence emergencies. Although there were no national civil defence emergencies declared in New Zealand during the period, Radio New Zealand maintained a high level of readiness, ensuring training and capacity building were appropriate to guarantee the accessibility and availability of its services in times of need to both New Zealand and the Pacific region.

ACCESSIBILITY OF RADIO NEW ZEALAND INTERNATIONAL



ENGAGE: NEW ZEALANDERS ACTIVELY ENGAGE AND IDENTIFY WITH NEW ZEALAND'S UNIQUE CULTURE AND NATIONAL IDENTITY

IMPACT 1:

NEW ZEALANDERS ARE ENTERTAINED BY NEW ZEALAND'S UNIQUE CULTURE AND NATIONAL IDENTITY.

IMPACT MEASURES:	PERFORMANCE TARGETS AND ACTUAL RESULTS:			
	2014 (ACTUAL)	2014 (FORECAST)	2013 (ACTUAL)	2012 (ACTUAL)
Audience research ³ results. The percentage of Radio New Zealand listeners who agree:				
• Radio New Zealand promotes and supports a sense of national identity	81%	81%	85%	85%
• Radio New Zealand provides a range of programmes which reflect New Zealand's cultural diversity	85%	83%	85%	84%
• Radio New Zealand supports New Zealand music and other performing arts and artists.	82%	81%	80%	83%
The percentage of ⁴ :				
• Radio New Zealand National listeners who are satisfied or very satisfied with Radio New Zealand National programming	84%	89%	90%	90%
• Radio New Zealand Concert listeners who are satisfied or very satisfied with Radio New Zealand Concert programming.	77%	80%	74%	80%

2013–2014 PERFORMANCE STATUS:

Three of the five targets were achieved.

During the latter part of the reporting period Radio New Zealand implemented a number of changes to some of its key Radio New Zealand National programmes and presenters, and to Radio New Zealand Concert programming schedules. It can take a period of time for listeners to adjust to programming changes of this nature and it is not uncommon to see fluctuations in satisfaction levels until the changes become well established with listeners.

Programming of significance included:

- *WOMAD Taranaki*;
- *The Music Mix*;
- *Access All Areas*;
- *The Sampler*;
- *Arts on Sunday* [superseded by *Standing Room Only*];
- *Afternoons with Jim Mora* – including *New Zealand Live*;
- book reviews, book readings, original drama, short stories and children's stories of New Zealand origin;
- *Sounds Historical*;
- *Upbeat*;
- coverage of New Zealand jazz, and schools' choral festivals;
- coverage of New Zealand violin, piano, cello, chamber music, choral and opera aria competitions;
- coverage of the New Zealand National Youth Orchestra and Youth Choirs;
- jazz programmes including *The Art of Jazz* and *Jazz Footprints*;
- The Beatles in New Zealand Tour 1964;
- extensive coverage of the New Zealand International Arts Festival;
- partnerships with Te Papa Tongarewa, the Auckland War Memorial Museum, the Royal Society and the Arts Foundation to record panel discussions all around New Zealand;
- *Sound Lounge*;
- *Made in New Zealand*;
- *Young New Zealand*, including 52 broadcasts of young musicians recorded overseas and around the country;
- *Music Alive*, including 260 broadcasts of concerts recorded in New Zealand;
- *Saturday Concert*;
- increased New Zealand music availability online as audio on demand and via Radio New Zealand podcasts including monthly *Podcast Classics*, *Musical Chairs*, *Music 101* live sessions;
- *Saturday Night with Peter Fry*;
- *Appointment*; and
- *Matinee Idle* – public holidays and summer schedule.

3. Source: Radio New Zealand Listener Surveys.

4. Source: Radio New Zealand Listener Surveys: Programme satisfaction results are based on a five point scale of very satisfied to very unsatisfied. Margins for error apply.

IMPACT MEASURES:	PERFORMANCE TARGETS AND ACTUAL RESULTS:			
	2014 (ACTUAL)	2014 (FORECAST)	2013 (ACTUAL)	2012 (ACTUAL)
Radio New Zealand listeners connect through:				
• live broadcast listening – Radio New Zealand National cumulative audience and percentage of available audience ⁵	503,000 18.4%	398,000 13.9%	491,000 17.5%	464,000 16.8%
• live broadcast listening – Radio New Zealand Concert cumulative audience and percentage of available audience	138,000 5.0%	127,000 4.4%	108,000 3.9%	121,000 4.4%
• time shifted means (number of download ⁶ requests met)	3.5 million	3.5 million	3.5 million	not available ⁷
• mobile voice and data devices (number of active users of the mobile phone app per month).	21,000 per month	13,000 per month	13,000 per month	not previously measured

2013–2014 PERFORMANCE STATUS:

All targets were achieved.

Radio New Zealand implemented a number of changes to refresh programming to some of its key Radio New Zealand National programmes. In particular key changes were to *Morning Report*, *Checkpoint*, *Afternoons* and *Sunday Mornings*. Radio New Zealand Concert also implemented some minor programming changes to schedules during the reporting period.

During the period Radio New Zealand moved to a system of tracking actual smartphone engagement, rather than raw downloads of our phone applications, to give a better picture of the reach and use of the application. The average smartphone users actively engaging with our mobile phone app services was approximately 21,000 each month, which reflects in general the growing trend in the use of smartphones as an access point for information.

On 31 October 2013 Radio New Zealand launched its online youth network, *The Wireless*. *The Wireless* has been establishing itself and growing its online following with excellent results. Since its launch the total number of page views to 30 June 2014 was almost 440,000 and the average monthly unique web browsers were just over 22,000. *The Wireless* was a finalist in the *Best Website* category for the Canon Media Awards 2014 in May, which was a significant feat given that the website had only launched six months earlier.

5. Percentage of available audience: The Radio New Zealand National or Radio New Zealand Concert percentage of the number of listeners 15+ who listen to any radio station from Monday to Sunday, 12 midnight to 12 midnight.
 6. The term "download" refers to audio files downloaded direct from radionz.co.nz and downloaded via the Radio New Zealand iPhone or Android application. The figure is taken from server logs and relates to files where more than 90% of the file has been downloaded. This methodology was introduced during 2011-2012.
 7. Measures undertaken to protect service delivery meant accurate logging of on demand traffic was not possible during 2011-2012. A more accurate system was introduced and measuring of on demand traffic was possible during 2012-2013.

PRESERVE: NEW ZEALAND'S SOUND HERITAGE IS PRESERVED FOR FUTURE GENERATIONS

IMPACT 1:

NEW ZEALANDERS ARE AWARE OF THEIR HISTORY AND HERITAGE AS REPRESENTED BY OUR SOUND ARCHIVES.

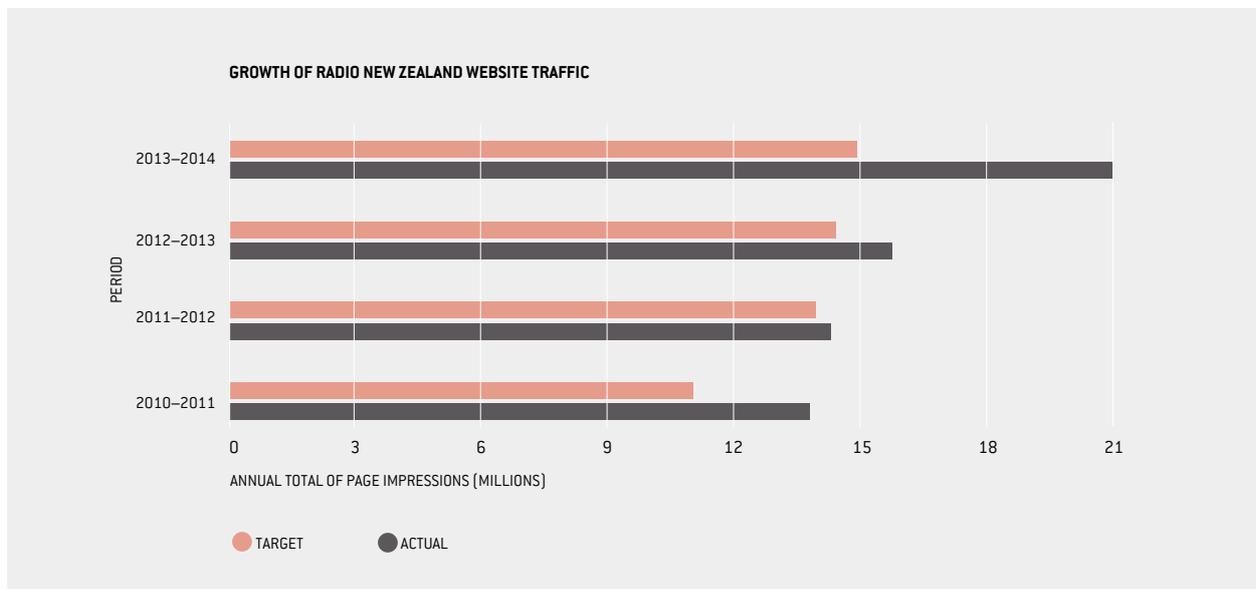
IMPACT MEASURES:	PERFORMANCE TARGETS AND ACTUAL RESULTS:			
	2014 [ACTUAL]	2014 [FORECAST]	2013 [ACTUAL]	2012 [ACTUAL]
An increasing back catalogue of Radio New Zealand content (number of items and hours) accessible online.	173,000 27,000 hrs	147,000 20,440 hrs	150,286 22,926hrs	110,000 15,500 hrs
Increased access by the public to online content (website page impressions).	21.0 million	14.9 million	15.7 million	14.3 million

2013–2014 PERFORMANCE STATUS:

All targets were achieved.

A number of changes were introduced during the reporting period which contributed to a significant increase of the freely available audio to the general public. Changes in copyright agreements allowed for the availability of more music content, audio content for Radio New Zealand International became available and there was a greater investment in the recruitment and training of staff with web publishing expertise.

There has been considerable growth in website traffic since the launch of the new website design at the end of 2012-2013, which continued into 2013-2014. There were some specific events which generated high levels of traffic, one in particular being the retirement of *Morning Report* presenter Geoff Robinson. In addition, there has been a more consistent approach to promoting the website both on air and through social media channels.



GOOD EMPLOYER REPORTING:

BUILD AND MAINTAIN A WORKFORCE TO ACHIEVE THE STRATEGIC VISION AND OBJECTIVES, THROUGH:

- Collecting, analysing and responding to workforce information.
- Maintaining robust human resources systems, based upon analysis of business information, and recognised 'Good Business Practice'.
- Implementation of an equitable and transparent remuneration system and reporting annually on remuneration levels within the organisation in relation to the market, across gender and ethnicity.
- Implementation of a learning and development framework and reporting annually on staff participation in learning and development opportunities.
- Flexibility in work design and reporting on the levels of staff participation in multi-skilling job opportunities.
- Ensuring a healthy and safe working environment and application of ACC Workplace Safety Management Practices.

RADIO NEW ZEALAND'S HUMAN RESOURCES SYSTEMS, POLICIES AND PROCESSES ARE ALIGNED WITH 'GOOD EMPLOYER' PRACTICE:

- Radio New Zealand will continue to review its human resources systems to align policies and processes with Good Employer principles.
- Radio New Zealand will monitor and report annually on its Equal Employment Opportunity Plan.

MEASURE	2014 (ACTUAL)	2014 (FORECAST)	2013 (ACTUAL)	2012 (ACTUAL)
<ul style="list-style-type: none"> • Workforce data analysis undertaken and reported annually covering the following categories: <ul style="list-style-type: none"> – staff numbers; – gender; – ethnicity; – age profile; and – length of service. 	ACHIEVED	ACHIEVED	ACHIEVED	ACHIEVED
<ul style="list-style-type: none"> • Remuneration structure based on Public Sector median based salaries. 	ACHIEVED	ACHIEVED	ACHIEVED	ACHIEVED
<ul style="list-style-type: none"> • Radio New Zealand's gender pay gap will be below that of the Public Service. 	10.6%	<PUBLIC SERVICE ⁸	9.7%	10.6%
<ul style="list-style-type: none"> • Radio New Zealand staff turnover will be below that of the Public Service. 	9.5%	<PUBLIC SERVICE ⁹	9.2%	5.8%
<ul style="list-style-type: none"> • The percentage of Radio New Zealand staff participating in multi-skilling job opportunities. 	4.3%	>5%	4%	5.6%
<ul style="list-style-type: none"> • Availability of Employee Assistance Programme Services for all Radio New Zealand staff. 	ACHIEVED EAP AVAILABLE	EAP AVAILABLE	ACHIEVED EAP AVAILABLE	ACHIEVED EAP AVAILABLE
<ul style="list-style-type: none"> • Availability of trained First Aiders in the workplace (number of fully trained staff). 	7.6%	>10%	9%	12%
<ul style="list-style-type: none"> • All employees will have access to: <ul style="list-style-type: none"> – health and safety professional services; – individual worksite assessments; and – hearing tests. 	ACHIEVED	ACHIEVED	ACHIEVED	ACHIEVED

8. Gender pay gap is assessed on all employees, including senior managers. State Services Commission – Human Resources Capability Survey 2013 notes the Public Service gender pay gap for the 2013 period was 14.2%.

9. State Services Commission – Human Resources Capability Survey 2013 notes unplanned staff turnover in the Public Service for 2013 was 10.5%.

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

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

RADIO NEW ZEALAND WORKFORCE PROFILE AS AT 30 JUNE 2014

STAFF NUMBERS

Headcount	299
Full-time equivalent	273.06

LENGTH OF SERVICE

Under 3 years	25.16%
3 to 10 years	37.10%
Over 10 years	37.74%

AGE PROFILE

Under 30 years	9.68%
30–40 years	20.97%
40–50 years	30.00%
Over 50 years	39.35%

GENDER

Female	49.35%
Male	50.65%

ETHNICITY (OF THOSE REPORTED)

Māori	4.35%
NZ European/ Pakeha	86.00%
Pacific	1.00%
Asian	1.67%
Other	7.02%

Financial Performance

FOR THE YEAR ENDED 30 JUNE 2014

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Statement of Corporate Governance

ROLE OF THE BOARD

Radio New Zealand's Shareholding Ministers, the Minister Responsible for Radio New Zealand and the Minister of Finance, appoint a governing Board of Directors. The Radio New Zealand constitution sets the size of the Board at a minimum of two and a maximum of nine directors. There were seven directors appointed as at 30 June 2014.

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 and Editor-in-Chief.

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

BOARD CHANGES

Changes to the constitution of the Board during the year were the retirement of the Right Honourable Paul East on 30 April, and the appointment of Melissa Clark-Reynolds on 1 May 2014.

SUBSIDIARY

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

CONCERT CHARITABLE TRUST

The Concert Charitable Trust is a registered charity under the Charities Act 2005 and was settled on the 25 March 2011. The purpose of the trust is to advance the education in relation to musical genres showcased by Radio New Zealand Concert.

The trust is treated as a controlled entity of Radio New Zealand Limited. Radio New Zealand has included in its consolidated financials the activities of Concert Charitable Trust. Its financial statements are for the year ended 30 June 2014 and were approved by the trustees on 31 October 2014.

BOARD COMMITTEE

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

BOARD MEETINGS

The Board met on ten scheduled occasions this year of which one was a teleconference meeting.

TABLE OF ATTENDANCE FOR THE YEAR ENDED 30 JUNE 2014

	BOARD MEETINGS	AUDIT COMMITTEE
Richard Griffin – Chair	10	4
Josh Easby – Deputy Chairman	10	4
Gary Monk – Audit Committee Chairman	10	4
Rt Hon. Paul East QC CNZM	8	3
Tiwana Tibble	8	4
Sheena Henderson	8	4
Jane Taylor	10	4
Melissa Clark-Reynolds	2	1

MANAGEMENT AND OPERATING STRUCTURE

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

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

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

AUDITOR

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

LEGISLATIVE COMPLIANCE

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

Statement of Responsibility

FOR THE YEAR ENDED 30 JUNE 2014

Pursuant to the Crown Entities Act 2004, the Board and management of Radio New Zealand Limited accept responsibility for:

- The preparation of the financial statements and the Statement of Service Performance and the judgements used in them;
- The establishment and maintenance of a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial statements and the statement of service performance.

In the opinion of the Board, the financial statements and Statement of Service Performance for the year ended 30 June 2014 fairly reflect the financial position and operations of Radio New Zealand Limited.

The audit opinion on these financial statements is on page 20-21.



RICHARD GRIFFIN
Chair
31 October 2014



GARY MONK
Audit Committee Chairman and Board Member
31 October 2014



PAUL THOMPSON
Chief Executive and Editor-in-Chief
31 October 2014

To the readers of Radio New Zealand Limited and group's financial statements and non-financial performance information for the year ended 30 June 2014

The Auditor-General is the auditor of Radio New Zealand Limited (the company) and group. The Auditor-General has appointed me, Kelly Rushton, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and non-financial performance information of the company and group on her behalf.

We have audited:

- the financial statements of the company and group on pages 23 to 48, that comprise the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and notes to the financial statements that include accounting policies and other explanatory information; and
- the non-financial performance information of the company and group that comprises the statement of service performance on pages 50 to 58 and the report about impacts on pages 5 to 13.

OPINION

Financial statements and non-financial performance information

In our opinion:

- the financial statements of the company and group on pages 23 to 48:
 - comply with generally accepted accounting practice in New Zealand; and
 - give a true and fair view of the company and group's:
 - financial position as at 30 June 2014; and
 - financial performance and cash flows for the year ended on that date.
- the non-financial performance information of the company and group on pages 5 to 13 and 50 to 58
 - complies with generally accepted accounting practice in New Zealand; and
 - gives a true and fair view of the company and group's service performance and incomes for the year ended 30 June 2014, including for each class of outputs:
 - the service performance compared with forecasts in the statement of forecast service performance at the start of the financial year; and
 - the actual revenue and output expenses compared with the forecasts in the statement of forecast service performance at the start of the financial year.

Other legal requirements

In accordance with the Financial Reporting Act 1993 we report that, in our opinion, proper accounting records have been kept by the company and group as far as appears from an examination of those records.

Our audit was completed on 31 October 2014. This is the date at which our opinion is expressed.

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

Basis of opinion

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

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

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

An audit also involves evaluating:

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

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and non-financial performance information. Also we did not evaluate the security and controls over the electronic publication of the financial statements and non-financial performance information.

In accordance with the Financial Reporting Act 1993 we report that we have obtained all the information and explanations we have required. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board of Directors

The Board of Directors is responsible for preparing financial statements and non-financial performance information that:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the company and group's financial position, financial performance and cash flows; and
- give a true and fair view of the company and group's service performance and impacts.

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

The Board of Directors' responsibilities arise from the Crown Entities Act 2004 and the Financial Reporting Act 1993.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and non-financial performance information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

Independence

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

Other than the audit, we have no relationship with or interests in the company or any of its subsidiaries.



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

Statement Specifying Financial Performance

FOR THE YEAR ENDED 30 JUNE 2014

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

Budget figures are based on the high level budget set out in the 2013-2014 Statement of Intent.

	ACHIEVEMENT \$000	BUDGET \$000
INCOME	38,959	38,966
EXPENDITURE	38,946	38,916
OPERATING SURPLUS/ (DEFICIT) BEFORE TAXATION	13	50
INCOME TAX EXPENSE/ (BENEFIT)	(137)	0
NET SURPLUS/ (DEFICIT) AFTER TAXATION	150	50
EQUITY	53,160	49,735
WORKING CAPITAL RATIO (Current assets as percentage of current liabilities)	156%	116%
RATIO OF EQUITY TO TOTAL ASSETS (Equity as percentage of total assets)	84%	83%

Radio New Zealand has met its Charter service delivery targets within operating budgets. Both operating revenue and expenses are within 5% material variance limits of budget. Minor variances combine to yield a net surplus before tax of \$13,000 compared to a budget surplus before tax of \$50,000.

The increase in equity was mainly due to the revaluation of land and buildings.

Working capital ratio variance is due to less capital expenditure spent than budgeted resulting in higher levels of cash/investments.

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	GROUP ACTUAL 2014 \$000	GROUP BUDGET 2014 \$000	GROUP ACTUAL 2013 \$000	PARENT ACTUAL 2014 \$000	PARENT ACTUAL 2013 \$000
Government funding and fees	2	35,140	34,966	35,294	35,140	35,080
Interest income		382	400	409	382	409
Other income	3	3,437	3,600	2,970	3,437	3,222
Total income		38,959	38,966	38,673	38,959	38,711
Personnel expenses		23,232	22,500	22,322	23,232	22,322
Operating expenses	4	12,988	13,400	13,532	12,986	13,540
Depreciation & amortisation expense	5	2,580	2,900	2,652	2,580	2,652
Audit fees		105	80	113	103	102
Financing costs		41	36	49	41	49
Total expenditure		38,946	38,916	38,668	38,942	38,665
Net operating surplus/ (deficit) before taxation		13	50	5	17	46
Income tax expense/ (benefit)	6	(137)	0	(45)	(130)	(45)
Net surplus/(deficit) after taxation		150	50	50	147	91
OTHER COMPREHENSIVE INCOME						
Revaluation of Property, plant and equipment		3,837	0	0	3,837	0
Tax on revaluation		(197)	0	0	(197)	0
Total other Comprehensive income		3,640	0	0	3,640	0
Total comprehensive income		3,790	50	50	3,787	91

Explanation of major variances against budget is provided in note 27.

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2014

	GROUP ACTUAL 2014 \$000	GROUP BUDGET 2014 \$000	GROUP ACTUAL 2013 \$000	PARENT ACTUAL 2014 \$000	PARENT ACTUAL 2013 \$000
Balance at 1 July	49,370	49,685	49,320	48,585	48,494
Surplus/(deficit) after tax	150	50	50	147	91
Other comprehensive income	3,640	0	0	3,640	0
	3,790	50	50	3,787	91
Balance at 30 June	53,160	49,735	49,370	52,372	48,585

Explanation of major variances against budget is provided in note 27.

Statement of Financial Position

AS AT 30 JUNE 2014

	NOTE	GROUP ACTUAL 2014 \$000	GROUP BUDGET 2014 \$000	GROUP ACTUAL 2013 \$000	PARENT ACTUAL 2014 \$000	PARENT ACTUAL 2013 \$000
EQUITY						
Share capital	17	16,692	16,692	16,692	16,692	16,692
Revaluation reserve	17	29,872	26,232	26,232	29,072	25,432
Retained earnings	17	6,596	6,811	6,446	6,608	6,461
Total equity		53,160	49,735	49,370	52,372	48,585
CURRENT LIABILITIES						
Creditors & other payables	12	1,477	2,693	2,255	1,472	2,247
Provisions	15	0	450	0	0	0
Employee entitlements	13	2,420	1,250	2,291	2,420	2,291
Revenue received in advance		6	0	5	6	5
Preference shares	16	4,120	4,120	4,120	4,120	4,120
Total current liabilities		8,023	8,513	8,671	8,018	8,663
NON-CURRENT LIABILITIES						
Employee entitlements	13	84	70	80	84	80
Deferred tax	6	1,248	700	1,188	1,257	1,188
Revenue received in advance		0	0	6	0	6
Provisions	15	999	730	961	999	961
Total non-current liabilities		2,331	1,500	2,235	2,340	2,235
Total liabilities and equity		63,514	59,748	60,276	62,730	59,483
CURRENT ASSETS						
Cash & cash equivalents	7	5,769	3,406	7,354	5,749	7,330
Investments	8	6,000	6,000	6,000	6,000	6,000
Debtors	9	269	250	241	269	236
Tax refundable		111	0	0	111	0
Other receivables		341	250	524	377	560
Total current assets		12,490	9,906	14,119	12,506	14,126
NON-CURRENT ASSETS						
Intangibles	10	527	552	435	527	435
Property, plant and equipment	11	50,497	49,290	45,722	49,697	44,922
Total non-current assets		51,024	49,842	46,157	50,224	45,357
Total assets		63,514	59,748	60,276	62,730	59,483

Explanation of major variances against budget is provided in note 27.

For and on behalf of the Board



RICHARD GRIFFIN
Chair
31 October 2014



GARY MONK
Audit Committee Chairman and Board Member
31 October 2014

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	GROUP ACTUAL 2014 \$000	GROUP BUDGET 2014 \$000	GROUP ACTUAL 2013 \$000	PARENT ACTUAL 2014 \$000	PARENT ACTUAL 2013 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash was provided from:						
Receipts from customers		3,588	3,383	2,888	3,583	3,133
Government funding & fees		35,140	35,183	35,294	35,140	35,080
Interest earned		382	400	409	382	409
		39,110	38,966	38,591	39,105	38,622
Cash was applied to:						
Payments to employees		23,101	22,786	22,320	23,101	22,320
Payments to suppliers		14,065	14,239	13,780	14,056	13,718
Tax		111	0	0	111	0
GST (net)		(188)	(42)	64	(188)	64
		37,089	36,983	36,164	37,080	36,102
Net cash inflow/(outflow) from operating activities	18	2,021	1,983	2,427	2,025	2,520
CASH FLOWS FROM INVESTING ACTIVITIES						
Cash was provided from:						
Proceeds from sale of fixed assets		0	0	38	0	38
		0	0	38	0	38
Cash was applied to:						
Acquisition of term investments		0	0	1,000	0	1,000
Purchases of intangible assets		310	285	145	310	145
Purchase of property, plant & equipment		3,296	4,715	1,373	3,296	1,373
		3,606	5,000	2,518	3,606	2,518
Net cash inflow/(outflow) from investing activities		(3,606)	(5,000)	(2,480)	(3,606)	(2,480)
CASH FLOWS FROM FINANCING ACTIVITIES						
Cash was provided from:						
Increase in capital		0	0	0	0	0
Increase in loan	14	0	0	0	0	0
		0	0	0	0	0
Cash was applied to:						
Repayment of loan	14	0	0	0	0	0
		0	0	0	0	0
Net cash inflow/(outflow) from financing activities		0	0	0	0	0
Net increase/(decrease) in cash & cash equivalents		(1,585)	(3,017)	(53)	(1,581)	40
Add opening bank balance at 1 July		7,354	6,423	7,407	7,330	7,290
Cash & cash equivalents year end	7	5,769	3,406	7,354	5,749	7,330
Comprising:						
Cash & cash equivalents		5,769	3,406	7,354	5,749	7,330
Closing cash & cash equivalents		5,769	3,406	7,354	5,749	7,330

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

Explanation of major variances against budget is provided in note 27.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

1 STATEMENT OF ACCOUNTING POLICIES

A. REPORTING ENTITY

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

The Group consists of Radio New Zealand Limited and its subsidiary Sound Archives/Ngā Taonga Kōrero Limited (SANTK) which is 100% owned. Sound Archives/Ngā Taonga Kōrero Limited was incorporated in August 1998 and has operated the archive since 1 October 1998. On 26 July 2011 a charitable trust, called Radio New Zealand Concert Charitable Trust, was registered with the Charities Commission. The Trust has been consolidated into the Radio New Zealand Group result. The trust has since been renamed Concert Charitable Trust.

Radio New Zealand has been designated a Public Benefit Entity (PBE) under New Zealand International Financial Reporting Standards (NZ IFRS) and as such the potential conflict between the pursuits of core public service objectives set out in Radio New Zealand's Charter and more commercial profit-maximisation objectives is minimised.

Government and Shareholding Ministers have confirmed and strengthened Radio New Zealand's role as a public service broadcaster. They have waived the requirement for Radio New Zealand to pay a dividend and approved the Statement of Intent with minimal profit goals while still insisting on sound financial management.

The financial statements for Radio New Zealand are for the year ended 30 June 2014, and were approved by the Board on 31 October 2014.

B. BASIS OF PREPARATION

Statement of Compliance

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

These financial statements have been prepared in accordance with NZ GAAP as appropriate for public benefit entities and they comply with NZ IFRS.

C. MEASUREMENT BASE

The financial statements have been prepared on a historical cost basis, except where modified by the revaluation of certain items of property, plant and equipment, and the measurement of equity investments and derivative financial instruments at fair value.

D. FUNCTIONAL AND PRESENTATION CURRENCY

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

E. CHANGES IN ACCOUNTING POLICIES

There have been no significant changes in accounting policies during the year.

Early adopted amendments to standards

Standards, amendments, and interpretations issued that are not yet effective and have not been early adopted and which are relevant to Radio New Zealand, are:

- NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied to public entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a tier strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, Radio New Zealand is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means Radio New Zealand expects to transition to the new standards in preparing its 30 June 2015 financial statements.

Due to the change in the Accounting Standards Framework for the public entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standards Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

F. SIGNIFICANT ACCOUNTING POLICIES

The following significant assumptions underpin the financial statements:

The Crown has continued to fund Radio New Zealand's core activities; use of funds is restricted for the purpose of meeting its objectives as specified in the statement of intent.

Shareholding Ministers did not require Radio New Zealand to pay a dividend on their shareholding in the company. This was confirmed by the Minister of Broadcasting for the 2013-2014 income year.

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

The statements have been prepared on a going-concern basis.

i. Basis of Consolidation – Purchase Method

The consolidated financial statements include the parent company and its subsidiaries.

The subsidiaries are accounted for using the purchase method.

All significant inter-company transactions are eliminated on consolidation.

ii. Budget Figures

The budget figures are based on the high level budget approved by the Board in the Statement of Intent set at the beginning of the financial year. These 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 under NZ IFRS.

iii. Goods and Services Tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

iv. Taxation

Income Tax

Income tax expense comprises both current tax and deferred tax, and is calculated using tax rates that have been enacted or substantively enacted by balance date. Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised. Deferred tax is not recognised if temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit. Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Current tax and deferred tax is charged or credited to the statement of financial performance, except when it relates to items charged or credited directly to equity, in which case the tax is dealt within equity.

v. Debtors and Other Receivables

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Impairment of a receivable is established when there is objective evidence that Radio New Zealand will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, receivership or liquidation, and default in payments are considered indicators that the debt is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written-off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

vi. Cash & Cash equivalents

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

vii. Investments

Bank deposits

Investments in bank deposits are initially measured at fair value plus transaction costs. After initial recognition investments in bank deposits are measured at amortised cost using the effective interest method, less any provision for impairment. For bank deposits, impairment is established when there is objective evidence that Radio New Zealand will not be able to collect amounts due according to the original terms of the deposit. Significant financial difficulties of the bank, probability that the bank will enter receivership or liquidation, and default in payments are considerations that the deposit is impaired.

viii. Property, Plant and Equipment

Property, plant, and equipment consists of the following asset classes: land, buildings, leasehold improvements, plant and equipment (including transmission and studio equipment), furniture and fittings, computer assets and library assets.

Land is measured at fair value, and buildings are measured at fair value less accumulated depreciation and impairment losses. All other assets classes are measured at cost, less accumulated depreciation and impairment losses.

Revaluations

Land and buildings are revalued with sufficient regularity and at least every 3 years to ensure that the carrying amount does not differ materially from fair value.

The carrying values of revalued assets are assessed by independent valuers to ensure that they do not differ materially from fair value. If there is evidence supporting a material difference, then the off-cycle asset classes are revalued.

Land and building revaluation movements are accounted for on a class-of-asset basis.

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

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

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

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at its fair value as at the date of acquisition.

Disposals

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

Subsequent costs

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

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

ix. Depreciation

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

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

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

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

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

The sound archive collection is categorised as a heritage asset and as such is not normally depreciated.

x. Intangible assets

Software that is acquired is included under intangible assets. Also under this category are capital contribution payments made to suppliers for co-siting rights which relate to future periods set out in co-siting contracts.

Amortisation

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

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

Computer software	2 to 5 years
Capital contributions	Term of contract
Make good lease commitments	Term of lease

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

Impairment of property, plant, equipment and intangible assets

Property, plant, and equipment and intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where Radio New Zealand would, if deprived of the asset, replace its remaining economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written-down to the recoverable amount. For revalued assets, the impairment loss is recognised in other comprehensive income to the extent the impairment loss does not exceed the amount in the revaluation reserve in equity for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive income and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

xi. Redeemable Preference Shares

Redeemable preference shares held by the Government in Radio New Zealand are to be repaid at the option of the holder and are classified as a current liability in the statement of financial position.

xii. Employee Entitlements

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, and annual leave earned but not yet taken at balance date. A liability for sick leave is not accrued as unused sick leave entitlements are not carried forward at balance date.

Long-term employee entitlements

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

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

Expected future payments are discounted using market yields on government bonds at balance date with terms to maturity that match, as closely as possible, the estimated future cash outflows for entitlements. The inflation factor is based on the expected long-term increase in remuneration for employees.

Presentation of employee entitlements

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

xiii. Provisions

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

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

xiv. Equity

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

- general funds;
- property revaluation reserves; and
- fair value through other comprehensive reserves.

xv. Superannuation schemes

Defined contribution schemes

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

Defined benefit schemes

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

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

xvi. Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

xvii. Leases

Finance Leases

Radio New Zealand had no finance leases.

Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are recognised as incurred. Radio New Zealand leases its motor vehicles and the majority of its premises.

xviii. Financial Instruments

Radio New Zealand is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, debtors, creditors and loans. All financial instruments are recognised in the statement of financial position and all revenues and expenses in relation to financial instruments are recognised in the statement of comprehensive income.

All financial instruments are shown at their fair value.

xix. Cash Flow Statement

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

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

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

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

xx. Foreign Currency Transactions

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

xxi. Finance Costs

Radio New Zealand has a credit facility arrangement with its banker. Costs relating to the draw down of this facility are recognised in the statement of comprehensive income. No costs are attributed to the acquisition, construction or production of property, plant and equipment or other qualifying assets for the current year.

xxii. Revenue (Crown, other revenue, rental income and interest)

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Revenue from the Crown

Radio New Zealand is primarily funded through revenue received from the Crown, revenue from the Government through NZ On Air, from the Ministry for Culture and Heritage for specific purposes as outlined in its Charter and Statement of Intent, and Parliamentary Services as a fee for the broadcast of Parliament.

Revenue from the Crown is recognised as revenue when earned and is reported in the financial period to which it relates.

Other revenue is derived from broadcasting activities and rental income from lease receipts under operating leases which is recognised as revenue on a straight-line basis over the lease term. Interest from bank and term deposits is recognised using the effective interest method.

xxiii. Cost Allocation

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

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

Direct costs are charged directly to outputs. Indirect costs are charged to outputs based on cost drivers and related activity or usage information. Depreciation is charged on the basis of asset utilisation. Personnel costs are charged on the basis of actual time incurred. Property and other premises costs, such as maintenance, are charged on the basis of floor area occupied for the production of each output. Other indirect costs are assigned to outputs based on the proportion of actual usage of broadcasting infrastructure services and equipment. Business infrastructure costs are allocated according to the number of staff in each cost centre or actual usage.

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

xxiv. Critical accounting estimates and assumptions

In preparing these financial statements Radio New Zealand has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results.

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

Estimating the fair value of land and buildings:

The significant assumptions applied in determining the fair value of land and buildings are disclosed in note 11.

Estimating useful lives and residual value of property, plant and equipment:

At each balance date, the useful lives and residual values of property, plant and equipment are reviewed. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires a number of factors to be considered such as the physical condition of the asset, expected period of use of the asset by Radio New Zealand, and expected disposal proceeds from the future sale of the asset. An incorrect estimate of the useful life or residual value will affect the depreciation expense recognised in the surplus or deficit, and the carrying amount of the asset in the statement of financial position. Radio New Zealand minimises the risk of this estimation uncertainty by:

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

There are no changes from the previous year.

2 GOVERNMENT FUNDING & FEES

	GROUP ACTUAL 2014 \$000	GROUP ACTUAL 2013 \$000	PARENT ACTUAL 2014 \$000	PARENT ACTUAL 2013 \$000
NZ On Air	31,947	31,849	31,947	31,845
Ministry for Culture & Heritage	1,900	2,110	1,900	1,900
Parliamentary Services	1,250	1,249	1,250	1,249
Freeview	43	86	43	86
Total Government funding and fees	35,140	35,294	35,140	35,080

Radio New Zealand has been provided with funding from the Crown for the specific purposes as set out in its Charter, the Radio New Zealand Act 1995 and the Crown Entities Act 2004. Apart from the restrictions, there are no unfulfilled conditions or conditions attached to Government funding (2013:0).

3 OTHER INCOME

Rental income from property leases	548	704	548	704
Other-co-siting, transmission, sundry	2,889	2,266	2,889	2,518
Total other income	3,437	2,970	3,437	3,222

4 OPERATING EXPENSES

Directors' fees	184	189	184	189
Operating lease expenses	1,374	1,326	1,374	1,326
Property	695	994	695	994
Travel	623	564	622	562
Transmission	4,147	4,258	4,147	4,258
Programming	3,026	3,261	3,026	3,261
Advertising & publicity	276	355	276	355
Insurance	366	358	366	358
Impairment property, plant, equipment	2	110	2	110
Legal expenses	630	373	630	373
Restructuring	31	0	31	0
Consultancy fees	68	217	68	217
Other	1,566	1,527	1,565	1,537
Total operating expenses	12,988	13,532	12,986	13,540

5 DEPRECIATION & AMORTISATION

Depreciation	2,359	2,492	2,359	2,492
Amortisation	221	160	221	160
Total depreciation and amortisation	2,580	2,652	2,580	2,652

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

6 TAXATION

	GROUP ACTUAL 2014 \$000	GROUP ACTUAL 2013 \$000	PARENT ACTUAL 2014 \$000	PARENT ACTUAL 2013 \$000
Relationship between tax and accounting profit				
Net Surplus/ (deficit) before tax	13	5	17	46
Tax @ 28%	4	1	5	13
Plus/(less) the tax effect of:				
Non-deductible expenditure	22	9	20	9
Unrecognised temporary differences	0	0	0	0
Non-taxable income	(10)	(8)	(10)	(8)
Prior year adjustment	0	(79)	0	(79)
Unrecognised tax losses	(8)	12	0	0
Deferred tax adjustment	(145)	20	(145)	20
Tax expense/(benefit)	(137)	(45)	(130)	(45)
Components of tax expense				
Current tax expense	0	0	0	0
Deferred tax	(137)	(45)	(130)	(45)
	(137)	(45)	(130)	(45)

	PPE \$000	OTHER PROVISIONS \$000	TAX LOSSES \$000	TOTAL \$000
GROUP DEFERRED TAX ASSET (LIABILITY)				
Balance at 1 July 2012	(2,094)	692	169	(1,233)
Charged to income	84	106	(145)	45
Charged to comprehensive income	0	0	0	0
Balance at 30 June 2013	(2,010)	798	24	(1,188)
Balance at 1 July 2013	(2,010)	798	24	(1,188)
Charged to income	180	(69)	26	137
Charged to comprehensive income	(197)	0		(197)
Balance at 30 June 2014	(2,027)	729	50	(1,248)

The Parent Deferred Tax liability is \$1.257 million at 30 June 2014 (2013: \$1.188 million) and is substantially similar to the Group Deferred Tax Liability.

	GROUP ACTUAL 2014 \$000	GROUP ACTUAL 2013 \$000	PARENT ACTUAL 2014 \$000	PARENT ACTUAL 2013 \$000
IMPUTATION CREDIT ACCOUNT				
Imputation credits are available for use in subsequent periods.	1,288	1,373	1,284	1,369

7 CASH & CASH EQUIVALENTS

	GROUP ACTUAL 2014 \$000	GROUP ACTUAL 2013 \$000	PARENT ACTUAL 2014 \$000	PARENT ACTUAL 2013 \$000
Cash & call deposits	5,769	7,354	5,749	7,330
The carrying value of call deposits are at fair value.				

8 INVESTMENTS

Term Deposits	6,000	6,000	6,000	6,000
Current	6,000	6,000	6,000	6,000
Non-current	0	0	0	0

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

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

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

9 DEBTORS

Debtors	279	259	279	254
Provision for impairment	(10)	(18)	(10)	(18)
	269	241	269	236

The carrying value of receivables approximate their fair value.

As at 30 June 2014, all overdue receivables have been assessed for impairment and appropriate provision applied as follows:

	GROSS 2014 \$000	IMPAIRMENT 2014 \$000	NET 2014 \$000	GROSS 2013 \$000	IMPAIRMENT 2013 \$000	NET 2013 \$000
Not past due	231	0	231	189	0	189
Past due 1–30 days	8	0	8	44	0	44
Past due 31–60 days	30	0	30	5	0	5
Past due 61–90 days	0	0	0	3	0	3
Past due > 91 days	10	(10)	0	18	(18)	0
	279	(10)	269	259	(18)	241

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

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

	GROUP ACTUAL 2014 \$000	GROUP ACTUAL 2013 \$000	PARENT ACTUAL 2014 \$000	PARENT ACTUAL 2013 \$000
Balance at 1 July	18	20	18	20
Reversed during the year	(7)	0	(7)	0
Receivables written off during the year	(1)	(2)	(1)	(2)
Balance at 30 June	10	18	10	18

All intangible assets are owned by the parent.

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

10 INTANGIBLE ASSETS

	GROUP ACTUAL 2014 \$000	GROUP ACTUAL 2013 \$000	PARENT ACTUAL 2014 \$000	PARENT ACTUAL 2013 \$000
Software	520	428	520	428
Other ¹⁰	7	7	7	7
Total intangible assets	527	435	527	435

Movements for each class of intangible asset are as follows:

	SOFTWARE 2014 \$000	SOFTWARE 2013 \$000	OTHER 2014 \$000	OTHER 2013 \$000
Cost				
Balance at 1 July 2013	3,451	3,314	1,599	1,599
Additions	310	145	5	0
Disposals	(6)	(8)	0	0
Balance at 30 June 2014	3,755	3,451	1,604	1,599
Accumulated amortisation				
Balance at 1 July 2013	3,023	2,871	1,592	1,586
Amortisation expense	217	155	5	6
Disposals/impairment losses	(5)	(3)	0	0
Balance at 30 June 2014	3,235	3,023	1,597	1,592
Carrying amounts as at 30 June 2014	520	428	7	7

All intangible assets are owned by the parent.

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

10. Other consists of capital contributions paid to Kordia for co-siting services.

11 PROPERTY, PLANT AND EQUIPMENT

GROUP	LAND \$000	BUILDINGS \$000	LEASEHOLD IMPROVEMENTS \$000	PLANT & EQUIPMENT \$000	LIBRARIES \$000	COMPUTER HARDWARE \$000	FURNITURE & FITTINGS \$000	TOTAL \$000
COST OR VALUATION								
Balance 1 July 2012	27,888	7,233	5,505	24,970	3,833	5,714	4,271	79,414
Additions	0	0	83	439	0	666	397	1,585
Revaluation movement	0	0	0	0	0	0	0	0
Disposals	0	0	(93)	(59)	0	(69)	(34)	(255)
Adjustments	0	0	0	0	0	0	0	0
Work in progress transfer	0	92	25	(24)	117	(151)	(204)	(145)
Balance 30 June 2013	27,888	7,325	5,520	25,326	3,950	6,160	4,430	80,599
Balance 1 July 2013	27,888	7,325	5,520	25,326	3,950	6,160	4,430	80,599
Additions	0	1,607	172	875	0	748	204	3,606
Revaluation movement	3,127	(1,097)	0	0	0	0	0	2,030
Disposals	0	0	(10)	(51)	0	(7)	(28)	(96)
Adjustments	0	0	0	(200)	0	0	0	(200)
Work in progress transfer	0	0	(25)	(9)	111	(300)	(87)	(310)
Balance 30 June 2014	31,015	7,835	5,657	25,941	4,061	6,601	4,519	85,629
ACCUMULATED DEPRECIATION & IMPAIRMENT LOSSES								
Balance 1 July 2012	0	641	5,132	17,375	1,612	4,264	3,513	32,537
Depreciation expense	0	601	126	863	241	449	212	2,492
Eliminate on disposal	0	0	(42)	(16)	0	(67)	(27)	(152)
Adjustments	0	0	0	0	0	0	0	0
Eliminate on revaluation	0	0	0	0	0	0	0	0
Impairment losses	0	0	0	0	0	0	0	0
Balance 30 June 2013	0	1,242	5,216	18,222	1,853	4,646	3,698	34,877
Balance 1 July 2013	0	1,242	5,216	18,222	1,853	4,646	3,698	34,877
Depreciation expense	0	587	109	847	210	402	204	2,359
Eliminate on disposal	0	0	(10)	(51)	0	(6)	(29)	(96)
Adjustments	0	0	0	(200)	0	0	0	(200)
Eliminate on revaluation	0	(1,802)	(6)	0	0	0	0	(1,808)
Impairment losses	0	0	0	0	0	0	0	0
Balance 30 June 2014	0	27	5,309	18,818	2,063	5,042	3,873	35,132
Carrying amounts								
At 30 June 2012	27,888	6,592	373	7,595	2,221	1,450	758	46,877
At 30 June 2013	27,888	6,083	304	7,104	2,097	1,514	732	45,722
At 30 June 2014	31,015	7,808	348	7,123	1,998	1,559	646	50,497

The total amount of property, plant and equipment in the course of construction is \$1,282,886 (2013: \$591,000).

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

PARENT	LAND \$000	BUILDINGS \$000	LEASEHOLD IMPROVEMENTS \$000	PLANT & EQUIPMENT \$000	LIBRARIES \$000	COMPUTER HARDWARE \$000	FURNITURE & FITTINGS \$000	TOTAL \$000
COST OR VALUATION								
Balance 1 July 2012	27,888	7,233	5,505	24,970	3,033	5,714	4,271	78,614
Additions	0	0	83	439	0	666	397	1,585
Revaluation movement	0	0	0	0	0	0	0	0
Disposals	0	0	(93)	(59)	0	(69)	(34)	(255)
Adjustments	0	0	0	0	0	0	0	0
Work in progress transfer	0	92	25	(24)	117	(151)	(204)	(145)
Balance 30 June 2013	27,888	7,325	5,520	25,326	3,150	6,160	4,430	79,799
Balance 1 July 2013	27,888	7,325	5,520	25,326	3,150	6,160	4,430	79,799
Additions	0	1,607	172	875	0	748	204	3,606
Revaluation movement	3,127	(1,097)	0	0	0	0	0	2,030
Disposals	0	0	(10)	(51)	0	(7)	(28)	(96)
Adjustments	0	0	0	(200)	0	0	0	(200)
Work in progress transfer	0	0	(25)	(9)	111	(300)	(87)	(310)
Balance 30 June 2014	31,015	7,835	5,657	25,941	3,261	6,601	4,519	84,829
ACCUMULATED DEPRECIATION & IMPAIRMENT LOSSES								
Balance 1 July 2012	0	641	5,132	17,375	1,612	4,264	3,513	32,537
Depreciation expense	0	601	126	863	241	449	212	2,492
Eliminate on disposal	0	0	(42)	(16)	0	(67)	(27)	(152)
Adjustments	0	0	0	0	0	0	0	0
Eliminate on revaluation	0	0	0	0	0	0	0	0
Impairment losses	0	0	0	0	0	0	0	0
Balance 30 June 2013	0	1,242	5,216	18,222	1,853	4,646	3,698	34,877
Balance 1 July 2013	0	1,242	5,216	18,222	1,853	4,646	3,698	34,877
Depreciation expense	0	587	109	847	210	402	204	2,359
Eliminate on disposal	0	0	(10)	(51)	0	(6)	(29)	(96)
Adjustments	0	0	0	(200)	0	0	0	(200)
Eliminate on revaluation	0	(1,802)	(6)	0	0	0	0	(1,808)
Impairment losses	0	0	0	0	0	0	0	0
Balance 30 June 2014	0	27	5,309	18,818	2,063	5,042	3,873	35,132
CARRYING AMOUNTS								
At 30 June 2012	27,888	6,592	373	7,595	1,421	1,450	758	46,077
At 30 June 2013	27,888	6,083	304	7,104	1,297	1,514	732	44,922
At 30 June 2014	31,015	7,808	348	7,123	1,198	1,559	646	49,697

The total amount of property, plant and equipment in the course of construction is \$1,282,886 (2013: \$591,000).

VALUATION

Radio New Zealand Limited has significant library and music collections. Property, plant and equipment values are reflected in the statement of financial position at their fair value. Land and buildings were valued by AbsoluteValue NZ, registered public valuers in 2014.

The reference library was valued at the original valuation of \$400,000 and the music library was valued at \$1.4 million.

The music library valuation was completed by Rolle Limited (independent valuers) as at 30 June 2003.

The company's 100% owned subsidiary, Sound Archives/Ngā Taonga Kōrero Limited, has a substantial archival collection of valuable radio recordings, which is valued at \$800,000. This valuation was reviewed by the Director of Sound Archives/Ngā Taonga Kōrero Limited as at 30 June 2014 and as no impairment was assessed has been left unchanged from last valuation effective 30 June 2013.

Depreciation has not been charged on the archival assets collection in 2013-2014.

12 CREDITORS AND OTHER PAYABLES

	GROUP ACTUAL 2014 \$000	GROUP ACTUAL 2013 \$000	PARENT ACTUAL 2014 \$000	PARENT ACTUAL 2013 \$000
Creditors	1,133	1,603	1,132	1,601
Accrued expenses	344	652	340	646
	1,477	2,255	1,472	2,247

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

13 EMPLOYEE ENTITLEMENTS

Current	2,420	2,291	2,420	2,291
Non-current long service leave	84	80	84	80
	2,504	2,371	2,504	2,371
This is represented by:				
Annual leave	1,732	1,710	1,732	1,710
Other & accrued salaries	679	581	679	581
Long service leave	93	80	93	80
	2,504	2,371	2,504	2,371

The present value of long service leave obligations depends on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the inflation factor. Any changes in these assumptions will affect the carrying amount of the liability.

Expected future payments are discounted using forward discount rates derived from the yield curve of New Zealand government bonds. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows. The salary inflation factor has been determined after considering historical salary inflation patterns and after obtaining advice from an independent actuary. A weighted average discount rate of 4.4% (2013: 3.8%) and an inflation factor of 3.5% were used.

If the discount rate were to differ by 1% from that used, with all other factors held constant, the carrying amount of the long service leave would be an estimated \$1,460 higher/lower.

If the salary inflation factor were to differ by 1% from that used, with all other factors held constant, the carrying amount of the long service leave liability would be an estimated \$4,241 higher/lower.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

14 BANK LOAN

	GROUP ACTUAL 2014 \$000	GROUP ACTUAL 2013 \$000	PARENT ACTUAL 2014 \$000	PARENT ACTUAL 2013 \$000
Multi option credit line	0	0	0	0

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

Radio New Zealand has an overdraft facility of \$250,000. This was used twice during the year in error when the transfer of funds from the online deposit account wasn't completed. Interest of \$465 was incurred.

Radio New Zealand has a credit card facility to the value of \$450,000.

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

15 PROVISIONS

Represented by:

Current	0	0	0	0
Non-current – lease make good/other	999	961	999	961

An Employment Court ruling had required Radio New Zealand to place \$3,000 in a separate bank account pending the outcome of an employment dispute with a previous employee.

In respect to three of its leased premises, Radio New Zealand is required, at the expiry of the lease term, to make good any damage caused from installed fixtures and fittings and to remove any fixtures or fittings installed. This provision is \$996,426 (2013: \$958,129) and \$38,298 in finance costs in relation to the future valuing of its make good provisions is included.

Movements for Provisions:	Lease make good & other
Balance at 1 July 2012	892
Make good	20
Movements – financing costs	49
Balance at 30 June 2013	961
Balance at 1 July 2013	961
Movements – financing costs	38
Balance at 30 June 2014	999

16 REDEEMABLE PREFERENCE SHARES

Preference shares on issue at 30 June 2014 were reclassified from equity in 2007 to liabilities in 2008.

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

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

Redeemable preference shares have the following rights:

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

For 2013-2014 the Shareholding Ministers advised that Radio New Zealand is not required to pay a dividend.
- (c) On redemption, the company shall redeem the preference shares in cash by repaying the capital paid up or credited as paid up. Shareholding Ministers did not require Radio New Zealand to pay a dividend on their shareholding in the company. This was confirmed by the Minister of Broadcasting for the 2013-2014 income year.

17 EQUITY

	GROUP ACTUAL 2014 \$000	GROUP ACTUAL 2013 \$000	PARENT ACTUAL 2014 \$000	PARENT ACTUAL 2013 \$000
SHARE CAPITAL				
Ordinary \$1 shares				
Ordinary shares have the following rights:				
(a) Normal voting rights				
(b) No fixed dividend rights				
Balance at 1 July	16,692	16,692	16,692	16,692
Issue ordinary shares	0	0	0	0
Balance at 30 June	16,692	16,692	16,692	16,692
REVALUATION RESERVE				
Balance at 1 July	26,232	26,232	25,432	25,432
Revaluation land	3,127	0	3,127	0
Revaluation buildings	710	0	710	0
Tax on Revaluation	(197)	0	(197)	0
Balance at 30 June	29,872	26,232	29,072	25,432
At the end of the year ended 30 June 2014 Radio New Zealand revalued its owned land and building throughout New Zealand to current market value. The independent valuation was performed by AbsoluteValue NZ, registered public valuers.				
RETAINED EARNINGS				
Retained earnings				
Balance at 1 July	6,446	6,396	6,461	6,370
Net surplus/ (deficit)	150	50	147	91
Other comprehensive income	0	0	0	0
Balance at 30 June	6,596	6,446	6,608	6,461

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

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

For the year ended 30 June 2014

	GROUP ACTUAL 2014 \$000	GROUP ACTUAL 2013 \$000	PARENT ACTUAL 2014 \$000	PARENT ACTUAL 2013 \$000
Net surplus/(deficit) before taxation	13	5	17	46
Add/(less) non-cash items:				
Depreciation & amortised expenses	2,580	2,652	2,580	2,652
Bad debts written off	0	0	0	0
Change in provision for impaired debts	(8)	(2)	(8)	(2)
Impaired property, plant and equipment	3	110	3	110
Financing costs – make good provision	38	49	38	49
Donated assets income	(28)	(28)	(28)	(28)
Capitalised labour	(48)	(36)	(48)	(36)
Non-current – long service leave movement	4	(2)	4	(2)
Other	71	18	73	18
Total non-cash items	2,612	2,761	2,614	2,761
Add/(less) items classified as investing activities:				
Net (gain)/loss on sale of fixed assets	0	(38)	0	(38)
Add/(less) movements in working capital items:				
Decrease/(increase) in receivables	(28)	(31)	(33)	(27)
Decrease/(increase) in tax refundable	(111)	0	(111)	0
Decrease/(increase) in prepayments/other receivables	183	(267)	183	(303)
Decrease/(increase) in intangibles	0	0	0	0
Increase/(decrease) in creditors/accruals	(778)	198	(775)	282
Increase/(decrease) in provisions	0	(150)	0	(150)
Increase/(decrease) in current employee entitlements	129	0	129	0
Increase/(decrease) in provision for tax	0	0	0	0
Increase/(decrease) in revenue received in advance	1	(51)	1	(51)
Working capital movement – net	(604)	(301)	(606)	(249)
Net cash flow from operating activities	2,021	2,427	2,025	2,520

19 COMMITMENTS

	GROUP ACTUAL 2014 \$000	GROUP ACTUAL 2013 \$000	PARENT ACTUAL 2014 \$000	PARENT ACTUAL 2013 \$000
Capital commitments	20	38	20	38
Non-cancellable operating lease commitments:				
– not later than one year	555	1,220	555	1,220
– later than one year and less than five years	396	534	396	534
– later than five years	235	55	235	55
Total non-cancellable operating lease commitments	1,186	1,809	1,186	1,809
Other non-cancellable operating commitments:				
– not later than one year	4,238	4,560	4,238	4,560
– later than one year and less than five years	4,995	6,815	4,995	6,815
– later than five years	0	0	0	0
	9,233	11,375	9,233	11,375
Total non-cancellable commitments	10,419	13,184	10,419	13,184

Radio New Zealand leases properties in Wellington, Christchurch, and Dunedin and in a number of regional areas of New Zealand. The main leases expire between 2014 and 2017.

There are restrictions on these leases to “make good” the property at the end of the lease. Radio New Zealand has recognised this future liability by creating a provision in its statement of financial position.

20 CONTINGENT LIABILITIES

Legal proceedings and disputes	310	610	310	610
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Radio New Zealand has one contingent liability in relation to defamation action from its operations. This action is being taken by a former employee.

21 CONTINGENT ASSETS

There are no quantifiable contingent assets (2013: nil).

During 2010-2011 Radio New Zealand suffered some damage from the series of Canterbury earthquakes. As at balance date the estimate of damages could amount to more than \$1 million. Under its insurance policies, material damage and business interruption, claims have been filed and to date \$522,282 (exclusive of GST) of claims receipts have been received.

During the year Radio New Zealand successfully defended a long-standing employment dispute in which costs were awarded to Radio New Zealand. No estimate of costs has been declared as a contingent asset as certainty of amount has not been established or the ability to collect.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

22 RELATED PARTY TRANSACTIONS, KEY MANAGEMENT PERSONNEL AND EMPLOYEE REMUNERATION

All related party transactions have been entered into on an arm's length basis. Radio New Zealand is a wholly owned limited liability company of the Crown. The shares are held in equal portions by the Minister of Broadcasting and the Minister of Finance.

A. SIGNIFICANT TRANSACTIONS WITH GOVERNMENT-RELATED ENTITIES

Radio New Zealand received funding of \$31.816 million (2013: \$31.849 million) from NZ On Air for the year ended 30 June 2014. The contract between the two parties for broadcasting services prescribes the services which must be provided in relation to transmission coverage and hours, types of programmes to be broadcast, and also places restrictions on advertising.

In a separate agreement for the year ended 30 June 2014, \$131,333 (2013: \$0) funding was received from NZ On Air for *The Wireless*, a Radio New Zealand digital programme on the web for "Fresh Voices", that explores contributions from new talent.

Radio New Zealand International, a division of Radio New Zealand Limited, received funding of \$1.90 million (2013: \$1.90 million) from the Ministry for Culture and Heritage for the year ended 30 June 2014.

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

In conducting its activities, Radio New Zealand is required to pay various taxes (such as GST, FBT, PAYE and ACC levies) to the Crown. The payment of these taxes and levies are based on the standard terms and conditions that apply to all tax and levy payers. Income tax is calculated under existing income tax legislation of New Zealand. Radio New Zealand purchases goods and services from entities controlled, significantly influenced, or jointly controlled by the Crown. Purchases from these government-related entities for the year ended 30 June 2014 totalled \$3.14 million (2013: \$3.13 million). These purchases include the broadcast frequency rights from the Ministry of Economic Development, technical services from Kordia, weather information from the Meteorological Service of New Zealand and a levy to the Broadcasting Standards Authority.

C. INTER-GROUP TRANSACTIONS

An amount of \$1,380 (2013: \$3,007) was transacted between Radio New Zealand and the Concert Charitable Trust during the year. This was for accounting and administration services provided to the trust.

D. KEY MANAGEMENT AND DIRECTORS

There are no material transactions between directors and senior management and Radio New Zealand Limited in any capacity other than that for which they are employed. The Chief Executive, Paul Thompson, is a director of Sound Archives/Ngā Taonga Kōrero Limited, a 100% owned subsidiary company of Radio New Zealand Limited.

The Deputy Chief Executive, Ken Law, is a director of Freeview Limited. Radio New Zealand has 5% of the shares in the company.

During the year, Radio New Zealand paid Freeview Limited \$21,245 for its 5% share of operational funding (2013: \$37,487).

Freeview Limited paid Radio New Zealand \$43,000 as part of its share of Government funding (2013: \$86,000).

Two Board members (Richard Griffin and Josh Easby) are trustees of the Concert Charitable Trust.

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

E. KEY MANAGEMENT PERSONNEL COMPENSATION

	GROUP ACTUAL 2014 \$000	GROUP ACTUAL 2013 \$000	PARENT ACTUAL 2014 \$000	PARENT ACTUAL 2013 \$000
Salaries & employee benefits	2,197	1,928	2,197	1,928
Post-employment benefits	0	0	0	0
Other long-term benefits	0	0	0	0
Termination benefits	0	0	0	0

Key management personnel include eight Board members, the Chief Executive and the former Chief Executive (retired July 2013), nine members of the senior management group and two other senior managers (in 2013, key management personnel included seven Board members, the Chief Executive, nine members of the senior management group and two other senior managers).

F. EMPLOYEE REMUNERATION

Details of the remuneration range for employees whose remuneration is over \$100,000 for the year ended 30 June 2014 are:

REMUNERATION RANGES FOR EMPLOYEES	NUMBER OF EMPLOYEES	
	2014	2013
\$100,000 – 109,999	7	4
\$110,000 – 119,999	10	8
\$120,000 – 129,999	3	5
\$130,000 – 139,999	3	2
\$140,000 – 149,999	3	2
\$170,000 – 179,999	1	0
\$180,000 – 189,999	1	1
\$210,000 – 219,999	1	1
\$240,000 – 249,999	1	0
\$360,000 – 369,999	1	1
Total number of employees in these ranges	31	24

During the year ended 30 June 2014, an additional payment of \$10,000 was made to the previous Chief Executive at the end of his term to assist him in seeking future employment opportunities.

There were no other compensation payments in relation to cessation of employment (2013:\$0) and no redundancy payments (2013:\$0).

23 BOARD MEMBERS' REMUNERATION

DIRECTORS' REMUNERATION

The following persons held office as director during the year and received the following remuneration as directors of Radio New Zealand Limited.

No Board member received compensation or other benefits in relation to cessation (2013:0).

	2014	2013
	\$	\$
Richard Griffin – Chair	42,500	42,500
Josh Easby – Deputy Chairman	26,000	31,000
Gary Monk – Chairman Audit Committee	29,500	29,500
Rt Hon. Paul East QC CNZM (retired 30 April 2014)	17,917	21,500
Tiwana Tibble	21,500	21,500
Sheena Henderson	21,500	21,500
Jane Taylor	21,500	21,500
Melissa Clark-Reynolds (appointed 1 May 2014)	3,583	0
Total Board member remuneration	184,000	189,000

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

24 EVENTS AFTER THE REPORTING DATE

The Chief Executive is restructuring the operations of Radio New Zealand to meet increasing demands for multimedia news and entertainment programmes and also to attract a greater audience share. As a consequence some redundancies may result.

25 FINANCIAL INSTRUMENTS

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

A. MARKET RISK

Radio New Zealand has no equity investments exposed to price risk as at 30 June 2014.

B. FAIR VALUE INTEREST RATE RISK

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

C. CASH FLOW INTEREST RATE RISK

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

D. CURRENCY RISK

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

Radio New Zealand purchases goods and services overseas which require it to enter into transactions denominated in foreign currencies. As at 30 June 2014 Radio New Zealand had no foreign exchange forward contracts.

E. CREDIT RISK

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

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

Credit quality of financial assets

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

	2014 \$000	2013 \$000
Counterparties with credit ratings		
Cash at bank and term deposits	11,769	13,354
AA rating		

F. LIQUIDITY RISK

Management of liquidity risk

Liquidity risk is the risk that Radio New Zealand will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and the ability to close out market positions. Radio New Zealand has no borrowings or loans other than its preference shares. Shareholding Ministers have indicated they will not require redemption against the shares in 2013-2014. Radio New Zealand mostly manages liquidity risk by continuously monitoring forecast and actual cash flow requirements.

Contractual maturity analysis of financial liabilities, excluding derivatives:

	CARRYING AMOUNT \$000	CONTRACTUAL CASH FLOWS \$000	LESS THAN 6 MONTHS \$000	6-12 MONTHS \$000	LATER THAN 1 YEAR \$000
2013 Creditors and other payables	2,255	2,255	2,255	0	0
2014 Creditors and other payables	1,477	1,477	1,477	0	0

26 CAPITAL MANAGEMENT

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

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

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

27 EXPLANATION OF SIGNIFICANT VARIANCES AGAINST BUDGET

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

A. STATEMENT OF COMPREHENSIVE INCOME

Revenue and expenditure were both less than 1% under budget for the year and resulted in a small operational surplus of \$13,000 against a budget surplus of \$50,000. Government funding for Freeview was budgeted at \$86,000 but only \$43,000 was received as the contract was not renewed. Other sundry income was less than 5% under budget – rental income in Auckland was the main contributor to the variance where an optimistic budget was set.

An insurance receipt of \$487,000 was paid in relation to material and business interruption damage received in the 2011 Canterbury earthquakes against \$500,000 budgeted. Depreciation was lower than budgeted, coinciding with a lower capital expenditure compared to budget where a large project had not proceeded. Audit New Zealand increased its fees \$23,000. Income tax was not budgeted for as previous tax losses were thought to be sufficient to offset any income tax for the current year. Though provisional tax was paid to reduce any potential for arrears payments to the IRD, a tax benefit was determined for 2013-2014.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

B. STATEMENT OF FINANCIAL POSITION

Land and buildings were revalued at the end of the year and resulted in an increased value of \$3.8 million. This was not provided for in the budget due to the difficulty in estimating movements in valuations.

Non-current property, plant and equipment was higher than budget largely due to the revaluation.

Other large capital projects such as the Christchurch premise rebuild not beginning resulted in higher balances of cash and investments.

C. CASH FLOW STATEMENT

Cash flow from operating activities was marginally ahead of budget. Cash flow from investing activities was under budget. A major development in Canterbury to replace the previous premise which was demolished after the damage caused by the 2011 earthquakes had not started.

As a consequence cash balances are ahead of budget by \$2.3 million.

Statement of Service Performance

FOR THE YEAR ENDED 30 JUNE 2014

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Statement of Service Performance

FOR THE YEAR ENDED 30 JUNE 2014

This statement reports on the performance of Radio New Zealand Limited in relation to the key performance indicators set out in its statement of intent for the year ended 30 June 2014.

	RADIO NEW ZEALAND NATIONAL 2014 \$000	RADIO NEW ZEALAND CONCERT 2014 \$000	CONCERT CHARITABLE TRUST 2014 \$000	RADIO NEW ZEALAND INTERNATIONAL 2014 \$000	GROUP TOTAL 2014 \$000
RECONCILIATION OF OUTPUT FINANCIAL STATEMENTS TO GROUP NET SURPLUS/[DEFICIT] BEFORE TAX					
INCOME					
NZ on Air funding – Radio New Zealand	27,262	4,685			31,947
Freeview	22	21			43
Ministry for Culture and Heritage funding				1,900	1,900
Other revenue	4,251	493		325	5,069
Total income	31,535	5,199	-	2,225	38,959
EXPENDITURE					
Operating costs	31,497	5,193	5	2,251	38,946
Total expenditure	31,497	5,193	5	2,251	38,946
Net surplus/(deficit)	38	6	(5)	(26)	13

To achieve the desired outcomes the performance of Radio New Zealand outputs were measured against predefined service standards. Those service standards were derived from industry best practice and research undertaken by Radio New Zealand. Service standards were grouped as follows:

Programme content, accessibility and availability.	Service quality and value to New Zealanders.	Cost of output financial performance.
<ul style="list-style-type: none"> Through audience consultation Radio New Zealand's networks have developed relevant programming schedules, reflective of its Charter commitment and the need to influence societal outcomes. Radio New Zealand measures the number of hours of programming by its fit with Charter requirements. Accessibility of the service will be determined by the level of traditional live listening audiences and the level of online access to our audio-on-demand services. Radio New Zealand requires services to be available to audiences through a variety of platforms. 	<ul style="list-style-type: none"> A number of quality measures have been developed to assess the cost of delivering Radio New Zealand's services in terms of audience and broadcasting hours. In determining the quality of programming Radio New Zealand will report on the number of complaints upheld by the Broadcasting Standards Authority. Research will be undertaken to assess audience satisfaction levels with programming and the levels of awareness and value New Zealanders place on Radio New Zealand. 	<ul style="list-style-type: none"> The cost of delivering each output will be determined, detailing expected funding, expenditure and net surplus or deficit.

Programme Content, Accessibility and Availability

PROGRAMMING:

Radio New Zealand programming is measured in terms of the content fit against the objectives set out in the Radio New Zealand Charter. These Charter categories are the foundation to societal impacts that Radio New Zealand seeks to bring to New Zealanders.

CHARTER CATEGORY ¹¹	PERFORMANCE AT YEAR END						
	RADIO NEW ZEALAND NATIONAL			RADIO NEW ZEALAND CONCERT			
	2014 (ACTUAL)	2014 (FORECAST)	2013 (ACTUAL)	2014 (ACTUAL)	2014 (FORECAST)	2013 (ACTUAL)	
A	Programming that is predominantly and distinctively of New Zealand.	92%	92%	92%	17%	16%	17%
B	Programming that informs, entertains and enlightens the people of New Zealand.	96%	96%	96%	100%	100%	100%
C	Programming that is challenging, innovative and engaging.	98%	97%	98%	100%	100%	100%
D	Programming that fosters critical thought, information and wide-ranging debate thereby contributing to greater tolerance and understanding.	96%	95%	96%	not applicable		
E	Programming that stimulates, supports and reflects the diversity of cultural expression including drama, comedy, literature and the performing arts.	87%	87%	87%	96%	97%	96%
F	Programming that stimulates, supports and reflects a wide range of music, including New Zealand composition and performance.	11%	10%	12%	96%	97%	96%
G	Programming that reflects New Zealand's cultural identity, including Maori language and culture.	92%	92%	92%	17%	16%	17%
H	Programming that provides awareness of the world and of New Zealand's place in it.	75%	74%	75%	8%	4%	10%
I	Programming that provides comprehensive, independent, accurate, impartial and balanced regional, national and international news and current affairs.	47%	47%	46%	4%	3%	4%
J	Balance programmes of special interest with those of wide appeal recognising the interest of all age groups.	96%	96%	96%	9%	8%	9%
K	Programming that contributes towards intellectual and spiritual development.	86%	85%	85%	100%	100%	100%

EIGHTEEN OF THE TWENTY ONE TARGETS HAVE BEEN ACHIEVED

The variances of the three measures not achieved were less than 1% and not considered material.

11. 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. Radio New Zealand Concert programming does not contribute to Charter Category D.

MEASURES	PERFORMANCE AT YEAR END		
	2014 (ACTUAL)	2014 (FORECAST)	2013 (ACTUAL)
Radio New Zealand International			
Number of morning sessions broadcast ¹²	308	306	306
Number of afternoon and evening sessions broadcast	242	239	239
ALL TARGETS HAVE BEEN ACHIEVED			

The Concert Charitable Trust			
The Concert Charitable Trust will sponsor live performances, competitions, community festivals or musician development opportunities	2	1	not previously measured
The Concert Charitable Trust will make available recordings of sponsored performances to Radio New Zealand for broadcasting	4 hrs	2 hrs	not previously measured
ALL TARGETS HAVE BEEN ACHIEVED			

ACCESSIBILITY:

Accessibility is measured in terms of the level of use of Radio New Zealand services across its different service delivery platforms.

MEASURES	PERFORMANCE AT YEAR END		
	2014 (ACTUAL)	2014 (FORECAST)	2013 (ACTUAL)
Radio New Zealand National cumulative live listening audience	503,000	398,000	491,000
Radio New Zealand Concert cumulative live listening audience	138,000	127,000	108,000
Radio New Zealand number of download requests met	3.5 million	3.5 million	3.5 million
Primary coverage of Radio New Zealand International transmissions	French Polynesia, Cook Islands, Tokelau, Samoa, American Samoa, Niue, Tonga, Wallis and Futuna, Fiji, Tuvalu, New Caledonia and Vanuatu		
Secondary coverage of Radio New Zealand International transmissions	the Solomon Islands, Papua New Guinea, Nauru and Kiribati		
General coverage of Radio New Zealand International transmissions	Asia/Pacific and Pacific rim including: Federated States of Micronesia, Marshall Islands and Palau		
Increased demand to access Radio New Zealand International online at rnzi.com ¹³	1.64 million	1.6 million	1.6 million
ALL TARGETS HAVE BEEN ACHIEVED			

12. The forecasts for 2013-2015 are the minimum number of sessions that would be broadcast; however, numbers can vary slightly depending on which day of the week a statutory holiday may fall.

13. During 2013-14 rnzi.com was incorporated into the radionz.co.nz website as a Pacific section providing access to the Radio New Zealand International news, programmes, schedules and listening options. The figure is the total page impressions for rnzi.com and radionz.co.nz/international.

AVAILABILITY:

Availability is measured in terms of the coverage¹⁴ or reach of the service and the level of availability other than time lost for planned maintenance.

MEASURES	PERFORMANCE AT YEAR END		
	2014 (ACTUAL)	2014 (FORECAST)	2013 (ACTUAL)
AM network coverage of Radio New Zealand National	94%	94%	94%
FM network coverage of Radio New Zealand National	90%	90%	90%
FM network coverage of Radio New Zealand Concert	92%	92%	92%
Sky (satellite) coverage	100%	100%	100%
Freeview (satellite) coverage	100%	100%	100%
AM and FM network availability of Radio New Zealand National	99.97%	99.9%	99.99%
Shortwave network availability of Radio New Zealand International	99.7%	99.9%	99.8%
Website availability ¹⁵ of radionz.co.nz and rnzi.com	99.96%	99.9%	99.99%

SEVEN OF THE EIGHT TARGETS HAVE BEEN ACHIEVED

The variance from forecast of the actual availability of the Radio New Zealand International shortwave network was 0.2% and is not considered material.

14. Coverage is measured in terms of percentage of the total resident New Zealand population able to receive the network signal.

15. Other than time lost for planned maintenance.

Service Quality and Value to New Zealanders

SERVICE QUALITY:

Quality is measured in terms of listener satisfaction with programming and hours of good quality broadcasting to the Pacific region.

MEASURES	PERFORMANCE AT YEAR END		
	2014 (ACTUAL)	2014 (FORECAST)	2013 (ACTUAL)
The percentage of Radio New Zealand National listeners who are satisfied or very satisfied with Radio New Zealand National programming ¹⁶	84%	89%	90%
The percentage of Radio New Zealand Concert listeners who are satisfied or very satisfied with Radio New Zealand Concert programming	77%	80%	74%
Radio New Zealand National – number of complaints upheld against any one category by the Broadcasting Standards Authority	one	< 3	< 3
Radio New Zealand Concert – number of complaints upheld against any one category by the Broadcasting Standards Authority	nil	< 3	< 3
Primary coverage ¹⁷ areas of the Pacific region will have access to good quality ¹⁸ reception (average hours available per day).	16	16	16
Secondary coverage areas of the Pacific region will have access to good quality reception (average hours available per day).	8	8	8
General coverage areas of the Pacific region will have access to good quality reception (average hours available per day).	4	4	4

FIVE OF THE SEVEN TARGETS HAVE BEEN ACHIEVED

During the latter part of the reporting period Radio New Zealand implemented a number of changes to some of its key Radio New Zealand National programmes. It can take a period of time for listeners to adjust to programming changes of this nature and it is not uncommon to see fluctuations in satisfaction levels until the changes become well established with listeners. Radio New Zealand Concert listener satisfaction with programming had improved on the previous year and minor changes to the programming schedules during the reporting period could see further improvements in the listener satisfaction level during 2014-2015.

16 Source: Radio New Zealand Listener Surveys: Programme satisfaction results are based on a five point scale of very satisfied to very unsatisfied. Margins for error apply.

17. See pages 9 and 10 for an explanation of coverage.

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

VALUE TO NEW ZEALANDERS:

Value is measured in terms of costs per broadcast hour and audience and New Zealanders' perceptions of service awareness and value.

MEASURES	PERFORMANCE AT YEAR END		
	2014 (ACTUAL)	2014 (FORECAST)	2013 (ACTUAL)
Radio New Zealand's debt/equity ratio	1:5	1:5	1:5
Radio New Zealand overheads as a percentage of gross operating expenditure	15%	15%	15%
Radio New Zealand National cost per broadcast hour ¹⁹	\$3,596	\$3,600	\$3,543
Radio New Zealand Concert cost per broadcast hour	\$593	\$576	\$559
Radio New Zealand International cost per broadcast hour	\$257	\$261	\$259
Total Radio New Zealand National operating costs per head: live listening audience ²⁰	\$63	\$79	\$76
Total Radio New Zealand Concert operating costs per head: live listening audience	\$38	\$40	\$38
Total Radio New Zealand National and Radio New Zealand Concert operating costs per download requests met ²¹	\$10	\$9	\$9
The cost of administration and overheads for the Concert Charitable Trust will be efficiently managed to maximise cost effectiveness	100%	≤12%	not previously measured
Audience research: The percentage of New Zealanders who ²² :			
• think that it is important for New Zealand to have a public service radio broadcaster	88%	88%	86%
• think that Radio New Zealand provides a valuable service for New Zealanders	80%	79%	77%
• are aware of Radio New Zealand National	69%	73%	71%
• are aware of Radio New Zealand Concert.	54%	57%	54%

EIGHT OF THE THIRTEEN TARGETS HAVE BEEN ACHIEVED

The variance from forecast for Concert cost per broadcast hour is 2.9% and not considered material. The Concert Charitable Trust received no donations during 2013-2014 and all the expenditure incurred related to administration and overheads. It did however co-host a concert in Auckland with the Play it Strange Trust. That trust met the full cost of the concert production. Radio New Zealand has reduced its branding campaigns for the last three years and awareness of Radio New Zealand has reduced slightly over that time, although listenership for both National and Concert did increase during the period.

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

20. Calculated from the product of total operating expenditure and cumulative audience, see page 52.

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

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

Cost of Output Financial Performance

RADIO NEW ZEALAND LTD:

MEASURES (\$000s)	PERFORMANCE AT YEAR END		
	2014 (ACTUAL)	2014 (FORECAST)	2013 (ACTUAL)
Revenue	\$38,959	\$38,966	\$38,673
Expenditure	\$38,946	\$38,916	\$38,659
Net surplus/(deficit)	\$13	\$50	\$14 ²³

ALL TARGETS HAVE BEEN ACHIEVED

Variances between actual and forecasted revenue and expenditure are less than 1% and not considered material.

Output: Radio New Zealand National

ROLE:

Radio New Zealand National is a nationwide network providing news, current affairs, feature documentaries and entertainment programmes, including music programmes featuring both New Zealand and international artists. Many of the quality programmes featured on Radio New Zealand National are not available on commercial radio because they are not considered commercially viable. The following are examples of the non-commercial public service broadcasting programmes to be found on Radio New Zealand National:

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

MEASURES (\$000s)	PERFORMANCE AT YEAR END		
	2014 (ACTUAL)	2014 (FORECAST)	2013 (ACTUAL)
Revenue	\$31,535	\$31,589	\$30,938
Expenditure	\$31,497	\$31,539	\$30,749
Net surplus/(deficit)	\$38	\$50	\$189

ALL TARGETS HAVE BEEN ACHIEVED

Variances between actual and forecasted revenue and expenditure are less than 2% and not considered material.

23. The financial result of \$9,710 deficit of the Radio New Zealand Concert Charitable Trust for 2012-13 had been excluded as it was not a Radio New Zealand output.

Output: Radio New Zealand Concert

ROLE:

Radio New Zealand Concert brings fine music in stereo to 100% of New Zealanders, through a network of FM transmitters and digital satellite. Musical, dramatic and performing arts comprise 96% of Radio New Zealand Concert's broadcasts, with a repertoire featuring mainly classical music but also including jazz and special interest music. The remaining 4% of broadcasts comprises Māori language and culture, news and weather.

MEASURES (\$000s)	PERFORMANCE AT YEAR END		
	2014 (ACTUAL)	2014 (FORECAST)	2013 (ACTUAL)
Revenue	\$5,199	\$5,045	\$5,166
Expenditure	\$5,193	\$5,045	\$5,200
Net surplus/(deficit)	\$6	\$0	[\$34]

ALL TARGETS HAVE BEEN ACHIEVED

Variances between actual and forecasted revenue and expenditure are less than 4% and not considered material.

Output: Radio New Zealand International

ROLE:

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

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

MEASURES (\$000s)	PERFORMANCE AT YEAR END		
	2014 (ACTUAL)	2014 (FORECAST)	2013 (ACTUAL)
Revenue	\$2,225	\$2,282	\$2,325
Expenditure	\$2,251	\$2,282	\$2,434
Net surplus/(deficit)	[\$26]	\$0	[\$109]

ALL TARGETS HAVE BEEN ACHIEVED

Variances between actual and forecasted revenue and expenditure are less than 3% and not considered material.

Output: The Concert Charitable Trust

ROLE:

The Concert Charitable Trust was established for the purposes of the advancement of education in relation to the range of musical genres showcased on Radio New Zealand Concert, through:

- sponsoring and recording live classical and specialist musical performances in public places;
- providing financial support to musical organisations;
- providing financial support to public music festivals;
- sponsoring and recording live performances and competitions of young musicians; and
- sponsoring the preservation of archive musical recordings.

MEASURES (\$000s)	PERFORMANCE AT YEAR END		
	2014 (ACTUAL)	2014 (FORECAST)	2013 (ACTUAL)
Revenue ²⁴	\$0	\$50	\$0
Expenditure	\$5	\$50	\$10
Net surplus/(deficit)	(\$5)	\$0	(\$10)

TARGETS HAVE NOT BEEN ACHIEVED

The Concert Charitable Trust received no donations during the reporting period and all expenditure related to administration and overheads.

24. A conservative revenue forecast has been assumed for 2014 to 2016 pending the development of marketing and communications plans.

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