



RADIO

NEW ZEALAND

TE REO IRIRANGI O AOTEAROA

RADIO NEW ZEALAND LIMITED

STATEMENT OF INTENT

For the Five Years Ending 30 June 2020

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FOREWORD

This Statement of Intent is prepared in accordance with Clause 139 of the Crown Entities Act and outlines Radio New Zealand's strategy for the next five years. It updates and replaces the previous Statement of Intent produced and published in 2014 and should be read in conjunction with the annual Statement of Performance Expectations for the period 2015 – 2016, and future annual Statements of Performance Expectations for subsequent financial years.

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CHAIRMAN'S INTRODUCTION

Radio New Zealand's long-term strategy continues to focus on a regime of co-operative planning between the governing Board and a revitalised management team.

Both governance and operational leadership is predicated on the reality that unless the company is responsive to audience demand for inter-active choice in a diverse market the service will founder.

However, the Board and senior management remain convinced that the delivery of intelligent, high-quality news, information and entertainment to an increasingly discriminating audience remains our competitive advantage and is critical to the continuing success of Radio New Zealand.

While the emphasis of our strategy is on the quality of our content it is obvious that we must continue to be increasingly responsive to the impact of changing demographics, significant technological advances and the opportunities that audiences have for greater choice.

Consequently, Radio New Zealand continues to evolve policy designed to fulfil the demand for traditional radio programming while also developing a range of multimedia platforms that deliver unique content to an audience that demands access to audio/visual programmes on-line and on-air wherever, and whenever, the consumer wants it.

Accordingly, despite considerable budget constraints, the company has met the challenge and is investing in new content, new services, new technology, and new ways of working.

As a result of the change in operational emphasis there has been considerable pressure on the organisation and the people involved with delivering results. However, in the Board's opinion, astute management and internal cooperation has resulted in significant progress towards providing a working environment that will enhance staff satisfaction within a more agile, high-performing media organisation.

Prudent financial management remains a priority. Accepting this, the company intends to refine policy so that Radio New Zealand is able to continue to manage a sustainable financial plan within its government-funded budget while we develop new initiatives aimed at generating new revenue to assist in the funding of our long term plan.

Radio New Zealand intends to continue in its role as a media standard bearer and, to that end, the Board looks to its Chief Executive to actively engage, as a credible and uniquely equipped voice, in the wider public debate around the upheaval associated with changing circumstances across the media landscape.

For and on behalf of the Board of Radio New Zealand



RICHARD GRIFFIN
Chairman

25 June 2015



GARY MONK
Audit Committee Chairman

25 June 2015

ABOUT RADIO NEW ZEALAND

Radio New Zealand is a Crown owned entity and its function and operations are primarily governed by the Radio New Zealand Act 1995.

The key element of the Act is the Charter¹ which sets out Radio New Zealand's purpose, function and operating principles as follows:

- 1) Purpose (as set out in the Radio New Zealand Amendment Bill 2009):
 - a) as an independent and commercial-free public service broadcaster, the public radio company's purpose is to serve the public interest;
 - b) freedom of thought and expression are foundations of democratic society and the public radio company as a public service broadcaster plays an essential role in exercising these freedoms;
 - c) the public radio company fosters a sense of national identity by contributing to tolerance and understanding, reflecting and promoting ethnic, cultural, and artistic diversity and expression; and
 - d) the public radio company provides reliable, independent, and freely accessible news and information.

- 2) Charter (as set out in the Radio New Zealand Amendment Bill 2009)

In achieving its purpose, Radio New Zealand must endeavour to provide services of the highest quality which:

 - a) are predominantly and distinctively of New Zealand;
 - b) inform, entertain, and enlighten the people of New Zealand;
 - c) are challenging, innovative, and engaging;
 - d) foster critical thought, and informed and wide-ranging debate;
 - e) stimulate, support, and reflect the diversity of cultural expression, including drama, comedy, literature, and the performing arts;
 - f) stimulate, support, and reflect a wide range of music, including New Zealand composition and performance;
 - g) reflect New Zealand's cultural identity, including Māori language and culture;
 - h) provide awareness of the world and of New Zealand's place in it;
 - i) provide comprehensive, independent, accurate, impartial, and balanced regional, national, and international news and current affairs;
 - j) provide programmes which balance special interest with those of wide appeal, recognising the interests of all age groups;
 - k) contribute towards intellectual and spiritual development;
 - l) include an international service to the South Pacific in both English and Pacific languages;
 - m) take account of services provided by other broadcasters;
 - n) take advantage of the most effective means of delivery; and
 - o) preserve and archive broadcasting material of historical interest.

¹ The Radio New Zealand Amendment Bill has received its second reading and is awaiting enactment by the House of Representatives.

- 3) Operating Principles (as set out in the Radio New Zealand Amendment Bill 2009)
In fulfilling its Charter, Radio New Zealand must:
- a) exhibit a sense of social responsibility by:
 - i. having regard to the interests of the community in which it operates; and
 - ii. endeavouring to accommodate or encourage those interests when able to do so.
 - b) ensure that it is not influenced by the commercial interests of other parties;
 - c) ensure that it operates in a financially responsible manner and, for this purpose, that it:
 - i. prudently manages its assets and liabilities; and
 - ii. endeavours to ensure:
 - its long-term financial viability; and
 - that it acts as a successful going concern.

LIFELINE UTILITY

Radio New Zealand is also a designated Civil Defence Lifeline Utility in accordance with the Civil Defence Emergency Management Act 2002.

This places extra social and legislative responsibilities on Radio New Zealand in the event of a declared Civil Defence emergency.

OUR SERVICES

Radio New Zealand's one key output is the production and distribution of exceptional content – journalism, current affairs and cultural programming - that meets our purpose and optimises our charter performance.

Historically, when Radio New Zealand was solely a radio company, it treated each service as a separate stand-alone output. In the new multimedia environment in which Radio New Zealand now operates, the emphasis is on the combined impact of Radio New Zealand's portfolio of brands and services rather than just its traditional radio networks or any service individually.

Our audience and content strategy and business planning are based on this new multimedia approach, whereby each service has a role to play in expanding the combined reach of Radio New Zealand and, in doing so, optimising our overall charter performance.

Radio New Zealand's current portfolio includes the following individual branded services:

- RADIO NEW ZEALAND NATIONAL
- RADIO NEW ZEALAND CONCERT
- RADIO NEW ZEALAND INTERNATIONAL
- RADIONZ.CO.NZ
- THE WIRELESS

Radio New Zealand also provides transmission services for the live radio coverage of Parliament.

Each of these services has an existing format and an established audience. However, changes in technology, audience behaviour and New Zealand's demographics mean Radio New Zealand must continually refresh and evolve our output. Over the next five years each service will be regularly re-assessed to ensure that it is still contributing to the overall audience mix and reach of Radio New Zealand.

It is anticipated that some services will evolve over time, or be modified, as we seek to adapt to the environment in which we operate and as we strive to optimise the achievement of our Charter responsibilities.

It is also highly likely that that new services will be added over time.

DELIVERY AND ACCESS TO OUR SERVICES

Access to our services is available via a variety of transmission platforms and devices.

These are currently as follows:

-
- AM radio networks;
 - FM radio networks;
 - Satellite Television – Sky TV, Freeview, free-to-air;
 - Digital Terrestrial Television - Free-to-Air, Freeview;
 - Website (live streaming, audio-on-demand, podcasts):
 - radionz.co.nz; and
 - thewireless.co.nz;
 - Mobile - iPhone and Android “apps”;
 - Digital Shortwave (Pacific region);
 - Analogue Shortwave (Pacific region);
 - Satellite radio (Pacific region); and
 - Third party distributors of Radio New Zealand content – eg. iHeartRadio, MSN, Rivet, World Radio Network (WRN), BBC World Service (Pacific stream).
-

It is expected that this list will be added to frequently over the course of the next five years, notably with new online services and partnerships with other content providers to increase our audience reach.

The migration of audiences to new technologies will, over time, result in a decline in audiences using older traditional equipment. As we introduce new means by which audiences can access our programming, existing delivery platforms will also be reviewed to ensure these are still viable.

CHALLENGES AND OPPORTUNITIES IN THE OPERATING ENVIRONMENT

The media landscape is changing rapidly and this creates both challenges and opportunities for Radio New Zealand. Our strategy will deliver multimedia audience growth by continuing to provide people with exceptional news, current affairs and cultural programming however they wish to receive it.

Our strategic thinking is shaped by five key trends:

1

LIVE RADIO AUDIENCES DECLINING WORLDWIDE AS DIGITAL MEDIA CONSUMPTION GROWS.

- In the year 2000, 96% of the New Zealand population aged 15 years and older listened to live radio at least once per week (Source: All New Zealand Radio Survey).
- In the latest survey results to 2014, that percentage had fallen to 75% of the population. This equates to one in four New Zealanders no longer listening to any live radio.
- The average time spent listening in a week has reduced from 26:14 (hrs:mins) in 2000 to 21:37 in 2014 . A weekly reduction of 4:37 (hrs:mins).

(NB: Radio listeners are defined as people aged 15 years and older who listened live to the radio for at least 8 minutes in a 15 minute period during the survey week)

2

RADIO NEW ZEALAND'S RADIO AUDIENCES ARE DECLINING IN LINE WITH NATIONAL AND INTERNATIONAL TRENDS.

- Since 2007 Radio New Zealand National's average weekly audience reach has declined from 15.7% of the population to 12.3%.
- Since 2007 Radio New Zealand Concert's average weekly audience reach has declined from 6.7% of the population to 3.1%.

(NB: audience reach is defined as the proportion of the New Zealand population aged 15 years and older who listened at least once during the survey period)

3

OFFSETTING THE DECLINE IN TRADITIONAL RADIO LISTENING, NEW DIGITAL MEDIA AUDIENCES ARE INCREASING EXPONENTIALLY.

- In the last 12 months (March 2015) unique browsers to radionz.co.nz increased from 478,560 per month to 872,383, an increase of 82% (Source: Google Analytics).
- In the 12 months to December 2014 pageviews of radionz.co.nz increased to 26,641,906. This represented an increase of 30% over the previous 12 month measurement to March 2014, and an increase of 229% over the 12 months result to March 2008.
- In the month of March 2015, online audio requests were 1,151,130, a 110% increase over the previous year.

4

NEW ZEALAND'S POPULATION, AND THEREFORE RADIO NEW ZEALAND'S CONSTITUENT AUDIENCE, IS CHANGING.

- Geographically Auckland and Christchurch are New Zealand's high growth areas.
- The proportion of the New Zealand population with Maori, Pacific Island or Asian heritage is growing.

5

RADIO NEW ZEALAND'S FINANCIAL POSITION.

- Radio New Zealand's direct Government funding makes up approximately 90% of total funding and this core funding has remained at the same level for the last 7 years.
- Current income from non-Government sources is \$3.6 million (approx. 10% of total income). While we will always look to increase this total, at this time the prospects are not considered to be sufficiently large or sufficiently certain to be relied on as a necessary element of our planning and budgeting.
- To date, Radio New Zealand has been able to work within these funding levels but has relied on deferment of expenditure and a number of one-off income items to do so.
- Reductions in the cost structure are necessary to avoid on-going deficits in future years.
- There is a need to re-allocate existing budgets to make available additional operational expenditure for new online initiatives.
- There is a need for new capital expenditure to catch-up on deferred expenditure over the last 5 – 10 years and to improve the capability and efficiency the whole organisation.
- While managing Radio New Zealand's operating results presents some difficulties, the balance sheet is still in a healthy state.

STRATEGIC PRIORITIES FOR THE NEXT FIVE YEARS

1 OPTIMISE OUR CHARTER PERFORMANCE:

Rather than being commercially motivated, our priority is to optimise the achievement of our public service broadcaster responsibilities, as defined by the Charter.

While we will always be open to appropriate opportunities to attract non-Government funding, we believe it is critical that we retain our public service (and therefore non-commercial) ethos and funding model throughout our core services.

ACTIONS:

- Our charter obligations will always underpin our decisions and priorities when it comes to news coverage, programme content, target audiences, and budget prioritisation.
- Improved co-ordinated use of all our media services, to not just support each other but also develop their own specific audiences, and increase our overall reach and impact.
- Improved reflection in our audience and content plans to represent the changing face of New Zealand.

2 TRANSFORMATION:

The main focus of our strategic planning for this period will be on transforming Radio New Zealand from a traditional radio broadcaster to a modern audience-led multimedia organisation, creating unique and important content and making it available through a variety of delivery platforms, wherever and whenever the audience wants it.

ACTIONS:

- This will necessitate investment in new content, new services, new technology and new ways of working and many changes to what we do, and how we do things.
- Develop plans to take advantage of new technology and business practices to operate as efficiently and effectively as possible, and provide staff with an environment that reflects a high-performing media organisation in the 21st century.

3 FINANCIAL SUSTAINABILITY:

Our Government funding of \$35.3 million has remained static for seven years, and over this time the purchasing power of that funding has reduced by more than \$4 million per annum (-12%).

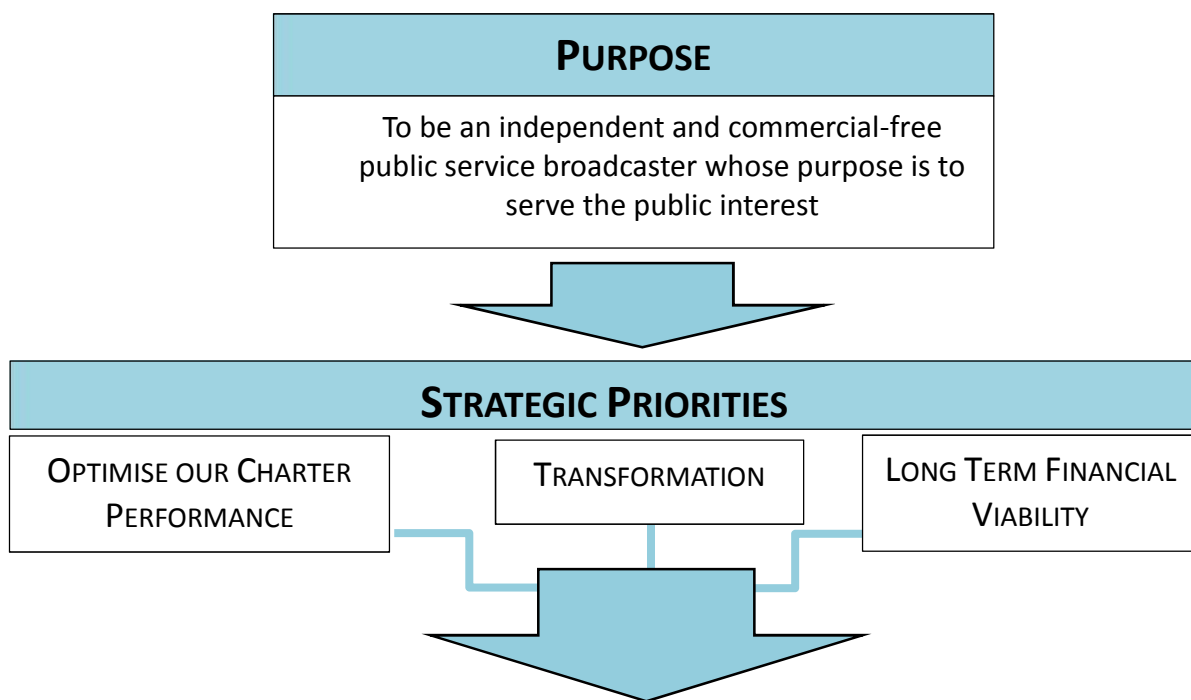
To date we have been able to work within these reduced funding limits, although at the expense of some essential capital expenditure that has been deferred and also more recently a reliance on one-off income items which will not be available in future years.

Despite being in an environment of static income, balancing the budget is still an essential requirement of our planning. However, this is now even more challenging, as not only do we need to maintain existing traditional radio services but also catch-up on some of this deferred expenditure and undertake new initiatives to succeed in the new multimedia world.

ACTIONS:

- Base our planned expenditure on a realistic expectation of income.
- Make reductions and re-allocations to the current cost structure.
- Make the necessary changes and incur the associated costs to achieve the longer term transformation objective.

KEY OBJECTIVES FOR THE NEXT FIVE YEARS	
1	MULTIMEDIA APPROACH TO GROW OUR AUDIENCE TO ONE MILLION PEOPLE A WEEK
2	ENHANCED CAPABILITY
3	PERSONNEL DEVELOPMENT
4	FISCAL MANAGEMENT



KEY OBJECTIVES 2015 – 2020			
<p>AUDIENCE</p> <p>Use a multimedia approach to grow our audience to one million people per week.</p>	<p>CAPABILITY</p> <p>Transform Radio New Zealand into a modern multimedia organisation, taking advantage of new technology and business practices to operate as efficiently and effectively as possible, and provide staff with an environment that reflects a high-performingst media organisation in the 21st century.</p>	<p>PERSONNEL</p> <p>Review our HR policies and procedures, terms and conditions, performance management systems, training and development programmes, to improve staff engagement and reflect modern business practices.</p>	<p>FISCAL MANAGEMENT</p> <p>Accept the 2015-2016 year as a necessary period of restructuring and modernisation that will result in a deficit situation paving the way for a return to a breakeven operational result by the 2016-2017 year and beyond.</p>

STATEMENT OF PERFORMANCE EXPECTATIONS

In addition to this Statement of Intent, each year Radio New Zealand prepares a Statement of Performance Expectations which provides specific annual targets and measures that support the above longer term strategic priorities, and allow progress towards our strategic priorities and objectives to be measured and monitored.