STATEMENT OF PERFORMANCE EXPECTATIONS

For the Year Ending 30 June 2018
CONTENTS

RNZ - WHO WE ARE.................................................................3

OUR CHARTER AND OPERATING PRINCIPLES ..................................3

OUR STRATEGIC PRIORITIES ........................................................5

2017-2018 OUTPUTS AND PERFORMANCE ........................................6

SCHEDULE OF PERFORMANCE TARGETS 2017 – 2018 .......................11

FOCUS PROJECT – RNZ MĀORI STRATEGY ........................................14

FINANCIAL PLANNING AND PROSPECTIVE FINANCIAL STATEMENTS ....15
RNZ - WHO WE ARE

RNZ is a Crown entity established under the Radio New Zealand Act 1995, which operates consistent with its Charter and operating principles (Section 8 of the Radio New Zealand Act).

RNZ is mostly government funded with a small proportion of its income generated from third party revenue. RNZ is funded through NZ on Air and the Ministry for Culture and Heritage to deliver Public Broadcasting Services (M8) in accordance with the Estimates and Appropriations for the Government of New Zealand. Consistent with the appropriations, RNZ provides high quality, diverse, comprehensive and independent radio and online content for New Zealand and Pacific audiences.

OUR CHARTER AND OPERATING PRINCIPLES

The key element of the Radio New Zealand Act is the Charter, Section 8\(^1\) which sets out RNZ’s purpose, function and operating principles as follows:

PURPOSE

(1) As an independent public service broadcaster, the public radio company’s purpose is to serve the public interest.

(2) Freedom of thought and expression are foundations of democratic society and the public radio company as a public service broadcaster plays an essential role in exercising these freedoms.

(3) The public radio company fosters a sense of national identity by contributing to tolerance and understanding, reflecting and promoting ethnic, cultural, and artistic diversity and expression.

(4) The public radio company provides reliable, independent, and freely accessible news and information.

DELIVERY

(5) In achieving its purpose, the public radio company must endeavour to provide services of the highest quality, which—

(a) are predominantly and distinctively of New Zealand:

(b) inform, entertain, and enlighten the people of New Zealand:

(c) are challenging, innovative, and engaging:

(d) foster critical thought, and informed and wide-ranging debate:

(e) stimulate, support, and reflect the diversity of cultural expression, including drama, comedy, literature, and the performing arts:

(f) stimulate, support, and reflect a wide range of music, including New Zealand composition and performance:

(g) reflect New Zealand’s cultural identity, including Māori language and culture:

(h) provide awareness of the world and of New Zealand’s place in it:

(i) provide comprehensive, independent, accurate, impartial, and balanced regional, national, and international news and current affairs:

\(^1\) The Radio New Zealand Amendment Act 2016 received Royal Assent on 1 April 2016.
(j) provide programmes which balance special interest with those of wide appeal, recognising the interests of all age groups:
(k) contribute towards intellectual and spiritual development:
(l) include an international service to the South Pacific in both English and Pacific languages:
(m) take account of services provided by other broadcasters:
(n) take advantage of the most effective means of delivery:
(o) preserve and archive broadcasting material of historical interest.

8A PRINCIPLES OF OPERATION

(1) The public radio company must, in fulfilling its Charter, exhibit a sense of social responsibility by—
   (a) having regard to the interests of the community in which it operates; and
   (b) endeavouring to accommodate or encourage those interests when able to do so.

(2) The public radio company must, in fulfilling its Charter, ensure that it is not influenced by the commercial interests of other parties.

(3) The public radio company must, in fulfilling its Charter, ensure that it operates in a financially responsible manner and, for this purpose, that it—
   (a) prudently manages its assets and liabilities; and
   (b) endeavours to ensure—
      (i) its long-term financial viability; and
      (ii) that it acts as a successful going concern.
OUR STRATEGIC PRIORITIES

The strategic priorities set out in our Statement of Intent for the five years to 2022 are:

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.

TRANSFORMATION:

A key focus of our planning is on the continued transformation of RNZ from a traditional radio broadcaster to a modern audience-led multimedia organisation, creating unique, essential content and making it available through a variety of delivery platforms, whenever, wherever and however the audience wants it.

This will require investment in new content, new services, new technology and new ways of working, as well as many changes to what we do, and how we do things.

While we are now seeing some potential for new income opportunities from our online content sharing initiatives that do not compromise our public broadcasting objectives, at this time they are not expected to be of sufficient certainty or quantum to include in our planning at this time.
2017-2018 Outputs and Performance

RNZ has one reportable class of output which is the delivery of Public Broadcasting Services (M8²), which is funded through two votes in the appropriations, one via NZ On Air for RNZ ($35.3 million) and one via the Ministry for Culture and Heritage for the RNZ International service ($1.9 million). The purpose of the broadcasting output is as defined in the Charter.

RNZ also receives other Government funding of $1.7 million relating to third party contracts.

There are five key elements of success which RNZ sees as integral to achieving its statutory objectives, responding to the environmental challenges, and delivering on its strategic intent.

These are:

1) Producing and Broadcasting a Diverse and Unique Range of Services;

RNZ is required to optimise Charter performance with regard to the type and range of services and content we provide to New Zealanders and the Pacific region.

2) Making Our Services Available and Accessible Where and When New Zealanders Want;

The Charter requires RNZ to use the most effective means of delivery but also to respond to changes in the media landscape and meet the needs of our audience.

3) Providing a Public Broadcasting Service That Is Important To, and Valued By, New Zealanders;

As a Crown owned and funded organisation, how the New Zealand taxpayer views and values the services we provide is a critical measure of success. It is also very important in determining how we shape the content we deliver and the means of its delivery.

4) Attracting and Retaining Audiences;

If our content and services do not appeal to audiences, RNZ will not be able to achieve either its statutory obligations or its strategic objectives. To achieve a transformation from a traditional radio broadcaster, and to continue being relevant and valued, RNZ must respond to the changing demographics, ethnic mix, geographic spread and media consumption habits of its audiences.

5) Being Financially Viable;

RNZ must be able to operate within its available funding. This will require prudent control of its cost structure and effective management of its assets. Changes to the cost structures will be an ongoing requirement not just to balance the budget but also to re-allocate funds into new technologies and future-focused initiatives.

² M8 refers to the indicator for The Estimates and Appropriations for the Government of New Zealand (Maoris, Other Populations and Cultural Sector Vote). Crown Entities Act, S136 (1) defines output classes “that is directly funded (in whole or in part) by the Crown in accordance with the appropriations....”
These five areas of focus form the basis of RNZ’s performance assessment framework, with outputs and targets as follows:

**Objective 1**  
**Producing and Broadcasting a Diverse and Unique Range of Services**

To respond to the increasing competition for audience attention and to optimise its Charter performance, RNZ must deliver its own range of unique and exclusive content. To achieve this, RNZ offers six main services each with their own unique content range and with different audiences in mind. The individual services that currently make up RNZ’s portfolio are:

<table>
<thead>
<tr>
<th>A. RNZ National</th>
<th>B. RNZ Concert</th>
<th>C. RNZ International</th>
</tr>
</thead>
<tbody>
<tr>
<td>RNZ National is a nationwide radio network providing a diverse range of five content comprising news, current affairs, feature documentaries and entertainment programmes. This includes music programmes featuring both New Zealand and international artists. Many of the quality programmes featured on RNZ National are not available on commercial radio because they are not considered commercially viable.</td>
<td>RNZ Concert brings fine music in stereo to all New Zealanders, through a network of FM transmitters and digital satellite. Musical, dramatic and performing arts comprise the core of RNZ Concert’s broadcasts, with a repertoire featuring mainly classical music but also including jazz and special interest music.</td>
<td>RNZ provides an international radio and online service to the Pacific. This service broadcasts innovative, comprehensive and independent news and programming of interest to the Pacific region. We aim to encourage 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. RNZ International provides a reliable account of Pacific and New Zealand affairs for relay and use by broadcasters, listeners and online users within the Pacific and beyond. It provides an essential source of information in the event of natural disasters or breakdowns in local communication services.</td>
</tr>
</tbody>
</table>

Notable programme elements include:

- **Morning Report** – authoritative and comprehensive coverage of local and world events.
- **Summer Report** – authoritative and comprehensive coverage of local and world events during the New Zealand summer holiday period.
- **Midday Report** – delivering comprehensive news bulletins, business news, rural news, sports news, long-range weather forecasts and Worldwatch.
- **Afternoons** – an interactive audience 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.
- **Comprehensive hourly news bulletins**
- **Music 101** – showcasing the best of music for New Zealanders.
- **Te Manu Korihi** – agenda-setting Māori news and current affairs
- **Checkpoint** – hard-hitting daily news-focused multimedia programme, broadcast on radio and TV and livestreamed
- **Night Drive** – 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.
- **Standing Room Only** – celebrating 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 Medialwatch and Insight.
- **Te Ahi Kaa** – a weekly programme focusing on Māori lives, voices and perspectives
- **Tagata o te Moana** – Pacific Island news, issues and current affairs.
- **Classical Chart** – The top 10 most popular classical albums for the week.
- **Music Alive** – RNZ-recorded concerts featuring local and international artists, and a selection of top performances from our international partners.
- **Upbeat** – Music, arts and culture news in interviews with New Zealand and international musicians, composers, choirmasters, dancers, actors, directors and artists.
- **New Horizons** – a selection of rock, pop, country and folk music contextualised by William Dart.
- **Global Sounds** – leading world music artists including studio recordings, live concerts and exclusive recordings from events like WOMAD.
- **Inside Out** – classic recordings and modern masterpieces from the world of jazz.
- **Specialist series** – Art, Life, Music; A history of jazz, Scottish Variations, Frank Zappa – The Radio is Broken, Sound Lounge – contemporary, early 20th Century, Avant garde music and atmospheric soundscapes, a touch of art pop, with an emphasis on new New Zealand composition.
- **Hymns on Sunday** – traditional and modern hymns.
- **Opera on Sunday** – Selection includes the annual season from the Metropolitan Opera House, New York as well as new recordings from the world of opera.
- **Vintage Years** – Performances by great artists from the mono era, including the latest remastered recordings.
- **Classic Morning** – music with a focus on melody, with news and weather on the hour to keep you in touch.
- **Weekday Classics** – a selection of beautiful classics and lesser known gems.
- **Classic Afternoons** – music from the renaissance to the romantic and beyond.
- **Dotline Pacific** – A daily current affairs programme covering the major Pacific stories of the week, with background and reaction from the people making the news.
- **News about New Zealand** – A review of the week’s events in New Zealand.
- **News in Pacific Languages** – News bulletins, read in Pacific languages (Niuean, Samoan, Tongan and French)
- **Pacific Correspondent** – A weekly programme in which RNZ regional correspondents discuss political and social issues in their Pacific countries.
- **Tagata o te Moana** – A weekly Pacific magazine programme features New Zealand and regional Pacific news, issues, information and music. This programme is also simulcast domestically on RNZ National.
- **The World in Sport** – Highlights of the world’s sporting week, with emphasis on New Zealand and Pacific interviews, reviews and reaction, plus previews of upcoming games.
- **Tradewinds** – Reviews the week’s top business stories from the Pacific region.
- **World and Pacific News** – A bulletin of Pacific news and a sports report.
Follow Parliament live, when the House is sitting, through this channel on RNZ’s AM Network or audio live stream online.

The website rnz.co.nz provides a simultaneous broadcast of RNZ’s on-air content on a digital platform as well as a comprehensive portal to all its content, allowing users access to live streaming services for RNZ National, RNZ Concert and RNZ International. In addition, users have access to comprehensive up to the minute news and analysis as well as access to more than 200,000 on-demand audio items from RNZ’s vast online collection of back catalogue programming and web only collections.

Users can search the following:

Additional RNZ coverage of Parliament can be found at rnz.co.nz, through:
- Podcasts: choose the day and listen to Question Time.
- Podcasts: listen to programmes about Parliament presented by long-standing parliamentary reporters.
- Access On-Demand radio content from the RNZ ‘In Parliament’ web page.

Service
- News
- RNZ National
- RNZ Concert
- Pacific

About RNZ
- RNZ’s history
- Frequencies and how to listen
- Corporate publications
- Media releases
- Audience research
- Board of Governors

Content Category
- News and Current Affairs
- Arts and Culture
- Maori and Pacific
- Music
- Science and Factual
- Society and People

News Category
- National
- Regional
- Political
- Te Manu Korihia
- Sport
- World
- Analysis
- Business
- Rural
- Pacific
- Weather

The Wireless is a youth targeted website which is upfront, in-depth and in tune, aiming to produce inspiring, insightful and entertaining stories for New Zealanders who have grown up in the digital age. The site is updated with new content every weekday. The site provides multi format content (text, audio and video) and encourages user interaction through sharing of content across other social media outlets and through commentary on articles posted. The broad categories covered are:

- News
- Society
- Culture
- Life

Although each of these services has an established format and an existing audience, changes in technology, audience preferences and New Zealand demographics mean RNZ will continually refresh, adapt and evolve its content across all its services to ensure it continues to meet the needs of the audience and optimises our Charter performance.

Rather than analysing and measuring by genre to illustrate its diversity, RNZ looks to achieve its diversity by providing this mix of services and the variety of programmes within each service. RNZ’s assessment of its success in achieving this objective will be based on the amount of content made available from each of the services that appeal to their respective target audiences. These measures are detailed in the schedule of performance targets for 2017-18.
**Objective 2**  
**MAKING OUR SERVICES AVAILABLE AND ACCESSIBLE WHEN, WHERE AND HOW NEW ZEALANDERS WANT**

With the impact of new technologies and changing audience habits, the number and variety of platforms that audiences can use to access RNZ programming is growing rapidly and this expansion is expected to continue for many years to come.

Not only must RNZ produce compelling content, it must also make that content available to audiences in ways that suit their needs and preferences.

It is expected that the diversity of access points will be added to over the course of the next five years, especially through new online services and partnerships with other content providers designed to increase our audience reach.

With so many new delivery mechanisms becoming available, and with fixed funding, it is no longer possible for RNZ to be on every available platform, nor can it continue to rely on just one or two platforms. The challenge for RNZ is to determine which combination of delivery platforms provides the optimal outcome across a range of key criteria including audience availability and preferences, consumer device penetration, population coverage, infrastructure requirements, and capital and operating costs.

The migration of audiences to new technologies will, over time, result in a decline in audiences relying solely on traditional radio equipment. As we introduce new options for audiences to access our programming, existing delivery platforms will also need to be reviewed to ensure these are still optimal.

Providing a range of delivery methods to make our content accessible will form the basis for measuring our success in achieving this objective. These are detailed in the schedule of performance targets for 2017-18.

---

**Objective 3**  
**PROVIDING A PUBLIC BROADCASTING SERVICE THAT IS IMPORTANT TO, AND VALUED BY, NEW ZEALANDERS**

As a Crown owned and funded organisation, how the New Zealand taxpayer views and values the services we provide is a critical measure of success. It is also very important in determining how we shape the content we deliver and the means of its delivery.

RNZ will undertake research during the year to assess its success in achieving this objective and this is detailed in the schedule of performance targets for 2017-18.

RNZ is a designated Civil Defence Lifeline Utility in accordance with the Civil Defence Emergency Management Act 2002. This places extra social and legislative responsibilities on RNZ in the event of a Civil Defence emergency.

In addition RNZ International provides a reliable source of information to the Pacific region in the event of natural disasters or a breakdown of local communication services.

RNZ will assess its performance in this area by the extent to which it is able to maintain essential services that keep the public informed when/if a civil emergency event occurs.
Objective 4: Attracting and Retaining Audiences

To remain relevant and meet its statutory and strategic objectives, RNZ must not only make its services available but also ensure that the programming on those services appeal to a diverse range of audiences.

This is especially important in the current media environment where audiences have so much more choice not just around the type of content, but also where, when, and how they consume that content.

To respond to this, RNZ must continue to provide a range of diverse services that meets the needs of both traditional radio listeners and new audiences seeking new multi-media content.

Users can access programming live or on-demand across a range of platforms which include live radio, free-to-air TV channels for both video and audio, the RNZ websites, third party websites and channels, and social media channels.

RNZ is a part of a new radio industry ratings survey which assesses live listening in the New Zealand market. This is a collaborative survey involving commercial radio stations and RNZ. It is run by the respected research company GfK which manages Australian radio industry research.

RNZ also has access to a range of data tools that report on the online activity of its audiences.

The audience measures that RNZ will use to assess its success in achieving this objective are detailed in the schedule of performance targets for 2017-18.

Objective 5: Being Financially Viable

RNZ relies primarily on Crown funding of $35.3M to fund its activities, and under its Charter is expected to remain commercial-free in delivering core services.

Some opportunities exist to earn other non-Crown revenue primarily from transmission assets, which is expected to account for approximately 5% of total RNZ revenue.

The potential for new income from online opportunities is also becoming evident. However, at this time such revenue is not expected to be significant enough to have any material impact on the overall financial results in the 2017/18 year.

RNZ embarked on an ambitious programme of change during the 2015/16 financial year. The objectives were to address several legacy issues, introduce changes to the organisational structure and make a significant reduction to the overall level of costs to return operations to a break-even position. The aim was to achieve all this while continuing to invest in new multi-media initiatives, giving effect to our transformational strategy, and growing audiences.

As well as succeeding on those other fronts, by the start of the new 2017/18 financial year we expect to have achieved our goal to reduce the overall cost structure by more than $2 million per annum, and be back at a breakeven operating position.

This result plus an increase our baseline funding of $3.54M allows us to continue with the implementation of our strategy, to invest in modern technology to deliver new capabilities and efficiencies.

For the next year the financial priorities for RNZ are:

- to achieve a break-even operating result, AND
- to provide capital to invest in new technology, equipment and modernisation of operations.

The financial measures that RNZ will use to assess its success in achieving these objectives are detailed in the schedule of performance targets for 2017-18.
## Schedule of Performance Targets 2017 – 2018

<table>
<thead>
<tr>
<th>TARGETS - Objective 1</th>
<th>Producing and Broadcasting a Diverse and Unique Range of Services</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Service</th>
<th>Objective</th>
<th>Target 2017/18</th>
<th>Forecast 2016/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>RNZ National</td>
<td>Broadcast a nationwide network providing news, current affairs, feature documentaries and entertainment programmes, including music programmes featuring both New Zealand and international artists.</td>
<td>8760 broadcast hours of RNZ National content</td>
<td>8760 broadcast hours of RNZ National content</td>
</tr>
<tr>
<td>RNZ Concert</td>
<td>Broadcast fine music in stereo with a repertoire featuring mainly classical music but also including jazz, world, spiritual and special interest music, and current affairs coverage of music, dramatic and performing arts and culture.</td>
<td>8760 broadcast hours of RNZ Concert content</td>
<td>8760 broadcast hours of RNZ Concert content</td>
</tr>
<tr>
<td>RNZ International</td>
<td>Provide an international radio service to the Pacific consisting of innovative, comprehensive and independent news and programming of interest to the Pacific region to encourage an awareness and understanding of New Zealand and providing a reliable source of information in the event of natural disasters or breakdowns in local communication services;</td>
<td>8472 broadcast hours of RNZI content. 99% Transmission and Service availability (other than time lost for planned maintenance): Analogue and Digital Short-Wave network.</td>
<td>8544 broadcast hours of RNZI content. 99% Transmission and Service availability (other than time lost for planned maintenance): Analogue and Digital Short-Wave network.</td>
</tr>
<tr>
<td>Parliament Radio and Proceedings</td>
<td>Live audio broadcast of Parliament, when the House is sitting.</td>
<td>Coverage of 90 Parliamentary sitting days</td>
<td>Coverage of 90 Parliamentary sitting days</td>
</tr>
<tr>
<td>NZ.co.nz</td>
<td>Provide a comprehensive portal to its News, National, Concert and Pacific content, allowing users access to live streaming services for RNZ National, RNZ Concert and RNZ International. In addition to this users have access to comprehensive up to the minute news coverage as well as access to in excess of 230,000 on-demand audio items (over 37,00 hours) from RNZ’s vast online collection of back catalogue programming and web only collections.</td>
<td>48,000 hours (310,000 items) of audio content for RNZ’s services available online at any time.</td>
<td>36,000 hours (236,000 items) of audio content for RNZ’s services available online at any time.</td>
</tr>
<tr>
<td>thewireless.co.nz</td>
<td>The Wireless is a youth targeted website which is upfront, in-depth and in tune, aiming to produce inspiring, insightful and entertaining stories for New Zealanders who have grown up in the digital age. The site is updated with new content every weekday. The site provides multiformat content (text, audio and video) and encourages user interaction through sharing of content across other social media outlets and through public commentary on articles posted.</td>
<td>400 new items of content uploaded each year.</td>
<td>400 new items of content uploaded each year.</td>
</tr>
</tbody>
</table>
## TARGETS - Objective 2  
**Making our services available and accessible where and when New Zealanders want**

Distribute the RNZ services as per the following:

<table>
<thead>
<tr>
<th></th>
<th>AM radio (NZ)</th>
<th>FM radio (NZ)</th>
<th>Digital shortwave DRM (Pacific)</th>
<th>Freeview terrestrial (NZ)</th>
<th>Freeview satellite (NZ)</th>
<th>Sky satellite (NZ)</th>
<th>Mobile phone streaming and on demand (NZ)</th>
<th>Internet streaming and on demand (NZ + Worldwide)</th>
<th>Third party distribution of RNZ content (NZ + Worldwide)</th>
</tr>
</thead>
<tbody>
<tr>
<td>RNZ National</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>RNZ Concert</td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>RNZ International</td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Parliament</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>rnz.co.nz</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>thewireless.co.nz</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## TARGETS – Objective 3  
**Providing a public broadcasting service that is important to, and valued by, New Zealanders**

<table>
<thead>
<tr>
<th><strong>Objective</strong></th>
<th><strong>Target 2017/18</strong></th>
<th><strong>Forecast 2016/17</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>A majority of New Zealanders agree that RNZ provides a valuable service to New Zealand.</td>
<td>At least 7 out of 10 New Zealanders agree that RNZ provides a valuable service to New Zealand</td>
<td>At least 7 out of 10 New Zealanders agree that RNZ provides a valuable service to New Zealand</td>
</tr>
<tr>
<td>A majority of New Zealanders agree that it is important for New Zealand to have a public broadcaster.</td>
<td>At least 7 out of 10 New Zealanders agree that it is important for New Zealand to have a public broadcaster.</td>
<td>At least 7 out of 10 New Zealanders agree that it is important for New Zealand to have a public broadcaster.</td>
</tr>
</tbody>
</table>

NB: in the 2017/18 year RNZ will be using new research methodology to assess these value indices. While the objective of the research and associated targets remain the same, in the first year there may be some anomalies comparing results from two different methodologies.
## TARGETS – Objective 4  
**ATTRACTION AND RETAINING AUDIENCES**

<table>
<thead>
<tr>
<th>OBJECTIVE</th>
<th>MEASURE</th>
<th>TARGET 2017/18</th>
<th>TARGET 2016/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintain our traditional live radio listeners</td>
<td>Combined RNZ National and RNZ Concert weekly cumulative audience</td>
<td>500,000</td>
<td>500,000</td>
</tr>
<tr>
<td>Build our online audiences</td>
<td>Average monthly users of RNZ’s websites</td>
<td>1.9 million</td>
<td>1.2 million</td>
</tr>
<tr>
<td>Maintain our current Pacific Island radio audience</td>
<td>Number of Pacific Island radio stations taking the RNZ service</td>
<td>17 stations</td>
<td>17 stations</td>
</tr>
<tr>
<td>Grow RNZ International’s online audience</td>
<td>Pageviews of RNZ International section of website</td>
<td>4 million</td>
<td>3.8 million</td>
</tr>
<tr>
<td>Grow the total number of people who use our services</td>
<td>Combined weekly number who engage with any RNZ service from any source</td>
<td>850,000³</td>
<td>705,000</td>
</tr>
</tbody>
</table>

## TARGETS – Objective 5  
**BEING FINANCIALLY VIABLE**

<table>
<thead>
<tr>
<th>OBJECTIVE</th>
<th>TARGET 2017/18</th>
<th>FORECAST 2016/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operate within our available funding.</td>
<td>Operating breakeven (before non-recurring items) for the 2017/18 year</td>
<td>Operating breakeven (before non-recurring items)</td>
</tr>
<tr>
<td>Retain funds to re-invest in asset upgrade and modernisation programme.</td>
<td>Achieve an EBITDA⁴ in excess of $2 million for the 2017/18 year</td>
<td>EBITDA⁴ of $2 million.</td>
</tr>
</tbody>
</table>

³ This measure is intended to reflect the total unduplicated audience reach of RNZ across all its services, by combining traditional radio survey results, online metrics, and information from third parties. Given the different methodologies being used, and the need for a number of assumptions and estimates the reported result will only be an approximation.

⁴ Earnings Before Interest Tax, Depreciation and Amortisation.
FOCUS PROJECT – RNZ MĀORI STRATEGY

RNZ has implemented a new, long-term strategy that represents a commitment to creating high-quality Māori content, supporting Te Reo Māori and fostering Māori journalism.

While there will still always be Māori-specific broadcast and online content, RNZ’s strategy puts its emphasis on the integration and normalising of te reo across all its platforms.

Some of the initiatives include:

- Te Reo Māori being heard in almost every RNZ news bulletin – reporters have chosen to sign off in te reo to underline their desire to share the language with as many New Zealanders as possible.
- On-air staff training in te reo to develop their knowledge and ability to speak and in time this education programme will be made available to all RNZ employees.
- Māori staff taking the lead in live programming on days of national significance (eg. Waitangi, Anzac).
- RNZ is also seeking to measure the effectiveness of its Māori initiatives and is in discussions with Te Taura Whiri (the Māori Language Commission) to undertake research with RNZ to gauge the public responses to RNZ’s use of te reo.
- RNZ’s website continues to provide a significant platform to promote Māori language, culture and stories.
- A partnership with Te Whakaruruhau O Nga Reo Irirangi will also see RNZ in future offering full te reo bulletins on rnz.co.nz.
- Ngā Taonga Sound and Vision has been working for the past year to identify RNZ archival content in Te Reo that can be released online to be enjoyed by new audiences. Two series, “Te Reo o Te Māorī” and “Te Reo o Te Pipiwharauroa” will become available through ngataonga.org.nz and rnz.co.nz from September 2017.
- The March 2017 launch of RNZ’s Henare te Ua Māori Journalism Internship presents an exciting opportunity for young Māori graduate keen to develop their skills as a reporter. The inaugural intern will be appointed later this year.

Some of the more intrinsic benefits of this strategy do not lend themselves readily to objective measurements of output, so RNZ plans the following performance reporting measures from 1 July 2017 to track progress in implementing the RNZ Māori strategy in respect of broadcast and online content:

<table>
<thead>
<tr>
<th>Measure</th>
<th>Target 2017/18</th>
<th>Target 2016/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Māori Language and Culture programming (radio broadcast hours)</td>
<td>80 hrs</td>
<td>80 hrs</td>
</tr>
<tr>
<td>Māori Language and Culture (number of items uploaded to website)</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Māori Language and Culture (online pageviews – Google Analytics)</td>
<td>1.1 million</td>
<td>1 million</td>
</tr>
</tbody>
</table>

5 This measure relates solely to stand-alone scheduled on-air programmes broadcast on RNZ National that focus exclusively on Māori content, and excludes Māori language and culture content that is broadcast as part of other programming content.
6 The number of story-telling items that are published on the rnz.co.nz website during the year which relate to the Māori world.
7 Both the measures are focused on material (audio, written, visual) which appear in the Te Manu Korihi and Te Ahi Kaa sections of the website. This is where the bulk of Māori-related story-telling is published. It will not include material which turns up in other broader-interest programmes and shows, as it is too difficult to track at this time.
8 The number of times a piece of story-telling relating to the Māori world is viewed on the website.
FINANCIAL PLANNING AND PROSPECTIVE FINANCIAL STATEMENTS

In the 2017 Budget, RNZ secured an additional $3.54M per annum in its baseline funding from the Crown.

This will allow RNZ to continue with the implementation of its strategy for both optimising its Charter performance and its transformation into a modern, efficient multi-media organisation.

In the first year of this increased funding, while the ideas are being developed for a range of new audience and content initiatives, RNZ’s change programme can be accelerated.

This will involve planning and review exercises across the business, with an emphasis on modernising our systems, processes, structures and equipment. The objective is to continually seek out more efficient and effective ways of working and improve RNZ’s future financial resilience.

Another key activity during this year, will be the further development and refinement of our technology roadmap before significant purchasing decisions are made. The objective is to identify the equipment to best deliver on RNZ’s audience and content ambitions in the most cost-effective manner and improve RNZ’s operational resilience.

This change programme will involve a range of one-off costs that will significantly decline in subsequent years as RNZ moves into the implementation phases. This, plus the expected efficiency gains, will release budget for allocation into other areas in subsequent years.

From later in the 2017/18 financial year, and from the 2018/19 year in earnest, new audience and content initiatives will be progressively introduced and a capital expenditure programme implemented, that will see costs in these areas rise and costs associated with the change programme decline.

This approach is intended to provide for a stable and resilient base for RNZ for the next five years.
## Prospectus Statement of Comprehensive Revenue and Expenditure

**Group**

<table>
<thead>
<tr>
<th></th>
<th>30 June 2017</th>
<th>30 June 2018</th>
<th>30 June 2019</th>
<th>30 June 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue from the Crown</td>
<td>36,118</td>
<td>38,958</td>
<td>38,958</td>
<td>38,958</td>
</tr>
<tr>
<td>Other revenue</td>
<td>2,355</td>
<td>2,180</td>
<td>2,203</td>
<td>2,233</td>
</tr>
<tr>
<td>Interest income</td>
<td>177</td>
<td>182</td>
<td>182</td>
<td>182</td>
</tr>
<tr>
<td><strong>Forecast</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>38,650</td>
<td>41,320</td>
<td>41,343</td>
<td>41,373</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>30 June 2017</th>
<th>30 June 2018</th>
<th>30 June 2019</th>
<th>30 June 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenditure</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel costs</td>
<td>23,595</td>
<td>24,879</td>
<td>24,819</td>
<td>24,782</td>
</tr>
<tr>
<td>Depreciation &amp; amortisation</td>
<td>2,407</td>
<td>2,524</td>
<td>2,798</td>
<td>2,716</td>
</tr>
<tr>
<td>Other</td>
<td>12,578</td>
<td>13,848</td>
<td>13,706</td>
<td>13,868</td>
</tr>
<tr>
<td><strong>Budget</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td>38,580</td>
<td>41,251</td>
<td>41,323</td>
<td>41,365</td>
</tr>
</tbody>
</table>

|                |              |              |              |              |
| **Operating Surplus / (Deficit)** | 70           | 69           | 20           | 8            |
| **Corporate Taxation** | 0           | 0           | 0            | 0            |
| **Total Comprehensive Rev & Exps** | **$70**     | **$69**     | **$20**     | **$8**      |

---

**Note 1:** The above figures for the year ending 30 June 2017 are based on actual results to April 2017 and estimates for the remainder of the year.

**Note 2:** Included in the above figures for Revenue from the Crown is $1.9M of funding for RNZ International. Costs directly attributable to RNZ International operations amount to $1.69M and these are included in the budgeted expenditure figures above. RNZ International also benefits from additional shared resources, costs and overheads but due to the increasing levels of integration between services within RNZ, apportionment of these costs into individual services is no longer able to be carried out with sufficient accuracy for reporting purposes.
## Radio New Zealand

### Prospective Statement of Financial Position

#### Group

<table>
<thead>
<tr>
<th></th>
<th>30 June 2017</th>
<th>30 June 2018</th>
<th>30 June 2019</th>
<th>30 June 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EQUITY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at the beginning of year</td>
<td>47,539</td>
<td>44,730</td>
<td>44,799</td>
<td>44,819</td>
</tr>
<tr>
<td>Shareholder Distributions</td>
<td>(2,880)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>plus Total Comprehensive Revenue &amp; Expenditure</td>
<td>70</td>
<td>69</td>
<td>20</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total Equity</strong></td>
<td>$44,729</td>
<td>$44,799</td>
<td>$44,819</td>
<td>$44,827</td>
</tr>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable &amp; accruals</td>
<td>1,949</td>
<td>1,864</td>
<td>1,869</td>
<td>1,873</td>
</tr>
<tr>
<td>Employee entitlements</td>
<td>2,090</td>
<td>2,090</td>
<td>2,090</td>
<td>2,090</td>
</tr>
<tr>
<td>Provisions</td>
<td>391</td>
<td>391</td>
<td>391</td>
<td>391</td>
</tr>
<tr>
<td>Preference shares</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>4,429</td>
<td>4,345</td>
<td>4,350</td>
<td>4,354</td>
</tr>
<tr>
<td><strong>Non-Current Liabilities</strong></td>
<td>1,041</td>
<td>1,041</td>
<td>1,041</td>
<td>1,041</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND EQUITY</strong></td>
<td>$50,199</td>
<td>$50,185</td>
<td>$50,210</td>
<td>$50,222</td>
</tr>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash &amp; cash equivalents</td>
<td>3,402</td>
<td>1,852</td>
<td>1,452</td>
<td>1,455</td>
</tr>
<tr>
<td>Investments (Term Deposits)</td>
<td>4,200</td>
<td>4,200</td>
<td>4,200</td>
<td>4,200</td>
</tr>
<tr>
<td>Account receivables &amp; prepayments</td>
<td>529</td>
<td>308</td>
<td>308</td>
<td>309</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>8,131</td>
<td>6,361</td>
<td>5,960</td>
<td>5,964</td>
</tr>
<tr>
<td><strong>NON CURRENT ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant &amp; equipment</td>
<td>37,297</td>
<td>38,854</td>
<td>39,040</td>
<td>38,808</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>4,770</td>
<td>4,970</td>
<td>5,210</td>
<td>5,450</td>
</tr>
<tr>
<td><strong>NET ASSETS</strong></td>
<td>$50,199</td>
<td>$50,185</td>
<td>$50,210</td>
<td>$50,222</td>
</tr>
</tbody>
</table>
RADIO NEW ZEALAND
PROSPECTIVE STATEMENT OF CASHFLOWS

<table>
<thead>
<tr>
<th></th>
<th>30 JUNE</th>
<th>30 JUNE</th>
<th>30 JUNE</th>
<th>30 JUNE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
<td>2019</td>
<td>2020</td>
</tr>
<tr>
<td></td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
</tr>
<tr>
<td><strong>Forecast</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**GROUP**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash will be provided from:
- NZOA, the Crown, and other income: 38,261 41,360 41,161 41,191
- Interest received: 177 182 182 182

Cash will be disbursed to:
- Payments to employees & suppliers: (42,390) (38,810) (38,520) (38,644)
- Interest expense: 0 0 0 0

Net Cash from operating activities: (3,952) 2,732 2,823 2,728

**CASH FLOWS FROM INVESTING ACTIVITIES**

Cash will be provided from:
- Proceeds from the sale of assets: 7,000 0 0 0

Cash will be disbursed to:
- Purchase of non current assets: (2,180) (4,282) (3,224) (2,724)

Net Cash from investing activities: 4,820 (4,282) (3,224) (2,724)

**CASHFLOWS FROM FINANCING ACTIVITIES**

Cash will be provided from:
- Sale of Assets: 7,000
- Investments & Shareholders: (7,000)

Cash will be disbursed to:
- Returns to Shareholders: 0 0 0 0

Net Cash from financing activities: 0 0 0 0

**NET INCREASE/(DECREASE) IN CASH**

867 (1,550) (401) 4

plus Opening cash as at 1 July

6,735 7,602 6,052 5,652

**CASH & CASH EQUIVALENTS AT YEAR END**

$7,602 $6,052 $5,652 $5,656
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 RNZ and the Minister of Finance. Radio New Zealand Limited is a company registered under the Companies Act 1993.

The group consists of the consolidated activities of Radio New Zealand Limited and its subsidiary Sound Archives/Ngā Taonga Kōrero Limited which is 100% owned. Sound Archives/Ngā Taonga Kōrero Limited was incorporated on August 1998 and has operated the archive since 1 October 1998 but in the current forecasts is not operating.

RNZ is a Public Benefit Entity (PBE) and as such the potential conflict between the pursuit of core public service broadcaster objectives set out in RNZ’s Charter and more commercial company objectives is minimised.

Government and Shareholding Ministers have confirmed and strengthened RNZ’s role as a public service broadcaster and in that context have removed commercial and profit-making imperatives while still insisting on sound financial management.

B  Basis of Preparation

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

These prospective financial statements have been prepared to comply with the Crown Entities Act 2004 and may not be appropriate for purposes other than complying with the requirements of this Act.

The purpose for which these prospective financial statements of Radio New Zealand Limited have been prepared is for their inclusion in the RNZ Statement of Performance Expectations for the year ending 30 June 2016.

C  Statement of Accounting Policies

The financial statements are presented in New Zealand dollars and the functional currency of RNZ is New Zealand dollars.

I  Basis of Consolidation – Purchase Method

The consolidated financial statements include the holding company and its subsidiary. The subsidiary is accounted for using the purchase method.

II  Goods and Services Tax (GST)

All items in the financial statements are exclusive of GST, with the exception of receivables and payables, which are stated with GST included. Where GST is irrecoverable as an input tax, then it is recognised as part of the related asset or expense.

III  Taxation

Income tax expense comprises both current tax and deferred tax, and is calculated using tax rates that have been enacted or substantively enacted by balance date. Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised. Deferred tax is not recognised if temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit. Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Current tax and deferred tax 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 with in equity.

IV  Accounts Receivable

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

Cash and cash equivalents in the balance sheet comprises cash at bank, in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash.

VI Non-Current Assets

Property, plant and equipment are stated at fair value, including library and archival collections. Land and Buildings have been revalued in the prospective financial statements. A formal valuation of Land and Buildings was completed in the year ended 30 June 2014.

Library collections are reviewed to fair value at least every five years.

The results of revaluing library and archival collections are credited or debited to an asset revaluation reserve. Where a revaluation results in a debit balance in the revaluation reserve, the debit balance will be expensed in the Statement of Financial Position. To the extent that a revaluation gain reverses a loss previously charged to the Comprehensive Statement of Revenue and Expense, the gain is credited to the Comprehensive Statement of Revenue and Expense.

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

Impairment of assets

At each balance sheet date, RNZ assesses whether there is any objective evidence that any group of non-current assets is impaired. Any impairment losses are recognised in the Comprehensive Statement of Revenue and Expense.

VII Depreciation and Amortisation

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

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

<table>
<thead>
<tr>
<th>Class of Asset</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>20 to 40 years</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>Term of lease</td>
</tr>
<tr>
<td>Plant and equipment</td>
<td>5 to 20 years</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>5 years</td>
</tr>
<tr>
<td>Computer hardware equipment</td>
<td>3 to 5 years</td>
</tr>
<tr>
<td>Furniture, fittings and other</td>
<td>5 to 10 years</td>
</tr>
<tr>
<td>Library books and music collection</td>
<td>10 to 15 years</td>
</tr>
</tbody>
</table>

Capital work in progress is not depreciated. The total cost of a project is transferred to the relevant fixed asset account when it is completed and begins its productive life. It is then depreciated over its estimated economic life.

VIII Intangible Assets

Software, both acquired and developed, is included under intangible assets. Also under this category are capital contribution payments made to suppliers for co-siting rights which relate to future periods in accordance with the contractual terms.

Archival collections are reviewed to fair value at least every five years

Amortisation

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

The sound archive collection will not be amortised as it is categorised as a heritage asset and as such is not normally amortised.

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

<table>
<thead>
<tr>
<th>Class of Asset</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer software</td>
<td>2 to 5 years</td>
</tr>
<tr>
<td>Capital contributions</td>
<td>Term of contract</td>
</tr>
<tr>
<td>Sound archive collection</td>
<td>Infinite</td>
</tr>
</tbody>
</table>

IX Associates

RNZ is a party to the formation of Freeview Limited, a joint venture company formed to provide free to air digital broadcasting in New Zealand. The investment is accounted for using the equity method of accounting.

Redeemable Preference Shares

Redeemable preference shares held by the Government in RNZ are to be repayable at the option of the holder and are classified as a liability in the statement of financial position.
Employee Entitlements

Provision is made for the company’s liability for annual and long service leave. Annual leave is calculated on an actual entitlement basis at average current rates of pay over the past year in accordance with the Holidays Act 2003, whilst the long service leave provision is calculated on an actuarial basis. A provision for sick leave is not provided for as RNZ does not carry forward sick leave into future periods.

Provisions

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Superannuation schemes

Obligations for contributions to KiwiSaver and the National Provident Fund are accounted for as defined contribution superannuation schemes and are recognised as an expense in the Income Statement as incurred.

Leases

Finance Leases
RNZ has no finance leases.

Operating Leases
Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are recognised as expenses in the periods in which they are incurred. RNZ leases its motor vehicles and the majority of its premises.

Financial Instruments

RNZ is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, debtors, creditors and loans. All financial instruments are recognised in the statement of financial position and all revenues and expenses in relation to financial instruments are recognised in the Income Statement. All financial instruments are shown at their fair value.

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.

Foreign Currency Transactions

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

Borrowing Costs

RNZ has a credit facility arrangement with its banker. Costs relating to the drawdown of this facility are recognised in the Income Statement. No costs are attributed to the acquisition, construction or production of property, plant and equipment or other qualifying assets.

Revenue (Crown and Other Revenue)

RNZ Limited derives revenue from the Government through NZ On Air and from the Ministry for Culture and Heritage for specific purposes as outlined in its Charter and Statement of Intent. Other revenue is derived from generating activities and interest from bank deposits. All revenue is measured at the fair value of the consideration receivable. A small portion of funding from NZ On Air may be classified as non-exchange revenue.
D  Changes in Accounting Policies

There are changes in accounting policies from those adopted in the audited financial statements for the year ended 30 June 2014. NZIFRS applied in 2014 and have been replaced by PBE standards for the year ending 30 June 2015.

E  Significant Assumptions

The following significant assumptions underpin the prospective financial statements:

- Government will continue to fund RNZ’s core activities in the prospective year and for the following two planning years at least to the levels indicated in the statement. It is therefore expected that the nature of the operations of RNZ will not change significantly;
- Shareholding Ministers will not require RNZ to pay a dividend on their shareholding in the company. This has been confirmed by the Minister of Broadcasting for the 2016-2017 income year and is expected to apply for the foreseeable future.
- there will be no withdrawal of capital by Shareholding Ministers, including the Preference Shares;
- the prospective financial statements are based on estimates and forecasts, the effect of which may result in the actual financials varying from the information presented, and these variations may be material; and
- the statements have been prepared on a going-concern basis.