

THE NATION TURNS
TO RADIO NEW ZEALAND



TURN TO US IN TIMES OF NEED

Calm, consistent and reliable... a reassuring and vital voice in times of need.

04/09/10

CANTERBURY EARTHQUAKE

Real time contact

Radio New Zealand receives 100 texts within minutes of the quake

INTERNATIONAL EXPOSURE

WITHIN 24 HOURS 16 international news agencies were using Radio New Zealand broadcasts

WITHIN 48 HOURS of the quakes, Radio New Zealand broadcasts were heard in 17 countries worldwide

10x

Website traffic rises to ten times normal volume

22/02/11

CHRISTCHURCH EARTHQUAKE

Lifeline Utility

Special programming replaces regular content for 12 days and Morning Report runs for 22 consecutive days

Worldwide demand

1,285

Two weeks after the quake, Radio New Zealand broadcasts are used on 1,285 occasions by media worldwide

30x

Website traffic was 30 times the normal volume immediately after quake

“I cannot tell you how reassuring it was to hear your presenter reading texts from others and to know
we weren't alone.”

— Earthquake survivor

“I was under the table with my kids in complete darkness...

Thank you for being there.”

– Earthquake survivor

11/03/11

JAPANESE TSUNAMI

Radio New Zealand issues
a Tsunami Warning after
8.9 quake strikes Japan

19/11/10

Pike River mining disaster

Radio New Zealand informs a nation
hoping and praying for the safety of
the 29 miners

87% OF NEW
ZEALANDERS

see the need for a public service radio broadcaster

79% believe Radio New Zealand
provides a valuable
service

“Your coverage is
real, compelling
and highly professional.”

– Earthquake survivor

TURN TO US FOR EXCELLENCE

With increased use of our services, industry awards, evolving channels and our steadfast promotion of New Zealand culture, more people are tuning in.

The
Sounds

Awards

10

TEN AWARDS AT THE
2011 NEW ZEALAND
RADIO AWARDS, FIVE
MORE THAN ANY OTHER
RADIO STATION

- > Best for News Reader
- > Radio Journalist
- > New Broadcaster
- > Documentary or Feature
- > Dramatic Production
- > Music Feature
- > Recorded Music Event
- > Studio or OB recording
- > Best Daily or Weekly Series under 1 hour
- > Best Daily or Weekly Series over 1 hour

GLOBAL RECOGNITION

Coverage of the Samoan Tsunami is a Finalist at the Association of International Broadcasters Awards, for both news and documentary categories

Journalistic excellence

Insight documentary received Journalism Excellence Award from the Royal College of Pathologists of Australasia

The
Numbers

Uniquely New Zealand content

Including literature readings for all ages, 260 concerts in Music Alive, 52 concerts for youth via Young New Zealand, podcasts for many genres of entertainment and information

RADIO & ONLINE

507,000 LISTENERS for Radio New Zealand National and 140,000 for Concert

13,800,000 PAGE IMPRESSIONS on radionz.co.nz

OVER 12,000 HOURS of archived content, all available free online

140

507

13,800,000

Pacific news

Our Pacific news services cover events in Fiji and the elections in the Solomon Islands, Tonga and Samoa

LIVE MUSIC

Promoted through WOMAD in Taranaki, Golden Guitars in Gore and many classical music competitions

Sounds like us

Our cultural voice is expressed through debates, lectures, coverage of New Zealand Post Writers and Readers Week and the Auckland Writers and Readers Festival

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,000

12,000+



CHAIR'S REPORT

THE PAST TWELVE MONTHS HAS BEEN AN EXTRAORDINARY MIX OF NATURAL CATASTROPHES, FINANCIAL UNCERTAINTY AND GLOBAL CONCERN OVER THE ROLE OF THE MEDIA IN WORLD AFFAIRS.

As Chair of what is essentially a new Board of Governors it is my privilege to report that Radio New Zealand met these diverse challenges with consummate skill and integrity and surpassed expectations on a wide range of other fronts.

Dedicated staff and management demonstrated splendid resilience in the face of unusually demanding circumstances and limited resources.

In this instance success is reflected by empirical results. According to the most recent audience surveys public reaction to this delivery of high quality public broadcasting has resulted in New Zealanders across the country turning to Radio New Zealand in numbers that exceed any survey results in recent years.

CIVIL DEFENCE > In times of crisis people need independent, reliable, and often life-saving information. Above all they need reassurance. As a Board we are proud that the immediacy of information, and calm and considered reassurance from on-air presenters was the hallmark of the Radio New Zealand response to the earthquakes that devastated Canterbury in September 2010 and February 2011.

These disasters, together with the Pike River tragedy and the devastating Japanese earthquake in March underscored the importance of Radio New Zealand as a 24-hour national network with the capacity to respond instantly to emergency situations.

Parliament this year formally commended Radio New Zealand's performance in its unique role as the designated Civil Defence Lifeline Utility radio broadcaster.

In May the Parliamentary Commerce Select Committee also acknowledged the outstanding public service Radio New Zealand provided during the Canterbury earthquakes. The Committee noted that Radio New Zealand responded with admirable speed to the needs of the community despite limited resources due to the impact of the events on Christchurch-based staff, and its own Christchurch building suffering serious damage.

Radio New Zealand receives no specific funding for its statutory obligations under the Civil Defence and Emergency Management Act and in that context the Committee also drew attention to the random impact civil emergencies can have on Radio New Zealand's budget.

LEGISLATION > The Radio New Zealand Amendment Bill remains on the Government's order of business awaiting a second reading in Parliament. The Bill contains a new Radio New Zealand Charter unanimously endorsed by an earlier Parliamentary Select Committee following extensive public consultation in 2005.

MEDIA ENVIRONMENT > The past year has also seen a growing global concern over the irresponsibility and lack of integrity within some world-wide commercial media organisations. The closure of the scandal-wracked News of the World has added fuel to the debate in this country over the future of public service broadcasting and perceptions and expectations of news media organisations generally.

We believe that in an increasingly globalised, commercialised and homogenised world the core values of a quality public service broadcaster are of great significance. As an independent, commercial free public service broadcaster our role is to serve the public interest, communicate with integrity, ensure our culture has a voice and New Zealanders have access to a vehicle designed to exercise the freedoms of a democratic society. Radio New Zealand strives every day to uphold these values.

FUNDING > Radio New Zealand, like many other organisations, is operating in a tough economic environment. Government funding was frozen in the 2009 and inexorable cost increases continue to erode the financial baseline. We expect this situation to continue for the foreseeable future. Wherever possible savings are being achieved in non-programme-related areas and the attention of the Board continues to be focused on exploring alternative sources of revenue.

Radio New Zealand management has achieved real cost savings, and maintains tight controls on expenditure. We expect to be able to continue operating within existing baseline funding until June 2013. While we are determined to ameliorate a difficult operating environment, if the funding freeze continues beyond that point the Board and management will have some very difficult choices to make.

In the interim, Radio New Zealand has reorganised extraordinarily well and the financial team, led by Ken Law, is to be congratulated for an excellent performance.

However, while committed to operating within budget and despite rigorous financial management, cohesive national and international news coverage does bring with it sometimes unpredictable expense. Consequently, the catastrophe in Canterbury and the disaster at Pike River have inflated costs and resulted in an operating loss before tax of \$65,000 in the 2010–2011 financial year. In keeping with past practice, Shareholding Ministers have again waived their right to a dividend.

ACKNOWLEDGEMENTS > All media organisations are dependent on cooperation, teamwork and intelligent decision-making under pressure. This is especially true of a public broadcaster. In that context I want to thank sincerely my colleagues on the Board of Governors for their generous support. I also want to acknowledge with gratitude the insight and expertise of the Chief Executive, Peter Cavanagh, and the senior management team.

The Board is very aware that the strength and success of the organisation is dependent on the multi-faceted talents, the depth of expertise and the dedication of all concerned. As Chair I want to express the appreciation of the Board to the presenters, programme-makers, journalists, technicians and support staff who continue to produce outstanding, award-winning programmes in sometimes difficult circumstances. You are the heart and soul of public broadcasting in this country. The Board believes your talents must be maintained, enhanced and rewarded. We give you an absolute commitment we will continue our efforts to do just that.

We look forward to assisting the organisation in wrestling with the challenges inherent in changing technology, communication innovations and the responsibility of leadership in an evolving broadcasting environment. I know we all remain committed to the task of providing New Zealanders with the highest standards of public service broadcasting. This Board is determined to help find ways and means of continuing to achieve that goal.

RICHARD GRIFFIN
– Chair



CHIEF EXECUTIVE REPORT

IT HAS BEEN AN EXTRAORDINARY YEAR FOR THE PEOPLE OF NEW ZEALAND
– AND FOR RADIO NEW ZEALAND IN ITS VITAL ROLE AS THEIR NATIONAL
PUBLIC SERVICE BROADCASTER.

Over the past 12 months, New Zealanders have experienced some of their darkest hours: from the devastation of the Canterbury Earthquake in September, the Pike River disaster in November and then, a short time later, the tragic loss of life in the second Christchurch Earthquake.

Never before has Radio New Zealand felt so acutely the huge weight of responsibility it carries as New Zealand's public service broadcaster. It is often said that in times of crisis a nation turns to its public broadcaster as its trusted source for calm, accurate and reliable information. This was certainly true for Radio New Zealand. With no power and in many cases only a battery-operated radio linking them to the world outside, people turned to Radio New Zealand in huge numbers to help them through.

Radio New Zealand staff in Christchurch showed extraordinary dedication, many of them reporting for duty in the immediate aftermath of the quake without yet knowing whether their loved ones were safe or what had happened to their own homes.

Following the Christchurch quake, our normal schedules were suspended for almost two weeks to make way for rolling news and information programming. Radio New Zealand's special coverage was carried live across Australia by the ABC Radio network and accessed online around the world. Radio New Zealand was the first port of call for the world's media which drew heavily on our content as the basis of its global coverage.

We were inundated with thanks and praise from the people of Christchurch and wider Canterbury, listeners throughout the country and anxious New Zealanders living in many parts of the world.

AUDIENCES GROWING > The number of people listening to Radio New Zealand has continued to grow over the past 12 months. By the end of 2010–2011, Radio New Zealand National had been firmly established as New Zealand's most popular and successful radio network.

In the year to June, 563,000 New Zealanders over the age of 15 listened to one of our radio services each week, representing almost 20% of the available listening audience. Total audience numbers were up by more than 10% compared to the previous year.

Radio New Zealand National had the largest audience of any radio station in the country and was the No.1 station by market share. Our fine music network, Radio New Zealand Concert, also had a strong year increasing its weekly audience by 17% to 140,000.

STRONG PUBLIC SUPPORT > Public support for Radio New Zealand is running at record levels, even among those who are not regular listeners.

In the latest Radio New Zealand Value Indices Research, 87% of New Zealanders said it was important for New Zealand to have a public service radio broadcaster. Only 5% disagreed. 79% agreed that Radio New Zealand provided a valuable service for the people of New Zealand and again, only 5% disagreed.

Among our own audience, support is even higher with 97% saying we provide a valuable service. Satisfaction with Radio New Zealand's Charter performance is also near record levels, with most approval ratings well over 80% and disapproval less than 5%.

EXCELLENCE RECOGNISED > The outstanding quality of Radio New Zealand's news and programming has again been recognised by our peers in the broadcasting industry with 10 awards at the 2011 New Zealand Radio Awards, five more than any other radio station.

Radio New Zealand's awards included Best Daily and Weekly Series, Radio Journalist of the Year, Best Documentary and Best News Reader. Overall, Radio New Zealand produced 30 finalists in 13 different award categories.

ONLINE BROADCASTING > Radio New Zealand's evolution from traditional live radio services to being the country's leading online broadcaster continued apace during the year.

We are steadily amassing a huge and extremely valuable online library of high quality programming, maximising the value we provide for our current audiences and unlocking the long-term value of our public investment for the benefit of future generations.

The Radio New Zealand website currently contains almost 90,000 individual audio items, and the online programme library now spans more than 12,000 hours of recorded content.

New developments, including the launch of the Radio New Zealand iPhone application, have made content available to audiences on the move. In coming months, further applications will be released providing access for all smart phones and portable tablets.

The new Radio New Zealand Media Player is extending the reach of our content to communities of interest, allowing blogs, websites and other media organisations to host Radio New Zealand audio on their own sites, while acknowledging the source of that content.

FINANCIAL OUTLOOK > In difficult economic times such as these, the "holy grail" for all public sector organisations is to "do more with less". In recent years Radio New Zealand has succeeded in doing exactly that.

Now in its third year of static funding, Radio New Zealand has risen to the challenge, re-prioritising its expenditure to ensure that it meets the needs of its audience and maintains the highest standards of public service broadcasting.

In the past year we have stretched our resources to the limit providing superb coverage of some of the biggest news events ever to occur in New Zealand. Despite that extraordinary additional workload, stringent financial management has allowed us to stay broadly within budget. Productivity levels and the public value we provide continue to rise as our staff fully embrace new technologies and the limitless potential of online broadcasting.

In a challenging year, I acknowledge the support of the Chair and Board in charting a steady course through very tight financial circumstances and to the management team who have worked so effectively within current restraints.

Our staff this year have been simply magnificent and are wholly deserving of the many glowing accolades they have received from listeners and stakeholders alike.

PETER CAVANAGH
– Chief Executive and Editor-in-Chief

OUR CHARTER

EVERY DAY, RADIO NEW ZEALAND CAPTURES AND REFLECTS THE THOUGHTS, OPINIONS AND INFORMATION WE WANT TO SHARE AS A NATION, IN PROGRAMMES THAT CONTRIBUTE TOWARDS OUR BROADER COLLECTIVE UNDERSTANDING, HELP US FOLLOW WHAT IS GOING ON IN OUR OWN COUNTRY AND STAY IN TOUCH WITH DEVELOPMENTS IN THE WORLD AROUND US.

While it was enacted by Parliament, the Radio New Zealand Charter is more than just a piece of legislation. In effect, the Charter is a “living” guide to all that we do. It provides a vision, along with parameters for how our unique range of services fits with our place in New Zealand public life.

Through the programmes it specifically encourages, and the standards that it sets, the Charter also ensures that Radio New Zealand promotes and protects, to the best of its abilities, the fullest possible sense of our national identity. Our Charter states:

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; and
- (b) A range of New Zealand programmes, including information, special interest, and entertainment programmes, and programmes which reflect New Zealand's cultural diversity, including Māori language and culture; and
- (c) Programmes which provide for varied interests and a full range of age groups within the community, including information, educational, special interest, and entertainment programmes; and
- (d) Programmes which encourage and promote the musical, dramatic, and other performing arts, including programmes featuring New Zealand and international composers, performers and artists; and
- (e) A nationwide service providing programming of the highest quality to as many New Zealanders as possible, thereby engendering a sense of citizenship and national identity; and
- (f) Comprehensive, independent, impartial and balanced national news services and current affairs, including items with a regional perspective; and

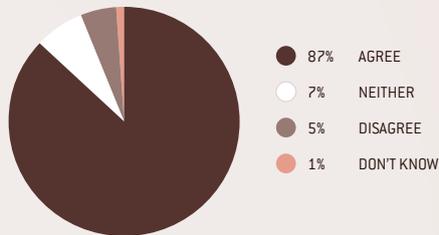
- (g) Comprehensive, independent, impartial, and balanced international news services and current affairs; and
- (h) An international radio service to the South Pacific (Radio New Zealand International) which may include a range of programmes in English and Pacific languages; and
- (i) Archiving of programmes which are likely to be of historical interest in New Zealand.

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

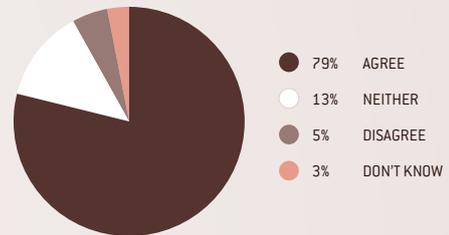
- (a) Recognised standards of excellence; and
- (b) Its responsibility as the provider of an independent national broadcasting service to provide a balance between programmes of wide appeal and programmes of interest to minority audiences; and
- (c) The broadcasting services provided by other broadcasters;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

OUR PERFORMANCE BASED ON PUBLIC VALUE AND OUR CHARTER OBJECTIVES

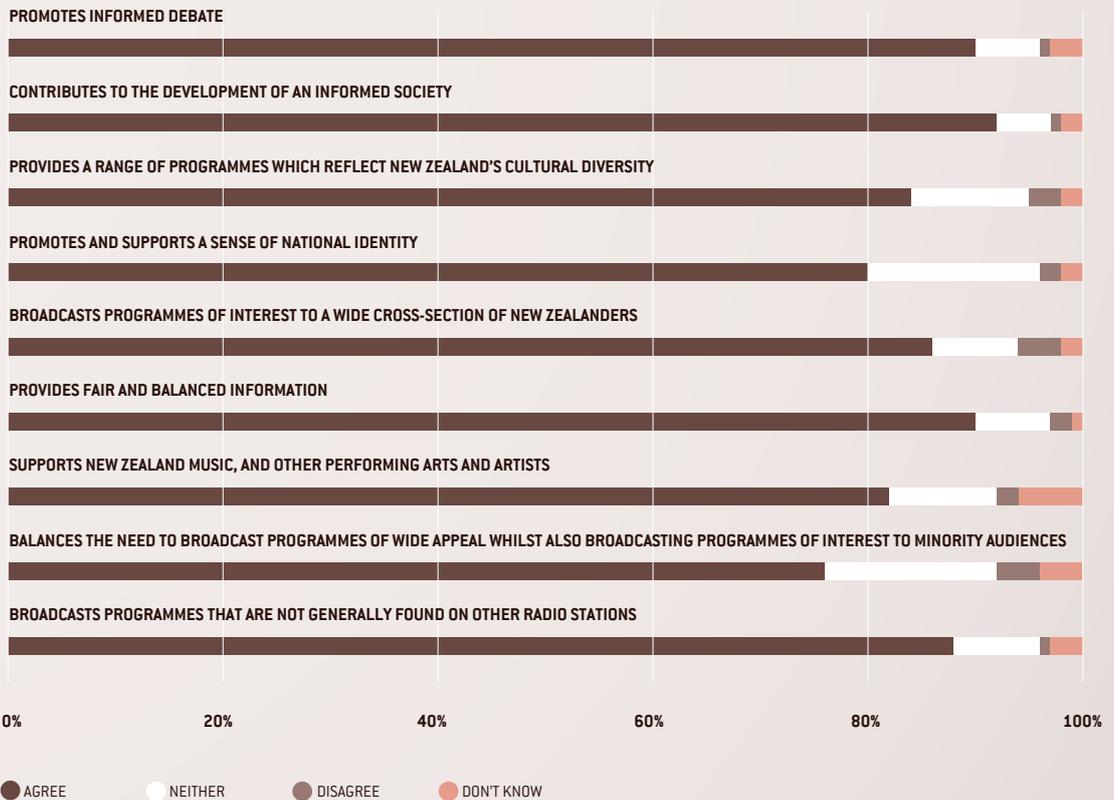
IT IS IMPORTANT FOR NEW ZEALAND TO HAVE A PUBLIC SERVICE RADIO BROADCASTER



RADIO NEW ZEALAND PROVIDES A VALUABLE SERVICE FOR NEW ZEALANDERS



Source: November 2010 Radio New Zealand Value Indices research, conducted by Colmar Brunton among all New Zealanders aged 15+



2010/2011 Radio New Zealand Listener Survey, conducted by The Nielsen Company

PERFORMANCE MANAGEMENT

OUTCOME	RESULT
<p>1 NEW ZEALANDERS HAVE A HEALTHY SENSE OF CITIZENSHIP AND NATIONAL IDENTITY.</p> <p>Radio New Zealand generated the following impacts which contributed positively to this Outcome:</p> <p>Impact 1: New Zealanders appreciate their ethnic and cultural diversity.</p> <p>Impact 2: New Zealanders value and enjoy their sound heritage and appreciate where they come from.</p> <p>Impact 3: New Zealanders, no matter where they are, feel a sense of connection with and belonging to New Zealand.</p>	<p>Achieved</p> <p>Not Fully Achieved</p> <p>Achieved</p>
<p>2 NEW ZEALAND SOCIETY IS INFORMED, ENTERTAINED, EDUCATED AND ENLIGHTENED.</p> <p>Radio New Zealand generated the following impacts which contributed positively to this Outcome:</p> <p>Impact 1: New Zealanders are informed about New Zealand and its place in the world.</p> <p>Impact 2: New Zealanders fully participate in society's intellectual, democratic and cultural debate.</p> <p>Impact 3: New Zealanders enjoy and engage in a diverse vibrant artistic, musical and entertainment culture.</p>	<p>Achieved</p> <p>Achieved</p> <p>Achieved</p>
<p>3 PACIFIC PEOPLES VALUE THEIR RELATIONSHIP WITH NEW ZEALAND AND ARE INFORMED ABOUT ISSUES AFFECTING THEM.</p> <p>Radio New Zealand generated the following impact which contributed positively to this Outcome:</p> <p>Impact 1: Pacific peoples are informed about their region and its place in the world.</p>	<p>Achieved</p>

1

OUTCOME: NEW ZEALANDERS HAVE A HEALTHY SENSE OF CITIZENSHIP AND NATIONAL IDENTITY.

IMPACT 1:

NEW ZEALANDERS APPRECIATE THEIR ETHNIC AND CULTURAL DIVERSITY.

MAIN MEASURES/INDICATORS

Radio New Zealand will report annually on its ethnically and culturally diverse programme content. Specific indicators/measures will include:

- Actual broadcast hours of Charter compliant programming; and
- Listener research into programme delivery.

SERVICE PERFORMANCE	2010–2011 (ACTUAL)	2010–2011 (FORECAST)	2009–2010 (ACTUAL)	2008–2009 (ACTUAL)	2007–2008 (ACTUAL)
Promotes and supports a sense of national identity through programming which is predominantly and distinctively of New Zealand.					
Programming hours: Radio New Zealand National.	8,117	8,055	8,111	8,050	not available ¹
Programming hours: Radio New Zealand Concert.	1,574	1,226	1,396	1,394	not available
Research: ² Percentage of Radio New Zealand listeners who agree that Radio New Zealand promotes and supports a sense of national identity.	80%	75%	79%	82%	82%
Reflects New Zealand's cultural diversity.					
Programming hours: Radio New Zealand National.	8,117	8,059	8,111	8,050	not available
Programming hours: Radio New Zealand Concert.	1,574	1,226	1,396	1,394	not available
Research: Percentage of Radio New Zealand listeners who agree that Radio New Zealand provides a range of programmes which reflect New Zealand's cultural diversity.	84%	75%	81%	82%	83%

2010–2011 PERFORMANCE STATUS: ACHIEVED

Programming of significance included:

- *Country Life*;
- *Spectrum*;
- book readings, original drama, short stories and children's stories of New Zealand origin;
- *Sounds Historical*;
- *Afternoons with Jim Mora*, coverage from heartland New Zealand including *Your Place* and *New Zealand Live*;
- music programmes reflecting New Zealand music, e.g. *Waiata* and *New Zealand Live*;
- rural news bulletins;
- *The Arts on Sunday*;
- *Asian Report*;
- *World Of Music*;
- Radio New Zealand Concert programming including world music, *The Art of Jazz*, *Music Alive* and *New Horizons*; *Global Sounds*; *WOMAD Taranaki*; *Made in New Zealand* and *Young New Zealand*;
- *Storytime Treasure Chest* on the Radio New Zealand website;
- Waitangi Day celebrations, including live broadcasts from the Treaty Grounds by the news team deployed there;
- Māori Language Week;
- *Te Ahi Kaa*;
- *Waiata*;
- *Our Changing World*;
- *One in Five*;
- *Auckland and Christchurch Story*;
- *Tagata o te Moana*;
- *Dateline Pacific*; and
- New Zealand focused presentation including greetings and sign-offs in Te Reo Māori.

1. Not available refers to new indicators which have been introduced and data is not available to measure past performance.

2. Source: Radio New Zealand Listener Survey, conducted by The Nielsen Company.

IMPACT 2:

NEW ZEALANDERS VALUE AND ENJOY THEIR SOUND HERITAGE AND APPRECIATE WHERE THEY COME FROM.

MAIN MEASURES/INDICATORS

Sound Archives Ngā Taonga Kōrero will report annually on its accession and preservation of New Zealand's sound heritage.

Specific indicators/measures will include:

- hours of sound heritage acquired; and
- hours of sound heritage preserved.

SERVICE PERFORMANCE	2010–2011 (ACTUAL)	2010–2011 (FORECAST)	2009–2010 (ACTUAL)	2008–2009 (ACTUAL)	2007–2008 (ACTUAL)
Number of hours of material acquired by Sound Archives Ngā Taonga Kōrero.	578 ³	1,300	1,211	1,767	2,324
Number of hours of material preserved to Sound Archives Ngā Taonga Kōrero.	1,483	1,900 ⁴	2,138	1,889	1,828

2010–2011 PERFORMANCE STATUS: NOT FULLY ACHIEVED

The Canterbury earthquakes in September 2010 and February 2011 had a significant impact, disrupting Sound Archives Ngā Taonga Kōrero services and damaging the building based in Christchurch's central business district.

Access to the Archive was closed for a period of time immediately following the September and February earthquakes. After February building access was restricted resulting in the temporary relocation of operations. Once safe building access was granted, Radio New Zealand undertook (as part of its Archive Recovery Programme) a successful exercise to retrieve the archive material for relocation to the temporary location. Limited public access to the Archive is in place until a time when full operations can be restored, which the Archive Recovery Programme is working towards. The preservation programme continued at Ngā Taonga Kōrero, Auckland, but the result of the earthquake impacted on Christchurch preservation services and the ability to achieve the year-end target.

The Accessions Programme ran almost continuously following the earthquakes and significant volumes of important broadcast coverage of the events were acquired. Temporary methods were employed to enable the capture of recordings due to the disruption of services resulting from the earthquake, and this caused a backlog of work that requires resolution before actual figures can be confirmed for 2010–2011.

There is still much work to be done before operations can return to full functionality. It is anticipated the Archive will return to full functionality in the latter half of the 2011–2012 operating year, and will be dependent on the successful completion of the Archive Recovery Programme and re-establishment of facilities.

IMPACT 3:

NEW ZEALANDERS NO MATTER WHERE THEY ARE FEEL A SENSE OF CONNECTION WITH AND BELONGING TO NEW ZEALAND.

MAIN MEASURES/INDICATORS

Radio New Zealand will report annually on programme delivery. Specific indicators/measures will include:

- research on audience size for Radio New Zealand National and Radio New Zealand Concert;
- usage of the radionz.co.nz website;
- availability of Radio New Zealand International to New Zealanders throughout the Pacific region.

SERVICE PERFORMANCE	2010–2011 (ACTUAL)	2010–2011 (FORECAST)	2009–2010 (ACTUAL)	2008–2009 (ACTUAL)	2007–2008 (ACTUAL)
Listeners to the service⁵.					
Live audiences:					
Radio New Zealand National (cumulative audience).	507,000	422,600	462,000	473,000	501,000
Radio New Zealand National (percentage of available audience).	17.4%	14.7%	17.4%	17.2%	17.5%
Radio New Zealand Concert (cumulative audience).	140,000	134,000	119,000	138,000	201,000
Radio New Zealand Concert (percentage of available audience).	4.8%	4.7%	4.5%	5.0%	7.0%

3. This figure represents the July 2010–December 2010 acquisitions hours only and is not indicative of the year-end figure.

4. During the annual report period the 2010–2011 NZ On Air funding agreement was renegotiated to reduce the total preservation hours to 1,600.

5. Source for actuals: All New Zealand Radio Surveys 2007 to 2011, conducted by the Nielsen Company nationwide among all people aged 15+. Cumulative audience is the number of different people who listen to Radio New Zealand National and Radio New Zealand Concert from Monday to Sunday, 12 midnight to 12 midnight. 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.

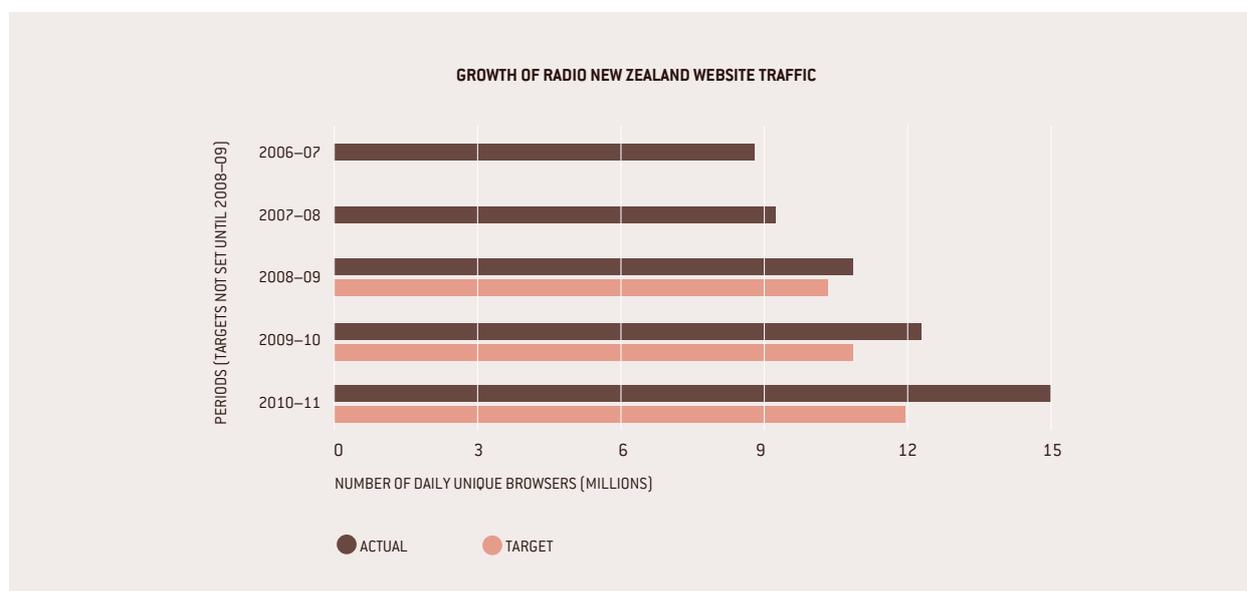
SERVICE PERFORMANCE	2010–2011 (ACTUAL)	2010–2011 (FORECAST)	2009–2010 (ACTUAL)	2008–2009 (ACTUAL)	2007–2008 (ACTUAL)
Timeshifted audience (millions):					
Radio New Zealand website podcasting requests met.	not available ⁶	5.10m	not available	4.73m	2.25m
Radio New Zealand website audio-on-demand downloads met.	0.53m ⁷	3.60m	not available	3.27m ⁸	2.06m ⁸
Users of the website (millions).					
Website access radionz.co.nz.	13.8m	11.00m	11.3m	9.97m	8.53m
Radio New Zealand National website live streaming requests.	0.30m ⁷	1.60m	not available	1.27m ⁸	0.79m ⁸
Radio New Zealand Concert website live streaming ⁷ requests.	0.05m ⁷	0.47m	not available	0.45m ⁸	0.26m ⁸
Availability of Radio New Zealand to New Zealanders in the Pacific.					
The number of Pacific radio stations rebroadcasting Radio New Zealand International.	18	17	17	18	18

2010–2011 PERFORMANCE STATUS: ACHIEVED

Work began during 2010–2011 to replace the Content Management System that runs the Radio New Zealand website. This has allowed an archive of 12,000 hours of audio content to be opened up for public search and dramatically increased the speed of the website. The project is expected to be completed during 2011–2012.

The server infrastructure was upgraded to allow for better performance under high load, and to provide more options for disaster recovery.

In December 2010 Radio New Zealand launched its first smartphone application, allowing smartphone users to listen to live streaming of Radio New Zealand National and Radio New Zealand Concert and recent audio from Radio New Zealand programmes anytime and anywhere they choose.



- The Radio New Zealand website experienced a significant growth in traffic during 2009–2010. As a result of the high demand and increased load on the web servers urgent system upgrades were implemented. System overloads and the measures undertaken to protect service delivery has meant accurate logging of on-demand traffic is not possible. Proposals are in place to introduce an accurate system during 2011–2012 for measuring on-demand traffic.
- Calculated from user click events for each audio link on the website, which differs to the previous years' method of calculating figures based on server logs and the number of times a single item was requested. Targets for 2010–2011 had been calculated using previous methodology.
- Calculated from standard server logs. Radio New Zealand intends to move to a more robust methodology in the future. Figures may be subject to some variability due to known issues with server logs.

2

OUTCOME: NEW ZEALAND SOCIETY IS INFORMED, ENTERTAINED, EDUCATED AND ENLIGHTENED.

IMPACT 1:

NEW ZEALANDERS ARE INFORMED ABOUT NEW ZEALAND AND ITS PLACE IN THE WORLD.

MAIN MEASURES/INDICATORS

Radio New Zealand will report annually on its news and factual programme content. Specific indicators/measures will include:

- Actual broadcast hours of Charter compliant programming; and
- Listener research into programme delivery.

SERVICE PERFORMANCE	2010–2011 (ACTUAL)	2010–2011 (FORECAST)	2009–2010 (ACTUAL)	2008–2009 (ACTUAL)	2007–2008 (ACTUAL)
Contributes to the development of an informed society					
Research: ⁹ Percentage of Radio New Zealand listeners who agree that Radio New Zealand contributes to the development of an informed society.	92%	85%	91%	93%	91%
Research: Percentage of Radio New Zealand National listeners who agree that Radio New Zealand provides fair and balanced information.	90%	80%	89%	90%	89%
Provides indepth news and current affairs about New Zealand.					
Programming hours: Radio New Zealand National.	4,415	4,117	4,307	4,268	4,858
Research: Percentage of Radio New Zealand National listeners who agree Radio New Zealand provides indepth news and current affairs about New Zealand.	96%	85%	92%	93%	94%
Research: Percentage of Radio New Zealand listeners who agree Radio New Zealand broadcasts programmes of interest to a wide cross-section of New Zealanders.	86%	75%	83%	86%	84%
Balances the need of wide appeal while also of interest to minority audiences.					
Programming hours: Radio New Zealand National.	8,408	8,409	8,419	8,411	not available ¹⁰
Research: Percentage of Radio New Zealand listeners who agree Radio New Zealand balances the need to broadcast programmes of wide appeal while also broadcasting programmes of interest to minority audiences.	76%	65%	76%	76%	76%
Provides an awareness of the world and New Zealand's place in it.					
Programming hours: Radio New Zealand National.	6,429	6,482	6,485	6,481	not available

2010–2011 PERFORMANCE STATUS: ACHIEVED

Radio New Zealand in its role as a lifeline utility responded to the following civil defence emergencies:

- the 4 September 2010 Christchurch earthquake;
- the 22 February 2011 Christchurch earthquake;
- the March 2011 Japanese earthquake and tsunami and resultant New Zealand tsunami alert; and
- the Hawkes Bay floods.

Coverage of significant news and current affairs events included:

- extensive coverage of the September 2010 and February 2011 Christchurch earthquakes providing around the clock news coverage and broadcast *Morning Report* for 22 consecutive days following the February earthquake, also including live coverage of the memorial service;
- the Pike River mine disaster and live coverage of the memorial service;
- the World Rowing Championships at Lake Karapiro;
- severe South Island snow falls, including the Southland stadium collapse;
- the Auckland tornado tragedy;
- the police shooting of a man in Hawkes Bay;
- Prince William's visit;
- the surprise resignation of ACT leader Rodney Hide;
- the disruption to New Zealand airlines by the Chilean volcanic cloud;
- New Year floods in Nelson, Bay of Plenty and Marlborough and the fatal Ohope landslip as a result of the Bay of Plenty flooding; and
- the Opunake police shooting.

9. Source: Radio New Zealand Listener Survey, conducted by The Nielsen Company.

10. Not available refers to new indicators which have been introduced and data is not available to measure past performance.

Radio New Zealand deployed news staff to cover the following international stories and events:

- the Australian election;
- the first anniversary of the Samoan earthquake and tsunami disaster; and
- the Prime Minister's visits to Britain, France, Australia, India and Washington, and attendance at the royal wedding.

Awards and recognition:

- Radio New Zealand News' coverage of the Samoan tsunami tragedy was a finalist in the Association of International Broadcasters awards in both the news and documentary sections.
- Radio New Zealand's health correspondent received the Journalism Excellence Award from the Royal College of Pathologists of Australasia for an Insight documentary.
- Radio New Zealand won the following categories at the 2011 New Zealand Radio Awards:
 - Best News Reader;
 - Radio Journalist of the Year;
 - Best New Broadcaster: Journalist;
 - Best Documentary or Feature;
 - Best Daily or Weekly Series under 1 Hour;
 - Best Daily or Weekly Series 1 Hour and Over;
 - Best Dramatic Production;
 - Best Music Feature;
 - Best Recorded Music Event; and
 - Best Studio or OB Recording.

Programming of diversity and significance included:

- *Morning Report*;
- *Checkpoint*;
- *Nine to Noon with Kathryn Ryan*;
- *Nights with Bryan Crump*;
- *Saturday Morning with Kim Hill*;
- *Sunday Morning with Chris Laidlaw*;
- *Mediawatch*;
- *Arts on Sunday*;
- *This Way Up*;
- *Afternoons with Jim Mora*;
- *Our Changing World*;
- *Spectrum*;
- *Country Life*;
- *One in Five*;
- jazz programmes including *The Art of Jazz*;
- *Global Sounds*;
- *New Horizons*;
- *Sound Lounge*;
- *Appointment*;
- *Upbeat*;
- *Vintage Years*;
- *Sounds Historical*;
- *Young New Zealand*, including 52 broadcasts of young musicians recorded around the country;
- *Insight and Focus on Politics*;
- Composer of the Week including seven New Zealand composers;
- drama and book readings;
- *Music 101*;
- *'Round Midnight*;
- *World Of Music*; and
- *The Music Mix*.

IMPACT 2:

NEW ZEALANDERS FULLY PARTICIPATE IN SOCIETY'S INTELLECTUAL, DEMOCRATIC AND CULTURAL DEBATE.

MAIN MEASURES/INDICATORS

Radio New Zealand will report annually on programming that contributes to New Zealand's intellectual, democratic and cultural debate.

Specific indicators/measures will include:

- Actual broadcast hours of Charter compliant programming; and
- Listener research into programme delivery.

SERVICE PERFORMANCE	2010–2011 (ACTUAL)	2010–2011 (FORECAST)	2009–2010 (ACTUAL)	2008–2009 (ACTUAL)	2007–2008 (ACTUAL)
Promotes and fosters critical thought and informed and wide-ranging debate.					
Programming hours: Radio New Zealand National.	8,408	8,322	8,419	8,412	not available ¹¹
Research: ¹² Percentage of Radio New Zealand listeners who agree that Radio New Zealand promotes informed debate.	90%	80%	88%	90%	88%
Contributes towards intellectual and spiritual development.					
Programming hours: Radio New Zealand National.	7,511	7,446	7,549	7,530	not available

11. Not available refers to new indicators which have been introduced and data is not available to measure past performance.

12. Source: Radio New Zealand Listener Survey, conducted by The Nielsen Company.

2010–2011 PERFORMANCE STATUS: ACHIEVED

Programming of significance included:

- *Morning Report* and *Checkpoint* playing a role in defining and reflecting matters of public interest and debate;
- indepth coverage of politics, including *Focus on Politics*;
- *Nine to Noon with Kathryn Ryan*;
- *Upbeat*;
- *The Critic's Chair*;
- *Appointment*;
- *Afternoons with Jim Mora*, including *The Panel*;
- *This Way Up*;
- *The Arts on Sunday*;
- *Saturday Morning with Kim Hill*;
- *Sunday Morning with Chris Laidlaw* including *Insight* and *Mediawatch*;
- *Sunday 4 'til 8* programme profiling public events, debates and lectures including the Waitangi Rua Rau Tau Lecture, the Te Papa Debates, the University of Canterbury's Macmillan Brown lectures and coverage of the New Zealand Post Writers and Readers Week, and the Auckland Writers and Readers Festival;
- debate over creation of an Auckland super city;
- programming on spiritual and philosophical themes, including *Spiritual Outlook*, *Hymns on Sunday*, and church services; and
- *Our Changing World*.

IMPACT 3:

NEW ZEALANDERS ENJOY AND ENGAGE IN A DIVERSE VIBRANT ARTISTIC, MUSICAL AND ENTERTAINMENT CULTURE.

MAIN MEASURES/INDICATORS

Radio New Zealand will report annually on its cultural, musical and arts programme content. Specific indicators/measures will include:

- Actual broadcast hours of Charter compliant programming; and
- Listener research into programme delivery.

SERVICE PERFORMANCE	2010–2011 (ACTUAL)	2010–2011 (FORECAST)	2009–2010 (ACTUAL)	2008–2009 (ACTUAL)	2007–2008 (ACTUAL)
Supports New Zealand music and other performing arts and artists and reflects the diversity of cultural expression including drama, comedy, literature and the performance arts.					
Programming hours: Radio New Zealand National.	7,599	7,621	7,645	7,664	not available ¹³
Programming hours: Radio New Zealand Concert.	8,431	8,497	8,476	8,484	not available
Research: ¹⁴ Percentage of Radio New Zealand listeners who agree that Radio New Zealand supports New Zealand music, and other performing arts and artists.	82%	75%	77%	80%	81%
Stimulates, supports and reflects a wide range of music including New Zealand composition and performance.					
Programming hours: Radio New Zealand National.	952	876	919	973	not available
Programming hours: Radio New Zealand Concert.	8,431	8,497	8,476	8,484	not available

2010–2011 PERFORMANCE STATUS: ACHIEVED

Programming of significance included:

- *WOMAD Taranaki*;
- *Music 101*;
- *The Music Mix*;
- *Musical Chairs*;
- *Access All Areas*;
- *The Sampler*;
- *The Arts on Sunday*;
- *Afternoons with Jim Mora* – including *New Zealand Live*;
- book readings, original drama, short stories and children's stories of New Zealand origin;
- *Sounds Historical*;
- *Upbeat*;
- coverage of New Zealand jazz, chamber music and choral festivals;
- coverage of New Zealand violin, piano, cello, chamber music, choral and opera aria competitions;
- coverage of the Gore Golden Guitars;
- extensive and authoritative book reviews;
- coverage of the New Zealand National Youth Orchestra and Youth Choirs;
- extensive coverage of the Nelson and Auckland Arts Festivals;
- *Sound Lounge*;
- *Made in New Zealand*;
- *Music Alive*, including 260 broadcasts of concerts recorded in New Zealand;
- *Young New Zealand*, including 52 broadcasts of concerts recorded in New Zealand;
- *Saturday Concert*;
- increased New Zealand music availability online via Radio New Zealand podcasts including monthly *Podcast Classics*, *Musical Chairs*, *Music 101 live sessions*;
- *Saturday Night with Peter Fry*; and
- *Appointment*.

13. Not available refers to new indicators which have been introduced and data is not available to measure past performance.

14. Source: Radio New Zealand Listener Survey, conducted by The Nielsen Company.

3

OUTCOME: PACIFIC PEOPLES VALUE THEIR RELATIONSHIP WITH NEW ZEALAND AND ARE INFORMED ABOUT ISSUES AFFECTING THEM.

IMPACT 1: PACIFIC PEOPLES ARE INFORMED ABOUT THEIR REGION AND ITS PLACE IN THE WORLD.

MAIN MEASURES/INDICATORS

Radio New Zealand International will report annually on its Pacific region service. Specific indicators/measures will include:

- Percentage of original programming broadcast;
- Percentage of Radio New Zealand National programming rebroadcast; and
- Number of sessions broadcast throughout the day.

SERVICE PERFORMANCE	2010–2011 [ACTUAL]	2010–2011 [FORECAST]	2009–2010 [ACTUAL]	2008–2009 [ACTUAL]	2007–2008 [ACTUAL]
Informs the Pacific region.					
Programming:					
Approximate percentage of original programming.	27%	27%	27%	not available ¹⁵	not available
Approximate percentage of rebroadcasts of Radio New Zealand National programming.	73%	73%	73%	not available	not available
Number of morning sessions.	308	305	307	not available	not available
Number of afternoon and evening sessions.	240	238	239	not available	not available

2010–2011 PERFORMANCE STATUS: ACHIEVED

Programming of significance included:

Radio New Zealand International originated content:

- *Dateline Pacific*;
- *Tagata o te Moana*;
- *Trade Winds*;
- *Pacific Correspondent*;
- Pacific, world, New Zealand, sports and business news bulletins; and
- Pacific current affairs, information and music.

Rebroadcasts of Radio New Zealand National:

- *Checkpoint*;
- *Midday Report*;
- *Late Edition*;
- parts of *Morning Report*;
- *Insight*;
- Māori programming; and
- Radio New Zealand news bulletins.

Radio New Zealand International deployed news staff to cover the following Pacific stories and events:

- Election in Solomon Islands;
- Pacific Forum meeting in Vanuatu;
- Foreign Minister's Pacific Mission to Solomon Islands, Kiribati and Samoa;
- The build up to the election in Tonga;
- Election in Samoa;
- Melanesian Spearhead Group meeting in Fiji;
- Foreign Minister's trip to Vanuatu and Solomon Islands;
- Fiji – general news coverage; and
- New Zealand Defence Force aid visit to Vanuatu.

15. Not available refers to new indicators which have been introduced and data is not available to measure past performance.

Good Employer and Equal Employment Opportunities Reporting:

ORGANISATIONAL IMPACTS	ACTIVITY
<p>BUILD AND MAINTAIN RADIO NEW ZEALAND'S WORKFORCE CAPABILITY TO SUPPORT ACHIEVEMENT OF ITS BUSINESS PLANS AND STRATEGIC OBJECTIVES.</p>	<p>Radio New Zealand workforce information will be collected, analysed and reported.</p> <p>Robust human resources systems, based upon analysis of business information, and recognised "Good Business Practice" will be maintained.</p> <p>An equitable and transparent remuneration system will be implemented and Radio New Zealand will report annually on its remuneration levels in relation to the market and within the organisation across gender and ethnicity.</p> <p>Radio New Zealand will implement a learning and development framework and report annually on staff participation in learning and development opportunities.</p> <p>Flexibility in work design will be measured and reported by level of staff participation in multi-skilling job opportunities.</p> <p>Radio New Zealand will ensure a healthy and safe working environment and ACC Workplace Safety Management Practices audit standards will be met to at least primary level.</p>
<p>RADIO NEW ZEALAND'S HUMAN RESOURCES SYSTEMS, POLICIES AND PROCESSES ARE ALIGNED WITH "GOOD EMPLOYER" PRACTICE (AS DEFINED IN SECTION 118 OF THE CROWN ENTITIES ACT 2004)</p>	<p>Radio New Zealand continued to review its human resources systems in 2010–2011 to align policies and processes with Good Employer principles.</p> <p>Radio New Zealand will monitor and report annually on its Equal Employment Opportunity Plan.</p>

2010–2011 PERFORMANCE STATUS: ACHIEVED

The annual staff turnover within Radio New Zealand to 30 June was 9%, an increase of 3%. Although this is the first increase in annual turnover recorded in the previous five years, the level remains acceptable and reflects current turnover trends in the labour market. Radio New Zealand annual staff turnover was:

30 June 2011 (9%);
 30 June 2010 (6.2%);
 30 June 2009 (8.1%);
 30 June 2008 (11.3%); and
 30 June 2007 (11.6%).

The Public Sector average turnover for the year to 30 June 2011 was not available at the time of publication. It is predicted to be similar to the 9.2 % recorded for the Public Sector in the year ended 30 June 2010.

A revised remuneration structure was implemented from 1 January 2009. The remuneration structure better supports transparent progression and was accepted by staff as fair and equitable, while having regard to internal and external relativities, affordability, and recruitment and retention.

The revised salary framework is structured in salary bands and has been based on Public Sector median base salaries. In all salary bands, the average base salaries of Radio New Zealand employees continue to lag behind Public Sector medians, a lag of 4% to 12% depending on salary band.

The gender pay gap as at 30 June 2010 was 7.7 % (female lag behind male). The gender pay gap in the Public Service for this period was 14.4 %.

Participation in multi-skilling job opportunities was taken up by 7.2 % of Radio New Zealand employees who had roles in addition to their substantive positions.

A high level of commitment to health and safety has been maintained. Over 6 % of employees held Workplace First Aid qualifications. All employees had access to health and safety professional services including individual worksite assessments, hearing tests and confidential, independent, employee assistance programmes.

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 2011

STAFF NUMBERS

Headcount	290
Full-time equivalent	268.2

LENGTH OF SERVICE

Under 3 years	23.4%
3 to 10 years	36.2%
Over 10 years	40.3%

AGE PROFILE

Under 30 years	10%
30–40 years	22%
40–50 years	29%
Over 50 years	38%

GENDER

Female	48%
Male	52%

ETHNICITY (OF THOSE REPORTED)

Māori	5%
NZ European/ Pakeha	80%
Pacific	2%
Asian	2%
Other	11%

Financial Performance

FOR THE YEAR ENDED 30 JUNE 2011

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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 Board of Governors. 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 2011.

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

During the year two directors completed their terms – Chair Christine Grice and Yvonne Sharp retired on 30 April 2011. Three new directors were appointed during the year – Tiwana Tibble on 1 September 2010, Sheena Henderson and Jane Taylor, both on 1 May 2011.

SUBSIDIARY

A fully owned subsidiary company, Sound Archives Ngā Taonga Kōrero Limited, was incorporated in August 1998. The subsidiary's director is the Radio New Zealand Chief Executive (Peter Cavanagh). The retiring Board Chair, Ms Christine Grice retired from the subsidiary's Board on 30 April 2011. The subsidiary receives funding from NZ On Air and purchases services from Radio New Zealand to run the archives.

BOARD COMMITTEES

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

BOARD MEETINGS

The Board met on nine scheduled occasions this year and once for a non-scheduled meeting.

TABLE OF ATTENDANCE FOR THE YEAR ENDED 30 JUNE 2011	BOARD MEETINGS SCHEDULED	BOARD MEETINGS OTHER	AUDIT COMMITTEE	REMUNERATION COMMITTEE
Richard Griffin – Chairman	8	1	5	2
Josh Easby – Deputy Chariman	9	1	5	–
Rt Hon. Paul East QC CNZM	9	1	5	–
Gary Monk – Audit Chairman	9	1	5	–
Tiwana Tibble	7	–	3	–
Sheena Henderson	2	–	1	–
Jane Taylor	2	–	1	–
Christine Grice CNZM – retired Chair	7	1	3	2
Yvonne Sharp – retired	7	1	3	2

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 2011

Pursuant to the Crown Entities Act 2004, the Board and management of Radio New Zealand Limited accepts 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 2011 fairly reflect the financial position and operations of Radio New Zealand Limited.

The audit opinion on these financial statements is on page 22–23.



RICHARD GRIFFIN
Chairman
28 October 2011



GARY MONK
Audit Committee Chairman and Board Member
28 October 2011



PETER CAVANAGH
Chief Executive and Editor-in-Chief
28 October 2011

TO THE READERS OF RADIO NEW ZEALAND LIMITED AND GROUP'S FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011

The Auditor General is the auditor of Radio New Zealand Limited (the company) and group. The Auditor General has appointed me, J.R. Smaill, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the company and group on her behalf.

We have audited:

- the financial statements of the company and group on pages 25–50, that comprise the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date and notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the company and group on pages 51–58.

OPINION ON THE FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE

In our opinion:

- the financial statements of the company and group on pages 25–50:
 - 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 2011; and
 - financial performance and cash flows for the year ended on that date.
- the statement of service performance of the company and group on pages 51–58:
 - complies with generally accepted accounting practice in New Zealand; and
 - gives a true and fair view of, for each class of outputs for the year ended 30 June 2011, the company and group's:
 - service performance compared with the forecasts in the statement of forecast service performance at the start of the financial year; and
 - actual revenue and output expenses compared with the forecasts in the statement of forecast service performance at the start of the financial year.

OPINION ON 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 28 October 2011. 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 statement of service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. 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 statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the company and group's preparation of the financial statements and statement of service performance 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 and group'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 adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. 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 a statement of service performance 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 its service performance.

The Board of Directors is also responsible for such internal control as is determined necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error.

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 statement of service performance 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 New Zealand Institute of Chartered Accountants.

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



J.R. SMAILL

Audit New Zealand

On behalf of the Auditor General

Wellington, New Zealand

MATTERS RELATING TO THE ELECTRONIC PRESENTATION OF THE AUDITED FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE

This audit report relates to the financial statements and statement of service performance of Radio New Zealand (the company) and group for the year ended 30 June 2011 included on the company and group's website. The Board is responsible for the maintenance and integrity of the company and group's website. We have not been engaged to report on the integrity of the company and group's website. We accept no responsibility for any changes that may have occurred to the financial statements and statement of service performance since they were initially presented on the website.

The audit report refers only to the financial statements and statement of service performance named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements and statement of service performance. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and statement of service performance as well as the related audit report dated 28 October 2011 to confirm the information included in the audited financial statements and statement of service performance presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

Statement Specifying Financial Performance

FOR THE YEAR ENDED 30 JUNE 2011

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 2010–2011 Statement of Intent.

	BUDGET \$000	ACHIEVEMENT \$000
INCOME	38,501	38,424
EXPENDITURE	38,446	38,489
OPERATING SURPLUS/ (DEFICIT) BEFORE TAXATION	55	(65)
INCOME TAX EXPENSE/ (BENEFIT)	0	192
NET SURPLUS/ (DEFICIT) AFTER TAXATION	55	(257)
EQUITY	52,522	49,209
WORKING CAPITAL RATIO (Current assets as percentage of current liabilities)	85%	106.7%
RATIO OF EQUITY TO TOTAL ASSETS (Equity as percentage of total assets)	85%	82.7%

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 deficit before tax of \$65,000 compared to a budget surplus before tax of \$55,000.

The income tax expense of \$192,000 relates to part of the deferred tax movement for the year.

The other part of the deferred tax movement of \$413,000 relates to the 2011 revaluation of land and buildings (calculated at the 28% company income tax rate). This is charged to the revaluation reserve.

Together the deferred tax movement for the year is \$605,000 and the deferred tax liability at balance date stands at \$1,179,000 (2010: \$574,000).

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2011

	NOTE	GROUP BUDGET 2011 \$000	GROUP ACTUAL 2011 \$000	GROUP ACTUAL 2010 \$000	PARENT ACTUAL 2011 \$000	PARENT ACTUAL 2010 \$000
Government funding and fees	2	34,348	35,705	35,569	34,850	34,765
Interest income		160	236	145	236	145
Other income	3	3,993	2,483	2,661	3,518	3,691
Total income		38,501	38,424	38,375	38,604	38,601
Personnel		21,259	21,785	21,189	21,785	21,189
Operating expenses	4	13,987	13,254	13,653	13,417	13,816
Depreciation & amortisation expense	5	3,200	3,399	3,422	3,399	3,422
Finance costs		0	51	93	51	93
Total expenditure		38,446	38,489	38,357	38,652	38,520
Net operating surplus/ (deficit) before taxation		55	(65)	18	(48)	81
Income tax expense/ (benefit)	6	0	192	516	192	516
Net surplus/(deficit) after taxation		55	(257)	(498)	(240)	(435)
OTHER COMPREHENSIVE INCOME						
Revaluation of property, plant and equipment		0	(1,977)	0	(1,977)	0
Tax on revaluation		0	(413)	(58)	(413)	(58)
Total other comprehensive income		0	(2,390)	(58)	(2,390)	(58)
Total comprehensive income		55	(2,647)	(556)	(2,630)	(493)

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

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2011

	GROUP BUDGET 2011 \$000	GROUP ACTUAL 2011 \$000	GROUP ACTUAL 2010 \$000	PARENT ACTUAL 2011 \$000	PARENT ACTUAL 2010 \$000
Balance at 1 July	52,467	51,856	52,412	51,289	51,782
Total comprehensive income	55	(2,647)	(556)	(2,630)	(493)
Balance at 30 June	52,522	49,209	51,856	48,659	51,289

Statement of Financial Position

AS AT 30 JUNE 2011

	NOTE	GROUP BUDGET 2011 \$000	GROUP ACTUAL 2011 \$000	GROUP ACTUAL 2010 \$000	PARENT ACTUAL 2011 \$000	PARENT ACTUAL 2010 \$000
EQUITY						
Share capital	17	16,692	16,692	16,692	16,692	16,692
Revaluation reserve	17	30,389	27,962	30,352	27,162	29,552
Retained earnings	17	5,441	4,555	4,812	4,805	5,045
Total equity		52,522	49,209	51,856	48,659	51,289
CURRENT LIABILITIES						
Creditors & other payables	12	1,800	1,863	1,678	1,522	1,345
Employee entitlements	13	1,799	2,072	2,018	2,072	2,018
Provision for tax		0	0	0	0	0
Revenue received in advance		500	27	558	27	558
Preference shares	16	4,120	4,120	4,120	4,120	4,120
Total current liabilities		8,219	8,082	8,374	7,741	8,041
NON-CURRENT LIABILITIES						
Employee entitlements	13	50	70	54	70	54
Deferred tax	6	0	1,179	574	1,179	574
Revenue received in advance		0	0	6	0	6
Provisions	15	769	966	915	966	915
Total non-current liabilities		819	2,215	1,549	2,215	1,549
Total Liabilities And Equity		61,560	59,506	61,779	58,615	60,879
CURRENT ASSETS						
Cash & cash equivalents	7	6,133	5,835	5,758	5,755	5,663
Investments	8	0	2,000	0	2,000	0
Debtors	9	650	313	663	302	658
Provision for tax		0	0	0	0	0
Other receivables and prepayments		150	448	419	448	419
Intangibles	10	50	30	160	30	160
Total current assets		6,983	8,626	7,000	8,535	6,900
NON-CURRENT ASSETS						
Intangibles	10	810	450	371	450	371
Property, plant and equipment	11	53,767	50,430	54,408	49,630	53,608
Total non-current assets		54,577	50,880	54,779	50,080	53,979
Total Assets		61,560	59,506	61,779	58,615	60,879

For and on behalf of the Board



RICHARD GRIFFIN
Chairman
28 October 2011



GARY MONK
Audit Committee Chairman and Board Member
28 October 2011

Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2011

	NOTE	GROUP BUDGET 2011 \$000	GROUP ACTUAL 2011 \$000	GROUP ACTUAL 2010 \$000	PARENT ACTUAL 2011 \$000	PARENT ACTUAL 2010 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash was provided from:						
Receipts from customers		3,241	3,453	2,758	3,337	2,643
Government funding & fees		35,700	35,705	35,569	34,850	34,765
Interest earned		160	236	145	236	145
		39,101	39,394	38,472	38,423	37,553
Cash was applied to:						
Payments to employees		22,000	21,722	21,019	21,722	21,019
Payments to suppliers		14,122	14,253	14,144	13,267	13,261
Interest expense		0	0	0	0	0
GST (net)		(91)	(96)	21	(96)	21
		36,031	35,879	35,184	34,893	34,301
Net cash inflow/(outflow) from operating activities	18	3,070	3,515	3,288	3,530	3,252
CASH FLOWS FROM INVESTING ACTIVITIES						
Cash was provided from:						
Proceeds from sale of fixed assets		0	0	9	0	9
		0	0	9	0	9
Cash was applied to:						
Acquisition of term investments		0	2,000	0	2,000	0
Purchases of intangible assets		200	295	110	295	110
Purchase of property, plant & equipment		2,300	1,143	1,942	1,143	1,942
		2,500	3,438	2,052	3,438	2,052
Net cash inflow/(outflow) from investing activities		(2,500)	(3,438)	(2,043)	(3,438)	(2,043)
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		570	77	1,245	92	1,209
Add opening bank balance at 1 July		5,563	5,758	4,513	5,663	4,454
Cash & cash equivalents year end	7	6,133	5,835	5,758	5,755	5,663
Comprising:						
Cash & cash equivalents		6,133	5,835	5,758	5,755	5,663
Closing Cash & Cash Equivalents		6,133	5,835	5,758	5,755	5,663

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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2011

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 Charitable Trust, was registered with the Charities Commission. As at balance date there were no transactions.

Radio New Zealand has been designated a Public Benefit Entity (PBE) under NZ 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 2011, and were approved by the Board on 28 October 2011.

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).

The financial statements comply with NZ International Financial Reporting Standards (NZ IFRS), and other applicable Financial Reporting Standards, as appropriate for public entities.

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.

E CHANGES IN ACCOUNTING POLICIES

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

Early adopted amendments to standards

The following amendment to standards has been early adopted:

- *NZ IAS 7 Financial Instruments: Disclosures* – The effect of adopting these amendments is the following information is no longer disclosed:
 - the carrying amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated; and
 - the maximum exposure to credit risk by class of financial instrument if the maximum credit risk exposure is best represented by their carrying amount.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2011

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 IAS 24 Related Party Disclosures (Revised 2009)* – The effect of early adopting the revised NZ IAS 24 is:
 - more information is required to be disclosed about transactions between Radio New Zealand and entities controlled, jointly controlled, or significantly influenced by the Crown;
 - commitments with related parties require disclosure; and
 - information is required to be disclosed about any party transactions with Ministers of the Crown.
- *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 three 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 2014. Radio New Zealand has not yet assessed the effect of the new standard and expects that it will not be early adopted.

F SIGNIFICANT ACCOUNTING POLICIES

The following significant assumptions underpin the financial statements:

Government will continue to fund Radio New Zealand's core activities in the future. It is therefore expected that the nature of the operations of Radio New Zealand will not change significantly.

Shareholding Ministers will 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 2010–2011 income year.

There has been no withdrawal of capital by Shareholding Ministers.

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

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.

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 2011

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 comprehensive income, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in 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.

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.

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, office equipment, 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 three 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 is 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.

Additions

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.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

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	3 to 5 years
Capital contributions	Term of contract
Make good lease commitments	Term of lease

Impairment of property, plant, and 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 impaired loss is recognised in other comprehensive income to the extent 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, 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 expenditure 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. 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.

xv. 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.

xvi. 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.

xvii. 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.

xviii. 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.

xix. 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. Radio New Zealand also enters into foreign exchange contracts (FEC's) to cover significant overseas purchases. These are defined as financial derivatives under NZ IFRS and the fair value of FEC's are determined on the basis of quoted market rates.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

xx. 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.

However, Radio New Zealand has incurred \$50,680 in finance costs in relation to the future valuing of its make good provisions of its three leased premises.

xxi. 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.

xxii. 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.

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

Radio New Zealand has not made significant changes to past assumptions concerning useful lives and residual values.

2 GOVERNMENT FUNDING & FEES

	GROUP ACTUAL 2011 \$000	GROUP ACTUAL 2010 \$000	PARENT ACTUAL 2011 \$000	PARENT ACTUAL 2010 \$000
NZ On Air	32,541	32,490	31,686	31,686
Ministry for Culture & Heritage	1,900	1,900	1,900	1,900
Parliamentary Services	1,178	1,093	1,178	1,093
Freeview	86	86	86	86
Total Government funding and fees	35,705	35,569	34,850	34,765

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 (2010:nil).

3 OTHER INCOME

Rental income from property leases	629	799	629	799
Other – co-siting, transmission, sundry	1,854	1,862	2,889	2,892
Total other income	2,483	2,661	3,518	3,691

4 OPERATING EXPENSES

Audit fees	75	72	75	72
Directors' fees	177	161	177	161
Operating lease expenses	1,464	1,772	1,464	1,772
Property	807	676	807	676
Travel	672	460	672	460
Transmission	4,034	4,240	4,034	4,240
Programming	3,379	3,338	3,379	3,338
Advertising & publicity	291	489	291	489
Insurance	134	135	134	135
Impairment of financial assets	(10)	(24)	(10)	(24)
Other	2,231	2,334	2,394	2,497
Total operating expenses	13,254	13,653	13,417	13,816

5 DEPRECIATION & AMORTISATION

Depreciation	3,050	3,093	3,050	3,093
Amortisation	349	329	349	329
Total depreciation and amortisation	3,399	3,422	3,399	3,422

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

6 TAXATION

	GROUP ACTUAL 2011 \$000	GROUP ACTUAL 2010 \$000	PARENT ACTUAL 2011 \$000	PARENT ACTUAL 2010 \$000
Relationship between tax and accounting profit				
Net surplus (deficit) before tax	(65)	18	(48)	81
Tax @ 30%	(20)	5	(15)	24
Plus/(less) the tax effect of:				
Non-deductible expenditure	26	(124)	26	(124)
Unrecognised temporary differences	5	19	0	0
Non-taxable income	(11)	(14)	(11)	(14)
Prior year adjustment	131	0	131	0
Deferred tax adjustment	61	630	61	630
Tax expense	192	516	192	516
COMPONENTS OF TAX EXPENSE				
Current tax expense	0	0	0	0
Deferred tax	192	516	192	516
	192	516	192	516

	PPE \$000	OTHER PROVISIONS \$000	TAX LOSSES \$000	TOTAL \$000
DEFERRED TAX ASSET (LIABILITY)				
Balance at 1 July 2009	(908)	724	184	0
Charged to income	(856)	(52)	380	(528)
Tax change rate	67	(17)	(38)	12
Charged to equity	(58)	0	0	(58)
Balance at 30 June 2010	(1,755)	655	526	(574)
Balance at 1 July 2010	(1,755)	655	526	(574)
Charged to income	54	36	(282)	(192)
Tax change rate	0	0	0	0
Charged to equity	(413)	0	0	(413)
Balance at 30 June 2011	(2,114)	691	244	(1,179)

	GROUP ACTUAL 2011 \$000	GROUP ACTUAL 2010 \$000	PARENT ACTUAL 2011 \$000	PARENT ACTUAL 2010 \$000
IMPUTATION CREDIT ACCOUNT				
Balance at 1 July	1,293	1,292	1,290	1,289
Income tax paid	0	0	0	0
Income tax refunded	0	0	0	0
Imputation credits – dividends received	0	1	0	1
Balance at 30 June	1,293	1,293	1,290	1,290

7 CASH & CASH EQUIVALENTS

	GROUP ACTUAL 2011 \$000	GROUP ACTUAL 2010 \$000	PARENT ACTUAL 2011 \$000	PARENT ACTUAL 2010 \$000
Cash & call deposits	5,835	5,758	5,755	5,663
The carrying value of call deposits are at fair value.				

8 INVESTMENTS

Term deposits	2,000	0	2,000	0
Current	2,000	0	2,000	0
Non-current	0	0	0	0
The carrying amounts of the term deposits with maturities less than 12 months approximate their fair value.				

9 DEBTORS

Debtors & other receivables	326	687	315	682
Provision for impairment	(13)	(24)	(13)	(24)
	313	663	302	658

The carrying value of receivables approximate their fair value.

As at 30 June 2011, all overdue receivables have been assessed for impairment and appropriate provision applied as follows:

	GROSS 2011 \$000	IMPAIRMENT 2011 \$000	NET 2011 \$000	GROSS 2010 \$000	IMPAIRMENT 2010 \$000	NET 2010 \$000
Not past due	285	0	285	629	0	629
Past due 1–30 days	7	0	7	0	0	0
Past due 31–60 days	21	0	21	27	0	27
Past due 61–90 days	5	(5)	0	0	0	0
Past due > 91 days	8	(8)	0	31	(24)	7
	326	(13)	313	687	(24)	663

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 2011 \$000	GROUP ACTUAL 2010 \$000	PARENT ACTUAL 2011 \$000	PARENT ACTUAL 2010 \$000
Balance at 1 July	24	11	24	11
Provisions made during the year	(7)	19	(7)	19
Receivables written off during the year	(6)	(6)	(6)	(6)
Balance at 30 June	11	24	11	24

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

10 INTANGIBLE ASSETS

	GROUP ACTUAL 2011 \$000	GROUP ACTUAL 2010 \$000	PARENT ACTUAL 2011 \$000	PARENT ACTUAL 2010 \$000
Software	418	244	418	244
Other ¹	62	287	62	287
Total intangible assets	480	531	480	531

Movements for each class of intangible asset are as follows:

	SOFTWARE 2011 \$000	SOFTWARE 2010 \$000	OTHER 2011 \$000	OTHER 2010 \$000
Cost				
Balance at 1 July 2009	3,162	3,052	1,599	1,599
Additions	296	110	0	0
Disposals	0	0	0	0
Balance at 30 June 2010	3,458	3,162	1,599	1,599
Accumulated amortisation				
Balance at 1 July 2010	2,918	2,829	1,312	1,072
Amortisation expense	122	89	225	240
Disposals/impairment losses	0	0	0	0
Balance at 30 June 2011	3,040	2,918	1,537	1,312
Carrying amounts as at June 2011	418	244	62	287
This is represented by:				
Current – Kordia	0	0	30	160
Non-current	418	244	32	127

All intangible assets are owned by the parent.

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

1. Other consists of capital contributions paid to Kordia for co-siting services and make good expenses to be incurred in the future on Radio New Zealand's three lease premises in Wellington, Christchurch and Dunedin.

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 2009	33,153	9,991	6,298	23,116	3,439	7,974	2,764	86,735
Additions	0	0	432	910	142	457	93	2,034
Revaluation movement	0	0	0	0	0	0	0	0
Disposals	0	0	0	(2)	(6)	(59)	(3)	(70)
Adjustments – make good lease	0	0	0	0	0	0	0	0
Work in progress transfer	0	0	(12)	(59)	6	(79)	39	(105)
Balance 30 June 2010	33,153	9,991	6,718	23,965	3,581	8,293	2,893	88,594
Balance 1 July 2010	33,153	9,991	6,718	23,965	3,581	8,293	2,893	88,594
Additions	0	34	24	292	127	719	142	1,338
Revaluation movement	(3,452)	(1,885)	0	0	0	0	0	(5,337)
Disposals	0	0	0	(104)	0	(201)	(19)	(324)
Adjustments	0	(1,258)	(362)	406	0	0	1,214	0
Work in progress transfer	0	17	(12)	(16)	2	(304)	24	(289)
Balance 30 June 2011	29,701	6,899	6,368	24,543	3,710	8,507	4,254	83,982
ACCUMULATED DEPRECIATION & IMPAIRMENT LOSSES								
Balance 1 July 2009	0	2,641	4,609	14,634	963	6,184	2,127	31,158
Depreciation expense	0	633	486	965	207	582	225	3,098
Eliminate on disposal	0	0	0	(2)	(6)	(59)	(3)	(70)
Adjustments – make good lease	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 2010	0	3,274	5,095	15,597	1,164	6,707	2,349	34,186
Balance 1 July 2010	0	3,274	5,095	15,597	1,164	6,707	2,349	34,186
Depreciation expense	0	633	561	879	218	562	197	3,050
Eliminate on disposal	0	0	0	(104)	0	(201)	(19)	(324)
Adjustments	0	(547)	(329)	0	0	0	876	0
Eliminate on revaluation	0	(3,360)	0	0	0	0	0	(3,360)
Impairment losses	0	0	0	0	0	0	0	0
Balance 30 June 2011	0	0	5,327	16,372	1,382	7,068	3,403	33,552
CARRYING AMOUNTS								
At 1 July 2009	33,153	7,350	1,689	8,482	2,476	1,790	637	55,577
At 30 June & 1 July 2010	33,153	6,717	1,623	8,368	2,417	1,586	544	54,408
At 30 June 2011	29,701	6,899	1,041	8,171	2,328	1,439	851	50,430

The total amount of property, plant and equipment in the course of construction is \$1,305,000 (2010: \$1,519,000)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

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 2009	33,153	9,991	6,298	23,116	2,639	7,974	2,764	85,935
Additions	0	0	432	910	142	457	93	2,034
Revaluation movement	0	0	0	0	0	0	0	0
Disposals	0	0	0	(2)	(6)	(59)	(3)	(70)
Adjustments	0	0	0	0	0	0	0	0
Work in progress transfer	0	0	(12)	(59)	6	(79)	39	(105)
Balance 30 June 2010	33,153	9,991	6,718	23,965	2,781	8,293	2,893	87,794
Balance 1 July 2010	33,153	9,991	6,718	23,965	2,781	8,293	2,893	87,794
Additions	0	34	24	292	127	719	142	1,338
Revaluation movement	(3,452)	(1,885)	0	0	0	0	0	(5,337)
Disposals	0	0	0	(104)	0	(201)	(19)	(324)
Adjustments	0	(1,258)	(362)	406	0	0	1,214	0
Work in progress transfer	0	17	(12)	(16)	2	(304)	24	(289)
Balance 30 June 2011	29,701	6,899	6,368	24,543	2,910	8,507	4,254	83,182
ACCUMULATED DEPRECIATION & IMPAIRMENT LOSSES								
Balance 1 July 2009	0	2,641	4,609	14,634	963	6,184	2,127	31,158
Depreciation expense	0	633	486	965	207	582	225	3,098
Eliminate on disposal	0	0	0	(2)	(6)	(59)	(3)	(70)
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 2010	0	3,274	5,095	15,597	1,164	6,707	2,349	34,186
Balance 1 July 2010	0	3,274	5,095	15,597	1,164	6,707	2,349	34,186
Depreciation expense	0	633	561	879	218	562	197	3,050
Eliminate on disposal	0	0	0	(104)	0	(201)	(19)	(324)
Adjustments	0	(547)	(329)	0	0	0	876	0
Eliminate on revaluation	0	(3,360)	0	0	0	0	0	(3,360)
Impairment losses	0	0	0	0	0	0	0	0
Balance 30 June 2011	0	0	5,327	16,372	1,382	7,068	3,403	33,552
CARRYING AMOUNTS								
At 1 July 2009	33,153	7,350	1,689	8,482	1,676	1,790	637	54,777
At 30 June & 1 July 2010	33,153	6,717	1,623	8,368	1,617	1,586	544	53,608
At 30 June 2011	29,701	6,899	1,041	8,171	1,528	1,439	851	49,630

The total amount of property, plant and equipment in the course of construction is \$1,305,000 (2010: \$1,519,000)

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 Darrochs registered valuers in 2011.

The reference library is valued at the original valuation of \$400,000 and the music library is 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 Directors of Sound Archives Ngā Taonga Kōrero Limited as at 30 June 2011 and has been left unchanged from last valuation.

Depreciation has not been charged on the archival assets collection in 2010–2011.

12 CREDITORS AND OTHER PAYABLES

	GROUP ACTUAL 2011 \$000	GROUP ACTUAL 2010 \$000	PARENT ACTUAL 2011 \$000	PARENT ACTUAL 2010 \$000
Creditors	1,509	1,289	1,168	956
Accrued expenses	354	389	354	389
Total creditors and other payables	1,863	1,678	1,522	1,345

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	2,072	2,018	2,072	2,018
Non-current long service leave	70	54	70	54
Total employee entitlements	2,142	2,072	2,142	2,072
This is represented by:				
Annual leave	1,433	1,444	1,433	1,444
Other & accrued salaries	613	538	613	538
Long service leave	96	90	96	90
	2,142	2,072	2,142	2,072

The present value of long service leave obligations depend 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 4.2% (2010: 4.6%) and an inflation factor of 1.67% were used.

If the discount rate was to differ by 1% from that used, with all other factors held constant, the carrying amount of the long service would be an estimated \$3,200 higher/lower.

If the salary inflation factor was 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 \$4,500 higher/lower.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

14 BANK LOAN

	GROUP ACTUAL 2011 \$000	GROUP ACTUAL 2010 \$000	PARENT ACTUAL 2011 \$000	PARENT ACTUAL 2010 \$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.

15 PROVISIONS

Represented by:

Lease make good & other	966	915	966	915
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An Employment Court ruling has 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 \$963,000 (2010: \$912,000).

Movements for provisions:

Lease make good & other

Balance at 1 July 2009	822
Movements – financing costs	93

Balance at 30 June 2010	915
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Balance at 1 July 2010	915
Movements – financing costs	51

Balance at 30 June 2011	966
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16 REDEEMABLE PREFERENCE SHARES

Preference shares on issue at 30 June 2011 were reclassified from equity in 2007 to liabilities in 2008. There has been no alteration to this except that the shares were reclassified from non-current liabilities to current liabilities in 2010 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.

The shares 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 5-year Benchmark Bond rate plus 1%.
- (ii) All dividends shall be payable by equal half yearly instalments on 31 May and 30 November in each calendar year.
- (iii) The priority to receive such dividends over rights of ordinary shareholders to receive a dividend.
- (iv) Dividends commence from 1 December 1998.

For 2010–2011 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.

17 EQUITY

	GROUP ACTUAL 2011 \$000	GROUP ACTUAL 2010 \$000	PARENT ACTUAL 2011 \$000	PARENT ACTUAL 2010 \$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	30,352	30,410	29,552	29,610
Other	0	0	0	0
Revaluation land	(3,452)	0	(3,452)	0
Revaluation buildings	1,475	0	1,475	0
Revaluation buildings – tax depreciation	(413)	(58)	(413)	(58)
Balance at 30 June	27,962	30,352	27,162	29,552
At the end of the 30 June 2011 Radio New Zealand revalued its owned land and building throughout New Zealand to current market value. The independent valuation was performed by Darrochs, registered public valuers.				
RETAINED EARNINGS				
Balance at 1 July	4,812	5,310	5,045	5,480
Operating surplus/ (deficit)	(257)	(498)	(240)	(435)
Balance at 30 June	4,555	4,812	4,805	5,045

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

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

For the year ended 30 June 2011

	GROUP ACTUAL 2011 \$000	GROUP ACTUAL 2010 \$000	PARENT ACTUAL 2011 \$000	PARENT ACTUAL 2010 \$000
Net surplus/(deficit) before taxation	(65)	18	(48)	81
Add/(less) non-cash items:				
Depreciation & amortised expenses	3,399	3,422	3,399	3,422
Bad debts written off	6	6	6	6
Change in provision for impaired debts	(10)	13	(10)	13
Donated assets income	(35)	(49)	(35)	(49)
Finance costs – make good provision	51	93	51	93
Capitalised labour	(18)	(28)	(18)	(28)
Non-current – long service leave movement	16	0	16	0
Other	12	7	12	7
Total non-cash items	3,421	3,464	3,421	3,464
Add/(less) items classified as investing activities:				
Net (gain)/loss on sale of fixed assets	0	(6)	0	(6)
Add/(less) movements in working capital items:				
Decrease/(increase) in receivables	350	8	356	9
Decrease/(increase) in prepayments and other receivables	(29)	(146)	(29)	(143)
Decrease/(increase) in intangibles	130	18	130	18
Increase/(decrease) in creditors and accruals	185	76	177	(27)
Increase/(decrease) in current employee entitlements	54	(144)	54	(144)
Increase/(decrease) in provision for tax	0	4	0	4
Increase/(decrease) in revenue received in advance	(531)	(4)	(531)	(4)
Working capital movement – net	159	(188)	157	(287)
Net cash flow from operating activities	3,515	3,288	3,530	3,252

19 COMMITMENTS

	GROUP ACTUAL 2011 \$000	GROUP ACTUAL 2010 \$000	PARENT ACTUAL 2011 \$000	PARENT ACTUAL 2010 \$000
Property, plant & equipment	137	341	137	341
Non-cancellable operating lease commitments:				
– not later than one year	1,560	1,444	1,560	1,444
– later than one year and less than five years	2,884	926	2,884	926
– later than five years	60	0	60	0
Total non-cancellable operating lease commitments	4,504	2,370	4,504	2,370
Radio New Zealand leases properties in Wellington, Christchurch, Dunedin and in a number of regional areas of New Zealand. The main leases expire between 2011 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.				
Other non-cancellable operating commitments:				
– not later than one year	4,606	4,477	4,606	4,477
– later than one year and less than five years	7,464	2,013	7,464	2,013
– later than five years	2,278	0	2,278	0
Total other non-cancellable operating commitments	14,348	6,490	14,348	6,490
Total non-cancellable commitments	18,852	8,860	18,852	8,860

20 CONTINGENT LIABILITIES

Legal proceedings and disputes	610	610	610	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. Another contingent liability is in relation to personal grievances also instigated by a former employee. Management, in conjunction with the Board, are vigorously defending all charges and are confident that Radio New Zealand will not be found liable for any of those charges.

21 CONTINGENT ASSETS

There are no quantifiable contingent assets (2010: nil).

During 2010–2011 Radio New Zealand suffered some damage from the series of Canterbury earthquakes. As at balance date the estimate of damages amount to under \$1 million. Under its insurance policies, material damage and business interruption, claims will be filed once more firm estimates are established. To date \$40,000, inclusive of GST, of claims receipts have been received. No other estimate for claims has been declared as a contingent asset at balance date as certainty of receipt has not been established.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

22 RELATED PARTY TRANSACTIONS, KEY MANAGEMENT PERSONNEL AND EMPLOYEE REMUNERATION

A FUNDING

Radio New Zealand Limited received funding of \$31.816 million (2010: \$31.816 million) from NZ On Air for the year ended 30 June 2011. 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. Of the total, \$130,000 of the broadcasting services funds were passed to Sound Archives Ngā Taonga Kōrero Limited.

In a separate agreement \$725,000 funding was received by Sound Archives Ngā Taonga Kōrero Limited (a subsidiary of Radio New Zealand Limited) for sound archiving services for the year ended 30 June 2011 (2010: \$674,000).

Radio New Zealand International, a division of Radio New Zealand Limited, received funding of \$1.90 million (2010: \$1.90 million) from the Ministry for Culture and Heritage for the year ended 30 June 2011.

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

B INTER-GROUP TRANSACTIONS

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

An amount of \$994,622 has been transacted, for the period 1 July 2010 to 30 June 2011 (2010: \$985,423).

C KEY MANAGEMENT AND DIRECTORS

There are no other material transactions between directors and senior management and Radio New Zealand Limited in any capacity other than that for which they are employed.

The Chief Executive, Peter Cavanagh, is a director of Sound Archives Ngā Taonga Kōrero Limited, a 100% owned subsidiary company of Radio New Zealand Limited.

Christine Grice, retired Chair of Radio New Zealand, was also a director of Sound Archives Ngā Taonga Kōrero Limited during the year.

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

There is one related party transaction. Roger Smith, Radio New Zealand Concert Manager, is a director of Stroma, a performing ensemble music group. During the year payments totaling \$2,800 were made by Radio New Zealand to Stroma.

During the year, Radio New Zealand paid Freeview Limited \$30,241 for its 5% share of operational funding (2010: \$51,901).

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

D KEY MANAGEMENT PERSONNEL COMPENSATION

	GROUP ACTUAL 2011 \$000	GROUP ACTUAL 2010 \$000	PARENT ACTUAL 2011 \$000	PARENT ACTUAL 2010 \$000
Salaries & employee benefits	1,891	1,734	1,891	1,734
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 the Chief Executive, ten members of the senior management group and two other senior managers.

E EMPLOYEE REMUNERATION

Details of the remuneration range for employees whose remuneration is over \$100,000 for the year ended 30 June 2011 are:

REMUNERATION RANGES FOR EMPLOYEES	NUMBER OF EMPLOYEES	
	2011	2010
\$100,000 – 109,999	9	7
\$110,000 – 119,999	7	6
\$120,000 – 129,999	4	4
\$130,000 – 139,999	1	1
\$140,000 – 149,999	0	1
\$160,000 – 169,999	0	1
\$170,000 – 179,999	2	0
\$180,000 – 189,999	0	1
\$340,000 – 349,999	1	1
Total number of employees in these ranges	24	22

The Chief Executive's remuneration is within the \$340,000 – \$349,999 range.

During the year ended 30 June 2011, there were two compensation payments of \$6,411 and \$7,500 in relation to cessation of employment (2010: nil) and one redundancy payment of \$33,810.

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 benefit in relation to cessation (2010: nil).

	2011	2010
	\$	\$
Richard Griffin – Chairman	27,167	3,167
Josh Easby – Deputy Chairman	21,667	3,167
Rt Hon. Paul East	21,000	20,333
Gary Monk – Chairman Audit Committee	27,000	15,583
Tiwana Tibble	17,500	0
Sheena Henderson (appointed 1 May 2011)	3,500	0
Jane Taylor (appointed 1 May 2011)	3,500	0
Christine Grice – Chair (retired 30 April 2011)	35,000	40,334
Yvonne Sharp (retired 30 April 2011)	20,833	24,333
Alison Timms (retired)	0	11,250
Steve Murray (retired)	0	26,000
Sifa Taumoepeau (retired)	0	17,165
Total Board member remuneration	177,167	161,332

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

24 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 2011.

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 purchases goods and services overseas which require it to enter into transactions denominated in foreign currencies. Radio New Zealand has no foreign exchange forward contracts. Radio New Zealand's policy is to manage foreign currency risks arising from contractual commitments and liabilities by entering into 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:

	2011 \$000	2010 \$000
Counterparties with credit ratings		
Cash at bank and term deposits	7,835	5,758
AA		

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 2011–2012.

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
2010 Creditors and other payables	1,678	1,678	1,678	0	0
2011 Creditors and other payables	1,863	1,863	1,863	0	0

25 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 impose 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.

26 EVENTS AFTER THE BALANCE DATE

There were no significant events after the balance date.

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

Interest

Higher cash balances on call deposit and term deposits than budget have resulted in interest income being \$76,000 over budget. Higher cash balances were a result of reduced operational spending and lower capital expenditure during the year.

Other income includes transmission revenue, technical consultancy fees, property rentals (including commercial rentals Radio New Zealand House, Hobson St, Auckland). Parliamentary Services revenue received for the transmission of Parliament is included as Other Income in the budget but has been reclassified to Government funding and fees in the statement of comprehensive income.

Differences between accounting and tax profit in the year ended 30 June 2011 has resulted in a \$192,000 increase in the deferred tax liability.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

B STATEMENT OF FINANCIAL POSITION

A revaluation reserve reduction of \$1,977,000 was due to a revaluation of Radio New Zealand land and buildings during the financial year. This was not reflected in the budget.

Cash and cash equivalents balances are higher than budget at year end due mainly to deliberate reductions in capital expenditure and cost savings in operational expenditure.

The deferred tax liability of \$574,000 that resulted from the reclassification of temporary differences between accounting income and tax income to permanent differences in 2010 increased \$605,000 in 2011. Deferred tax was not budgeted for in the SOI.

C CASH FLOW STATEMENT

Receipts from government grants and fees are on budget while other sundry receipts and interest income are above budget resulting in total revenue receipts being higher overall.

There were cost saving measures instigated over many areas within the organisation, and a favourable cash outflow variance of \$152,000 has resulted against budget.

Purchases of intangible assets and property, plant and equipment of \$1,438,000 compared to a budget of \$2,500,000 is the result of a deferral of a number of capital investments and projects during the financial year.

Statement of Service Performance

FOR THE YEAR ENDED 30 JUNE 2011

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Statement of Service Performance

FOR THE YEAR ENDED 30 JUNE 2011

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 2011.

	RADIO NEW ZEALAND NATIONAL 2011 \$000	RADIO NEW ZEALAND CONCERT 2011 \$000	SOUND ARCHIVES NGĀ TAONGA KŌRERO 2011 \$000	RADIO NEW ZEALAND INTERNATIONAL 2011 \$000	TOTAL 2011 \$000
RECONCILIATION OF OUTPUT FINANCIAL STATEMENTS TO GROUP NET SURPLUS/[DEFICIT] BEFORE TAX					
INCOME					
NZ on Air funding – Radio New Zealand	27,001	4,685	130	0	31,816
NZ on Air funding – Sound Archives Ngā Taonga Kōrero	0	0	725	0	725
Radio New Zealand funding	0	0	0	243	243
Freeview	43	43	0	0	86
Ministry for Culture and Heritage funding	0	0	0	1,900	1,900
Other funding	3,064	331	123	136	3,654
Total income	30,108	5,059	978	2,279	38,424
EXPENDITURE					
Operating costs	30,056	5,200	995	2,238	38,489
Total expenditure	30,056	5,200	995	2,238	38,489
Net surplus/(deficit)	52	(141)	(17)	41	(65)

Company Performance: Radio New Zealand

FOR THE YEAR ENDED 30 JUNE 2011

MEASURES:	2010–2011 ACTUAL	2010–2011 TARGET	2009–2010 ACTUAL
FINANCIAL VIABILITY (\$000):			
Revenue	\$38,424	\$38,501	\$38,375
Expenditure	\$38,489	\$38,446	\$38,357
Surplus/(deficit)	[\$65]	\$55	\$18

ALL TARGETS HAVE BEEN ACHIEVED.

The variances are less than 1% of revenue/expenditure targets and are not considered material.

COST-EFFECTIVENESS (\$000):			
Debt/equity ratio	1:5	1:6	1:5
Capital expenditure	\$1,438	\$2,500	\$2,052
Overheads as a % of gross operating expenditure	14%	15%	16%

ALL TARGETS HAVE BEEN ACHIEVED.

LISTENERSHIP COSTS MEASURED AS A PRODUCT OF WEBSITE ACTIVITY OR AUDIENCE NUMBERS AND OPERATING EXPENDITURE (\$):

Total Radio New Zealand National and Radio New Zealand Concert operating costs per podcast and audio-on-demand requests met.	not available	\$4.05	not available
Total Radio New Zealand National operating costs per head: live audience ¹ .	\$59.29	\$71.50	\$65.22
Total Radio New Zealand Concert operating costs per head: live audience ² .	\$37.15	\$37.46	\$42.16

TWO OF THE THREE TARGETS HAVE BEEN ACHIEVED.

It was not possible to calculate the listenership cost relating to podcast and audio-on-demand requests met. The Radio New Zealand website experienced a significant growth in traffic during 2009–2010. As a result of the high demand and increased load on the web servers urgent system upgrades were implemented. System overloads and the measures undertaken to protect service delivery has meant accurate logging of on-demand traffic is not possible. Proposals are in place to introduce an accurate system during 2011–2012 for measuring on-demand traffic.

QUALITY AND VALUE³ MEASURED IN TERMS OF VALUE INDICES RESEARCH RESULTS:

Percentage of all New Zealanders (age 15+) who are aware that Radio New Zealand is New Zealand's public service radio broadcaster.	67%	60%	69%
Percentage of all New Zealanders (age 15+) who are aware of Radio New Zealand National.	75%	65%	73%
Percentage of all New Zealanders (age 15+) who are aware of Radio New Zealand Concert.	57%	50%	57%
Percentage of all New Zealanders (age 15+) whose perception is that it is important for New Zealand to have a public service radio broadcaster.	87%	80%	84%
Percentage of all New Zealanders (age 15+) whose perception is that Radio New Zealand provides a valuable service for New Zealanders.	79%	70%	75%

ALL TARGETS HAVE BEEN ACHIEVED.

1. See page 9 for Radio New Zealand National cumulative audience.
2. See page 9 for Radio New Zealand Concert cumulative audience.
3. Source: Radio New Zealand Value Indices research conducted nationwide among all New Zealanders aged 15+ years of prompted awareness and perceptions. Conducted by The Nielsen Company 2009–2010, and Colmar Brunton 2010–2011.

Output: Radio New Zealand National

FOR THE YEAR ENDED 30 JUNE 2011

Role:

Radio New Zealand National is a public service nationwide network providing news, current affairs, feature documentaries and entertainment programmes, including music programmes featuring both New Zealand and international artists. 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 bulletin, business news, rural news, sports news, long-range weather forecasts and *Worldwatch*.
- *Afternoons with Jim Mora* – an audience participation show to stimulate, enlighten and entertain the listener. Includes *The Panel* promoting critical thought on a wide range of topics.
- *Nine to Noon with Kathryn Ryan* – 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 with Bryan Crump* – 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. Entertaining and informative, it includes global and local correspondents, mini features, product tests, studio discussions and a themed feature each week. *Digital Life* is also part of the show.
- *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 with Kim Hill* – a magazine programme with interviews, food, books and music.
- *Sunday Morning with Chris Laidlaw* – thought-provoking range of interviews, documentaries and music, including *Mediawatch* and *Insight*.

MEASURES:	2010–2011 ACTUAL	2010–2011 TARGET	2009–2010 ACTUAL
FINANCIAL VIABILITY (\$000):			
Revenue	\$30,108	\$30,269	\$29,827
Expenditure	\$30,056	\$30,215	\$30,130
Surplus/(deficit)	\$52	\$54	(\$303)

ALL TARGETS HAVE BEEN ACHIEVED.

Revenue and expenditure variances are less than 1% and not considered material.

COST-EFFECTIVENESS MEASURED AS A PRODUCT OF TOTAL EXPENDITURE AND TOTAL HOURS BROADCAST (\$):

Cost per broadcast hour ⁴	\$3,431	\$3,449	\$3,440
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THE TARGET WAS ACHIEVED.

QUALITY MEASURED IN TERMS OF THE NUMBER OF COMPLAINTS UPHELD AGAINST ANY ONE CATEGORY BY THE BROADCASTING STANDARDS AUTHORITY:

Total number of complaints upheld.	nil	< 3	1
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THE TARGET WAS ACHIEVED.

4. Total broadcast hours 8,760.

VALUE MEASURED IN TERMS OF LISTENER SATISFACTION SURVEY RESULTS:

Radio New Zealand National listeners' satisfaction with Radio New Zealand National's programming – very satisfied and quite satisfied.	89%	80%	87%
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THE TARGET WAS ACHIEVED.

ACCESS MEASURED IN TERMS OF PERCENTAGE OF THE TOTAL RESIDENT NEW ZEALAND POPULATION ABLE TO RECEIVE THE NETWORK SIGNAL:

AM Network	94%	94%	94%
FM Network	90%	90%	90%
AM and FM (networks combined coverage)	97%	not available ⁵	not available
Sky (satellite)	100%	100%	100%
Freeview (satellite)	100%	100%	100%

ALL TARGETS HAVE BEEN ACHIEVED.

AVAILABILITY MEASURED IN TERMS OF TRANSMISSION SIGNAL OR WEBSITE AVAILABILITY OTHER THAN TIME LOST FOR PLANNED MAINTENANCE:

AM and FM Network availability	99.98%	99.9%	99.99%
	(population weighted) 99.99%		
Website availability	99.99%	99.9%	99.91%

ALL TARGETS HAVE BEEN ACHIEVED.

5. Not set as a target in 2010–2011 or reported in 2009–2010.

Output: Radio New Zealand Concert

FOR THE YEAR ENDED 30 JUNE 2011

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:	2010-2011 ACTUAL	2010-2011 TARGET	2009-2010 ACTUAL
FINANCIAL VIABILITY (\$000):			
Revenue	\$5,059	\$5,075	\$5,346
Expenditure	\$5,200	\$5,020	\$5,016
Surplus/(deficit)	[\$141]	\$55	\$330
ALL TARGETS HAVE NOT BEEN ACHIEVED.			
While expenditure is over target by 3.6% that is not considered material and was substantially offset by savings elsewhere in Radio New Zealand.			
COST-EFFECTIVENESS MEASURED AS A PRODUCT OF TOTAL EXPENDITURE AND TOTAL HOURS BROADCAST (\$):			
Cost per broadcast hour ⁶	\$594	\$573	\$573
THE TARGET WAS ACHIEVED.			
QUALITY MEASURED IN TERMS OF THE NUMBER OF COMPLAINTS UPHELD AGAINST ANY ONE CATEGORY BY THE BROADCASTING STANDARDS AUTHORITY:			
Number of complaints upheld.	nil	< 3	nil
THE TARGET WAS ACHIEVED.			
VALUE MEASURED IN TERMS OF LISTENER SATISFACTION SURVEY RESULTS:			
Radio New Zealand Concert listeners' satisfaction with Radio New Zealand Concert's programming – very satisfied and quite satisfied.	81%	75%	80%
THE TARGET WAS ACHIEVED.			
ACCESS MEASURED IN TERMS OF PERCENTAGE OF THE TOTAL RESIDENT NEW ZEALAND POPULATION ABLE TO RECEIVE THE NETWORK SIGNAL:			
FM Network	92%	92%	92%
Sky (satellite)	100%	100%	100%
Freeview (satellite)	100%	100%	100%
ALL TARGETS HAVE BEEN ACHIEVED.			
AVAILABILITY MEASURED IN TERMS OF TRANSMISSION SIGNAL OR WEBSITE AVAILABILITY OTHER THAN TIME LOST FOR PLANNED MAINTENANCE:			
AM and FM Network availability	99.90%	99.9%	99.95%
	(population weighted) 99.97%		
Website availability	99.99%	99.9%	99.91%
ALL TARGETS HAVE BEEN ACHIEVED.			

6. Total broadcast hours 8,760.

Output: Radio New Zealand International

FOR THE YEAR ENDED 30 JUNE 2011

Role:

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

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

MEASURES:	2010–2011 ACTUAL	2010–2011 TARGET	2009–2010 ACTUAL
FINANCIAL VIABILITY (\$000):			
Revenue	\$2,279	\$2,300	\$2,280
Expenditure	\$2,238	\$2,300	\$2,226
Surplus/(deficit)	\$41	\$0	\$54
ALL TARGETS HAVE BEEN ACHIEVED.			
The recorded variances of revenue/expenditure are less than 3% and not considered material.			
COST-EFFECTIVENESS MEASURED AS A PRODUCT OF TOTAL EXPENDITURE AND TOTAL HOURS BROADCAST (\$):			
Cost per broadcast hour ⁷	\$255	\$263	\$254
THE TARGET WAS ACHIEVED.			
ACCESS MEASURED IN TERMS OF THE AVERAGE HOURS OF GOOD QUALITY RECEPTION AVAILABLE PER DAY:			
Primary coverage – French Polynesia, Cook Islands, Tokelau, American Samoa, Niue, Tonga, Wallis and Futuna, Fiji, Tuvalu, New Caledonia and Vanuatu.	16	16	16
Secondary coverage – Solomon Islands, Papua New Guinea, Nauru and Kiribati.	8	8	8
General coverage – Asia/Pacific and Pacific rim including: Federated States of Micronesia, Marshall Islands and Palau.	4	4	4
ALL TARGETS HAVE BEEN ACHIEVED.			
AVAILABILITY MEASURED IN TERMS OF TRANSMISSION SIGNAL AVAILABILITY OTHER THAN TIME LOST FOR PLANNED MAINTENANCE:			
Analogue and Digital Shortwave Network availability	99.9%	99%	99.7%
THE TARGET WAS ACHIEVED.			

7. Total broadcast hours 8,760.

Output: Sound Archives Ngā Taonga Kōrero

FOR THE YEAR ENDED 30 JUNE 2011

Role:

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

MEASURES:	2010–2011 ACTUAL	2010–2011 TARGET	2009–2010 ACTUAL
FINANCIAL VIABILITY (\$000):			
Revenue	\$978	\$857	\$922
Expenditure	\$995	\$911	\$985
Surplus/(deficit)	[\$17]	[\$54]	[\$63]

ALL TARGETS HAVE NOT BEEN ACHIEVED.

The Sound Archives operations were significantly affected as a result of the Canterbury earthquake in February 2011. Business continuity expenses were incurred during 2010–2011 which are expected to be reimbursed by the company's insurance provider during 2011–2012.

COST-EFFECTIVENESS MEASURED AS A PRODUCT OF TOTAL EXPENDITURE AND TOTAL HOURS ACQUIRED AND PRESERVED (\$)

Total Sound Archives operating costs per acquisition and preservation hour	not available	\$285	\$294
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It has not been possible to calculate this figure as the total hours of material acquired for 2010–2011 are not available at the time of publication as a result of the impact of the Canterbury earthquake on some operational processes.

QUALITY AND VALUE MEASURED IN TERMS OF TURNAROUND TIMES OF AUDIO REQUESTS:

Turnaround time of requests	not available	10 to 15 days	10 to 15 days
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It has not been possible to assess the turnaround time of requests for 2010–2011 as effects of the Canterbury earthquake severely restricted access to the Sound Archive and the ability to carry out full business functionality.

ACCESS MEASURED IN TERMS OF WEBSITE ACTIVITY:

Website access to soundarchives.co.nz	218,465	195,000	289,587
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THE TARGET WAS ACHIEVED.

The Sound Archives server was moved from Christchurch to Auckland when the Radio New Zealand Christchurch premises sustained significant damage as a result of the Canterbury earthquake in February 2011. Mechanisms were not in place to measure some website activity, therefore, this figure is not a fully representative of the 2010–2011 website activity.

AVAILABILITY MEASURED IN TERMS OF WEBSITE AVAILABILITY OTHER THAN TIME LOST FOR PLANNED MAINTENANCE:

Website availability	99.99%	99.9%	99.91%
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THE TARGET WAS ACHIEVED.

Directory

FOR THE YEAR ENDED 30 JUNE 2011

REGISTERED OFFICE

Level 2
Radio New Zealand House
155 The Terrace
PO Box 123
Wellington
PHONE: 04 474 1999
FAX: 04 474 1459
EMAIL: rnz@radionz.co.nz
www.radionz.co.nz

AUCKLAND OFFICE

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FAX: 09 367 9330

CHRISTCHURCH OFFICE

Radio New Zealand House
324 Cashel Street
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Christchurch
PHONE: 03 374 8464
FAX: 03 374 5115

RADIO NEW ZEALAND CONCERT

Radio New Zealand House
155 The Terrace
PO Box 123
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PHONE: 04 474 1999
FAX: 04 474 1876
EMAIL: concert@radionz.co.nz

RADIO NEW ZEALAND NEWS

Radio New Zealand House
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PO Box 123
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PHONE: 04 474 1999
FAX: 04 473 0185
EMAIL: news@radionz.co.nz

RADIO NEW ZEALAND INTERNATIONAL

Radio New Zealand House
155 The Terrace
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PHONE: 04 474 1437
FAX: 04 474 1433
EMAIL: info@rnzi.com
www.rnzi.com

SOUND ARCHIVES NGĀ TAONGA KŌRERO

Head Office (General Collection)
Radio New Zealand House
Level 1
324 Cashel Street
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FAX: 03 374 8448

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is funded by



