

Making sense of a
**CHANGING
WORLD**

RADIO NEW ZEALAND ANNUAL REPORT 2017-2018



TE REO
IRIRANGI
O AOTEAROA

An aerial, computer-generated rendering of New Zealand's islands and coastline. The image shows the North Island, South Island, and several smaller islands in the South Pacific. The water is a deep blue, and the land is rendered with detailed terrain, including mountains, forests, and snow-capped peaks. The sky is a clear, bright blue.

RNZ has the highest level of trust of any New Zealand media organisation

COLMAR BRUNTON / VALUE INDICES RESEARCH 2018

Independent, trusted journalism and high-quality programming are increasingly important in a media environment consumed by fake news and toxic social comment.

E piki haere ana te hiranga o ngā mahi kawē pūrongo e noho motuhake ana, e whakawhirinakitia ana anō hoki, otirā, o ngā hōtaka kōunga, i tētahi taiao pāpāho kua warea kē ki ngā rongō teka me ngā kupu ā-pāpori hahani.

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Checkpoint technical staff, Auckland. Photo: RNZ



Author Witi Ihimaera with *Sunday Morning* presenter Wallace Chapman. Photo: RNZ/Claire Eastham-Farrelly

Highlights of the year

On-air audiences remain strong while online audiences, for both the website and on-demand audio, continue to strengthen and grow

RNZ has an estimated weekly audience of 845,945 people

WEEKLY AUDIENCE ACROSS ALL PLATFORMS (UNDUPLICATED) IN JUNE 2018

ON-AIR

682,700

Number of people who listened live to RNZ National and Concert each week

457,100

Number of people who listened each week to **MORNING REPORT** with Susie Ferguson and Guyon Espiner

318,800

Number of people who listened each week to **NINE TO NOON** with Kathryn Ryan

287,100

Number of people who listened each week to **CHECKPOINT** with John Campbell

286,900

Number of people who listened each week to **AFTERNOONS** with Jesse Mulligan

257,800

Number of people who listened each week to **SATURDAY MORNING** with Kim Hill

293,200

Number of people who listened each week to **SUNDAY MORNING** with Wallace Chapman

SOURCE: GFK RADIO AUDIENCE MEASUREMENT NATIONWIDE FIGURES (12-MONTH PERIOD TO 16 JUNE 2018)

RNZ National is number one among all radio stations nationwide with a share of

11.5%

**NEW ZEALAND'S
NUMBER ONE
RADIO STATION**

SOURCE: GFK RADIO AUDIENCE MEASUREMENT, ALL RADIO STATIONS, TOTAL NEW ZEALAND - RNZ 2/2018, ALL PEOPLE 10+

ONLINE

360,388

1ST HALF 2016

526,007

1ST HALF 2017

604,253

1ST HALF 2018

up **14%**

YEAR ON YEAR

Average weekly website users

563,979

1ST HALF 2016

867,329

1ST HALF 2017

1,054,091

1ST HALF 2018

up **21%**

YEAR ON YEAR

Average weekly sessions

SOURCE: GOOGLE ANALYTICS

Highlights of the year

ON DEMAND

RNZ offers a range of archived audio, podcasts and series, all free for download. Most podcasts contain recent audio, although full audio archives from 2008 onwards are available through the RNZ programme pages

18.5 million

Total audio downloads

JAN-JUNE 2017
8 million
downloads

JAN-JUNE 2018
8.8 million
downloads


up **9%**
YEAR ON YEAR



SOURCE: GOOGLE ANALYTICS

Three-quarters of New Zealanders agree it's important to have a public service broadcaster.

SOURCE: COLMAR BRUNTON VALUE INDICES RESEARCH 2018

RNZ also delivers content through a growing number of third-party platforms



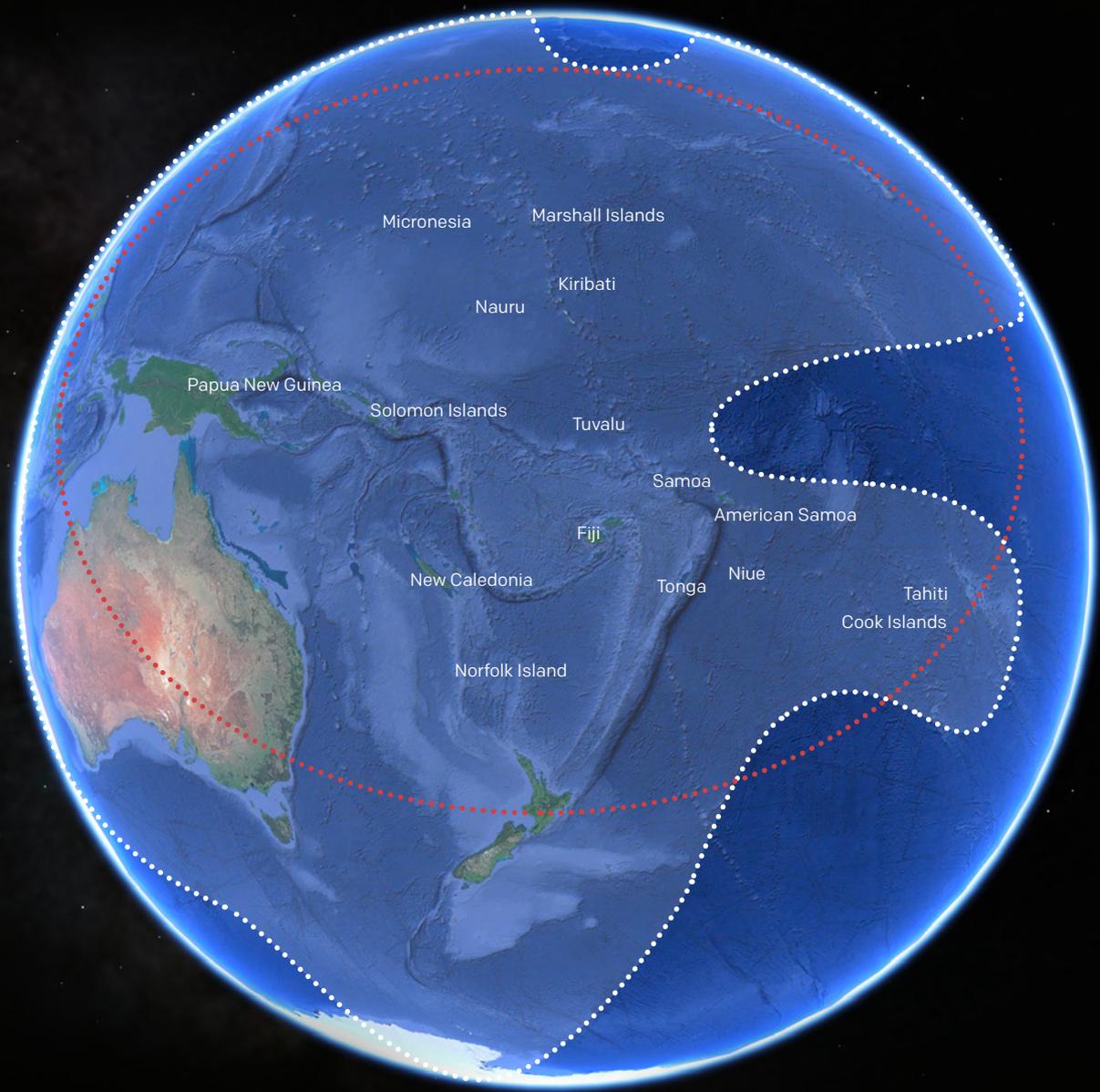
PACIFIC PROGRAMMING

RNZ Pacific (RNZ International) provides comprehensive Pacific coverage with the very latest Pacific stories and an extensive online news archive

▲ **8,719** *hours*
of RNZ Pacific content

▲ **6.4m** *pageviews*
for the RNZ Pacific website

17 *Pacific radio stations*
rebroadcast RNZ Pacific



..... RNZ shortwave coverage

..... RNZ satellite coverage



Ministry for Primary Industries
New Zealand Government

Primary Industries
Excellence in Agricultural Journalism 2017

First Place

Alexa Cook

RNZ News
Radio New Zealand Rural News

"A High Country Way of Life", about the first cattle muster after
Auckland earthquakes at Waipate Station, Auckland

Dr Heather
Pridmore
New Zealand Guild of Agricultural Journalists & Communicators

Sid Pickering
MPI



RNZ News rural journalist Alexa Cook receives the 2017 Ministry for Primary Industries Rongo award.
Photo: Kotuku Media

AWARDS *and* RECOGNITION

2017 Association for International Broadcasting Awards (AIBs)

International Presenter of the Year

John Campbell

RNZ National's Checkpoint presenter won the 2017 AIB International Presenter of the Year Award.

2018 Voyager Media Awards

Best Innovation in Digital Storytelling

rnz.co.nz/Great Southern TV and Animation Research, *NZ Wars: The Stories of Ruapekapeka*

Best Coverage of a Major News Event

rnz.co.nz – Election 2017

2017 New Zealand Agricultural Journalism Awards

AgResearch Science Writers Award:

First Alexa Cook, RNZ News and Carol Stiles, RNZ *Country Life*

Red Meat Industry Journalism Award

Alexa Cook, RNZ News

Federated Farmers Broadcast Journalism Award: First

Carol Stiles, RNZ *Country Life* and Alexa Cook, RNZ News

MPI Rongo Award

Alexa Cook, RNZ News

Rural Women NZ Rural Connectivity Award

Alexa Cook, RNZ News

2018 New Zealand Radio Awards

RNZ's popular documentary series *The 9th Floor* won two major categories at the 40th New Zealand Radio Awards. In total RNZ won five categories and recently retired radio legend, Lloyd Scott, was acknowledged by the industry for his services to broadcasting in a career spanning more than 50 years.

Best Podcast

The 9th Floor

Guyon Espiner/Tim Watkin
RNZ National

Best Documentary

The 9th Floor

Guyon Espiner/Tim Watkin
RNZ National

Best Daily or Weekly Feature

This Way Up

Simon Morton, Alison Ballance,
Richard Scott
RNZ National

Best Creative Feature

Voice of the Iceberg

Alison Ballance, Marc Chesterman
RNZ National

Best News or Sports Journalist

Benedict Collins
RNZ News

Services to New Zealand Broadcasting

Lloyd Scott

2018 New York Festivals Awards

With entries from more than 30 countries, the New York Festivals Radio Awards recognise the very best in the world of radio, celebrating programming of the highest quality that is at the forefront of audio innovation.

Gold Radio Winner Guyon Espiner
Best Interview

Gold Radio Winner Paloma Migone
Audio Podcast Series: *The Lost*

Silver Award Jim Mora
Best Talk Show Host

Bronze Award Kim Hill
Best Radio Personality

Bronze Award Kathryn Ryan
Best Talk Show Host

Bronze Award Melody Thomas
Best Audio Podcasts: *BANG!*

International Federation of Agricultural Journalists Awards

Multi-award-winning rural reporter Alexa Cook took first place at the IFAJ competition in The Netherlands, for her digital broadcast *Mustering Courage*.

Alexa was also runner-up in the broadcast audio section for *A High Country Way of Life*.



RNZ would like to acknowledge the valuable service of outgoing Chairman

Richard Griffin. Richard served on the board for eight years from May 2010 until April 2018 and was an astute and effective chair and governor. During his seven years as Chairman RNZ grew audiences, diversified its content and developed a successful online strategy. Richard also played a key role in securing long-awaited funding increases in the 2017 and 2018 Budgets.

Richard was made a Companion of the New Zealand Order of Merit for services to broadcasting and the media industry in the 2018 Queen's Birthday Honours.

The Radio New Zealand **CHARTER**

PURPOSE:

1. As an independent public service broadcaster, the public radio company's purpose is to serve the public interest.
2. Freedom of thought and expression are foundations of democratic society and the public radio company as a public service broadcaster plays an essential role in exercising these freedoms.
3. The public radio company fosters a sense of national identity by contributing to tolerance and understanding, reflecting and promoting ethnic, cultural, and artistic diversity and expression.
4. The public radio company provides reliable, independent, and freely accessible news and information.

DELIVERY:

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

TE TŪTOHINGA MENGĀ MĀTĀPONO

o Te Reo Irirangi o Aotearoa

TE PŪTAKE:

1. Nā runga i tana tū hei kaipāpāho ratonga tūmatanui motuhake, ko te pūtake o te kamupene reo irirangi tūmatanui he ū ki ngā take whai tikanga ki a ngāi tūmatanui.
2. Ko te noho herekore o te mana whakaaro me te mana whakapuaki hei tūāpapa mō te pāpori manapori, ā, nā runga i tana tū hei kaipāpāho ratonga tūmatanui, he tūranga mātuatua tō te kamupene reo irirangi tūmatanui hei kaiwhakaū i ēnei mana.
3. Ka whakatītina te kamupene reo irirangi tūmatanui i tētahi tuakiri ā-motu mā te whakaū i ngā tikanga o te noho manawa nui me te māramatanga, otirā, ka whakaatu, ka whakatairanga anō i te whakapuakanga me te kanorautanga o ngā kaupapa ā-iwi, ā-ahurea, ā-toi hoki.
4. Ka whakaratonga e te kamupene reo irirangi tūmatanui he pārongo, otirā, he rongo o te wā, he tika, he motuhake, he māmā hoki te torohia atu.

TE TUKUHANGA:

5. Hei whakatutuki i tōna pūtake, me mātua whai te kamupene reo irirangi tūmatanui kia whakaratonga e ia he ratonga kounga nui, e pēnei ana—
 - (a) ko te nuinga, e mārama kehokeho ana, he mea pupū ake i Aotearoa:
 - (b) e whakamōhio ana, e whakangahau ana, e whakapūrangiaho anō ana i ngā uri o Aotearoa:
 - (c) e wero ana i te hinengaro, e auaha ana, e pārekareka anō ana:
 - (d) e whakatītina ana i te whakaaro hōhonu me te momo tautohetohe e whai mōhio ana, ā, e aro ana ki ētahi kaupapa whānui:
 - (e) e whakatenatena ana, e taunaki ana, e whakaatu anō ana i te kanorau o ngā momo whakapuakanga ā-ahurea, tae atu ki te whakaari, te whakakatakata, ngā momo tūhinga, me ngā mahi a Rēhia:
 - (f) e whakatenatena ana, e taunaki ana, e whakaatu anō ana i ētahi momo pūoru whānui, tae atu ki ngā titonga me ngā whakapuakanga o Aotearoa:
 - (g) e whakaatu ana i te tuakiri ahurea o Aotearoa, tae atu ki te reo me te ahurea Māori:
 - (h) e whai whakaaro ana ki te ao, otirā, ki te tūnga o Aotearoa ki te ao:
 - (i) e whakarato ana i ētahi rongo o te wā me ētahi kaupapa mohoa ā-rohe, ā-motu, ā-ao anō, he aro whānui, he motuhake, he tika, he tōkeke, he whārite hoki:
 - (j) e whakarato hōtaka ana e noho whārite ai ngā kaupapa aronga whāiti me ērā e arongia whānuitia ana, e whai wāhi mai ai ngā kaupapa whai take ki ngā reanga katoa:
 - (k) e whakaū ana i te whakawhanaketanga ā-hinengaro, ā-wairua hoki:
 - (l) e kapi ana i a ia he ratonga ā-ao ki Te Moana-nui-a-Kiwa, ki te reo Pākehā, ki ngā reo o Te Moana-nui-a-Kiwa hoki:
 - (m) e aro ana ki ngā ratonga e whakaratonga ana e ētahi kaipāpāho kē atu:
 - (n) e whai hua ana i te/ngā ara tuku whai take nui:
 - (o) e tiaki ana, e whakaputu anō ana i ngā kōrero pāpāho ka noho hei taonga tuku iho.

CHAIR'S REPORT

TE PŪRONGO A TE HEAMANA

*A healthy, informed
democracy demands strong,
independent and freely
accessible public media,
driven by public interest
and backed by robust
legislation and adequate,
sustainable funding.*



TRUST
is a
TAONGA

E rau rangatira mā, tēnā rā koutou katoa.

RNZ is emerging from almost a decade of funding restraint with its independence and services strengthened, and audiences that continue to grow. RNZ receives widespread political support and our value to the public at a time of significant media disruption is more widely acknowledged than ever. There remains a strong desire for an independent public service broadcaster that can effectively hold power to account while supporting healthy, informed conversations and robust national debate.

Trust and journalistic integrity are critical attributes in an uncertain world of fake news, click bait and media manipulation, and it is encouraging to know that RNZ has the highest level of public trust of any media organisation in New Zealand.*

That trust is a taonga and not a korowai that we wear lightly.

RNZ aspires to be the trusted voice in Aotearoa and across the Pacific, and is working hard to better understand the needs of its audiences and reflect New Zealand's cultural and regional diversity. Continued government support will be essential if we are to achieve that potential and become the cornerstone of a sustainable media sector.

RNZ acknowledges the funding increase of \$2.84 million announced by government in the May 2017 Budget, which enabled the development of new initiatives in the 2017–2018 financial year. For the full year ended 30 June 2018, RNZ recorded a deficit of \$352,000. The result includes \$392,000 of non-recurring redundancy costs. RNZ continues to operate effectively within its budget allocations, demonstrating a prudent financial organisational culture.

A boost of \$4.5 million in direct funding announced in July 2018 falls outside this financial reporting period, but combined with a new one-off RNZ and NZ On Air Joint Innovation Fund it will help to support the creation of high-quality content for new audiences in 2018-2019.

Increased and ongoing direct government funding to appropriate levels, including capital for investment in technology, will be needed as RNZ adapts to a rapidly changing media environment. In return we will grow the value of public investment in RNZ by diversifying content, audiences and our staff to truly reflect the nation.

As the incoming Chairman of RNZ, I want to thank my fellow directors Jane Taylor, Melissa Clark-Reynolds, Bill Francis, Rodger Finlay, Graham Pryor, and Mike O'Donnell. Their advice and support have been invaluable. Much of the period covered by this annual report was overseen by the outgoing Chairman Richard Griffin and we acknowledge his substantial contribution to the governance of RNZ in the eight years that he was a member of this board.

On behalf of the board I extend our sincere thanks to CEO Paul Thompson and his management team for their outstanding performance during a challenging year. Finally the board also pays tribute to the multi-talented and dedicated RNZ staff who continue to provide New Zealanders with the high-quality public service media they have come to trust.

We look forward with great confidence to the future.

E ora pai ai, e whai mōhio pai anō ai te manapori, me kaha, me motuhake, me wātea hoki ngā pāhotanga tūmatanui ki te marea, ka mutu, me rere e ai ki ngā painga ki a Tūmatanui, me hāpai hoki e ngā ture pakari, ā, e te rahinga pūtea tautoko e tika ana, otirā, e toitū ana.

E maea ake ana Te Reo Irirangi o Aotearoa i tētahi wā whakatana pūtea, kua tata ki te tekau tau te roa e pērā ana, ko tana motuhaketanga me ana ratonga kua pakari ake, ko ana apataki e nui haere ana. E whānui ana te tautokona ā-tōrangapūtia o Te Reo Irirangi o Aotearoa, ka mutu, kua whānui rawa atu te whakaaetia o tō mātou whai take ki a Tūmatanui, tērā i ngā wā kua hipa, i tēnei wā o te kaha whakatōhenehenetia o te ao pāpāho. E manakotia tonutia ana tētahi whakahaere pāpāho tūmatanui e noho haepapa tonu ai ngā mana o te wā, e rere pai anō ai ngā whakawhitinga kōrero whai mōhio me ngā tohe ā-motu anō hoki.

Ko te whakawhirinakitanga, ko te ngākau pono anō i ngā mahi kawē pūrongo ētahi āhuatanga matua i tēnei ao e rangirua nei ki ngā rongo teka, ki ngā kupu whakapoapoa, otirā, ki ngā rāwekeweketanga ā-pāpāho, nō reira ka rewa te ngākau i te mōhio ko Te Reo Irirangi o Aotearoa te tino o ngā whakahaere pāpāho katoa o Aotearoa mō te whakawhirinakitia ōna e Tūmatanui.*

He taonga pū tērā whakawhirinakitanga, ehara hoki i te mahi kai parāoa te whakamaunga o tēnei korowai.

E whai ana Te Reo Irirangi o Aotearoa kia noho ko mātou te reo e mātua whakawhirinakitia ana i Aotearoa, ā, puta atu hoki ki te Moana-nui-a-Kiwa, ka mutu, e whakapau kaha ana kia mārama ake ai mātou ki ngā matenui o ā mātou apataki, kia whakaatahia anō ai te kanorau ā-ahurea, ā-takiwā hoki o Aotearoa. E tutuki ai i a mātou tērā pito mata, e hua ai ko mātou te tūāpapa mō tētahi rāngai pāpāho toitū, me mātua whai tonu te tautoko ā-kāwanatanga.

E mihi ana Te Reo Irirangi o Aotearoa ki te pikinga pūtea e \$2.84 miriona te nui i pānuitia e te Kāwanatanga i te Tahua o te marama o Haratua, i te tau 2017, i taea ai te whakawhanaketia o ngā kaupapa hou i te tau ā-pūtea 2017-2018. Mō te tau atu ki te 30 o Pipiri, i te tau 2018, i pūrongoia e Te Reo Irirangi o Aotearoa tētahi takarepa, e \$352,000 te nui. E kapi ana i tēnei ko ngā utu hapanga tē tōaitia, e \$392,000 te nui. Ka tutuki tonu tā Te Reo Irirangi o Aotearoa koke whakamua, me te ū tonu ki ngā wāwāhinga tahua, me te aha, e whakaatu ana i tētahi ahurea pūtea ā-whakahaere matawhāiti.

Ko te pikinga pūtea arotahi e \$4.5 miriona te nui i pānuitia i te marama o Hōngongoi, i te tau 2018, kāore e kapi

ana i tēnei takiwā pūrongo ā-pūtea, heoi, āpitihia ana aua pūtea rā ki tētahi Tahua Auaha Hourua, he mea tukuhanga kotahi noa, nā Te Reo Irirangi o Aotearoa me Irirangi Te Motu, ka hāpaitia te waihanga mai o ētahi hōtaka kouna mā ētahi apataki hou ā ngā tau 2018-2019.

Me piki, me auau, me tika hoki te nui o ngā pūtea ka riro arotahi mai i te kāwanatanga, tae atu hoki ki ngā moni tōpū mō te haumi ki ngā momo hangarau, i Te Reo Irirangi o Aotearoa e urutau ana ki tētahi ao pāpāho e tere panoni ana. Hei utu i tērā, ka whakatupu mātou i te wāriu o ngā haumitanga tūmatanui ki Te Reo Irirangi o Aotearoa mā te whakawhānui i ā mātou momo hōtaka, i ā mātou apataki, i ā mātou kaimahi hoki, kia tika ai te whakaatahia o te iwi whānui.

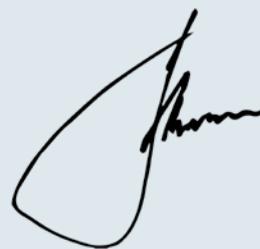
I taku tūranga hei Heamana hou o Te Reo Irirangi o Aotearoa, e rere ana aku mihi ki aku hoa kaiwhakahaere, ki a Jane Taylor rātou ko Melissa Clark-Reynolds, ko Bill Francis, ko Rodger Finlay, ko Graham Pryor, ko Mike O'Donnell anō. Kāore i tua atu i ā rātou kupu āwhina, i tā rātou tautoko mai anō hoki. Ko te nuinga o te takiwā e kapi ana i tēnei pūrongo ā-tau i āta arahina e te Heamana o mua, e Richard Griffin, me te aha, e mihi ana mātou ki ana koha nui ki te whakahaerehia o Te Reo Irirangi o Aotearoa i ngā tau e waru i noho ai ia hei mema ki tēnei poari.

Ko tā mātou ko te poari he tuku i ā mātou mihi maioha ki te Kaiwhakahaere Matua, ki a Paul Thompson rātou ko tana tira whakahaere, i te pakari o ā rātou mahi puta noa i tētahi tau whakapātari. Hei whakakapinga, e whakamānawa hoki ana te poari i ngā kaimahi pūkenga rau, ngākaunui hoki o Te Reo Irirangi o Aotearoa e whāngai tonu ana i ngā tāngata o Aotearoa ki ngā momo pāhotanga tūmatanui kouna e whakawhirinakitia nei e rātou.

E ngākau titikaha ana te aro whakamua atu ki anamata.

Nāku iti nei, nā

* COLMAR BRUNTON VALUE INDICES RESEARCH 2018



Dr Jim Mather

Chairman, Radio New Zealand

CEO'S REPORT

TE PŪRONGO A TE KAWHAKA- HAERE MATUA

I am pleased to report on another successful year for RNZ. Audiences are strong and growing, we are expanding services thanks to increased funding, and our high-performing staff are acknowledged leaders in their fields of journalism, current affairs and programming.



*RNZ is
FLOURISHING*

But most important of all, RNZ now has the highest level of trust of any New Zealand media organisation.*

Trust is the lifeblood of public broadcasting and it is a precious attribute that we nurture and safeguard every day.

RNZ is playing a pivotal and growing role in ensuring that Aotearoa is a connected and informed democracy. As commercial media battle significant headwinds, our job is to be a reliable source of credible and freely available news, information and entertainment. We connect with people as citizens, not as consumers or customers, and there is an increased appetite for our services.

Our on-air audiences remain strong, and our online audiences – for both the website and on-demand audio – continue to strengthen and grow. RNZ's total weekly audience in June 2018 was estimated at 845,945 (unduplicated).

Nationwide GfK Radio Audience Measurement figures for the 12-month period to 16 June 2018 show that RNZ National and Concert together reached 682,700 people aged 10+ in an average week, or 14.1% of the New Zealand population.

Online, average weekly users increased by 14% year on year in the first half of 2018, to 604,253, and average weekly sessions have increased by 21% year on year to 1,054,091.

RNZ Pacific, meanwhile, connects with large audiences across the region, from Papua New Guinea in the west to Tahiti in the east, using shortwave transmission, satellite, online content and partnerships with local radio networks.

Partnership and collaboration are features of the modern digital media ecosystem and RNZ has developed a clear strategy on this front.

Partnership agreements with third-party platforms have extended the reach for RNZ content. We are now working with 30 different media outlets, which is helping us to get our high-quality news, current affairs and entertainment to more people as well as lifting our profile.

People are our greatest asset and one of RNZ's key strategies for the next few years is to build the capabilities of RNZ staff through training and development. RNZ will be putting an emphasis on delivering training that addresses common needs across the organisation in areas ranging from te reo Māori to visual and investigative journalism and multimedia programming. The RNZ gender pay gap has reduced from 6% to 4% and our objective is for this gap to be 0%.

RNZ is committed to creating high-quality Māori content, supporting te reo Māori and fostering Māori journalism. RNZ has implemented a strategy that puts an emphasis on the integration and normalising of te reo on all its platforms. In June 2018 RNZ created the position of Kurahautū Māori or Māori Strategy Manager. This appointment is a first for the organisation and will strengthen RNZ's commitment to improving, increasing and developing Māori content and its current Māori strategy.

Finally, I wish to thank everyone at RNZ – both board and staff – for their hard work and support during the year. On a personal note, I wish to acknowledge former board chair Richard Griffin and current chair Dr Jim Mather for their collegiality, wise counsel and strong advocacy for the organisation.

RNZ is flourishing at a time when New Zealand more than ever needs a strong, independent voice that reflects Aotearoa's unique culture and identity.

E koa ana te ngākau ki te tuku pūrongo mō tētahi anō tau whai hua ki Te Reo Irirangi o Aotearoa.

E pakari ana, e tupu hoki ana a ngāi apataki, e whakawhānui ana mātou i ā mātou ratonga nā runga i te pikinga pūtea i riro mai, ka mutu, e kīia ana he kaiārahi ā mātou kaimahi pūkenga i ngā umanga o te kawae pūrongo, o ngā rongo mohoa, o te whakarite hōtaka anō hoki.

Heoi anō ko te mea nui, o ngā whakahaere pāpāho katoa i Aotearoa, ko Te Reo Irirangi o Aotearoa te mea e kaha whakawhirinakitia ana.

Ko te whakawhirinakitanga te manawapou o ngā mahi pāpāho tūmatanui, otirā, he āhuatanga marihi tēnei ka āta tautehia, ka āta tiakina anō hoki e mātou i ia rā.

He wāhi nui, he wāhi e whānui haere ana hoki, tō Te Reo Irirangi o Aotearoa ki te whakaūnga o Aotearoa hei manapori whai hononga, whai mōhio anō hoki. I ngā momo pāpāho arumoni e karawhiua ana ki ngā haupāuma o te wā, ko te wāhi ki a mātou ko te noho hei mātāpuna mō ngā kawenga pūrongo, mō ngā mōhiohio, ā, mō ngā kaupapa ngahau anō e whai kiko ana, e wātea hoki ana ki te marea. Ka tūhono atu mātou ki te marea hei kirirarau, kua noa hei kiritaki, otirā, kua kaha ake te hiakai ki ā mātou ratonga.

He pakari tonu ā mātou rahinga apataki ā-irirangi, ā, ko ngā apataki ā-ipurangi – mō te wāhi ki te pae tukutuku me ngā oro ā-tono – e pakari haere ana, e tupu tonu ana. Ko te whakapae, ko tōna 845,945 nei (tē pūruatia) te tapeke apataki ā-wiki a Te Reo Irirangi o Aotearoa i te marama o Pipiri, i te tau 2018.

Hei tā ngā tatauranga Ine Apataki ā-Irirangi a GfK mō te motu whānui, mō ngā marama 12 atu ki te 16 o Pipiri, i te tau 2018, i rangona a RNZ National me Concert e ngā tāngata 682,700, he 10 tau piki ake rānei te pakeke, i tētahi wiki toharite, otirā, e te 14.1% rānei o te taupori o Aotearoa.

Ā-ipurangi nei, kua 14% te pikinga o te rahinga toharite o ngā kaiwhakamahi i te wiki, tērā i te tau kua hori, mō te haurua tuatahi o te tau 2018, ki te 604,253, waihoki, kua 21% hoki te pikinga ā-tau o ngā hōtaka ā-wiki ki te 1,054,091.

Ka hono atu a RNZ Pacific ki ngā rōpū apataki nui nō Te Moana-Nui-a-Kiwa, nō Papua New Guinea ki te uru, tae atu ki Tahiti i te rāwhiti, mā te pāho ā-ngarupoto, mā te āmiorangi, mā ngā hōtaka ā-ipurangi, mā te mahi tahi anō hoki ki ngā irirangi ā-moutere.

Ko te whakahoahoa, ko te mahi ngātahi anō hoki ētahi o ngā āhua o te ao pāpāho matihiko o nāianei, ka mutu, kua āta whakaritea e Te Reo Irirangi o Aotearoa tētahi rautaki mō tēnei tūāhua, e mārāma kehoheho ana.

Nā ngā whakaaetanga whakahoahoa ki pae pāpāho kē atu i whānui ake ai te horapa o ngā hōtaka a Te Reo Irirangi

o Aotearoa. I aianei nā, e mahi tahi ana mātou ki ētahi whakahaere pāpāho kē atu e toru tekau, me te aha, he mea hāpai tēnei i te pāhotia o ā mātou kawenga pūrongo o te wā, o ā mātou rongo mohoa, o ā mātou kaupapa ngahau, he kounga katoa hoki, ki tētahi kāhui apataki nui ake, ā, nā konei hoki i hau ake ai tō mātou rongo.

Ko te tangata tonu tō mātou tino rawa, ā, ko tētahi o ngā rautaki matua a Te Reo Irirangi o Aotearoa mō ngā tau e tū mai nei ko te whakawhanake i ngā āheinga o ngā kaimahi o Te Reo Irirangi o Aotearoa mā roto mai i ngā kaupapa whakangungu, whakawhanake anō hoki. Ka aronui Te Reo Irirangi o Aotearoa ki te tuku kaupapa whakangungu hei whakaea i ngā matenui huri noa i te whakahaere, atu i Te Reo Māori ki ngā mahi kawae pūrongo ataata, whakatewhatewha anō, ā, tae atu hoki ki ngā hōtaka pae pāpāho-rau. Kua heke hoki te wehenga utunga ā-ira i Te Reo Irirangi o Aotearoa i te 6% ki te 4%, ā, ko tā mātou e whai nei kia heke tonu atu tēnei wehenga ki te 0%.

E ū nei Te Reo Irirangi o Aotearoa ki te waihanga i ētahi hōtaka Māori kounga, ki te hāpai i Te Reo Māori, ki te poi-poi anō hoki i ngā mahi kawae pūrongo Māori. Kua whakaūngia e Te Reo Irirangi o Aotearoa tētahi rautaki e āta whai nei kia whakaurua te reo Māori ki ana pae pāpāho katoa, otirā, kia tino māori hoki te noho. Nō te marama o Pipiri i te tau 2018 i whakaritea ai e Te Reo Irirangi o Aotearoa te tūranga Kurahautū Māori. He tuatahitanga tēnei mō te whakahaere, ka mutu, ka whakapakari ake i tā Te Reo Irirangi o Aotearoa aro ki te whakapakari, ki te whakapiki, ki te whakawhanake anō hoki i ngā hōtaka Māori, otirā, i tana rautaki Māori o te wā.

Hei whakatepe, e rere ana aku mihi ki ngā ringaringa me ngā waewae o Te Reo Irirangi o Aotearoa – poari mai, kaimahi mai – mō rātou i whakahaere werawera, i tautoko mai hoki, i te tau kua hori ake nei. Mōku ake, e mihi hoki ana ki te heamana o mua o te poari, ki a Richard Griffin, rāua tahi ko te heamana o te wā, ko Tākuta Jim Mather, mō te āhua o tā rāua kawae i ngā mahi, mō ā rāua kupu ārahi, ā, mō ā rāua kōkiritanga, mō te whakahaere te painga.

E pāhautea ana te tupu o Te Reo Irirangi o Aotearoa i tēnei wā e mātua matenuihia ana e Aotearoa tētahi reo pakari, motuhake hoki, e whakaata ana i te ahurea me te tuakiri motuhake o Aotearoa.

* COLMAR BRUNTON VALUE INDICES RESEARCH 2018



Paul Thompson
CEO and Editor-in-Chief



Country Life journalist Susan Murray in the field

*Radio New Zealand Limited***FINANCIAL PERFORMANCE**

FOR THE YEAR ENDED 30 JUNE 2018

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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 (RNZ) and the Minister of Finance, appoint a governing Board of Directors. The Radio New Zealand constitution sets the size of the Board at a minimum of two and a maximum of nine directors. There were seven directors at 30 June 2018.

The Board is responsible under the company's constitution for directing and supervising the company's business and affairs in accordance with the Radio New Zealand Charter set out in section 8 of the Radio New Zealand Act 1995, which was updated by the Radio New Zealand Amendment Act 2016. In practice, the 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 that 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

Michael O'Donnell started his term in September 2017. Richard Griffin's term as Chairman ended in April 2018. Dr Jim Mather commenced as Chairman in May 2018.

Subsidiaries

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

Kīnga Voxpop Limited was incorporated on 15 February 2018. Radio New Zealand owned all shares in Kīnga Voxpop Limited at 30 June 2018. It is intended that Kīnga Voxpop be owned by Radio New Zealand and its two founders after the completion of a trial of the app.

Board Committee

The Board has formally constituted an Audit Committee to focus on audit and risk management issues. This committee met on four occasions during the year. Members of the Board on the Audit Committee are Jane Taylor (Chair), Rodger Finlay and Bill Francis.

Board meetings

The Board met on 10 scheduled occasions this year.

TABLE OF ATTENDANCE FOR THE YEAR ENDED 30 JUNE 2018	BOARD MEETINGS	AUDIT COMMITTEE
Dr Jim Mather – Chairman from May 2018	2	N/A
Richard Griffin – Chairman to April 2018	8	N/A
Jane Taylor – Chair Audit Committee & Deputy Chair	10	4
Melissa Clark-Reynolds	9	N/A
Rodger Finlay	8	3
Bill Francis	9	3
Graham Pryor	10	N/A
Mike O'Donnell – from September 2017	8	N/A

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 day-to-day management 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.

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 legislative compliance issues and ensure applicable staff are aware of relevant legislative requirements.

STATEMENT OF RESPONSIBILITY

We are responsible for the preparation of Radio New Zealand Limited's financial statements and statement of performance, and the judgements made in them.

We are responsible for any end-of-year performance information provided by Radio New Zealand under section 19A of the Public Finance Act 1989.

We have the responsibility for establishing and maintaining a system of internal control designed to provide a reasonable assurance as to the integrity and reliability of financial reporting.

In our opinion, these financial statements and statement of performance fairly reflect the financial position and operations of Radio New Zealand for the year ended 30 June 2018.

Signed on behalf of the Board:



Dr Jim Mather

Chairman

26 OCTOBER 2018



Jane Taylor

Audit Committee Chair
and Board member

26 OCTOBER 2018



Paul Thompson

Chief Executive
and Editor-in-Chief

26 OCTOBER 2018

INDEPENDENT AUDITOR'S REPORT

To the readers of Radio New Zealand Limited and group's financial statements and performance information for the year ended 30 June 2018.

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

Opinion

We have audited:

- the financial statements of RNZ on pages 22 to 40, that comprise the statement of financial position as at 30 June 2018, the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements including a summary of significant accounting policies and other explanatory information; and
- the performance information of RNZ on pages 42 to 51.

In our opinion:

- the financial statements of RNZ on pages 22 to 40:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2018; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- the performance information on pages 42 to 51:
 - presents fairly, in all material respects, RNZ's performance for the year ended 30 June 2018, including:
 - for each class of reportable outputs:
 - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
 - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 26 October 2018. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board for the financial statements and the performance information

The Board is responsible on behalf of RNZ for preparing financial statements and performance information that are fairly presented and comply with generally accepted accounting practice in New Zealand. The Board is responsible for such internal control as they determine is necessary to enable them to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board is responsible on behalf of RNZ for assessing RNZ's ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of RNZ, or there is no realistic alternative but to do so.

The Board's responsibilities arise from the Crown Entities Act 2004, Radio New Zealand Act 1995 and the Companies Act 1993.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to RNZ's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit 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 RNZ's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We evaluate the appropriateness of the reported performance information within RNZ's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on RNZ's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause RNZ to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within RNZ to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible for the direction, supervision and performance of the RNZ audit. We remain solely responsible for our audit opinion.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board is responsible for the other information. The other information comprises the information included on pages 2 to 19 and 52, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of RNZ in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with or interests in RNZ.

Kelly Rushton

Audit New Zealand
On behalf of the Auditor-General

Wellington, New Zealand

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2018

	Note	Group Actual 2018 \$000	Group Budget 2018 \$000	Group Actual 2017 \$000
Government funding and fees	2	38,959	38,958	36,119
Other revenue	2	2,350	2,362	2,898
Total revenue		41,309	41,320	39,017
Personnel expenses	3	25,033	24,879	23,858
Operating expenses	4	14,155	13,848	12,775
Depreciation and amortisation expenses	8,9	2,473	2,524	2,348
Total expenditure		41,661	41,251	38,981
Net operating surplus/(deficit) before taxation		(352)	69	36
Income tax expense/(benefit)	11	0	0	(256)
Net surplus/(deficit) after taxation		(352)	69	292
OTHER COMPREHENSIVE REVENUE AND EXPENSE				
Revaluation of property (net)		0	0	14,476
Tax on revaluations		0	0	(256)
Total other comprehensive revenue and expense		0	0	14,220
Total comprehensive revenue and expense		(352)	69	14,512

Explanations of major variances against budget are provided in note 20.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

	Note	Group Actual 2018 \$000	Group Budget 2018 \$000	Group Actual 2017 \$000
Balance at 1 July		59,169	44,730	47,537
Total comprehensive revenue and expense		(352)	69	14,512
Dividend paid to Government	16	0	0	(2,880)
Balance at 30 June		58,817	44,799	59,169

The accompanying notes and accounting policies form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Note	Group Actual 2018 \$000	Group Budget 2018 \$000	Group Actual 2017 \$000
EQUITY				
Share capital	16	16,692	16,692	16,692
Revaluation reserve	16	40,700	28,417	40,700
Retained earnings	16	1,425	(310)	1,777
Total equity		58,817	44,799	59,169
CURRENT LIABILITIES				
Creditors and other payables	10	2,309	1,864	1,552
Provisions	14	0	391	0
Employee entitlements	13	2,253	2,090	2,002
Revenue received in advance		1	0	47
Total current liabilities		4,563	4,345	3,601
NON-CURRENT LIABILITIES				
Employee entitlements	13	79	0	79
Provisions	14	1,042	1,041	1,042
Total non-current liabilities		1,121	1,041	1,121
TOTAL EQUITY AND LIABILITIES		64,501	50,185	63,891
CURRENT ASSETS				
Cash and cash equivalents	5	3,375	1,852	2,396
Investment	7	3,500	4,200	4,050
Receivables	6	310	98	417
Other receivables		616	210	320
Total current assets		7,801	6,360	7,183
NON-CURRENT ASSETS				
Intangibles	9	1,919	4,970	1,508
Property, plant and equipment	8	54,781	38,855	55,200
Total non-current assets		56,700	43,825	56,708
TOTAL ASSETS		64,501	50,185	63,891

Explanations of major variances against budget are provided in note 20.
The accompanying notes and accounting policies form an integral part of the financial statements.

For and on behalf of the Board:



Dr Jim Mather

Chairman

26 OCTOBER 2018



Jane Taylor

Audit Committee Chair
and Board member

26 OCTOBER 2018

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Group Actual 2018 \$000	Group Budget 2018 \$000	Group Actual 2017 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers	1,988	2,401	2,875
Government funding and fees	38,959	38,959	35,905
Interest earned	158	182	180
	41,105	41,542	38,960
Cash was applied to:			
Payments to employees	24,781	24,494	23,444
Payments to suppliers	13,177	14,216	13,848
GST (net)	251	100	(199)
	38,209	38,810	37,093
Net cash inflow/(outflow) from operating activities	2,896	2,732	1,867
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Receipts from investments	2,650	0	1,150
Proceeds from sale of property, plant and equipment	0	0	7,135
	2,650	0	8,285
Cash was applied to:			
Acquisition of term investments	2,100	0	2,200
Purchase of intangible assets	813	200	325
Purchase of property, plant and equipment	1,654	4,082	1,966
	4,567	4,282	4,491
Net cash inflow/(outflow) from investing activities	(1,917)	(4,282)	3,794
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was applied to:			
Repayment of preference shares	0	0	4,120
Payment of dividends	0	0	2,880
	0	0	7,000
Net cash inflow/(outflow) from financing activities	0	0	(7,000)
Net increase/(decrease) in cash and equivalents	979	(1,550)	(1,339)
Add – Opening bank balance at 1 July	2,396	3,402	3,735
Cash and cash equivalents at year end	3,375	1,852	2,396
Comprising:			
Cash and cash equivalents	3,375	1,852	2,396
Closing cash and cash equivalents	3,375	1,852	2,396

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

The accompanying notes and accounting policies form an integral part of the financial statements.

RECONCILIATION OF NET DEFICIT WITH NET CASH FLOWS FROM OPERATING ACTIVITIES

FOR THE YEAR ENDED 30 JUNE 2018

	Group Actual 2018 \$000	Group Actual 2017 \$000
NET SURPLUS/(DEFICIT) BEFORE TAX	(352)	36
Add/(less) non-cash items:		
Depreciation and amortised expenses	2,473	2,348
Bad debts written off	1	3
Change in provision for impaired debts	(32)	25
Impaired property, plant and equipment	2	23
Donated assets income	0	(2)
Capitalised labour	0	(34)
Other	31	310
	2,475	2,673
Add/(less) items classified as investing activities:		
Net gain on sale of fixed assets	0	(334)
Add/(less) movements in working capital items:		
Decrease/(increase) in receivables	107	(142)
Decrease/(increase) in other receivables	(296)	35
Increase/(decrease) in creditors/payables	757	(864)
Increase/(decrease) in current employment entitlements	251	416
Increase/(decrease) in revenue received in advance	(46)	47
Working capital movement – net	773	(508)
Net cash flow from operating activities	2,896	1,867

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF ACCOUNTING POLICIES

Reporting entity

Radio New Zealand Limited (RNZ) is a Crown entity in terms of the Crown Entities Act 2004 and is domiciled and operates in New Zealand. The relevant legislation governing RNZ's operations includes the Radio New Zealand Act 1995, the Crown Entities Act 2004 and the Companies Act 1993. RNZ's ultimate parent is the New Zealand Crown. RNZ's primary objective is to provide broadcasting services to the New Zealand public, as outlined in the Charter that forms part of the Radio New Zealand Act.

The Group consists of Radio New Zealand Limited, its subsidiary Sound Archives/Ngā Taonga Kōrero Limited, which is 100% owned, and Kinga Voxpop Limited, also 100% owned by RNZ at 30 June 2018.

RNZ has been designated a Public Benefit Entity (PBE) for financial reporting purposes as it operates for the benefit of the public good as prescribed in its Charter, is independent of political influences, is funded through NZ On Air and receives no advertising revenue.

Basis of preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the year. There were no changes in the year.

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

These financial statements have been prepared in accordance with Tier 1 PBE accounting standards and comply with PBE accounting standards.

Significant accounting policies

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to specific notes are outlined below.

Income tax

Income tax expense or benefit 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.

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.

Current tax and deferred tax is charged or credited to the Statement of Comprehensive Revenue & Expense, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

Budget figures

The budget figures are derived from the Statement of Performance Expectations as approved by the Board and Shareholding Ministers at the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements.

Functional and presentation currency

The financial statements are presented in New Zealand dollars, which is the currency of RNZ. They are presented and rounded to the nearest thousand dollars.

Cost allocation

RNZ produces one output, namely the production and distribution of content that meets our purpose and optimises our Charter performance. This reflects the convergence of media platforms externally and the sharing of content and resources inside RNZ.

Consequently there are no cost allocations required between different classes of output.

Critical accounting estimates and assumptions

In preparing these financial statements, RNZ has made estimates and assumptions concerning the future. The estimates and assumptions may differ from the subsequent actual results. 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 as follows:

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 8.

Estimating useful lives and residual values of property, plant, and equipment

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, the expected period of use of the asset by RNZ, and the 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.

Long service leave

Note 13 provides an analysis of the exposure in relation to estimates and uncertainties surrounding long service leave liabilities.

Leases

Operating leases – an operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lease.

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

RNZ has no finance leases.

2. REVENUE

The specific accounting policies for significant revenue items are explained below:

FUNDING FROM THE CROWN	Group Actual 2018 \$000	Group Actual 2017 \$000
NZ On Air - baseline funding	35,356	32,516
NZ On Air - contestable funding	200	200
Ministry for Culture and Heritage	1,900	1,900
Office of the Clerk	1,503	1,503
TOTAL	38,959	36,119

RNZ is primarily funded by the Crown, for the specific purposes as set out in its Charter in the Radio New Zealand Act 1995 (and 2016 Amendment Act) and the Crown Entities Act 2004. Government revenue is recognised as revenue at the point of entitlement.

2016-17 comparative figures from the Office of the Clerk have been re-classified. Total revenue for 2016-17 remains the same.

OTHER REVENUE	Group Actual 2018 \$000	Group Actual 2017 \$000
Rental revenue from property leases	370	528
Co-siting revenue	1,377	1,397
Gain on sale of property, plant and equipment	0	334
Donation income	0	2
Interest income	158	178
Other income	445	459
TOTAL	2,350	2,898

Interest revenue

Interest revenue is recognised using the effective interest method.

Rental revenue

Lease receipts are recognised in accordance with the lease contracts.

Provision of services

Services provided to third parties on commercial terms are exchange contracts. Revenue from these services is recognised in proportion to the stage of completion at balance date.

3. PERSONNEL EXPENSES

	Group Actual 2018 \$000	Group Actual 2017 \$000
Salaries and wages	23,211	22,448
Superannuation	761	754
Redundancy costs and other payments on cessation of employment	392	262
Other employee costs	405	207
Increase/(decrease) - employee entitlements	264	187
TOTAL	25,033	23,858

2016-17 comparative figures for employee entitlements have been re-classified in this year's financial statements. Total personnel costs for 2016-17 remain the same.

Employee remuneration

Details of remuneration ranges for employees whose remuneration in the year ended 30 June 2018 was in excess of \$100,000 are:

Remuneration Range for Employees	Number of Employees 2018	Number of Employees 2017
\$100,000 – 109,999	8	11
\$110,000 – 119,999	6	7
\$120,000 – 129,999	11	11
\$130,000 – 139,999	1	1
\$140,000 – 149,999	1	0
\$150,000 – 159,999	2	1
\$160,000 – 169,999	0	1
\$170,000 – 179,999	1	1
\$180,000 – 189,999	1	0
\$190,000 – 199,999	1	3
\$200,000 – 209,999	1	1
\$250,000 – 259,999	1	0
\$260,000 – 269,999	1	1
\$270,000 – 279,999	0	1
\$290,000 - 299,999	1	0
\$430,000 - 439,999	0	1
\$440,000 - 449,999	1	0
Total number of employees in these ranges	37	40

During the year ended 30 June 2018, 11 employees received compensation and other benefits in relation to cessation totalling \$390,246 (2017: \$262,000).

Key management personnel

DIRECTORS	Group Actual 2018 \$000	Group Actual 2017 \$000
Remuneration	192	186
Full-time-equivalent current members	0.19	0.14
KEY SENIOR LEADERSHIP PERSONNEL COMPENSATION		
Remuneration	1,720	1,661
Full-time-equivalent current members	8	9

Superannuation schemes

DEFINED CONTRIBUTION SCHEMES

Employer contributions to KiwiSaver and other superannuation schemes are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit as incurred.

DEFINED BENEFIT SCHEMES

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

Board member remuneration

The total value of remuneration paid or payable to each Board member during the year was:

	2018 \$000	2017 \$000
Dr Jim Mather – Chairman from May 2018	8	0
Richard Griffin – Chairman to April 2018	39	46
Jane Taylor – Deputy Chair	29	29
Melissa Clark-Reynolds	24	23
Rodger Finlay	24	23
Bill Francis	24	23
Graham Pryor	24	23
Sheena Henderson – to 28 April 2017	0	19
Mike O'Donnell – from September 2017	20	0
TOTAL	192	186

RNZ has provided a deed of indemnity to Directors for certain activities undertaken in the performance of RNZ functions.

RNZ took out Directors' and Officers' liability and professional indemnity insurance during the financial year in respect of the liability or costs of Board members and employees.

4. OTHER OPERATING EXPENSES

BREAKDOWN OF OTHER EXPENSES	Group Actual 2018 \$000	Group Actual 2017 \$000
Audit fees for audit of financial statements	104	103
Operating lease expenses	1,847	1,470
Property maintenance, rates	728	858
Travel	730	574
Transmission	4,053	4,020
Programming	3,219	2,726
Advertising and publicity	203	129
Insurance	222	230
Impairment property, plant and equipment	2	22
Legal expenses	322	141
Consultancy fees	457	275
Other	2,268	2,227
TOTAL	14,155	12,775

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lease. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

	Group Actual 2018 \$000	Group Actual 2017 \$000
Not later than one year	1,663	1,452
Later than one year and less than five years	4,416	3,911
Later than five years	772	1,341
TOTAL	6,851	6,704

5. CASH AND CASH EQUIVALENTS

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

	Group Actual 2018 \$000	Group Actual 2017 \$000
Cash and call deposits	3,375	2,396

6. RECEIVABLES

Short-term receivables are recorded at their face value less any provision for impairment. A receivable is considered impaired when there is evidence that RNZ will not be able to collect the full amount due. All current receivables have been classified as non-exchange transactions.

	Group Actual 2018 \$000	Group Actual 2017 \$000
Receivables	311	450
Provision for impairment	(1)	(33)
TOTAL	310	417

As at 30 June 2018, all overdue receivables have been assessed for impairment and appropriate provision applied as follows:

	2018			2017		
	Gross	Impairment	Net	Gross	Impairment	Net
Not past due	247	0	247	335	0	335
Past due 1-30 days	57	0	57	82	0	82
Past due 31-60 days	6	0	6	0	0	0
Past due 61-90 days	0	0	0	0	0	0
Past due > 91 days	1	(1)	0	33	(33)	0
TOTAL	311	(1)	310	450	(33)	417

7. INVESTMENTS

Bank term deposits

Bank term deposits are initially measured at the amount invested.

	Group Actual 2018 \$000	Group Actual 2017 \$000
Current	3,500	4,050
Non-current	0	0
TOTAL TERM DEPOSITS	3,500	4,050

Investments

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

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

RNZ owned 100% of the shares in Kīnga Voxpop Limited at 30 June 2018. The capital is unpaid. The structure is expected to change after a trial of the Voxpop app with a US-based radio station.

8. PROPERTY, PLANT AND EQUIPMENT

Accounting policy

Assets are recorded in the accounts as follows.

Land – at fair value; buildings – at fair value less accumulated depreciation and impairment losses, leasehold improvements – at cost less accumulated depreciation and impairment losses; plant and equipment – at cost less accumulated depreciation and impairment losses; libraries – at cost less accumulated depreciation and impairment losses; furniture and office equipment – at cost less accumulated depreciation and impairment losses.

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

Revaluations

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, the balance is not recognised in other comprehensive revenue and expense 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, then recognised in other comprehensive revenue and expense.

The most recent valuation of land and buildings was performed by an independent registered valuer, Absolute Value New Zealand, effective 30 June 2017.

The basis of valuation is fair value in an open market, or when not assessed, then on depreciated replacement cost. Fair value is the estimated amount between a willing buyer and a willing seller in an arm's-length transaction.

For any revaluation surplus, any distribution is restricted to meeting normal agreements and conditions for paying a dividend and satisfying the required solvency tests.

Additions

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

Work in progress

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

Capital commitments

The amount of contractual commitments for the acquisition of property, plant and equipment is \$797,642 (2017: \$63,500).

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

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 retained earnings.

When revalued assets are sold, the amounts included in revaluation reserves in respect of those assets are transferred to retained earnings.

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 and associated depreciation rates of major classes of property, plant and equipment have been estimated as follows:

- Buildings (including components) – 5 to 50 years (20% to 2%)
- Leasehold improvements – Term of lease
- Plant and equipment – 5 to 20 years (20% to 5%)
- Furniture and office equipment – 5 to 10 years (20% to 10%)
- Motor vehicles – 5 years (20%)
- Computer hardware – 3 to 5 years (33% to 20%)
- Library – 10 to 15 years (10% to 6.7%)

RNZ has not made significant changes to past assumptions concerning useful lives.

Impairments

Property, plant and equipment assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount written down to the recoverable amount. The loss is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in the surplus or deficit.

	Land \$000	Buildings \$000	Leasehold Improvements \$000	Plant and Equipment \$000	Libraries \$000	Computer Hardware \$000	Furniture and Fittings \$000	Total \$000
COST OR VALUATION								
Balance 1 at July 2016	31,015	7,914	5,823	27,443	700	7,903	4,145	84,943
Additions	0	0	245	401	0	1,108	60	1,814
Revaluation movement	13,560	483	0	0	0	0	0	14,043
Disposals	(4,350)	(2,401)	(29)	(473)	0	(189)	(271)	(7,713)
Transfers	0	(1,782)	1,778	(8)	(1)	0	427	414
Impairment	0	0	0	0	0	0	0	0
Work in progress transfer	0	0	5	(9)	0	(379)	59	(324)
Balance at 30 June 2017	40,225	4,214	7,822	27,354	699	8,443	4,420	93,177
Balance at 1 July 2017	40,225	4,214	7,822	27,354	699	8,443	4,420	93,177
Additions	0	131	112	1,118	0	914	191	2,466
Revaluation movement	0	0	0	0	0	0	0	0
Disposals	0	0	0	(785)	0	(10)	(103)	(898)
Transfers	0	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0	0
Work in progress transfer	0	(131)	54	(145)	0	(604)	13	(813)
Balance at 30 June 2018	40,225	4,214	7,988	27,542	699	8,743	4,521	93,932
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES								
Balance at 1 July 2016	0	957	5,553	20,301	622	5,980	3,566	36,979
Depreciation expense	0	238	96	1,015	28	531	179	2,087
Eliminate on disposal	0	(275)	(29)	(332)	(9)	(189)	(218)	(1,052)
Adjustments	0	13	6	(17)	0	0	394	396
Eliminate on revaluation	0	(433)	0	0	0	0	0	(433)
Impairment losses	0	0	0	0	0	0	0	0
Balance at 30 June 2017	0	500	5,626	20,967	641	6,322	3,921	37,977
Balance at 1 July 2017	0	500	5,626	20,967	641	6,322	3,921	37,977
Depreciation expense	0	152	231	991	17	518	163	2,072
Eliminate on disposal	0	0	0	(785)	0	(10)	(103)	(898)
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 at 30 June 2018	0	652	5,857	21,173	658	6,830	3,981	39,151
CARRYING AMOUNTS								
At 30 June 2017	40,225	3,714	2,196	6,387	58	2,121	499	55,200
At 30 June 2018	40,225	3,562	2,131	6,369	41	1,913	540	54,781

The total amount of property, plant and equipment in the course of construction is \$2,199,576 (2017: \$1,855,925).

Valuation

RNZ has significant library and property, plant and equipment assets. Values are reflected in the statement of financial position at their fair values. Land and buildings were valued by Absolute Value Limited registered valuers in 2017.

The company's 100%-owned subsidiary, Sound Archives Ngā Taonga Kōrero Limited, has a substantial archival collection of valuable radio recordings, which is valued at \$800,000. This valuation was reviewed by the Director of Sound Archives Ngā Taonga Kōrero Limited as at 30 June 2018, and as no impairment was assessed it has been left unchanged from the last valuation effective 30 June 2013.

Amortisation has not been charged on the archival assets collection in 2017-18.

9. INTANGIBLE ASSETS

	Group Actual 2018 \$000	Group Actual 2017 \$000
Software	1,119	708
Sound archive collection/other	800	800
TOTAL INTANGIBLE ASSETS	1,919	1,508

Accounting policy

Software acquisition and development costs that are directly associated with the development of software, including RNZ's website, are recognised as an intangible asset.

Costs associated with the maintenance of RNZ's website are expensed when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. The charge for each financial year is expensed in the surplus or deficit.

The useful lives are estimated as follows:

Computer software 2 to 5 years (50% to 20%).

The sound archive is treated as a heritage asset and has not been amortised during the year.

	Software 2018	Software 2017	Other 2018	Other 2017
COST				
Balance at 1 July	4,774	4,450	800	800
Additions	813	325	0	0
Disposals	(18)	(1)	0	0
Balance at 30 June	5,569	4,774	800	800
ACCUMULATED AMORTISATION				
Balance at 1 July	4,066	3,799	0	0
Amortisation expense	401	267	0	0
Disposals/impairment losses	(17)	0	0	0
Balance at 30 June	4,450	4,066	0	0
Carrying amounts at 30 June	1,119	708	800	800

10. PAYABLES

Accounting policy

Short-term payables are recorded at the amount payable or face value. All payables are classified as non-exchange transactions.

	Group Actual 2018 \$000	Group Actual 2017 \$000
Creditors	1,528	1,115
Accrued expenses	781	437
TOTAL	2,309	1,552

11. TAXATION

Relationship between tax and accounting profit:

	Group Actual 2018 \$000	Group Actual 2017 \$000
Net surplus/(deficit) before tax	(352)	36
Tax @ 28%	(98)	10
Plus/(less) the effect of:		
Non-deductible expenditure	5	6
Unrecognised temporary differences	0	0
Non-taxable revenue	0	(1)
Prior-year adjustments	0	0
Unrecognised tax losses	0	0
Deferred tax adjustment	93	(271)
Tax expense/(benefit)	0	(256)
Components of tax expense		
Current tax expense	0	0
Deferred tax	0	(256)

Group deferred tax asset/(liability):

	Property, Plant and Equipment	Other Provisions	Tax Losses	Total
Balance at 30 June 2016	(2,052)	670	1,382	0
Charged to surplus or deficit	616	40	(400)	256
Charged to comprehensive income	(256)	0	0	(256)
Balance at 30 June 2017	(1,692)	710	982	0
Charged to surplus or deficit	(24)	74	(50)	0
Charged to comprehensive income	0	0	0	0
Balance at 30 June 2018	(1,716)	784	932	0

A deferred tax asset has not been recognised in relation to \$4,400,890 of RNZ's tax losses (2017: \$3,948,170).

Imputation credit account

There were no imputation credits at 30 June 2018.

Imputation credits to the value of \$1,285,000 were attached to the dividends paid to the Shareholding Ministers in June 2017.

12. BORROWINGS

Accounting policy

Borrowings on normal commercial terms are recognised at the amounts borrowed and classified as current liabilities.

Borrowings are classified as current liabilities unless RNZ has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

RNZ has a loan credit facility with a limit of \$3,500,000 and an overdraft facility of \$250,000. There were no drawings on these facilities in the current reporting period. In addition, RNZ has a credit card facility limit of \$400,000.

13. EMPLOYEE ENTITLEMENTS

Accounting policy

Short-term employee entitlements – current liabilities

Employee entitlements 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 based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date and annual leave earned but not yet taken at balance date.

A liability and an expense are recognised for performance-based entitlements where there is a contractual obligation or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

Long-term employee entitlements – non-current liabilities

Employee entitlements 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, have 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.

	Group Actual 2018 \$000	Group Actual 2017 \$000
Current	2,253	2,001
Non-current	79	79
TOTAL	2,332	2,080
This is represented by:		
Annual leave and other leave entitlements	1,889	1,709
Accrued salaries	342	270
Long service leave	101	101
TOTAL	2,332	2,080

14. PROVISIONS

Accounting policy

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

Provisions are measured at the present value of the expenditure 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.

Represented by:

	Group Actual 2018 \$000	Group Actual 2017 \$000
Current	0	0
Non-current – lease make-good	1,042	1,042

In respect to three of its leased premises, at the expiry of the lease term RNZ is required to make good any damage caused from installed fixtures and fittings and to remove any fixtures or fittings installed.

15. CONTINGENCIES

Contingent liabilities were \$75,000 at 30 June 2018 (2017: \$50,000), in relation to three possible defamation actions.

RNZ holds insurance cover for possible defamation.

There were no quantifiable contingent assets (2017: nil).

16. EQUITY

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

Share capital

	Group Actual 2018 \$000	Group Actual 2017 \$000
Share capital – ordinary \$1 shares		
Balance at 1 July	16,692	16,692
Issue of ordinary shares	0	0
Balance at 30 June	16,692	16,692

Ordinary shares have the following rights:

- (a) Normal voting rights.
- (b) No fixed dividend rights.

Revaluation reserve

	Group Actual 2018	Group Actual 2017
Movements:	\$000	\$000
Balance at 1 July	40,700	28,417
Revaluation – land	0	13,560
Revaluation – buildings	0	914
Transfer to retained earnings	0	(1,937)
Deferred tax adjustment sale of building	0	(256)
Other	0	2
Balance at 30 June	40,700	40,700
Made up of:		
Revaluation – land	37,855	37,855
Revaluation – buildings	2,007	2,007
Music library	0	0
Sound archive collection	800	800
Reference library	38	38
Balance at 30 June	40,700	40,700

Retained earnings

	Group Actual 2018	Group Actual 2017
Movements:	\$000	\$000
Balance at 1 July	1,777	2,428
Net surplus/deficit after tax	(352)	292
Dividends paid	0	(2,880)
Transfer from revaluation reserve	0	1,937
Balance at 30 June	1,425	1,777

17. RELATED PARTY TRANSACTIONS

RNZ is controlled by the Crown. Related party disclosures have not been made for transactions with related parties that are:

- within a normal supplier or client/recipient relationship; and
- on terms and conditions no more or less favourable than those that it is reasonable to expect RNZ would have adopted in dealing with the party at arm's length in the same circumstances.

Further, transactions with other government agencies are not disclosed as related party transactions when they are on normal terms and conditions consistent with the normal operating arrangements between government agencies.

Significant transactions with government-related entities requiring disclosure

RNZ received funding of \$35.356 million (2017: \$32.516 million) from NZ On Air for the year ended 30 June 2018. The contract between the two parties prescribes what RNZ is expected to provide in relation to its delivery of services and principles of operation as outlined in the Radio New Zealand Charter.

In a separate agreement for the year ended 30 June 2018, \$199,864 (2017: \$200,000) in funding was received from NZ On Air for The Wireless, an RNZ website funded under "Fresh Voices", content that explores contributions from new talent.

The Ministry for Culture and Heritage paid funding of \$1.90 million (2017: \$1.90 million) for RNZ to provide RNZ Pacific (International) services to the Pacific.

Key management and directors

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

The Chief Executive, Paul Thompson, is a director of Sound Archives Ngā Taonga Kōrero Limited, a 100%-owned subsidiary company of Radio New Zealand Limited. Paul Thompson is the President of the Public Media Alliance. RNZ is a member of the Public Media Alliance and paid \$14,358 to the organisation in the 2018 year.

The Head of Business Transformation and Strategy, Alan Withrington, is a director of Freeview Limited. RNZ has 5% of the shares in the company.

During the year RNZ paid Freeview Limited \$124,854 for its 5% share of operational funding (2017: \$48,949).

Any conflicts of interest are declared by managers. If a conflict exists, the manager is removed from discussions with the related party.

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

18. FINANCIAL INSTRUMENTS

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

Market risk

RNZ had no significant equity investments exposed to price risk as at 30 June 2018.

Fair value interest rate risk

RNZ's exposure to fair value interest rate risk is limited to its bank deposits, which are held at fixed rates of interest. RNZ does not actively manage its exposure to fair value interest rate risk.

Cash flow interest rate risk

Investments and borrowings issued at variable interest rates could expose RNZ to cash flow interest rate risk.

RNZ currently has no variable interest rate investments.

Currency risk

Currency risk is the risk that the fair value will fluctuate due to changes in foreign exchange rates.

RNZ's policy is to manage foreign currency risks arising from significant contractual commitments and liabilities by entering into foreign exchange forward contracts.

RNZ purchases goods and services overseas, which require it to enter into transactions denominated in foreign currencies.

As at 30 June 2018 RNZ had a foreign exchange forward contract for \$174,063 USD for settlement in October 2018. The settlement price will be \$247,775 NZD.

Credit risk

Credit risk is the risk that a third party will default on its obligation to RNZ, causing it to incur a loss. Due to the timing of its cash inflows and outflows, RNZ invests surplus cash with registered banks. In the normal course of business, RNZ is exposed to credit risk from cash and term deposits with banks, debtors and other receivables. For each of these, the maximum credit exposure is represented by the carrying amount in the statement of financial position.

RNZ invests funds only with registered banks that have Standard & Poor's credit ratings of at least A2 for short-term and A- for long-term investments. RNZ has experienced no defaults of interest or principal payments for term deposits.

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 & Poor's credit ratings or to historical information about counterparty default rates:

	Group Actual 2018 \$000	Group Actual 2017 \$000
Counterparties with credit ratings		
Cash at bank and term deposits (AA- rating)	6,875	6,446

Liquidity risk

Liquidity risk is the risk that RNZ 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. RNZ has no borrowings or loans; preference shares were repaid to the Government during the year.

RNZ mostly manages liquidity risk by continuously monitoring forecast and actual cash flow requirements.

19. EVENTS AFTER BALANCE DATE

In July 2018 the Minister of Broadcasting announced a \$4.5 million increase in direct funding to RNZ for the 2018-19 year.

A \$6 million Innovation Fund was also announced for the 2018-19 year. The fund is to be jointly run by NZ On Air and RNZ to allocate contestable funding to projects for specific content. The content categories are Māori and Pacifica, regional and younger audiences, and diverse journalism for news, current affairs and factual content.

20. EXPLANATIONS OF SIGNIFICANT VARIANCES AGAINST BUDGET**Statement of comprehensive revenue and expense**

In the 2018 year RNZ achieved a net deficit of \$352,000 compared to a budget surplus of \$69,000.

The \$352,000 net deficit includes \$392,000 of non-recurring redundancy costs. When the redundancy costs are excluded, RNZ achieved an operating surplus of \$40,000.

There were overspends in travel costs and costs to cover the general election. Personnel costs were over budget due to a number of factors including leave accrual increases, non-recurring redundancy costs and termination costs.

Statement of financial position

Employee entitlements in leave increased during 2018.

Deferred capital expenditure led to higher than budgeted bank balances. The timing of the cash outflows is expected after balance date. A notable capital project is the Titahi Bay mast replacement, which is currently in progress.



RNZ Pacific reporter Koroi Hawkins shows enthusiastic villagers in West Papua footage he has taken of them.
Photo: RNZ/Johnny Blades

Radio New Zealand Limited

STATEMENT OF PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2018

Optimising Charter performance underpins all RNZ's planning, and our reporting framework has been designed with this in mind and has formed the basis of RNZ's Statement of Performance Expectations.

This statement reports on RNZ's Charter performance against the measures set out in the Statement of Performance Expectations for the year ended 30 June 2018.

There are five key elements that RNZ sees as integral to achieving its statutory and strategic objectives, and these are:

- 1** Producing and broadcasting a diverse and unique range of services;
- 2** Making our services available and accessible where and when New Zealanders want;
- 3** Providing a public broadcasting service that is important to, and valued by, New Zealanders;
- 4** Attracting and retaining audiences; and
- 5** Being financially viable.

These five objectives form the basis of RNZ's performance assessment framework, with outputs and targets as follows.

Objective 1 Producing and broadcasting a diverse and unique range of services

To respond to the increasing competition for audience attention and to optimise its Charter performance, RNZ must deliver its own range of unique and exclusive content.

To achieve this, RNZ offers six main services, each with their own unique content range and with different audiences in mind. The individual services that currently make up RNZ's portfolio are:

RNZ National

RNZ National is a nationwide radio network providing a diverse range of live content comprising news, current affairs, feature documentaries and entertainment programmes.

This includes music programmes featuring both New Zealand and international artists. Many of the quality programmes featured on RNZ National are not available on commercial radio because they are not considered commercially viable.

Notable programme elements include: **Morning Report** – authoritative and comprehensive coverage of local and world events.

Summer Report – authoritative and comprehensive coverage of local and world events during the New Zealand summer holiday period.

Midday Report – comprehensive news bulletins, business news, rural news, sports news, long-range weather forecasts and Worldwatch.

Afternoons – an audience participation show to stimulate, enlighten and entertain the listener.

Nine to Noon – in-depth debate on topical national and international news, with feature interview profiles to stimulate new ideas.

Music 101 – showcasing the best of music for New Zealanders.

Comprehensive hourly news bulletins

Te Manu Korihi – agenda-setting Māori news and current affairs.

Checkpoint – hard-hitting daily news-focused multimedia programme, broadcast on radio and TV and live streamed.

Nights – dedicated to encouraging fresh ideas and music along with the best radio documentaries and features from here and overseas.

This Way Up – a programme exploring consumer-related stories and issues.

Standing Room Only – celebrating the diversity of creativity, both here and overseas, with views, reviews, previews, interviews, a regular comedy slot and the play of the week.

Saturday Morning – a magazine programme with interviews, food, books and music.

Sunday Morning – a thought-provoking range of interviews, documentaries and music, including Mediawatch and Insight.

Te Ahi Kaa – a weekly programme focusing on Māori lives, voices and perspectives.

Tagata o te Moana – Pacific Island news, issues and current affairs.

RNZ Concert

RNZ Concert brings fine music in stereo to all New Zealanders, through a network of FM transmitters and digital satellites. Musical, dramatic and performing arts comprise the core of RNZ Concert's broadcasts, with a repertoire featuring mainly classical music but also including jazz and special interest music.

Notable programme elements include:

Classical Chart – the top 10 most popular classical albums for the week.

Music Alive – RNZ-recorded concerts featuring local and international artists, and a selection of top performances from our international partners.

Upbeat – music, arts and culture news in interviews with New Zealand and international musicians, composers, choreographers, dancers, actors, directors and artists.

New Horizons – a selection of rock, pop, country and folk music contextualised by William Dart.

Global Sounds – leading world music artists including studio recordings, live concerts and exclusive recordings from events such as WOMAD.

Inside Out – classic recordings and modern masterpieces from the world of jazz.

The Sunday Feature – RNZ and internationally produced features about music and culture such as NZSO turns 50, Somme Parade, The Fall and Rise of Harpsichord 6.

Specialist series – Art, Life, Music; A history of jazz, Scottish Variations, Frank Zappa – The Radio is Broken.

Sound Lounge – contemporary, early 20th century, avant garde music and atmospheric soundscapes, a touch of art pop, with an emphasis on new New Zealand composition.

Hymns on Sunday – traditional and modern hymns.

Opera on Sunday – the selection includes the annual season from the Metropolitan Opera House, New York as well as new recordings from the world of opera.

Vintage Years – performances by great artists from the mono era, including the latest remastered recordings.

Classic Morning – music with a focus on melody, with news and weather on the hour to keep you in touch.

Weekday Classics – a selection of beautiful classics and lesser-known gems.

Classic Afternoons – music from the renaissance to the romantic and beyond.

RNZ Pacific (International)

RNZ provides an international radio and online service to the Pacific. This service broadcasts innovative, comprehensive and independent news and programming of interest to the Pacific region. We aim to encourage an awareness and understanding of New Zealand policies on regional issues of concern, foreign relations, development assistance, immigration, human rights, economic developments, the environment and trade opportunities. RNZ Pacific (International) provides a reliable account of Pacific and New Zealand affairs for relay and use by broadcasters, listeners and online users within the Pacific and beyond. It provides an essential source of information in the event of natural disasters or breakdowns in local communication services.

Notable programme elements include:

Dateline Pacific – a daily current affairs programme covering the major Pacific stories of the week, with background and reaction from the people making the news.

News about New Zealand – a review of the week's events in New Zealand.

News in Pacific Languages – news bulletins, read in Pacific languages (Niuean, Samoan, Tongan and French).

Pacific Correspondent – a weekly programme in which RNZ Pacific (International) regional correspondents discuss political and social issues in their Pacific countries.

Tagata o te Moana – a weekly Pacific magazine programme that features New Zealand and regional Pacific news, issues, information and music. This programme is also simulcast domestically on RNZ National.

The World in Sport – highlights of the world's sporting week, with emphasis on New Zealand and Pacific interviews, reviews and reaction, plus previews of upcoming games.

Tradewinds – reviews of the week's top business stories from the Pacific region.

World and Pacific News – a bulletin of Pacific news and a sports report.

Rebroadcasts of RNZ programming – including Morning Report, Checkpoint, Focus on Politics, News, Te Manu Korihi (news on Māori issues), Insight, Midday Report and Hymns on Sunday.

RNZ Parliamentary Radio and Proceedings

Follow Parliament live, when the House is sitting, through this channel on RNZ's AM network or audio live stream online.

Additional RNZ coverage of Parliament can be found at rnz.co.nz, through:

Podcasts – choose the day and listen to Question Time.

Podcasts – listen to programmes about Parliament presented by long-standing parliamentary reporters.

Access on-Demand radio content – from the RNZ "In Parliament" web page.

RNZ.CO.NZ

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

Users can search the following:

Service – News, RNZ National, RNZ Concert, RNZ Pacific.

About RNZ – RNZ's history, frequencies and how to listen, corporate publications, Media releases, Audience research and Board of Governors.

Content category – news and Current Affairs, Arts and Culture, Māori and Pacific, Music, Science and Factual and Society and People.

News category – National, Regional, Political, Te Manu Korihi, Sport, World Analysis, Business, Rural, Pacific, Weather.

The Wireless

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

News
Society
Culture
Life

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

Rather than analysing and measuring by genre to illustrate its diversity, RNZ looks to achieve its diversity by providing this mix of services and the variety of programmes within each service.

RNZ's assessment of its success in achieving this objective will be based on the amount of content made available from each of the services that appeal to their respective target audiences.

These measures are detailed in the schedule of performance results for 2017-18.

2017-18 Performance

Service	Objective	Actual 2017-2018	Target 2017-2018	Actual 2016-2017
RNZ National	Broadcast a nationwide network providing news, current affairs, feature documentaries and entertainment programmes, including music programmes featuring both New Zealand and international artists.	8,760 broadcast hours of RNZ National content	8,760 broadcast hours of RNZ National content	8,760 broadcast hours of RNZ National content
RNZ Concert	Broadcast fine music in stereo consisting primarily of dramatic and performing arts with a repertoire featuring mainly classical music but also including jazz and special interest music.	8,760 broadcast hours of RNZ Concert content	8,760 broadcast hours of RNZ Concert content	8,760 broadcast hours of RNZ Concert content
RNZ Pacific (International)	Provide an international radio service to the Pacific consisting of innovative, comprehensive and independent news and programming of interest to the Pacific region to encourage an awareness and understanding of New Zealand and providing a reliable source of information in the event of natural disasters or breakdowns in local communication services;	8,719 broadcast hours of RNZI content 99.532% transmission and service availability (other than time lost for planned maintenance): analogue and digital shortwave network	8,472 broadcast hours of RNZI content 99% transmission and service availability (other than time lost for planned maintenance): analogue and digital shortwave network	8,693 broadcast hours of RNZI content 99.23% transmission and service availability (other than time lost for planned maintenance): analogue and digital shortwave network
Parliamentary Radio and Proceedings	Live audio broadcast of Parliament, when the House is sitting.	Covered 79 Parliamentary sitting days	Coverage of 90 Parliamentary sitting days	Covered 86 Parliamentary sitting days
rnz.co.nz	Provide a comprehensive portal to its News, National, Concert and Pacific content, allowing users access to live streaming services for RNZ National, RNZ Concert and RNZ Pacific (International). In addition to this users have access to comprehensive up-to-the-minute news coverage as well as access to in excess of 230,000 on-demand audio items (over 37,000 hours) from RNZ's vast online collection of back catalogue programming and web-only collections.	54,458 hours (345,168 items) of audio content for RNZ's services available online at any time	48,000 hours (310,000 items) of audio content for RNZ's services available online at any time	43,371 hours (299,589 items) of audio content for RNZ's services available online at any time
thewireless.co.nz	The Wireless is a youth-targeted website which is upfront, in-depth and in tune, aiming to produce inspiring, insightful and entertaining stories for New Zealanders who have grown up in the digital age. The site is updated with new content every weekday. The site provides multi-format content (text, audio and video) and encourages user interaction through sharing of content across other social media outlets and through public commentary on articles posted.	606 new items of content uploaded each year.	400 new items of content uploaded each year.	658 new items of content uploaded each year.

Objective 2 Making our services available and accessible where and when New Zealanders want

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

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

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

With so many new delivery mechanisms becoming available, and with fixed funding, it is no longer possible for RNZ to be on every available platform, nor can it continue to rely on just one or two platforms. The

challenge for RNZ is to determine which combination of delivery platforms provides the optimal outcome across a range of key criteria, including audience availability and preferences, consumer device penetration, population coverage, infrastructure requirements, and capital and operating costs.

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

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

2017-18 Performance

During the 2017-18 year RNZ services were distributed on the following platforms:

	AM radio (NZ)	FM radio (NZ)	Digital shortwave DRM (Pacific)	Freeview terrestrial (NZ)	Freeview satellite (NZ)	SKY satellite (NZ)	Mobile phone streaming and on demand (NZ)	Internet streaming and on demand (NZ + Worldwide)	Third-party distribution of RNZ content (NZ + Worldwide)	Satellite IS19
RNZ National	✓	✓		✓	✓	✓	✓	✓	✓	
RNZ Concert		✓		✓	✓	✓	✓	✓	✓	
RNZ Pacific			✓				✓	✓	✓	✓
Parliament	✓				✓	✓				
rnz.co.nz							✓	✓	✓	
thewireless.co.nz							✓	✓	✓	

RNZ services are available on a wide variety of platforms.

Major third-party partners include Stuff.co.nz, NZ Herald and MSN. Radio partners include the Pacific Media Network and Te Whakaruruhou O Ngā Reo Irirangi Māori.

2018 has seen new content arrangements with The Spinoff, the Otago Daily Times and scoop.co.nz.

RNZ continues its video presence on Facebook and YouTube.

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

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

RNZ undertook research during the year to assess its success in achieving this objective and this is detailed below.

RNZ is a designated Civil Defence Lifeline Utility in accordance with the Civil Defence Emergency Management Act 2002. This places extra social and

legislative responsibilities on RNZ in the event of a civil defence emergency.

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

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

2017-18 Performance

Objective	Actual 2017-2018	Target 2017-2018	Actual 2016-2017
A majority of New Zealanders agree that Radio New Zealand provides a valuable service to New Zealand.	6 out of 10 (57%)	At least 7 out of 10	6 out of 10 (58%)
A majority of New Zealanders agree that it is important for New Zealand to have a public radio broadcaster.	3 out of 4 (75%)	At least 7 out of 10	7 out of 10 (74%)

Source: Colmar Brunton Value Indices August 2018

Objective 4 Attracting and retaining audiences

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

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

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

Users can access programming live and on demand across a range of platforms which include live radio,

free-to-air TV channels for both video and audio, the RNZ websites, third-party websites and channels, and social media channels.

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

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

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

2017-18 Performance

Objective	Measure	Actual 2017-2018	Target 2017-2018	Actual 2016-2017
Maintain our traditional radio listeners.	Combined RNZ National and RNZ Concert weekly cumulative audience.*	682,700	500,000	687,100
Build our online audiences.	Average monthly users of RNZ's websites.**	1,968,578	1.9 million	1,756,460
Maintain our current Pacific Island radio audience.	Number of Pacific Island radio stations taking the RNZ service.†	17 stations	17 stations	17 stations
Grow RNZ Pacific's (International)'s online audience.	Pageviews of RNZ Pacific (International)'s section of website.**	6,429,885	4 million	4,791,715
Grow the total number of people who use our services.	Combined weekly unique radio and online people who use any of our services.‡	845,945	850,000	840,279

* GfK radio survey. ** Google Analytics. † RNZ internal data.

‡ This is a hybrid calculation developed by RNZ to estimate the total number of unique (unduplicated) people engaging with any RNZ service or platform. The calculation uses the audience data from both the GfK radio surveys and the website user data provided by Google Analytics. To amalgamate the results from these two different sources, estimates have been made to convert online user results for each website into individual people, and further estimates to eliminate the double counting of people who access RNZ services from a range of different access points and whose usage may turn up in more than one result. Some of the assumptions used may vary from year to year as better data comes to hand or to reflect changing audience behaviour, so the results are not necessarily comparable with those of previous years. Content accessed using some other sources (eg. Facebook, YouTube, Spotify, Face TV, Freeview) is not included in this calculation because we do not receive the necessary audience or user data on a regular basis and/or there is insufficient data on which to make reasonable estimates for the above conversion factors. As such, this measure is not intended to be a precise calculation but an approximation only, and an indicator as to the overall growth (or decline) in RNZ's total audience.

Objective 5 Being financially viable

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

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

The potential for new income from online opportunities is also becoming evident. However, it did not have a significant impact on the overall financial results in 2017-18.

RNZ embarked on an ambitious programme of change during the 2015-16 financial year. The objectives were to address several legacy issues, introduce changes to the organisational structure and make a significant reduction to the overall level of costs to return operations to a break-even position. The aim was to achieve all this while

continuing to invest in new multimedia initiatives, giving effect to our transformational strategy and growing audiences.

These initiatives plus increased baseline funding allowed us to continue with the implementation of our strategy, and to invest in modern technology to deliver new capabilities and efficiencies.

For the next year the financial priorities for RNZ are:

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

The financial measures that RNZ used to assess its success in achieving these objectives are detailed in the schedule of performance results for 2017-18.

2017-18 Performance

Objective	Actual 2017-2018	Target 2017-2018	Actual 2016-2017
Operate within our available funding.	\$40,000 operating surplus, excluding non-recurring items and tax	Operating break-even (before non-recurring items) for the 2017-18 year	\$298,000 operating surplus, excluding non-recurring items and tax
Retain funds to re-invest in asset upgrade and modernisation programme.	\$1.9 million EBITDA*	Achieve an EBITDA in excess of \$2 million for the 2017-18 year	\$1.9 million EBITDA*

* EBITDA – Earnings Before Interest, Tax, Depreciation and Amortisation



Morning Report presenters Susie Ferguson and Guyon Espiner

CHARTER PERFORMANCE ASSESSMENT – *use of research*

RNZ uses a range of ongoing qualitative research streams throughout the year, and for the 2017-18 financial year this included the following:

GfK radio surveys – this is an industry-wide radio survey of live radio listening. It surveys all New Zealanders, including RNZ and non-RNZ listeners. 40 weeks of surveys, reported quarterly.

Google Analytics for online viewing and audio download metrics, for users of RNZ content. Monthly and daily results.

Nielsen for website audiences, of all the major websites, not just RNZ's. Monthly reporting.

Third-parties – RNZ also receives reports from third parties as to the audience usage of RNZ content via their media. Monthly reporting.

Colmar Brunton Value Indices surveying attitudes to RNZ from the total New Zealand population, not just RNZ audiences. Annual reporting.

Results from these research streams provide RNZ with information to assess the size and demographic make-up

of its audience, to understand audience preferences and attitudes across different programmes, time zones and platforms, to see how RNZ compares to other media, to see how the wider New Zealand population views RNZ, and to measure RNZ's performance against various strategic and statutory objectives.

These results are used to continually monitor performance throughout the year and make informed decisions on an ongoing basis. Unless a need for significant or immediate change is indicated, responses tend to be subtle and gradual throughout the course of the year.

From time to time, where a particular area of interest is identified, more specific and detailed research projects are also initiated to provide more in-depth information about a particular aspect of RNZ. During the 2017-2018 year this included an audience segmentation study across all RNZ channels and platforms.

Results from these research projects provide a range of insights that help the respective areas to reshape their outputs to better meet the preferences of their target audiences.

Focus project

RNZ MĀORI STRATEGY

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

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

In June 2018 RNZ created the position of Kurahautū Māori or Māori Strategy Manager, this is a first for the organisation. This appointment will strengthen RNZ's commitment to improving, increasing and developing Māori content and its current Māori strategy.

The Kurahautū Māori is currently reviewing and examining our current Māori strategy with the goal of releasing a new and updated strategy that will only strengthen RNZ's new long-term commitment to creating high-quality Māori content, supporting te reo Māori and fostering Māori journalism.

RNZ continues to have Māori-specific broadcasts and online content with an emphasis on the integration and normalisation of te reo Māori across all RNZ platforms. The current strategy is still in place and consistently the Henare te Ua Māori Journalism internship has been the

most successful component. We have now employed our second intern, while our first intern has been employed as a full-time Te Manu Korihi reporter in the Wellington newsroom.

Te reo Māori continues to be heard in almost every RNZ bulletin and reporters continue to sign off in Māori. The use of te reo on air has also been strengthened by presenters using the language when introducing stories and interviewing talent.

Māori staff took the lead in our outside broadcast in Waitangi on Waitangi Day.

Ngā Taonga Sound and Vision has released four online exhibitions using RNZ archive audio: Maioha – Te Reo o te Māreikura, Te Reo Pāpāho is the story of te reo on air, e Hokinga Mai o Te Rua Tekau mā Waru and The Origins of Ngā Taonga Kōrero.

The RNZ website continues to be a strong platform to promote Māori language, culture and stories (increased number of clicks).

Measure	Actual 2017-2018	Target 2017-2018	Actual 2016-2017
Māori language and culture programming (radio broadcast hours).*	96 hours	80 hours	84 hours
Māori language and culture (number of items uploaded to website).* †	981	1,000	1,051
Māori language and culture (online pageviews – Google Analytics).** ‡	1,146,710	1.1 million	1,059,714

* This measure relates solely to stand-alone scheduled on-air programmes broadcast on RNZ National that focus exclusively on Māori content, and excludes Māori language and culture content that is broadcast as part of other programming content.

† The number of story-telling items that are published on the rnz.co.nz website during the year that relate to the Māori world.

** Both the measures are focused on material (audio, written, visual) that appears in the Te Manu Korihi and Te Ahi Kaa sections of the website. This is where the bulk of Māori-related story-telling is published. It does not include material that turns up in other broader-interest programmes and shows, as it is too difficult to track at this time.

‡ The number of times a piece of story-telling relating to the Māori world is viewed on the website.

GOOD EMPLOYER REPORT 2018

RNZ continues to be a good employer, with a significant ongoing focus on Equal Opportunities, Health, Wellbeing and Dignity at work. We continue to review and improve our programmes and policies to help ensure fair treatment of all staff.

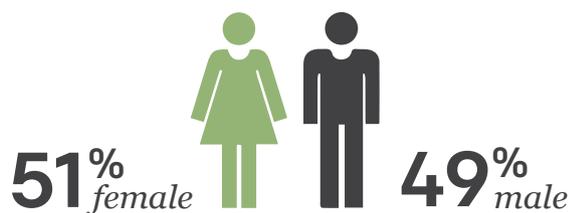
4%

GENDER PAY GAP

Note: Data gathered during the year shows that, across the whole organisation, RNZ's female nominal base salary is 4% less than that of males, an improvement from a 6% gap a year ago. RNZ is putting a focus on gender pay equity and gender representation within RNZ and on implementing an action plan to achieve the goal of eliminating the current gender pay gap.

We also aim to provide good and safe working conditions, with employees having access to health and safety professional services, individual worksite assessments, flu shots and hearing tests.

RNZ EMPLOYEES



Kaikōura Anniversary: Christchurch journalists Maja Burry and Logan Church (and the Live U camera) wait for a live cross to **Checkpoint**.
Photo: RNZ/Claire Eastham-Farrelly

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