

TE MĀNGAI PĀHO
STATEMENT OF
PERFORMANCE
EXPECTATIONS
2015/16



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Rārangi Kaupapa

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Kupu Whakataki nā te Poari o Te Māngai Pāho

Introduction on Behalf of the Board of Te Māngai Pāho

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Kaua e rangirua te hāpai o te hoe; e kore tō tātou
waka e ū ki uta.

Tēna koutou katoa

We are pleased to present Te Māngai Pāho's
2015/16 Statement of Performance Expectations
which reflects our proposed performance targets
and forecast financial information for the 2015/16
year.

Our aim is to be able to demonstrate a tangible
impact on Māori language and Māori cultural
outcomes through our interventions in the areas of
Māori television, radio, music and new media.

This document sets out:

- What we want to achieve
- How we will assess our performance against
the objectives of our strategies
- Our annual performance targets, performance
measures and output class budgets in
accordance with s149E of the Crown Entities Act
2004
- Our forecast financial statements for the year
ending 2015/16 in accordance with section
149G of the Crown Entities Act 2004.



Prof Piri Sciascia, ONZM
Te Māngai Pāho Board Chair
9 July 2015



Prof Rawinia Higgins
Te Māngai Pāho Board
9 July 2015

Kaupapa hei Whakatutuki

What We Want to Achieve

2

Our vision is **Māori language – everywhere, every day, in every way!**

For this to be achieved we need **more people speaking more Māori and a greater awareness of Māori values, practices and views within Aotearoa New Zealand.**

Our work focuses on exposing whānau, hapū, iwi, Māori communities and all New Zealanders to quality te reo Māori and tikanga Māori programmes in their own homes.

To accomplish this, we aim to ensure that:

- the main platforms for Māori language broadcasting to Māori, namely the iwi radio network and Māori Television, deliver quality Māori language outcomes appropriate to the needs of their audiences;
- an appropriate level of support is provided by other national broadcasters for Māori language and cultural content within their programme schedules in order that te reo Māori and tikanga Māori programmes are accessible to wider audiences; and
- our community is supported to strengthen its te reo Māori and tikanga Māori capabilities in order to ensure that the demand for high quality, vibrant and diverse Māori programmes is adequately met. In all of these areas, our Māori language objectives are*

Ko te reo kia tika
High Quality

Ko te reo kia rere
Frequency and eloquence

Ko te reo kia Māori
Promote a Māori World View

*Ko te reo kia ora**
Normalisation of the Māori language

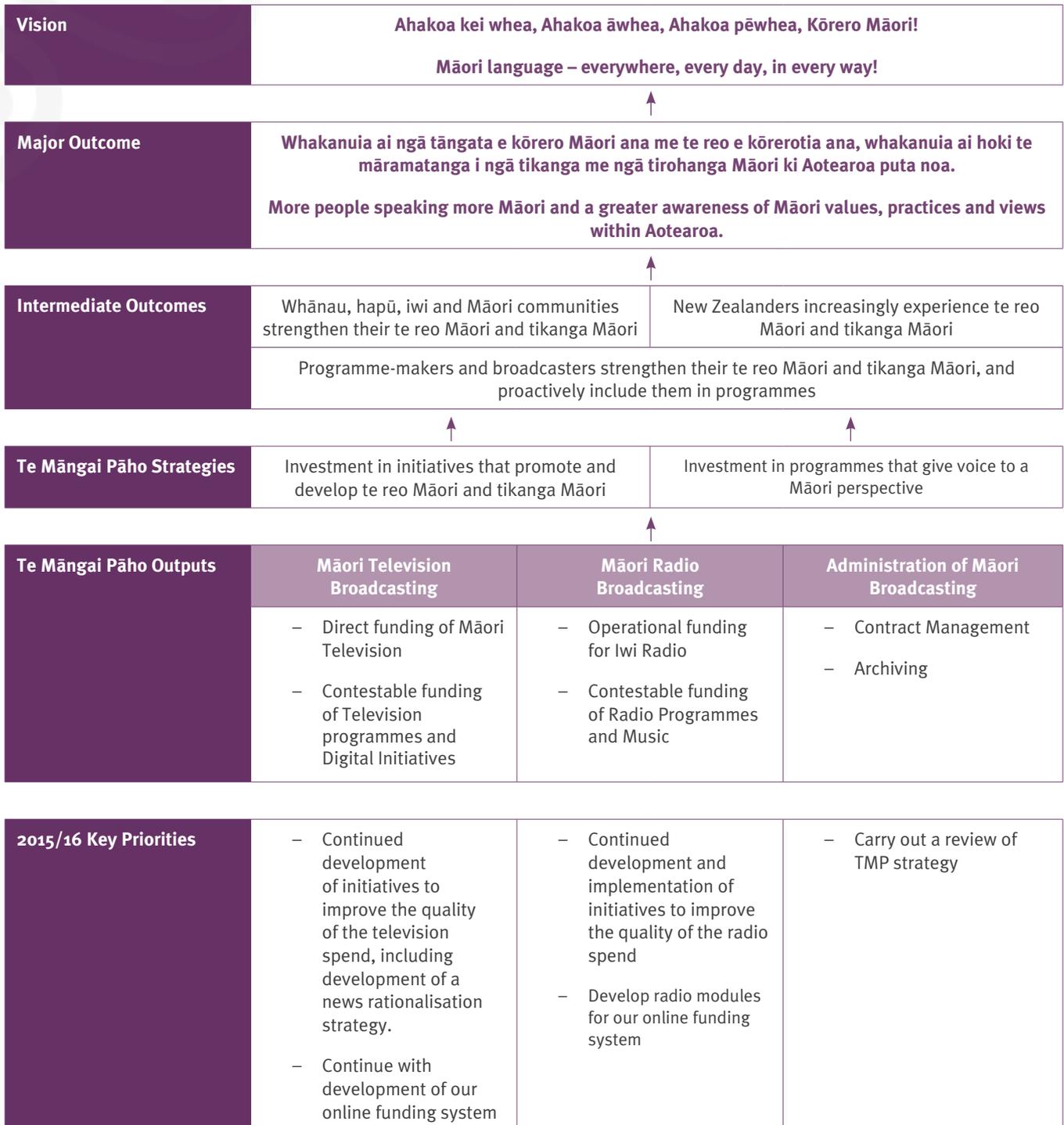
* Adapted from 'Ko tā Te Kōhanga Reo Rehu' in Te Ara Tuapae (2006).

These requirements are reflected in our outcome framework and Purchase and Funding Framework. The outcomes we seek are critical because they drive our short to medium-term funding policy, management and operational decisions.

Poutarāwaho Whakaputa Hua

Our Outcome Framework

The diagram below sets out our Outcome Framework as further described in our 2014-19 Statement of Intent.



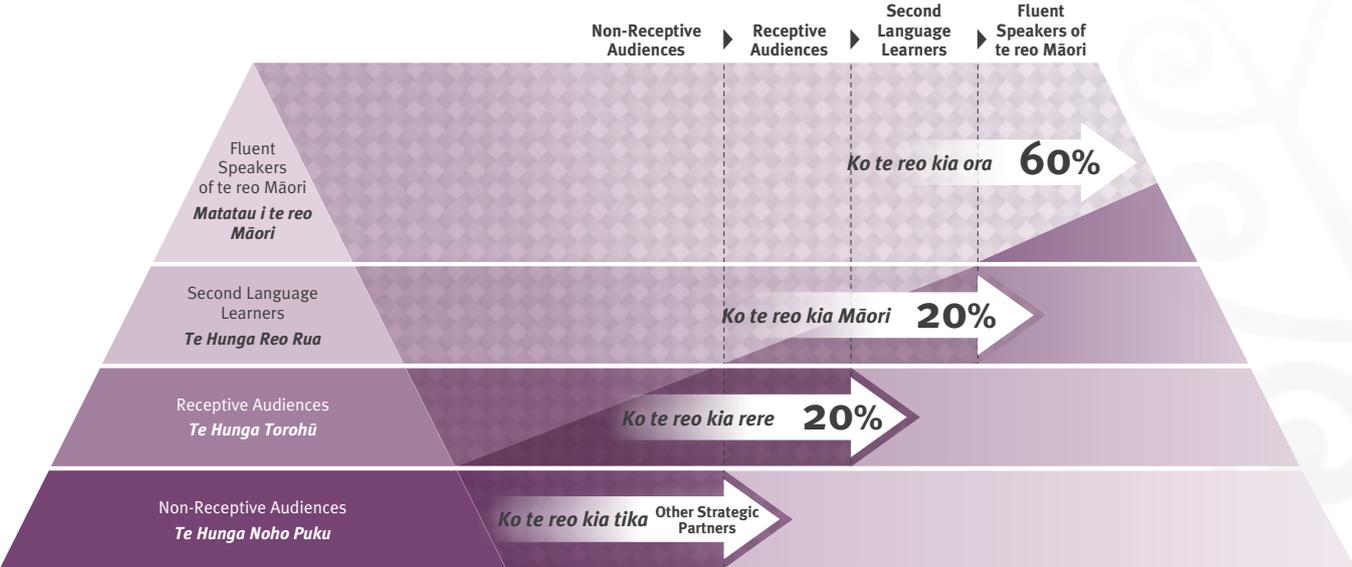
Kaupapa Matua

Key Funding Areas

The allocation of contestable funding expenditure will be made in accordance with our Purchase and Funding Framework, which is more fully described in our 2014-19 Statement of Intent.

Te Poutarāwaho Hoko, Toha Pūtea a Te Māngai Pāho

Te Māngai Pāho Purchase and Funding Framework



Te Ine Whakatutukinga

Measuring Our Performance

Strategy Impact

We work collaboratively with entities that share a direct stake in achieving Māori language outcomes to rationalise effort around outcome measurement and evaluation.

To date we have utilised longitudinal nationwide Māori language surveys such as the *Survey of the Health of the Māori Language*, the *Survey of the Attitudes, Values and Beliefs towards the Māori Language* and Statistics New Zealand's *Te Kupenga Survey* to measure progress toward our respective and complementary Māori language outcomes and to see if our collective efforts are having the impact we seek.

We have also commissioned annual Māori Programming Audience Survey Research to provide further information about our audiences and to quantify the impact broadcasting has on their perspectives and te reo and tikanga Māori understanding. Our Strategy impact measures

have been based on this research for a number of years. Over this time however, the media and communications sector has been changing rapidly, with multiple delivery platforms now available and more audience choice leading to greater audience fragmentation. We continue to learn more about our audiences and the progress of Māori language revitalisation. The Māori language sector may yet undergo significant change with consideration of the Māori Language (Te Reo) Bill currently before Parliament. In the 2015/16 year, once the outcome of proposed legislative change is known, we propose to re-examine our strategic response to this and other developments. Our examination will inform an updated Statement of Intent at the beginning of 2016/17, which will encompass a review of our strategic impact measures.

In the mean time, we will continue to measure our strategy impact by monitoring results and trends in the following set of indicators.

Te Māngai Pāho Strategy: Investment in initiatives that promote and develop te reo Māori and tikanga Māori

Impact	Strategy Impact Measure	2013/14 Audience Survey	2015/16 Target
Whānau, hapu, iwi and Māori communities strengthen their te reo Māori and tikanga Māori	% of New Zealanders who indicate their understanding of te reo Māori has increased from watching or listening to Māori programming		
	Youth Māori	15%	16%
	General Population of Māori	26%	28%
	All New Zealanders	11%	12%
	% of New Zealanders who indicate their understanding of Māori culture has increased from watching or listening to Māori programming		
	Youth Māori	32%	33%
	General Population of Māori	38%	39%
	All New Zealanders	21%	22%

Te Māngai Pāho Strategy: Investment in programmes that give voice to a Māori perspective

Impact	Strategy Impact Measure	2013/14 Audience Survey	2015/16 Target
New Zealanders increasingly experience te reo Māori and tikanga Māori	% of New Zealanders who are better informed on Māori issues		
	Youth Māori	55%	56%
	General Population of Māori	71%	72%
	All New Zealanders	50%	51%

Forecast Output Expenditure

Cost of Services

Te Māngai Pāho has three output classes and forecast total revenue and expenses are as disclosed in the forecast financial statements on page 16.

Details of actual and forecast appropriations and expenditure by Output Class and total actual and forecast expenditure are set out below:

OUTPUT CLASS		2014/15	2015/16
		ESTIMATED ACTUAL	FORECAST
		\$M	\$M
Māori Television Broadcasting			
Revenue	Appropriation	40.3	40.3
	Other	0.1	0.0
Total Revenue		40.4	40.3
Total Expenditure		40.8	41.1
Movement in Reserves		(0.4)	(0.8)
Māori Radio Broadcasting			
Revenue	Appropriation	13.8	13.8
Total Revenue		13.8	13.8
Total Expenditure		13.1	14.2
Movement in Reserves		0.7	(0.4)
Administration of Māori Broadcasting			
Revenue	Appropriation	2.2	2.2
	Interest Received	1.2	1.0
Total Revenue		3.4	3.2
Total Expenditure		2.7	2.9
Movement in Reserves (excl. Interest)		(0.5)	(0.7)
Net Movement in Reserves		0.7	0.3
Total Appropriations		56.3	56.3
Total Other Revenue		0.1	0.0
Total Interest Received		1.2	1.0
TOTAL REVENUE		57.6	57.3
TOTAL EXPENDITURE		56.6	58.2
Net Movement in Reserves		1.0	(0.9)
as per Statement of Prospective Comprehensive Income			

Tūmanako ā-Whakatutuki Ratonga Service Performance Expectations

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The information below outlines the outputs and activities that Te Māngai Pāho intends to deliver in the coming year. These have been grouped under three output classes aligned with Vote Māori Affairs appropriations.

Output Class 1: Māori Television Broadcasting

We intend to achieve:

- promotion of Māori language and culture through television and new media;
- promotion of capability in the Māori television broadcasting and production sector;
- purchase of programming to be broadcast on television or on other platforms.

Our priorities for 2015/16 are the continued development of initiatives to improve the quality of the television spend, including the development of a news rationalisation strategy and to continue with the development of our online funding system.

Outputs will be provided within the appropriated sum of \$40.3 million (exclusive of GST) and reserves of \$0.8 million (exclusive of GST), a total of \$41.1 million (exclusive of GST).

	2013/14 ACTUAL	2014/15 ESTIMATED ACTUAL	2015/16 FORECAST
Quantity and Quality of Māori Language			

The following quantity and quality measures apply to all outputs in this output class based on samples of at least 90% of funded programmes. (See Page 11)

Quantity

Samples of funded programmes are assessed as meeting the required Māori language content according to target audience group.*

92%

>90%

>90%

Quality

Samples of funded programmes reviewed are assessed as meeting a quality standard of (at least) 4 on a 5 point scale based on our Māori Language Evaluation Framework.

4.5

Achieved

Achieved

(Quality is assessed on six quality aspects, each on a five point scale where 5 is Excellent and 1 is Poor).

Service Performance Expectations

Output Class 1: Māori Television Broadcasting (continued)

	2013/14 ACTUAL	2014/15 ESTIMATED ACTUAL	2015/16 FORECAST
Output 1	HOURS	HOURS	HOURS
Direct Funding for Māori Television			
Target Audience Group			
Fluent Māori Language Speakers (Over 70% Māori language content)	584	438	457
Second language learners (between 30 – 70% Māori language content)	84	83	85
Receptive Audiences (up to 30% Māori language content)	379	203	210
Total Hours	1,047 Hours	724 Hours	752 Hours
Total Cost Output 1	\$16.1m	\$16.1m	\$16.1m
Output 2	HOURS	HOURS	HOURS
Contestable Television Programme Funding			
Target Audience Group			
Fluent Māori Language Speakers (Over 70% Māori Language Content)	398.5	431.5	372
Second language Learners (Between 30 – 70% Māori Language Content)	122.5	137.0	124
Receptive Audiences (Up to 30% Māori Language Content)	111.0	134.5	124
Total Hours	632 Hours	703 Hours	620 Hours
Total Cost Output 2	\$24.6m	\$24.2m	\$23.5m
Contestable New Media Funding			
Number of New Media Initiatives Funded	New Measure 2014/15 (10 projects funded)	5 Initiatives	15 Initiatives
Quality of New Media Initiatives Funded:			
All proposals funded have identified Māori language and/or Māori cultural outcomes and are made available on multiple platforms	New Measure 2014/15	Achieved	Achieved
Cost	\$0.6m	\$0.5m	\$1.5m
Output Cost Output 2	\$25.2m	\$24.7m	\$25.0m
Total Cost for Output Class (GST Exclusive)	\$41.3m	\$40.8m	\$41.1m

Service Performance Expectations

Output Class 2: Māori Radio Broadcasting

We intend to achieve:

- promotion of Māori language and culture through radio broadcasting;
- promotion of capability in the Māori radio broadcasting sector;
- continued support of the operational costs of the iwi radio stations;
- purchase of programmes for broadcast on iwi radio.

Our priorities for 2015/16 are the continued development and implementation of initiatives to improve the quality of the radio spend and development of radio modules for our online funding system.

Outputs will be provided within the appropriated sum of \$13.8 million and reserves of \$0.4 million (exclusive of GST), a total of \$41.2 million (exclusive of GST).

	2013/14 ACTUAL	2014/15 ESTIMATED ACTUAL	2015/16 FORECAST
Quantity and Quality of Māori Language			

The following quantity and quality measures apply to all outputs in this output class based on samples of at least 90% of funded programmes.

Quantity

Samples of funded programmes are assessed as meeting the required Māori language content according to target audience group.*

93%

>90%

>90%

Quality

Samples of funded programmes reviewed are assessed as meeting a quality standard of (at least) 4 on a 5 point scale based on our Māori Language Evaluation Framework.

4.1

Achieved

Achieved

(Quality is assessed on six quality aspects, each on a five point scale where 5 is Excellent and 1 is Poor).

* Te Māngai Pāho funds programmes with a range of Māori language content appropriate to three different target audience groups, as follows:

- Fluent 70 to 100% Māori language content
- Second language learners 30 to 70%
- Receptive up to 30%

Service Performance Expectations

Output Class 2: Māori Radio Broadcasting (continued)

	2013/14 ACTUAL	2014/15 ESTIMATED ACTUAL	2015/16 FORECAST
Output 1			
Operational Funding for Iwi Radio			
<i>Operational Funding for iwi stations</i>			
Target Audience Group: Fluent Māori Language Speakers (Over 70% Māori Language Content)	21	21	21
The number of iwi radio stations that broadcast at least eight hours Māori language each day within an 18 hour broadcast window.			
Conduct a feasibility study on options to expand the iwi radio network	New Measure 2014/15	Achieved	N/A
Increase iwi radio listenership across the combined broadcast and digital platforms.	New Measure 2015/16	New Measure 2015/16	≥2%
Cost	\$8.1m	\$10.5m	\$11.0m
<i>Funding for centrally managed Iwi Radio service provider contracts</i>			
For each contract, the percentage of Iwi stations that rank provider service as “satisfactory” or better in a six monthly survey.	85%	>90%	>90%
Cost	\$1.3m	\$1.3m	\$1.2m
Output 1 Cost	\$9.4m	\$11.8m	\$12.2m
	2013/14 ACTUAL	2014/15 ESTIMATED ACTUAL	2015/16 FORECAST
Output 2			
Contestable Funding for Radio Programmes and Music			
<i>Radio Programmes Within the 18 Hour Broadcast Window</i>			
Target Audience Group: Fluent Māori Language Speakers (Over 70% Māori Language Content)	860 Hours	860 Hours	860 Hours
Digital Media File Uploads	8,852 Files	8,852 Files	8,852 Files
<i>Music</i>			
Number of Music Tracks	84	Nil	100
Number of Music Videos	N/A	N/A	65
<i>Radio Programmes Outside the 18 Hour Broadcast Window</i>			
Programmes			
Target Audience Group: Fluent Māori Language Speakers (Over 70% Māori Language Content)	1,560 Hours	1,560 Hours	1,560 Hours
Output 2 Cost	\$1.6m	\$1.3m	\$2.0m
Total Cost for Output Class (GST Exclusive)	\$11.0m	\$13.1m	\$14.2m

Service Performance Expectations

Output Class 3: Administration of Māori Broadcasting

We intend to achieve:

- the sound management and disbursement of funds to promote Māori language and culture;
- support for the archiving of Māori radio and television programming;
- the maintenance of systems and procedures to assist Te Māngai Pāho meeting its Statutory Functions;
- Meeting Te Māngai Pāho's Good Employer Obligations;

- Maintenance of Te Māngai Pāho's organisational health and capability.

Our priority for 2015/16 is to develop and implement an effectiveness measure for our Right-shift strategy.

Outputs will be provided within the appropriated sum of \$2.2 million (exclusive of GST) and reserves of \$0.7 million, a total of \$2.9 million (exclusive of GST).

	2013/14 ACTUAL	2014/15 ESTIMATED ACTUAL	2015/16 FORECAST
Output 1			
Funding for Contract Management			
Number of funding Recipients selected for review by a contracted chartered accountancy firm engaged to substantiate costs reported to Te Māngai Pāho for selected productions and ensure that such costs are appropriate, complete and correct.	4 Radio 1 Contract for TV	2 Radio 1 Contract for TV	2 Radio 3 Contracts for TV
Percentage of completed reviews with final recommendations fully accepted by funding recipient	100%	>90%	>90%
Total Cost Output 1	\$2.3m	\$2.1m	\$2.3m

Service Performance Expectations

Output Class 3: Administration of Māori Broadcasting (continued)

	2013/14 ACTUAL	2014/15 ESTIMATED ACTUAL	2015/16 FORECAST
Output 2			
Radio and Television Archiving			
Hours of Television Archiving	610	610	610
Hours of Radio Archiving	Not Achieved	500	500
Radio Legacy Archiving:			
Prepare Scoping Report and complete Establishment Phase	New Measure 2014/15	Achieved	N/A
Output Cost Output 2	\$0.4m	\$0.6m	\$0.6m
Total Cost for Output Class (GST Exclusive)	\$2.7m	\$2.7m	\$2.9m

Arotakenga ā-Hauora, ā-Pūkaha o te Whakahaere

Assessing Organisational Health & Capability

4

FOCUS AREA	PERFORMANCE MEASURE	PERFORMANCE INDICATOR
Good Employer	Annual Staff Turnover	10% or less [2013/14 9%] [2012/13 0%]
	Zero tolerance of harassment bullying and discrimination	Achieved [New Measure 2014/15]
	Equal Employment Opportunity principles included in all relevant documents and practices	Achieved [New Measure 2014/15]
Managing Risk	No purchase decisions are overturned as a result of an identified departure from Te Māngai Pāho's statutory requirements, guidelines and policies	Achieved [2013/14 Achieved] [2012/13 Achieved]
Financial Information Systems And Controls	Annual audit rating	Maintain "Very Good" rating [2013/14: "Very Good"] [2012/13: "Good"]
Service Performance Information And Associated Systems And Controls	Annual audit rating	Maintain "Good" Rating [2013/14: "Good"] [2012/13: "Good"]
Effectiveness And Efficiency	Contract management expenditure as a proportion of Total Expenditure is maintained within target limit.	Less than or equal to 5.5% [2013/14 4.2%] [2012/13 4.1%]

* The limit for contract management expenditure as a proportion of Total Expenditure has been increased from 5% in 2014/15 to 5.5% for 2015/16. Increased costs have required an adjustment from the previous target. Much of the impact comes from our previous and planned investment in technology to improve our systems and processes and this results in higher amortisation costs.

Tauākī ā-Pūtea Āmua

Prospective Financial Statements

For the year ending 30 June 2016

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Statement of Prospective Comprehensive Income

For the year ending 30 June 2016

	2014 ACTUAL \$M	2015 ESTIMATED ACTUAL \$M	2016 FORECAST \$M
REVENUE			
Funding from the Crown	52.9	56.3	56.3
Interest revenue	1.0	1.2	1.0
Other revenue	0.9	0.1	0.0
Total revenue	54.8	57.6	57.3
FUNDING EXPENDITURE			
Television	41.3	40.8	41.1
Radio	11.0	13.1	14.2
Total funding expenditure	52.3	53.9	55.3
OPERATING EXPENDITURE			
Administration and consultation	2.7	2.7	2.9
Total operating expenditure	2.7	2.7	2.9
Total expenditure	55.0	56.6	58.2
NET SURPLUS FOR THE YEAR	(0.2)	1.0	(0.9)
OTHER COMPREHENSIVE INCOME	0.0	0.0	0.0
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(0.2)	1.0	(0.9)

The accompanying accounting policies form part of these financial statements.

Statement of Prospective Changes In Public Equity

For the year ending 30 June 2016

	2015 ESTIMATED POSITION 30 JUNE 2015 \$M	2016 FORECAST POSITION 30 JUNE 2016 \$M
BALANCE AT 1 JULY	2.0	3.0
Total comprehensive revenue and expense for the year	1.0	(0.9)
BALANCE AT 30 JUNE	3.0	2.1

The accompanying accounting policies form part of these financial statements.

Statement of Estimated Financial Position

As at 30 June 2015, and

Prospective Financial Position

As at 30 June 2016

	2015 ESTIMATED POSITION 30 JUNE 2015 \$M	2016 FORECAST POSITION 30 JUNE 2016 \$M
PUBLIC EQUITY 30 JUNE	3.0	2.1
Represented by:		
ASSETS		
Current Assets		
Cash and Cash Equivalents	6.9	6.1
Investments	11.3	12.1
Debtors and Other Receivables	0.1	0.2
Total Current Assets	18.3	18.4
Non-Current Assets		
Property, Plant and Equipment	0.1	0.1
Intangible Assets	0.3	0.4
Total Non-Current Assets	0.4	0.5
TOTAL ASSETS	18.7	18.9

The accompanying accounting policies form part of these financial statements.

Statement of Estimated Financial Position

As at 30 June 2015, and

Prospective Financial Position

As at 30 June 2016 (continued)

	2015 ESTIMATED POSITION 30 JUNE 2014 \$M	2016 FORECAST POSITION 30 JUNE 2015 \$M
LIABILITIES		
Current Liabilities		
Creditors and Other Payables	0.2	0.3
Employee Entitlements	0.1	0.1
Funding Provisions	15.4	16.4
Total Current Liabilities	15.7	16.8
TOTAL LIABILITIES	15.7	16.8
NET ASSETS	3.0	2.1

The accompanying accounting policies form part of these financial statements.

Statement of Prospective Cash Flows

For the year ending 30 June 2016

	2015 ESTIMATED ACTUAL \$M	2016 FORECAST \$M
Cash Flows from Operating Activities		
Cash provided from –		
Receipts from Crown	56.3	56.3
Interest received	1.2	1.0
Receipts from other revenue	0.0	0.0
	57.5	57.3
Cash applied to –		
Payments to employees	(1.1)	(1.1)
Payments to suppliers	(1.2)	(1.4)
Payments to broadcasters and programme producers	(56.7)	(54.6)
	(59.0)	(57.1)
Net Cash Flows from Operating Activities	(1.5)	0.2
Cash Flows from Investing Activities		
Cash provided from		
Receipts from investments	2.2	0.0
	2.2	0.0
Cash applied to –		
Acquisition of Investments	0.0	(0.9)
Purchase of Property, Plant and Equipment	(0.4)	(0.1)
	(0.4)	(1.0)
Net Cash Flow from Investing Activities	1.8	(1.0)

The accompanying accounting policies form part of these financial statements.

Statement of Prospective Cash Flows

For the year ending 30 June 2016 (continued)

	2015 ESTIMATED ACTUAL \$M	2016 FORECAST \$M
Net Cash Flow from Financing Activities	0.0	0.0
Net increase in cash held and cash equivalents	0.3	(0.8)
Plus Opening cash and cash equivalents at the beginning of the year	6.6	6.9
Closing cash and cash equivalents at the end of the year	6.9	6.1

The accompanying accounting policies form part of these financial statements.

Reconciliation of Net Cash Flows from Operating Activities to Total Comprehensive Revenue and Expense

For the year ending 30 June 2016

	2015 ESTIMATED ACTUAL \$M	2016 FORECAST \$M
Total comprehensive revenue and expense	1.0	(0.9)
Add / Less non-cash expenditure / (income):		
Depreciation	0.1	0.1
Total non-cash items	1.1	(0.8)
Add/Less movements in working capital items:		
(Increase) / decrease in accounts receivable/prepayments	0.1	(0.1)
Increase / (decrease) in accounts payable and funding liabilities	(2.7)	1.1
Net movements in working capital items	(2.6)	1.0
Net Cash Flows from Operating Activities	(1.5)	0.2

The accompanying accounting policies form part of these financial statements.

Tauākī ā-Kaupapahere Kaute

Statement of Accounting Policies

For the year ending 30 June 2016

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Reporting Entity

These are the financial statements of Te Māngai Pāho, a Crown Entity established under the Broadcasting Act 1989.

These financial statements have been prepared in accordance with Section 41 of the Public Finance Act 1989 and the Crown Entities Act 2004.

The primary function of Te Māngai Pāho is to promote the Māori language and Māori culture by making funds available for broadcasting, the production of programmes to be broadcast and archiving programmes.

As a secondary function Te Māngai Pāho may also make funds available for transmitting on demand, producing content for transmitting on demand and archiving content.

In the exercise of these functions Te Māngai Pāho will consult from time to time with representatives of Māori interests, broadcasters and others who, in the opinion of Te Māngai Pāho, can assist in the development of funding policies.

Te Māngai Pāho has designated itself as a public benefit entity (PBE) for the purposes of Financial Reporting.

Basis of Preparation

1. *Statement of Compliance*

These financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP) as required by the Crown Entities Act 2004. They have been prepared in accordance with Tier 1 PBE Standards including PBE FRS 42 Prospective financial statements.

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

2. *Measurement Base*

The accounting principles recognised as appropriate for the measurement and the measurement base adopted is that of historical cost unless otherwise stated.

3. *Functional and Presentation Currency*

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest million dollars (\$m).

4. *Judgements and estimations*

The preparation of financial statements to conform with PBE Standards requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Subsequent actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods

Key Assumptions and Estimates are:

- Broadcasters and producers will fulfil their legal obligation within the timeframe as per the contract;
- Te Māngai Pāho assesses property, plant and equipment's useful lives and residual value by considering a number of factors such as the physical condition of the asset, expected period of use of the asset by Te Māngai Pāho, and expected disposal proceeds from the future sale of the asset. Te Māngai Pāho has not made significant changes to past assumptions concerning useful lives and residual values.

Statement of Accounting Policies (continued)

Critical Judgements

Management has exercised no critical judgements in applying the accounting policies for the year ending 30 June 2016.

Accounting Policies

The following accounting policies which materially affect the measurement of financial performance and financial position have been applied consistently to all periods presented in these financial statements.

1. Budget figures

The budget figures are those approved by the Board at the beginning of the financial year.

The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Board for the preparation of the financial statements.

2. Revenue

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

Revenue from the Crown

Te Māngai Pāho is primarily funded through revenue received from the Crown, which is restricted in its use for the purpose of Te Māngai Pāho meeting its objectives as specified in the Statement of Intent. Revenue from the Crown is recognised as revenue when earned and is reported in the financial period to which it relates.

3. Treatment of the Allocation of Funds

The allocation of funds to broadcasting projects is treated as expenditure in the financial year the allocation is made:

- Provided that prior to the end of the financial year, the project has received Board approval and the funding applicant must have received notice of approval in writing. Expenditure therefore includes funds allocated but not paid out at the year end. The funds not paid out are recorded as funding liabilities in the balance sheet. This liability is reduced as the applicant is paid according to the drawdown schedule specified in the production contract.
- And except where the funding allocations are acknowledged by the Board as applying to future accounting periods, in which case the expenditure will be recorded in the financial period to which it

relates. Allocations approved by the Board prior to 30 June that relate to a future financial period are treated as operating commitments at balance date.

4. Taxation

A. Income Tax

No income tax liability is incurred in respect of any operations. Te Māngai Pāho is exempt from income tax in accordance with section 53 of the Broadcasting Amendment Act 1993.

B. Goods and Services Tax

The financial statements have been prepared on a GST exclusive basis, except for payables and receivables, which are recorded on a GST inclusive basis.

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

The statement of cash flows has been prepared on a net GST basis. That is, cash receipts and payments are presented exclusive of GST. A net GST presentation has been chosen to be consistent with the presentation of the statement of financial performance and statement of financial position. The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

C. Fringe Benefit Tax

Fringe Benefit Tax is payable on all fringe benefits.

5. Debtors and other receivables

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

A provision for impairment of receivables is established when there is objective evidence that Te Māngai Pāho will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

Statement of Accounting Policies (continued)

6. Investments

Bank deposits

Investments in bank deposits are measured at fair value plus transaction costs.

For bank deposits, impairment is established when there is objective evidence that we will not be able to collect amounts due according to the original terms of the deposit. Significant financial difficulties of the bank, probability that the bank will enter into bankruptcy, and default in payment are all considered indicators that the deposit is impaired.

7. Property, plant and equipment

Property, plant and equipment consists of office equipment, furniture and fittings, computer equipment, leasehold improvements, and motor vehicles.

Property, plant and equipment is shown at cost less accumulated depreciation and impairment loss.

Additions

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

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

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of financial performance.

Subsequent costs

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

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

8. Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment, at a rate which will write off the cost of the assets over their useful lives, with no residual value. The depreciation rates of major classes of assets have been estimated as follows:

Office Equipment	20%
Furniture & fittings	5-15%
Computer Equipment	33%
Leasehold Improvements	17-50%
Motor Vehicle	20%

9. Intangible assets

Computer software that is not integral to the operation of the hardware is recorded as an intangible asset on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs that are directly associated with the development of software for internal use by Te Māngai Pāho are recognised as an intangible asset. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense 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. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the statement of financial performance.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Acquired computer software 3 years	33%
Developed computer software 4 years	25%

Statement of Accounting Policies (continued)

10. Impairment of non-financial assets

Property, plant and equipment and intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where Te Māngai Pāho would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount.

11. Creditors and other payables

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

12. Financial Instruments

Te Māngai Pāho is party to financial instruments as part of its normal operations. These are non-derivative financial instruments including bank accounts, short term deposits, accounts receivable and accounts payable. All financial instruments are recognised in the statement of financial position and all revenue and expenditure in relation to the financial instruments are recognised in the statement of financial performance.

A financial instrument is recognised if Te Māngai Pāho becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if Te Māngai Pāho's contractual rights to the cash flows from the financial assets expire or if Te Māngai Pāho transfers the financial assets to another party without retaining control or substantially all risk and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that Te Māngai Pāho commits itself to purchase or sell the assets. Financial liabilities are derecognised if Te Māngai Pāho's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents includes cash on hand, held at call at banks with which Te Māngai Pāho invests as part of its day-to-day cash management and other short-term highly liquid investments with original maturities of three months or less.

13. Employee benefits

Short-term benefits

Employee benefits that Te Māngai Pāho expects to be settled within twelve months of balance date are measured at undiscounted nominal values based on accrued entitlements at current rates of pay.

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

Te Māngai Pāho recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that Te Māngai Pāho anticipates it will be used by staff to cover those future absences.

Te Māngai Pāho recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation scheme and are recognised as an expense in the statement of financial performance as incurred.

14. Operating Leases

Operating lease payments, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are charged as expenses on a straight-line basis over the lease terms in the statement of financial performance.

15. Provisions

Te Māngai Pāho recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures

Statement of Accounting Policies (continued)

will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

16. Commitments

Future payments are disclosed as commitments at the point when a contractual obligation arises, to the extent that they are equally unperformed obligations. Commitments relating to employment contracts are not disclosed.

17. Statement of Cashflows

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which Te Māngai Pāho invests as part of its day-to-day cash management.

Operating activities include all activities other than investing and financing activities. The cash inflows include all receipts from the sale of goods and services and other sources of revenue that support the operating activities of Te Māngai Pāho. Cash outflows include payments made to employees, suppliers and for taxes.

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

Financing activities comprise those activities relating to changes in the equity of Te Māngai Pāho.

18. Comparative Figures

To ensure consistency with the current year's presentation, comparative figures have been restated where appropriate.

19. Output Cost Statements

The Output Cost Statements, as reported in the Statement of Objectives and Service Performance, report the total funding allocations made for the radio and television outputs for the year ending 30 June 2015. They also report the costs of administrative activities undertaken by Te Māngai Pāho.

20. Changes in Accounting Policies

There have been no changes in accounting policies since the date of the last audited financial statements prepared under NZ GAAP.

21. Related Parties

Te Māngai Pāho transacts with other government agencies on an arm's length basis. Any transaction not conducted at arm's length, or falling within the requirements of NZ IAS 24, will be disclosed in the financial statements in the annual report.

Statement of Significant Underlying Assumptions

The forecast financial statements have been completed on the basis of existing Government policies and after consultation by the Board and management of Te Māngai Pāho with the Minister for Māori Development. The forecast financial statements have been prepared on the basis of assumptions as to future events that the Board and management of Te Māngai Pāho reasonably expect to occur, associated with the actions they reasonably expect to take, as at the date the information was prepared.

These statements have been prepared also in the context of the budgetary process.

It is not intended that this published material will be updated.

The main assumptions are that:

- Te Māngai Pāho is a going concern;
- the broadcasting landscape in which Te Māngai Pāho operates will remain substantially the same as the previous year;
- Te Māngai Pāho will continue to fund the types of broadcasting activities currently funded; and the scale of Te Māngai Pāho's activities will remain substantially the same.



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