

TAUĀKĪ KAWATAU

STATEMENT OF PERFORMANCE EXPECTATIONS

**FOR THE YEAR ENDING
30 JUNE 2022**



*The Collective,
Boxed Media
for RNZ*



This Statement of Performance Expectations reflects NZ On Air's proposed performance targets and forecast financial information for the year ahead. It is produced in accordance with s149E of the Crown Entities Act 2004.

The forecast financial statements and underlying assumptions in this document have been authorised by the Board of NZ On Air in accordance with its role under the Crown Entities Act 2004. It is not intended to update the forecast financial statements subsequent to presentation.



DR RUTH HARLEY, CNZM OBE
Chair



PHILIP BROUGHTON
Chair of Audit & Risk Committee

30 June 2021

HE RĀRANGI TAKE CONTENTS

1 **WHO WE ARE**
KO MĀTOU TĒNEI
p. 2

2 **THE YEAR AHEAD AT A GLANCE**
HEI PAKU TIROHANGA WHAKAMUA
p. 4

3 **OUR CONTRIBUTION TO SECTOR OUTCOMES**
HEI TAUTOKO MĀ MĀTOU TE RĀNGAI
p. 5

4 **OUR STRATEGIC PERFORMANCE FRAMEWORK**
HE PŪNAHA HEI WHAKAMAHERE MAHI WHAIHUA
p. 6

5 **WHAT WE WILL DO**
HEI WHAI MĀ MĀTOU
p. 7

6 **PERFORMANCE INFORMATION: THE NZ MEDIA FUND**
NZ MEDIA FUND: MŌ NGĀ MAHINGA WHAIHUA
p. 8

6.1 Measuring well-being – cultural identity
Mō Te Hauora – Te Tuakiri Tangata 10

6.2 Measuring activity
He Arotakenga Mō Ngā Mahi 12

7 **ORGANISATIONAL HEALTH AND CAPABILITY**
TĀ MĀTOU TŪ ME TE PITO MATA
p. 16

8 **FORECAST FINANCIAL STATEMENTS**
HE TIROHANGA WHAKAMUA MŌ TE PŪTEA
p. 17

9 **STATEMENT OF ACCOUNTING POLICIES**
TAUĀKĪ MAHERE MAHI MONI
p. 22

1 KO MĀTOU TĒNEI WHO WE ARE

New Zealanders enjoy content that reflects our identity, our unique voices, our own stories and songs. Public media reinforces our culture. It helps us to connect with and understand each other better, engage with democracy, broaden our thinking, and reflect on our place in the world.

Local content allows New Zealanders to celebrate our culture in a way global content never can. It increases understanding of the diversity of cultures in New Zealand today, and enriches our communities. Our challenge is to reflect ALL New Zealanders and to reach them on platforms they use. Authenticity is vital. Audiences respond to content that is made by and features ‘people like us’ – it’s the strength of local.

NZ On Air’s NZ Media Fund (NZMF)¹ is founded on public media principles.

These principles include enriching the New Zealand cultural experience, improving diversity of media content in many forms, ensuring content is accessible, strengthening community life, and promoting informed debate.

Through four funding streams within the NZMF: *Scripted*, *Factual*, *Music*, and *Platforms*, NZ On Air supports content made by an ever wider range of people, appearing on a multitude of platforms, and reaching more New Zealanders. There is no shortage of high quality, creative and exciting

content ideas from a growing pool of talented creators in our industry. Audience fragmentation combined with a challenging commercial media environment has increased the case for funding quality public media content, on a range of platforms.

NZ On Air plays a central role in the public media fabric, alongside RNZ, Te Māngai Pāho, Māori Television and Crown-owned TVNZ. Collectively we deliver trusted public media to many different audiences. NZ On Air has a responsibility both under the

Broadcasting Act and in supporting the Crown as a Te Tiriti o Waitangi partner, to promote te reo Māori and embrace greater understanding of te ao Māori. We also have a responsibility to deliver content for diverse audiences; including women, youth, persons with disabilities, and ethnic and religious minorities.

The tastes and needs of New Zealand’s audiences are as diverse as the audiences themselves, which is why our Mission is: *To foster and fund great NZ media content that reflects the diverse communities of Aotearoa.*

¹ See [Funding_Strategy_for_website_updated_12_June_17_FINAL_R5jug19.pdf](#)

OUR VISION

**CONNECTING AND
REFLECTING AOTEAROA**

OUR MISSION

**TO FOSTER AND FUND
GREAT NZ MEDIA CONTENT
THAT REFLECTS THE
DIVERSE COMMUNITIES
OF AOTEAROA**

2 HEI PAKU TIROHANGA WHAKAMUA THE YEAR AHEAD AT A GLANCE

The year ahead will be challenging and rewarding as we navigate an environment that continues to change rapidly. Compounding a fast-changing media environment, COVID-19 continues to cause uncertainty. Maintaining consistent funding rounds is one of the most important things we can do to ensure cash flows through the creative economy. We must also invest in creating resilience to deal with future uncertainties.

Additional funding flowing from COVID-19 relief will create new work and responsibilities. We have been endorsed with a significant increase in our agency's scope and responsibilities, with \$45m² additional funds to support public interest journalism through until the end of the 2023 financial year. In addition, we are working alongside the NZ Film Commission and Te Māngai Pāho to deliver the new \$50m Te Puna Kairangi/Premium Productions for International Audiences Fund.

We support many forms of public media: drama, documentary, specialist current affairs and public interest journalism, children's content, content for other targeted audiences, and music. The breadth of work means we need to take care to retain a strategic approach to our investments and manage decisions, with regard to our risk framework.

In 2021/22 we will focus on:

Supporting the production of diverse local content and ensuring it reaches its audiences

- Establishing and refining processes that deliver new Crown funding efficiently to support public interest journalism
- Looking for maximum impact and quality outcomes from additional funds for music and platforms
- Investing strategically in content and industry development to foster more creative innovation, and provide pathways for emerging creative voices
- Improving data collection and analysis to better inform our funding strategies, improve the discoverability of funded content, and reach less well-served audiences.

Demonstrating strategic and organisational leadership to the sector

- Continuing our commitment to a collaborative approach to Māori Crown relations through

improving knowledge and understanding of te reo Māori, tikanga Māori and Te Tiriti o Waitangi compliant practices for all staff

- Growing our sector leadership through commissioning and publishing timely and insightful data and research that informs funding decisions.

Collaborating with the sector to maximise our contribution to public media outcomes

- Aligning and collaborating with Te Māngai Pāho, NZ Film Commission, NZ Music Commission and other agencies, guilds and platforms where we can so public media funding benefits the largest number of New Zealanders
- Ongoing engagement with the Ministry for Culture and Heritage, RNZ and TVNZ to progress the Strong Public Media programme, also contributing to the strengthening of Māori media, and ensuring public media is fit for the future.

2 From a total \$55m fund. \$10m distributed in 2020/21

3 HEI TAUTOKO MĀ MĀTOU TE RĀNGAI OUR CONTRIBUTION TO SECTOR OUTCOMES

We align with the Government’s priority outcomes for the cultural sector, including those for public media.³

Our work contributes to the Government’s identified priorities for the cultural sector: to create a stable sustainable cultural sector post-COVID-19, a vibrant and innovative sector, and better access and participation for New Zealanders in diverse and rich cultural experiences. Our work also directly contributes to Public Media Outcomes.

The Government is committed to ensuring that future generations of New Zealanders can access content that reflects their languages, experiences and communities in ways that meet their needs and interests. The Government has adopted the following public media outcomes to provide guidance to the public media entities:

1. New Zealand audiences choose to access mainstream and targeted content and services that support:

- their needs and interests as people living in Aotearoa, and which in particular reflect the language and experiences of Māori and Pacific peoples, and other under-served audiences;
- their ability as New Zealanders to be informed and engaged members of our participative democracy and open civic society;
- their access to a range and diversity of content that they value and trust.

2. Public media in New Zealand is:

- operationally and editorially independent;
- securely and sustainably funded;
- able to respond effectively to an evolving operating environment and relevant to changing consumer preferences, in particular younger audiences;
- complementary to and collaborative with private media.

3. Public media play an integral role in contributing to New Zealand being:

- a connected, informed, cohesive and independent nation;
- a healthy, participative democracy;
- confident in and aware of our unique identity, cultures and languages.

Our impact is magnified by our work alongside and in collaboration with the other arms of the public media system. Our investments in the media and music sectors underpin thousands of jobs and careers, and maintain a vibrant domestic sector that services growing international demand.

³ As stated in the Government’s *Our Plan – The Government’s Priorities for New Zealand* and also cited in the Minister’s Letter of Expectations

4 HE PŪNAHA HEI WHAKAMAHERE MAHI WHAIHUA OUR STRATEGIC AND PERFORMANCE FRAMEWORK

FIGURE 1: Our strategic framework

Our strategic framework shows what drives NZ On Air and how we work.

Our work programme is largely delivered through the single funding strategy, the NZ Media Fund. Supporting the deliverables under the NZMF is our work in industry development (the IDF), research and sector leadership.

Founded on core public media principles, the NZMF has four funding streams – Scripted, Factual, Music and Platforms. Content investments are selected to add cultural value, no matter where the content sits on the spectrum, from serious and informative to provocative and entertaining.

OUR VISION

CONNECTING AND REFLECTING AOTEAROA

OUR MISSION

TO FOSTER AND FUND GREAT NZ MEDIA CONTENT THAT REFLECTS THE DIVERSE COMMUNITIES OF AOTEAROA.

OUR GOALS

Our investment strategy is expressed as the **NZ Media Fund**. Its goals are:

GOAL 1 QUALITY CONTENT

NZ audiences enjoy well-made local content that matters

GOAL 2 DIVERSE CONTENT

NZ audiences value local content made for a range of communities

GOAL 3 DISCOVERABLE CONTENT

NZ audiences can find and appreciate local content

We support these goals by **collaborating** with others in the public media space to maximise outcomes, demonstrating **sector leadership**, and informing our work and the sector’s work with robust **research and data**, and maintaining **robust investment processes**.

OUR PROMISE

We make the following commitments about how we will work. We will be:

INCLUSIVE so that content reflects our diverse communities

CLEARLY FOCUSED on content outcomes

INFORMED CONTRIBUTORS as public media experts

LOOKING FOR CONTINUAL IMPROVEMENT and open to new ideas

RESPONSIBLE STEWARDS who are careful with public funds

FRIENDLY FACES who are collaborative and approachable

POSITIVE because we love what we do

ECONOMIC CONTRIBUTORS who actively consider economic growth goals

FAIR TO ALL with transparent and simple processes

5 HEI WHAI MĀ MĀTOU? WHAT WILL WE DO?

Delivery of funds through the NZMF, along with our Industry Development Fund, are activities purchased by the Minister of Broadcasting, Communications and Digital Media under the appropriation Public Broadcasting Services.⁴

The NZMF's three goals – Quality, Diversity and Discoverability – and four funding streams provide a simple, flexible approach to navigating a dynamic environment. The Scripted, Factual and Music streams are open and contestable. Platforms is a closed funding stream supporting selected entities to provide a wide range of public media content.

We will continue to support different types of local audio/visual content for both general and targeted audiences to enjoy. In 2021/22 we add to this a broad range of public interest journalism, supported with funds announced by Government in February 2021 in response to COVID-19 impacts on an already fragile commercial news media environment. The Public Interest Journalism Fund will be delivered via three pillars of investment activity in support of Projects, Roles and Industry Development. An additional \$50m Te Puna Kairangi/Premium Productions for International Audiences Fund, co-administered with the NZ Film Commission and Te Māngai Pāho, will tell New Zealand stories on the global stage.

In music, our support adds opportunities for recording artists, video content makers, and content promotion. A radio or online hit can boost streaming revenue and record sales, build audiences for live shows, stimulate the wider music economy and help build international success. Additional funding is creating new opportunities to add greater diversity to New Zealand music on radio and streaming platforms.

Our investments help emerging talents to flourish and develop sustainable creative careers. Our research helps to identify areas where more investment can be targeted. This is especially relevant with our annual Diversity Report and a new research project looking into on-screen inclusion and representation. Through these projects we identify and can monitor improvement in representation of different ethnicities and gender in work behind and in front of camera, and in the music industry.

Our sector development and support work will increase in the coming year, with one-off funding to address sector capability and resilience in the COVID era.

⁴ The non-departmental output expense, Public Broadcasting Services sits within Vote Arts, Culture and Heritage, administered by the Ministry for Culture and Heritage

FIGURE 2: Funding strategy summary



*means relative to the level of funding and the context of other content on the platform.

6 MŌ NGĀ MAHINGA WHAIHUA PERFORMANCE INFORMATION: NZ MEDIA FUND

The targets and budgets below show how we intend to invest our funding and measure our progress. We continue to work on developing ways to measure the cultural impact of our work on New Zealanders. We also report on how effectively we contribute to sector leadership.

As the NZMF is designed to be a simple and flexible model that will enable us to adapt to a fast-changing market, the budgets are indicative only and may change depending on applications and other market factors.

NZ On Air has one reportable class of outputs, the NZMF, which is a reportable class for the purposes of the Crown Entities Act 2004.

The expected revenue and proposed expenses for the NZMF class of outputs are shown in Table 4 at the end of this section.

As a funding agency charged with purchasing cultural content, there is no specific requirement to maintain set levels of equity. We prudently

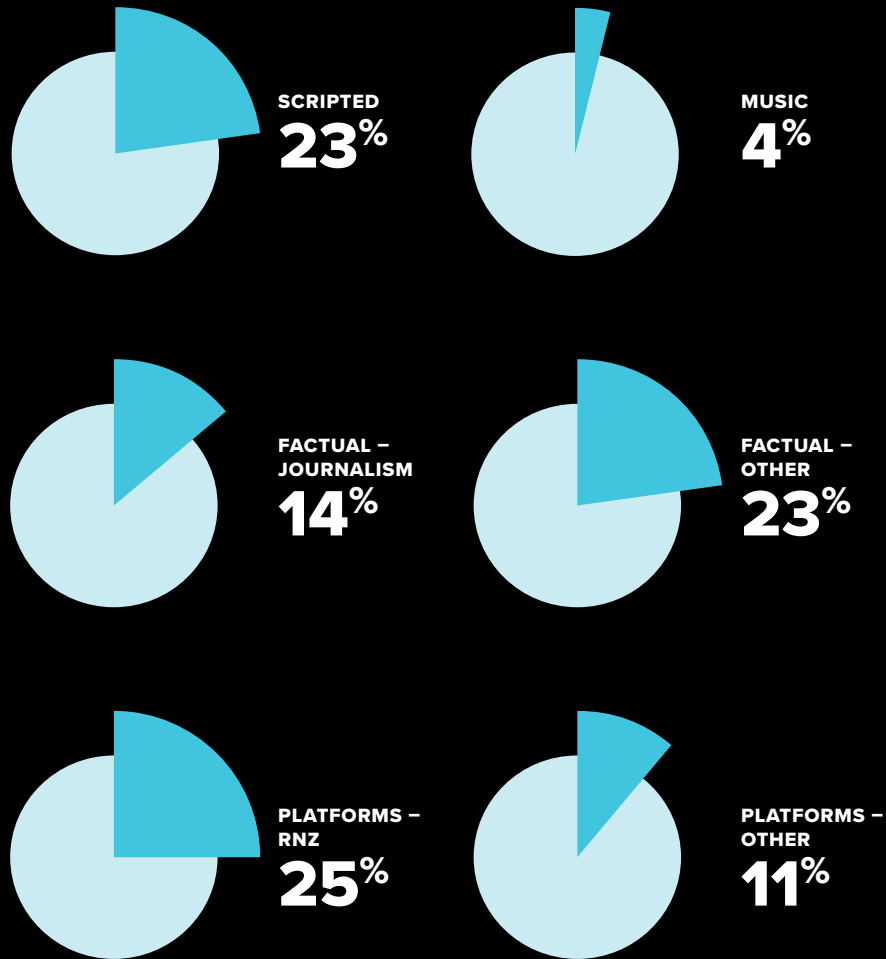
manage our finances and ensure equity levels remain positive.

Additional Crown funding to address COVID impacts on our sectors will be targeted towards Factual (Journalism), Music and Capability. New funding to support public interest journalism commenced in early 2021 and also comes into the 2021/22 budget. This will require new performance measures which are under development.

In addition, we are working with the NZ Film Commission to allocate an additional \$50m fund for up to five feature films or limited series screen productions. This funding is held by the Ministry for Culture and Heritage.

FIGURE 3: NZMF budget summary⁵

NZ MEDIA FUND



SCRIPTED

audio/visual drama, comedy, animation and other entertaining content requiring a planned creative approach



FACTUAL

audio/visual documentary and factual projects made for diverse audiences



MUSIC

delivers new music to radio and streaming services and provides break through opportunities to selected artists and actively promotes New Zealand music to increase its discovery in a crowded market



PLATFORMS

provides operating funding to specially targeted services to create and deliver audio/visual public media content of particular cultural or social value

⁵ Platforms includes \$43.506m funding for RNZ. This amount is in accordance with Government policy for RNZ funding for 2021/22, as advised by Ministers. RNZ's detailed targets and end of year performance reporting are presented in the accountability documents of both RNZ and the Ministry for Culture and Heritage. We include one significant RNZ audience measure in Table 1.

6.1 MEASURING WELL-BEING – CULTURAL IDENTITY

MŌ TE HAUORA – TE TUAKIRI TANGATA

In Table 1 we set out how we measure the impact of our work on wellbeing. We will enhance the qualitative measures in future years once we can assess the wider Indicators Aotearoa work being completed.

TABLE 1: Impact measures

	2021/22 Target	2020/21 Target	2020/21 Estimate	2019/20 Actual
CULTURAL VITALITY AND VIBRANCY				
Strategic impact: Quality and Diversity				
Indicator: Public media is valued and contributes positively to belonging and different NZ cultural experiences				
New Zealanders believe NZ On Air supports local public media important to New Zealanders	75%	75%	75%	80%
New Zealanders aware of our support for content like that content	70%	70%	70%	69%
New Zealanders agree that RNZ provides a valuable service to New Zealand	70%	70%	59%	59%
Percentage of completed productions of sufficient quality to be accepted for broadcast or uploading	99%	99%	99%	99%
NZ audiences appreciate the diversity of public media funded by NZ On Air	75%	75%	75%	77%
Content in more than 40 languages (including 9 Pacific) is supported	Achieve	Achieve	Achieve	Achieved (49 languages including 9 Pacific)
Pacific people agree PMN Niu and PMN 531 provide culturally relevant content	75%	Biennial measure	Biennial measure	94.8%
Percentage of NZ Music content on commercial radio: target agreed by the Minister and the Radio Broadcasters Association	20%	20%	20%	19.27%
Percentage of NZ Music content on alternative radio	At least 50%	At least 50%	60%	60.24%
Sector stakeholders are satisfied with the quality of the research, leadership and policy contribution from NZ On Air:				
<ul style="list-style-type: none"> The majority of stakeholders believe NZ On Air's leadership, research and policy input is valuable 	75%	75%	75%	New Measure

	2021/22 Target	2020/21 Target	2020/21 Estimate	2019/20 Actual
CULTURAL EFFICACY AND COMPETENCE				
Strategic impact: Discoverability				
Indicator: Professionally-made public media finds its audience and contributes to a quality cultural experience				
Percentage of first run ⁶ funded prime time (6 pm to 10.30 pm) content for TV achieving average audiences of 100,000 or higher (excludes on demand audiences)	More than 50%	More than 50%	55%	58%
Percentage of funded content achieving more than 50,000 views in its first 6 months online ⁷	More than 50%	More than 50%	50%	43%
Percentage of released singles from New Music Projects achieving at least 250,000 ⁸ online plays within 12 months ⁹	60%	60%	60%	64.4%
Percentage of released singles from New Music Singles achieving at least 50,000 online plays within 12 months of release	60%	60%	60%	58.5%
Average number of NZ radio plays achieved by singles from New Music Projects within 12 months of release:				
• Mainstream	750	750	750	710
• Niche	250	250	250	Included above
Average number of NZ radio plays achieved by singles from New Music Singles within 12 months of release:				
• Mainstream	250	250	400	317
• Niche	100	100	250	Included above

⁶ Content not previously shown on TV

⁷ This measures funded content which completes its first 6 months online in the year under review. Data for online views is currently provided by each platform. Work is progressing in NZ and internationally to establish a consistent approach to measuring online views

⁸ New Music Projects fund established artists with higher expectations of the number of plays than New Music Singles

⁹ This measures singles which complete their first 12 months post release in the year under review

6.2 MEASURING ACTIVITY

HE AROTAKENGA MŌ NGĀ MAHI

In Table 2 we set out how we will measure performance against our investment goals and strategic objectives.

TABLE 2: Funding measures

	2021/22 Target	2020/21 Target	2020/21 Estimate	2019/20 Actual
What we will do				
Our Investment Principles are followed for all funding decisions (cultural value, content balance, risk, competition, value for money, no duplication, leverage, partner capability, fairness)	100%	100%	100%	100%
A majority of the NZ Media Fund is invested in contestable content ¹⁰	At least 55%	At Least 55%	59%	61%
Percentage of production funding from the Scripted and Factual streams for targeted audiences including s36(1)(c) ¹¹ of the Broadcasting Act 1989 ¹²	At least 25%	At least 25%	40%	40%
Percentage of total funded hours for Scripted and Factual content that is diverse ¹³	At least 60%	At least 60%	70%	72%
Number of individual songs funded through Single and Project applications will be at least: ¹⁴				
• Mainstream	210	210	210	159
• Niche	140	140	140	102
• Focus rounds ¹⁵	60	60	60	New measure

¹⁰ RNZ funding is 25% of total funding

¹¹ Includes children, youth, persons with disabilities and minorities in the community

¹² Wording amended to clarify this relates to Scripted and Factual production funding

¹³ Diverse content is content that showcases the stories and interests of particular NZ cultural and community groups

¹⁴ Music applications are a video, or a recorded song plus a video, or a music project. We cannot separately forecast which type of application will be received

¹⁵ Includes focus rounds for Pasifika, Children's music, te reo Māori

	2021/22 Target	2020/21 Target	2020/21 Estimate	2019/20 Actual
The number of average weekly hours of captioning and audio description produced for broadcast and online will be at least:				
• Captioning	160	160	160	382 ¹⁸
• Audio description	27	27	27	66 ¹⁸
Number of Scripted and Factual hours funded (includes all formats, e.g. television, online, radio, (excludes Public Interest Journalism projects))	At least 1,020	At least 1,020	1,020	1,135
The number of hours funded for features promoting NZ Music	At least 2,500 hours	At least 2,500 hours	2,500	2,477
Number of targeted development activities for NZ artists in conjunction with streaming platforms [estimated 3 streaming platforms involved]	At least 3	At least 3	3	1
Number of pieces of industry research published	At least 2	At least 2	3	New measure
Number of RFPs issued for targeted industry capability development ¹⁶	Up to 2	Up to 2	2	New measure
Investments in Public Interest Journalism are spread across local, regional, national and targeted audiences ¹⁷	Achieve	Achieve	N/A	N/A

While we aim to balance funding by audience type, content type, and genre, we can only achieve this if we receive sufficient applications that meet our funding criteria and investment principles.

We aim to spend a sensible minimum on overheads so we have the maximum available to invest in content; and provide high quality service delivery. However, we are in a current modest growth phase to adjust to increased demand and work associated with new funding.

¹⁶ The nature and impact of these RFPs will be reported in the annual report

¹⁷ Actual funding allocated by applicant, title and funding pillar (Project, Role, Industry Development) will be reported in our 2021/22 Annual Report. Additional measures to be established.

¹⁸ Measures the number of hours broadcast. From 2020/21, measures the number of hours produced. In 2019/20, the actual average weekly hours produced were Captioning: 142 hours; Audio-Description 21 hours.

Table 3 sets out core operating efficiency measures; Table 4 sets out expected revenue and proposed expenses.¹⁹

TABLE 3: Operating measures

	2021/22 Target	2020/21 Target	2020/21 Estimate	2019/20 Actual
How we will do it (operating goals)				
No investment decision or process has a significant adverse judicial review or Ombudsman finding	0	0	0	0
Percentage of complete applications received by deadline determined at the next funding round	99%	99%	99%	99.7%
Percentage of funding decisions notified to applicants within 5 working days of Board meeting	99%	99%	99%	99%
Percentage of funding contracts correctly issued within 15 working days once conditions precedent are met	99%	99%	99%	93%
Percentage of payments correctly made within 10 working days of receiving a valid invoice once contract conditions are met	99%	99%	99%	99%

¹⁹ NZ On Air does not propose to supply any class of outputs in the financial year that is not a reportable class of outputs. s149E(1)(c)

TABLE 4: Summary of forecast revenue and output expenditure

Revenue		2021/22 Budget \$000	2020/21 Budget \$000	2020/21 Estimate \$000	2019/20 Actual \$000
Crown revenue		175,725	180,572	174,536	147,266
Other revenue		1,100	1,800	1,800	2,524
Total revenue		176,825	182,372	176,336	149,790
Output expenses	%				
New Zealand Media Fund investments	95.6	171,397	180,433	174,150	143,894
Capability Fund	0.6	1,000	1,000	1,000	0
Industry development	0.3	600	450	450	376
Total funding	96.5	172,997	181,883	175,600	144,270
Administration services	3.5	6,308	4,867	5,062	3,692
Total output expenses	100	179,305	186,750	180,662	147,962
Surplus/(deficit)		(2,480)	(4,378)	(4,326)	1,828

7 TĀ MĀTOU TŪ ME TE PITO MATA ORGANISATIONAL HEALTH AND CAPABILITY

Although growing to meet workload demands, we remain a small entity with 25-30 staff. We rely on our people being skilled, multi-functional and adaptable. We have formal good employer and personnel policies and a commitment to equal employment opportunities. We do not tolerate harassment or discrimination of any type. Our measures are summarised in Table 6.

TABLE 6: Health and capability performance measures

Goal	Measure/Target	2021/22 Target	2020/21 Target	2019/20 Actual
Focus recruitment, training and remuneration policies on attracting and retaining skilled, flexible, efficient and knowledgeable team players	Full time staff turnover is no more than three people per annum	Achieve	Achieve	2
	Individual staff training needs are assessed annually	100%	100%	100%
Staff are committed to the agency and its work	External salary comparisons are conducted regularly to ensure staff are paid fairly	Next planned for 2022/23	Some positions assessed	Next planned for 2020/21
	Staff engagement surveys are conducted at least bi-annually; results target to be in the top quartile of the cultural sector	Next planned for 2022/23	Survey to be conducted	Next planned for 2020/21
Health and safety best practice is well-implemented and appropriately reported	Health and safety plan in operation; reported safety hazards are attended to promptly; significant hazards are attended to immediately	Achieve	Achieve	Achieved
	Zero tolerance of harassment, bullying and discrimination. Immediate investigation if any instances are reported	Achieve	Achieve	Achieved No instances
Incorporate equal employment opportunity principles in staff selection and management, to achieve as diverse a workforce as possible within the limits of our small size	EEO Principles are included in all relevant documents and practices	100%	100%	100%
All staff are offered lessons in te reo Māori and/or tikanga Māori at least annually ²⁰	Minimum of annual lessons in tikanga Māori and te reo Māori offered	All staff	All staff	New measure

²⁰ We are putting in place a more comprehensive plan to enable NZ On Air to meet the requirements of the Maihi Karauna

8 HE TIROHANGA WHAKAMUA MŌ TE PŪTEA FORECAST FINANCIAL STATEMENTS

Rūrangi,
Autonomous
for WatchMe



STATEMENT OF FORECAST COMPREHENSIVE REVENUE AND EXPENSE

For the year ending 30 June 2022

	2021/22 Budget \$000	2021/22 Budget \$000	2020/21 Budget \$000	2020/21 Estimate \$000
Revenue				
Crown revenue		175,725	180,572	174,536
Other revenue		1,100	1,800	1,800
Total revenue		176,825	182,372	176,336
Operating expenditure				
Administration services		6,308	4,867	5,062
Total operating expenditure		6,308	4,867	5,062
Funding expenditure				
<i>NZ Media Fund²¹</i>				
Scripted		39,136	59,285	49,769
Factual – other	39,136	-	52,125	58,294
Factual – Public Interest Journalism	24,136	-	-	-
Factual – Total		63,272	-	-
Music		6,452	7,386	7,871
Platforms		62,537	61,637 ²²	58,216
Total NZ Media Fund		171,397	180,433	174,150
<i>Development and support</i>				
Capability Fund		1,000	1,000	1,000
Industry Development		600	450	450
Total funding expenditure		172,997	181,883	175,600
Total expenditure		179,305	186,750	180,662
Net surplus/(deficit) for the year		(2,480)	(4,378)	(4,326)
Other comprehensive revenue and expense		-	-	-
Total comprehensive revenue and expense		(2,480)	(4,378)	(4,326)

21 The allocation of NZMF funds across the four funding streams is indicative only and depends on receiving sufficient applications that meet our funding criteria and investment principles. The Board may reallocate between funds during the year as necessary to achieve NZ On Air outcomes.

22 Includes \$43.506m for RNZ.

STATEMENT OF FORECAST FINANCIAL POSITION

As at 30 June 2022

	2021/22 Budget \$'000	2020/21 Budget \$'000	2020/21 Estimate \$'000
Current assets			
Cash and cash equivalents	1,800	5,199	1,762
Investments	30,000	30,000	51,800
Debtors and other receivables – interest	100	200	130
Debtors and other receivables – other	1,300	1,300	1,300
Total current assets	33,200	36,699	54,992
Non-current assets			
Property, plant and equipment	650	551	50
Intangible assets	290	139	40
Total non-current assets	940	690	90
Total assets	34,140	37,389	55,082
Current liabilities			
Trade and other payables	300	300	300
Employee entitlements	150	150	150
Return to Crown	-	-	15,836
Funding liabilities	32,635	36,184	35,261
Total current liabilities	33,085	36,634	51,547
Net assets	1,055	755	3,535
Equity			
Equity at 30 June	1,055	755	3,535
Total Equity	1,055	755	3,535

STATEMENT OF FORECAST CHANGES IN EQUITY

For the year ending 30 June 2022

	2021/22 Budget \$000	2020/21 Budget \$000	2020/21 Estimate \$000
Balance at 1 July	3,535	5,133	7,861
Total comprehensive revenue and expense for the year	(2,480)	(4,378)	(4,326)
Balance at 30 June	1,055	755	3,535

STATEMENT OF FORECAST CASH FLOWS

For the year ending 30 June 2022

	2021/22 Budget \$000	2020/21 Budget \$000	2020/21 Estimate \$000
Cash flows from operating activities			
Receipts from the Crown	175,725	180,572	190,372
Receipts from other revenue	500	900	469
Interest received	630	1,164	1,243
Payments to funded activities	(177,623)	(190,079)	(182,055)
Payments to suppliers and employees	(6,308)	(4,680)	(4,929)
Net GST	174	(100)	72
Net cash from operating activities	(6,902)	(12,223)	5,172
Cash flows from investing activities			
Net receipts from investments	7,964	12,500	(7,300)
Purchase of intangible assets	(250)	(75)	-
Purchase of property, plant and equipment	(774)	(605)	(49)
Net cash flows from investing activities	6,940	11,820	(7,349)
Net increase in cash and cash equivalents	38	(403)	(2,177)
Cash and cash equivalents at 1 July	1,762	5,602	3,939
Cash and cash equivalents at 30 June	1,800	5,199	1,762

9 TAUĀKĪ MAHERE MAHI MONI STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

The Broadcasting Commission (NZ On Air) is a Crown entity as defined by the Crown Entities Act 2004 and is domiciled and operates in New Zealand. The relevant legislation governing NZ On Air's operations includes the Crown Entities Act 2004 and the Broadcasting Act 1989. NZ On Air's ultimate parent is the New Zealand Crown. These forecast financial statements reflect the operations of NZ On Air only and do not incorporate any other entities. These forecast financial statements are for the year ending 30 June 2022.

NZ On Air's primary objective is to provide services to the New Zealand public. Our functions and responsibilities are set out in the Broadcasting Act 1989. The primary function is to serve audiences by investing in a wide range of New Zealand television, radio and online content. The purpose is to add a diversity of local content to the almost limitless range of foreign options available. NZ On Air does not operate to make a financial return. Accordingly, NZ On Air has designated itself as a public benefit entity (PBE) for Financial Reporting purposes.

BASIS OF PREPARATION

STATEMENT OF COMPLIANCE

These forecast financial statements have been prepared in accordance with New Zealand generally accepted accounting practice. 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.

The actual financial results for the period covered are likely to vary from the information presented and the variations may be material.

MEASUREMENT BASIS

The measurement base adopted is that of historical cost.

The accrual basis of accounting has been used unless otherwise stated. These financial statements are presented in New Zealand dollars and rounded to the nearest thousand (\$000).

JUDGMENTS AND ESTIMATIONS

The preparation of financial statements to conform with PBE Standards requires judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses (where material information on major assumptions is provided in the relevant accounting policy or will be provided in the relevant note). The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. 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 estimate is 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.

Judgments that have significant effect on the financial statements and estimates, with a significant risk of material adjustment in the next year are discussed at the end of these notes.

RESERVES

As a funding agency charged with purchasing cultural content, there is no specific requirement to maintain set levels of equity other than prudently managing our finances and ensuring equity levels remain positive.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these forecast financial statements.

REVENUE

Revenue is measured at the fair value of consideration received.

Revenue from the Crown

We are primarily funded through revenue received from the Crown, restricted in its use for the purpose of meeting our objectives as specified in the Broadcasting Act 1989 and the scope of appropriation of the funder.

We consider there are no conditions attached to the funding and it is recognised as revenue at the point of entitlement.

Interest revenue

Interest revenue is recognised by accruing on a time proportion basis the interest due for the investment.

Television programme and music revenue

Our share of net revenue from sales of television and music projects that we have funded is recognised when it is earned to the extent that information is available to us at that time.

Other revenue

Other revenue is recognised when it is earned.

PERSONNEL COSTS

Superannuation schemes

Obligations for contributions to Kiwisaver and State Sector Retirement Savings Scheme are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit as incurred.

OTHER EXPENSES

Operating leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight line basis over the term of the lease.

FUNDING EXPENDITURE

Funding expenditure is discretionary funding where NZ On Air has no obligations to award funding on receipt of the funding application. It is recognised as expenditure when:

- (a) the funding has been approved by the Board;
- (b) the funding recipient has been advised;
- (c) there are no substantive contractual conditions for the funding recipient to fulfil; and
- (d) it is probable (more likely than not) that the funded proposal will be completed.

Critical judgments in applying accounting policies – funding expenditure

Although from time to time an approved project with no substantive conditions to fulfil does not go ahead, such projects are rare. Based on experience we judge it is probable that all approved commitments at 30 June without substantive contractual conditions to fulfil will be completed.

The main substantive contractual condition that means a funding commitment cannot be recorded as expenditure is where the Board approval is subject to confirmation of third-party funding, and that funding is not in place at balance date.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand and deposits held on call with banks with original maturities of three months or less.

INVESTMENTS

Bank Deposits

Investments in bank deposits are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance. A loss allowance for expected losses is recognised if the estimated loss allowance is not trivial.

DEBTORS AND OTHER RECEIVABLES

Debtors and other receivables are recorded at the amount due, less an allowance for credit losses. NZ On Air applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables.

In measuring expected credit losses, short-term receivables are assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

Short-term receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment asset classes consist of computer equipment, office equipment, furniture and fittings, and leasehold improvements. Property, plant and equipment are shown at cost, less accumulated depreciation and any impairment losses.

Additions

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

Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control of the asset is obtained.

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 surplus or deficit.

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 us and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

DEPRECIATION

Depreciation is provided on a straight line basis on all property plant and equipment at rates that will write off the cost of the asset over their useful lives. The useful lives and associated depreciation rates have been estimated as follows:

Computer equipment	3 years	33.3%
Office equipment	5 years	20%
Furniture and fittings	6 years	16.7%
Leasehold improvements	6 years	over the period of the lease (16.7%)

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Property, plant and equipment, and intangible assets that have a finite 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 assets 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. The total impairment loss and any subsequent reversal of an impairment loss are recognised in the surplus or deficit.

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

INTANGIBLE ASSETS

Software acquisition and development

Acquired computer software licenses are amortised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software are amortised 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.

Costs associated with maintaining computer software are expensed when incurred.

Costs associated with the development and maintenance of our 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. 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 expensed in the surplus or deficit.

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

Acquired/ developed computer software	5 years	20%
---------------------------------------	---------	-----

CREDITORS AND OTHER PAYABLES

Short term payables are recorded at the amount payable.

EMPLOYEE BENEFITS

Employee entitlements that NZ On Air expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

We recognise 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 we anticipate it will be used by staff to cover those future absences.

FUNDING LIABILITIES

We recognise a liability for funding expenditure when all the following conditions have been met:

- The expenditure has been formally approved.
- The funding recipient has been advised.
- There are no substantive contractual conditions for the funding recipient to fulfil.
- It is probable (more likely than not) that the funded proposal will be completed and that our commitments will crystallise.

At 30 June forecast, funding liabilities in the statement of financial position include both contracted liabilities and uncontracted liabilities that have no substantive contractual conditions unfulfilled. The amount recorded for the uncontracted liability is the amount approved by the Board.

GOODS AND SERVICES TAX (GST)

All items in the financial statements are presented exclusive of GST, except for receivables and payables in the statement of financial position, which are presented on a GST-inclusive basis.

The net amount of GST-recoverable from or payable to the Inland Revenue Department, is included as part of receivables or payables as appropriate.

Commitments and contingencies are disclosed exclusive of GST.

INCOME TAX

NZ On Air is exempt from the payment of income tax in accordance with s51 Broadcasting Act 1989 therefore no charge for income tax has been provided for.

CONTINGENT ASSETS AND CONTINGENT LIABILITIES

A contingent liability is disclosed where funding expenditure has been approved by the Board, but that expenditure is uncontracted, and has substantive conditions unfulfilled at 30 June. At the point the substantive conditions are fulfilled, the contingent liability is removed and the value is recorded as expenditure and as a liability in the financial statements.

A contingent liability is also disclosed where there is a possible obligation or present obligation that may, but probably will not, require an outflow of resources.

A contingent asset is disclosed where the inflow of an economic benefit is probable, but not virtually certain.

COMMITMENTS

Future expenses and liabilities incurred on contracts that have been entered into at balance date are disclosed as commitments to the extent that they are equally unperformed obligations. Commitments relating to employment contracts are not disclosed.

COST ALLOCATION POLICY

All expenditure not used to fund the NZ Media Fund and Development and Support is allocated to administration expenditure.

FINANCIAL INSTRUMENTS

NZ On Air is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term trade payables and trade and other receivables. There are no known significant concentrations of credit risks.

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through profit and loss in which cases the transaction costs are recognised in the statement of comprehensive revenue and expense.

NZ On Air has the following categories of financial assets:

(a) Loans and Receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition they are recorded at the amount due, less an allowance for credit losses. NZ On Air applies the simplified expected credit loss model of recognising lifetime expected credit losses. Gains and losses when the asset is impaired or derecognised are recognised in the statement of comprehensive revenue and expense. Loans and receivables are classified as “trade and other receivables” in the statement of financial position.

(b) Held to Maturity Investments

Held to maturity investments are assets with fixed or determinable payments and fixed maturities that we intend to hold to maturity. After initial recognition interest is subsequently accrued and added to the investment balance. A loss allowance for expected credit losses is recognised if the estimated loss allowance is not trivial.

STATEMENT OF CASH FLOWS

Cash and cash equivalents includes cash in hand and deposits held with banks with original maturities of three months or less.

Operating activities includes cash received from income sources excluding interest, and records the cash payments made for the supply of goods and services, and funding under the NZ Media Fund.

Investing activities are those activities relating to the acquisition and disposal of long-term assets, interest received and other investments not included in cash equivalents.

Financing activities comprise those activities relating to changes in equity.

CHANGES IN ACCOUNTING POLICIES

Accounting policies are changed only if the change is required by a standard or interpretation or otherwise provides more reliable and more relevant information.

COMPARATIVES

When presentation or classification of items in the financial statements is amended or accounting policies are changed voluntarily, comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

RELATED PARTIES

NZ On Air transacts with other Government agencies on an arm's length basis. Any transaction not conducted at arm's-length will be disclosed in our financial statements (annual report).

CONTACT US

HEAD OFFICE

Level 2, 119 Ghuznee St
PO Box 9744
Wellington
New Zealand

T: +64 4 382 9524

E: info@nzonair.govt.nz

W: www.nzonair.govt.nz

AUCKLAND OFFICE

Unit B1, One Beresford Square
Newton, Auckland
New Zealand

