



02

Audited financial
statements

Audited financial statements Te Arotake Pūtea

Statement of responsibility

We are responsible for the preparation of NZ On Air's financial statements and statement of performance, and for the judgements made in them.

We are responsible for any end-of-year performance information provided by NZ On Air 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 reasonable assurance as to the integrity and reliability of financial reporting.

In our opinion, these financial statements and the statement of performance fairly reflect the financial position and operations of NZ On Air for the year ended 30 June 2019.

Signed on behalf of the Board:



Ruth Harley
Chair
27 September 2019



Helen Grattan
Member of Audit & Risk Committee
27 September 2019

Independent Auditor's Report

To the readers of the Broadcasting Commission's financial statements and performance information for the year ended 30 June 2019

The Auditor-General is the auditor of the Broadcasting Commission (known as NZ On Air). The Auditor-General has appointed me, Rehan Badar, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information, of NZ On Air on his behalf.

Opinion

We have audited:

- the financial statements of NZ On Air on pages 26 to 52, that comprise the statement of financial position as at 30 June 2019, the statement of comprehensive revenue and expenses, statement of changes in net assets/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 NZ On Air on pages 55 to 60.

In our opinion:

- the financial statements of NZ On Air on pages 26 to 52:

- present fairly, in all material respects:
 - its financial position as at 30 June 2019; 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 Standards; and
- the performance information on pages 55 to 60:
 - presents fairly, in all material respects, NZ On Air's performance for the year ended 30 June 2019, 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.
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 27 September 2019. 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 audit opinion.

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

The Board is responsible on behalf of NZ On Air 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 NZ On Air for assessing NZ On Air'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 NZ On Air, or there is no realistic alternative but to do so.

The Board's responsibilities arise from the Crown Entities Act 2004, the Broadcasting Act 1989 and the Public Finance Act 1989.

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 NZ On Air'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 NZ On Air'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 NZ On Air'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 NZ On Air'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 NZ On Air 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 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 1 to 91, 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 NZ On Air 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 in our capacity as auditor, we have no relationship with, or interests, in NZ On Air.



Rehan Badar
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

NZ On Air Statement of comprehensive revenue and expense

for the year ended 30 June 2019

	Note	Actual 2019 \$000	Revised Budget 2019 \$000	Original Budget 2019 \$000	Actual 2018 \$000
Revenue					
Crown revenue		146,766	146,766	132,266	132,266
Other revenue	2	2,953	2,230	2,230	2,510
Total revenue		149,719	148,996	134,496	134,776
Operating expenditure					
Administration services	3,4	3,580	4,054	4,054	3,580
Total operating expenditure		3,580	4,054	4,054	3,580
Funding expenditure					
NZ Media Fund					
Scripted		41,791	42,450	40,000	40,170
Factual		44,996	46,960	39,960	41,153
Platform		51,297	51,790	47,140	46,948
Music		3,674	3,900	3,500	3,460
Total NZ Media Fund		141,758	145,100	130,600	131,731
Development and support					
Industry Development		436	400	400	399
Total funding expenditure	5	142,194	145,500	131,000	132,130
Total expenditure		145,774	149,554	135,054	135,710
Net surplus/(deficit) for the year		3,945	(558)	(558)	(934)
Other comprehensive revenue and expense		-	-	-	-
Total comprehensive revenue and expense		3,945	(558)	(558)	(934)

Explanations of major variances against budget are provided in Note 21

The net surplus of \$3,945 compared with the budget deficit of \$(558) is largely due to approved funds unable to be recognised as expenditure until substantive contractual conditions have been met.

The accompanying notes form part of these financial statements

NZ On Air Statement of financial position

as at 30 June 2019

	Note	Actual 2019 \$000	Revised Budget 2019 \$000	Original Budget 2019 \$000	Actual 2018 \$000
Current assets					
Cash and cash equivalents	6	5,175	7,000	7,000	5,668
Investments	7	39,500	32,720	30,000	28,000
Debtors and other receivables - interest		289	150	150	220
Debtors and other receivables - other	8	1,759	150	150	1,869
Total current assets		46,723	40,020	37,300	35,757
Non-current assets					
Property, plant and equipment	9	26	70	70	96
Intangible assets	10	138	149	149	186
Total non-current assets		164	219	219	282
Total assets		46,887	40,239	37,519	36,039
Current liabilities					
Creditors and other payables	11	137	300	300	50
Employee entitlements	12	129	150	150	137
Funding liabilities	13	40,588	39,344	36,624	33,764
Total current liabilities		40,854	39,794	37,074	33,951
Net assets		6,033	445	445	2,088
Equity					
Equity at 30 June		6,033	445	445	2,088
Total Equity		6,033	445	445	2,088

Explanations of major variances against budget are provided in Note 21
The accompanying notes form part of these financial statements

NZ On Air Statement of changes in net assets/equity

for the year ended 30 June 2019

	Actual 2019 \$000	Revised Budget 2019 \$000	Original Budget 2019 \$000	Actual 2018 \$000
Balance at 1 July	2,088	1,003	1,003	3,022
Total comprehensive revenue and expense for the year	3,945	(558)	(558)	(934)
Balance at 30 June	6,033	445	445	2,088

*Explanations of major variances against budget are provided in Note 21
The accompanying notes form part of these financial statements*

NZ On Air Statement of cash flows

for the year ended 30 June 2019

	Note	Actual 2019 \$000	Revised Budget 2019 \$000	Original Budget 2019 \$000	Actual 2018 \$000
<i>Cash flows from operating activities</i>					
Receipts from the Crown		146,766	146,766	132,266	132,266
Receipts from other revenue		776	630	630	976
Interest received		1,875	1,600	1,600	1,698
Payments to funded activities		(135,370)	(143,528)	(131,748)	(129,602)
Payments to suppliers and employees		(3,377)	(4,001)	(4,001)	(3,586)
Net GST		343	(40)	(40)	(215)
Net cash from operating activities	14	11,013	1,427	(1,293)	1,537
<i>Cash flows from investing activities</i>					
Net (payments to)/receipts from investments		(11,500)	(2,720)	-	(1,000)
Purchases of property, plant and equipment		(6)	(40)	(40)	(17)
Purchase of intangible assets		-	(92)	(92)	(40)
Net cash flows from investing activities		(11,506)	(2,852)	(132)	(1,057)
Net (decrease)/increase in cash and cash equivalents		(493)	(1,425)	(1,425)	480
Cash and cash equivalents at 1 July		5,668	8,425	8,425	5,188
Cash and cash equivalents at 30 June		5,175	7,000	7,000	5,668

Explanations of major variances against budget are provided in Note 21
The accompanying notes form part of these financial statements

NZ On Air Notes to the financial statements

1. Statement of accounting policies

for the year ended 30 June 2019

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 financial statements reflect the operations of NZ On Air only and do not incorporate any other entities.

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.

NZ On Air has designated itself as a public benefit entity (PBE) for financial reporting purposes. These financial statements are for the year ended 30 June 2019 and have been approved by the Board on 27 September 2019.

Basis of preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of compliance

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

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

Presentation currency and rounding

These financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

Standard early adopted

In line with the Financial Statements of the Government, NZ On Air has early adopted PBE IFRS 9 Financial Instruments: Recognition and Measurement. Information about the adoption of PBE IFRS 9 is provided in Note 22.

Standards issued and not yet effective and not early adopted

Standards and amendments, issued but not yet effective, that have not been early adopted are:

Amendment to PBE IPSAS 2 Statement of Cash Flows

An amendment to PBE IPSAS 2 Statement of Cash Flows requires entities to provide disclosures that

enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This amendment is effective for annual periods beginning on or after 1 January 2021, with early application permitted. NZ On Air does not intend to early adopt the amendment.

PBE IPSAS 34-38

PBE IPSAS 34-38 replace the existing standards for interests in other entities (PBE IPSAS 6-8). These new standards are effective for annual periods beginning on or after 1 January 2019. NZ On Air will apply these new standards in preparing the 30 June 2020 financial statements. No effect is expected as a result of this change.

PBE IPSAS 41 Financial Instruments

The XRB issued PBE IPSAS 41 Financial Instruments in March 2019. This standard supersedes PBE IFRS 9 Financial Instruments, which was issued

as an interim standard. It is effective for reporting periods beginning on or after 1 January 2022. Although NZ On Air has not assessed the effect of the new standard, it does not expect any significant changes as the requirements are similar to PBE IFRS 9.

PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2021. NZ On Air has not yet determined how application of PBE FRS 48 will affect its statement of performance.

Summary of significant accounting policies

Significant accounting policies are included in the notes to which they relate.

Significant accounting policies that do not relate to a specific note are outlined below.

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. These 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 (s51 Broadcasting Act 1989) therefore no charge for income tax has been provided for.

Budget figures

The original budget figures are derived from the Statement of Performance Expectations as approved by the Board at the beginning of the financial year. The revised budget figures are derived from the revised Statement of Performance Expectations approved by the Board on 1 October 2018 following the Minister of Broadcasting, Communications and Digital Media announcing the allocation of new funding for the 2018/19 financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those we have adopted for the preparation of the financial statements.

Critical accounting estimates and assumptions

In preparing these financial statements we have made estimates and assumptions concerning the future.

These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There are no 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.

Critical judgements in applying our accounting policies

We have exercised the following critical judgements in applying our accounting policies for the period ended 30 June 2019:

- Funding expenditure – refer to Note 5.
- Funding liabilities – refer to Note 13.

2. Revenue

Accounting policy

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

Crown Revenue

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.

Breakdown of other revenue and further information

	Actual 2019 \$000	Actual 2018 \$000
Sales of television programmes and music	1,009	753
Interest revenue	1,944	1,723
Other revenue	-	34
Total other revenue	2,953	2,510

3. Personnel Costs

Accounting policy

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.

Breakdown of personnel costs and further information

	Actual 2019 \$000	Actual 2018 \$000
Salary and wages	2,052	1,959
Kiwisaver employer contributions	83	79
Increase/(decrease) in employee entitlements	(9)	16
Total personnel costs	2,126	2,054

Employee Remuneration

Employee remuneration (salary, bonuses and other benefits such as superannuation) paid or payable during the year was:

	Number of Employees 2019	Number of Employees 2018
\$100,000 – \$109,999	2	2
\$120,000 – \$129,999	-	1
\$140,000 – \$149,999	1	1
\$150,000 – \$159,999	-	1
\$160,000 – \$169,999	2	-
\$170,000 – \$179,999	1	1
\$180,000 – \$189,999	1	1
\$360,000 – \$369,000	1	1

During the year ended 30 June 2019, 1 employee received benefits in relation to cessation of \$2,192 (2018: nil).

Board member remuneration

The Board fees paid or payable during the year were:

	Actual 2019 \$000	Actual 2018 \$000
Miriam Dean – Chair (retired May 2018)	-	37
Dr Ruth Harley – Chair (appointed June 2018)	40	3
Helen Grattan (reappointed May 2019)	19	19
Ian Taylor (retired January 2019)	10	19
John McCay (reappointed May 2019)	19	19
Stuart McLauchlan (appointed August 2017)	17	17
Ross McRobie (retired July 2017)	-	2
Kim Wicksteed (reappointed July 2015)	19	19
Linda Clark (appointed May 2019)	3	-
Philip Broughton (appointed June 2019)	2	-
Total Board fees	129	135

Payment of \$6,250 was made to the independent members of the Audit and Risk Committee during the financial year. (2018:\$9,750).

We held Directors and Officers liability cover during the financial year in respect of the liability or costs of Board members and employees.

4. Other expenses

Accounting policy

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.

Breakdown of other expenses and operating lease commitments

	Actual 2019 \$000	Actual 2018 \$000
Legal, public relations and expert advice	176	237
IT costs	172	147
Research	227	146
Other costs	206	231
Travel and communication	178	267
Board members fees	129	135
Rent	187	188
Depreciation	76	81
Amortisation	48	39
Audit fees - Financial statement audit	55	55
Total administration expenditure	1,454	1,526

Operating leases as lessee

	Actual 2019 \$000	Actual 2018 \$000
Not later than one year	145	111
Later than one year and not later than two years	111	7
Later than two years and not later than five years	107	-
Total non-cancellable operating leases	363	118

Operating lease commitments reflects the Auckland office lease agreement and a 70% share of the Wellington office lease agreement. The Wellington office lease agreement is jointly signed with the Broadcasting Standards Authority (BSA). The balance of 30% is reflected in the BSA financial statements.

5. Funding expenditure

Accounting policy

Funding expenditure is discretionary funding and is where NZ On Air has no obligations to award 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 judgement in applying accounting policies

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.

<i>Total funding expenditure</i>	Actual 2019 \$000	Actual 2018 \$000
Total funding approved	145,603	130,937
Less approved funds not utilised so written back	(658)	(772)
Plus impact of prior year approved funds recognised as expenditure in current year when substantive contractual conditions had been met	199	2,165
Less current year approved funds unable to be recognised as expenditure in current year until substantive contractual conditions have been met (excludes write backs)	(2,950)	(200)
Total funding expenditure	142,194	132,130

Breakdown of funding expenditure and further information

<i>Scripted funding expenditure</i>	Actual 2019 \$000	Actual 2018 \$000
Scripted funding approved	44,502	39,855
<i>Less approved funds not utilised so written back</i>	(210)	(485)
<i>Plus impact of prior year approved funds recognised as expenditure in current year when substantive contractual conditions had been met</i>	199	1,000
<i>Less current year approved funds unable to be recognised as expenditure in current year until substantive contractual conditions have been met (excludes write backs)</i>	(2,700)	(200)
Total Scripted funding expenditure	41,791	40,170
 <i>Factual funding expenditure</i>	 Actual 2019 \$000	 Actual 2018 \$000
Factual funding approved	45,613	41,432
<i>Less approved funds not utilised so written back</i>	(367)	(274)
<i>Plus impact of prior year approved funds recognised as expenditure in current year when substantive contractual conditions had been met</i>	-	(5)
<i>Less current year approved funds unable to be recognised as expenditure in current year until substantive contractual conditions have been met (excludes write backs)</i>	(250)	-
Total Factual funding expenditure	44,996	41,153

<i>Platform funding expenditure</i>	Actual 2019 \$000	Actual 2018 \$000
Radio New Zealand	39,856	35,356
Access and special interest radio	3,091	3,002
Pacific radio	3,430	3,430
HEIHEI	777	-
Captioning & Audio Description	2,950	2,800
NZ On Screen & Audio Culture	1,193	1,193
Total platform funding approved	51,297	45,781
Less approved funds not utilised so written back	-	(3)
Plus impact of prior year approved funds recognised as expenditure in current year when substantive contractual conditions had been met	-	1,170
Total platform funding expenditure	51,297	46,948
<i>Music funding expenditure</i>	Actual 2019 \$000	Actual 2018 \$000
Music funding approved	3,752	3,466
Less approved funds not utilised so written back	(78)	(6)
Total music funding expenditure	3,674	3,460
<i>Development and support funding expenditure</i>	Actual 2019 \$000	Actual 2018 \$000
Development and support funding approved	439	403
Less approved funds not utilised so written back	(3)	(4)
Total development and support funding expenditure	436	399

6. Cash and cash equivalents

Accounting Policy

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

Breakdown of cash and cash equivalents and further information

	Actual 2019 \$000	Actual 2018 \$000
Cash	26	45
Call and short term deposits	5,149	5,623
Total cash and cash equivalents	5,175	5,668

The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value.

7. Investments

Accounting policy

Bank deposits

Investments in bank term deposits are initially measured at the amount invested. 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.

Breakdown of investments and further information

	Actual 2019 \$000	Actual 2018 \$000
Term deposits	39,500	28,000
Total investments	39,500	28,000

The carrying value of term deposits approximates their fair value.

8. Debtors and other receivables – other

Accounting policy

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 have been 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.

Previous accounting policy for impairment of receivables

In the previous year, the allowance for credit losses was based on the incurred credit loss model. An allowance for credit losses was recognised only when there was objective evidence that the amount due would not be fully collected.

Breakdown of debtors and other receivables and further information

	Actual 2019 \$000	Actual 2018 \$000
GST refund	1,500	1,843
Other receivables	259	26
Total debtors and other receivables – other	1,759	1,869

The carrying value of other receivables approximates their fair value. We expect to recover the full amount of our receivables within the next 12 months.

9. Property, plant and equipment

Accounting policy

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 assets 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	20.0%
Furniture and fittings	6 years	16.7%
Leasehold improvements	6 years	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 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. 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.

Capital commitments

There are no capital commitments as at 30 June 2019 (2018: Nil).

Breakdown of property, plant and equipment and further information

Movements for each class of property, plant and equipment are as follows:

	Computer equipment \$000	Furniture & fittings \$000	Office equipment \$000	Leasehold improvements \$000	Total \$000
<i>Cost</i>					
Balance at 1 July 2017	272	109	44	298	723
Additions	17	-	-	-	17
Disposals	(19)	-	-	-	(19)
Balance at 30 June 2018	270	109	44	298	721
Balance at 1 July 2018	270	109	44	298	721
Additions	6	-	-	-	6
Disposals	(8)	-	-	-	(8)
Balance at 30 June 2019	268	109	44	298	719
<i>Accumulated depreciation and impairment losses</i>					
Balance at 1 July 2017	259	73	30	199	561
Depreciation	12	16	5	48	81
Eliminate on disposal	(17)	-	-	-	(17)
Balance at 30 June 2018	254	89	35	247	625
Balance at 1 July 2018	254	89	35	247	625
Depreciation	9	16	3	48	76
Eliminate on disposal	(8)	-	-	-	(8)
Balance at 30 June 2019	255	105	38	295	693
<i>Carrying value</i>					
At 30 June & 1 July 2017	13	36	14	99	162
At 30 June & 1 July 2018	16	20	9	51	96
At 30 June 2019	13	4	6	3	26

10. Intangible assets

Accounting policy

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 computer software	5 years	20%
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Breakdown of intangible assets and further information

Acquired computer software

Cost

	Actual 2019 \$000	Actual 2018 \$000
Balance at 1 July	321	281
Additions	-	40
Balance at 30 June	321	321

Accumulated amortisation and impairment losses

Balance at 1 July	135	96
Amortisation	48	39
Balance at 30 June	183	135

Carrying value

At 1 July	186	185
At 30 June	138	186

11. Creditors and other payables

Accounting policy

Short term payables are recorded at the amount payable.

Breakdown of creditors and other payables and further information

	Actual 2019 \$000	Actual 2018 \$000
PAYE payable	29	26
Accrued expenses	108	24
Total creditors and other payables	137	50

Creditors and other payables are non-interest bearing and are normally settled on less than 30 day terms, therefore the carrying value of creditors and other payables approximates their fair value.

12. Employee entitlements

Accounting policy

Employee benefits

Employee entitlements that we expect 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.

Breakdown of Employee entitlements and further information

	Actual 2019 \$000	Actual 2018 \$000
Accrued salaries and wages	23	22
Annual leave	106	115
Total employee entitlements	129	137

13. Funding liabilities

Accounting policy

Provision

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

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

At 30 June funding liabilities in the balance sheet include both contracted liabilities and liabilities that are uncontracted but have no substantive contractual conditions unfulfilled. The amount recorded for the uncontracted liabilities is the amount approved by the Board.

Breakdown of funding liabilities and further information

The value of our funding liabilities is as follows (all current as all expected to be paid in the next 12 months):

	Actual 2019 \$000	Actual 2018 \$000
Scripted	14,722	11,883
Factual	21,963	18,634
Platform	379	102
Music	3,309	2,885
Development & support	215	260
Total funding liabilities	40,588	33,764

Movements for each class of funding liabilities are as follows:

	Scripted	Factual	Platform	Music	Development & support	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 July 2018	11,883	18,634	102	2,885	260	33,764
Additional provisions made	42,001	45,363	51,297	3,752	439	142,852
Amounts used	(38,952)	(41,667)	(51,020)	(3,250)	(481)	(135,370)
Unused amounts reversed	(210)	(367)	-	(78)	(3)	(658)
Balance at 30 June 2019	14,722	21,963	379	3,309	215	40,588

14. Reconciliation of net surplus/(deficit) to net cash from operating activities

	Actual 2019 \$000	Actual 2018 \$000
Net surplus/(deficit) from operations	3,945	(934)
<i>Add non-cash items:</i>		
Loss on Disposal of Fixed Assets	-	2
Depreciation/amortisation	124	120
Total non-cash items	124	122
<i>Add/(less) movements in working capital items:</i>		
(Increase)/decrease in accounts receivable	(302)	164
(Decrease)/increase in GST payable	343	(215)
(Decrease)/increase in creditors and other payables (incl. employee entitlements)	79	(128)
(Decrease)/Increase in funding liabilities	6,824	2,528
Net movement in working capital items	6,944	2,349
Net cash inflow/(outflow) from operating activities	11,013	1,537

15. Contingent liabilities

At 30 June 2019 we have contingent liabilities totaling \$3.36m (2018: \$0.61m). These are the result of decisions made to fund certain projects. High level agreements have been entered into with providers, but individual projects have not yet been contracted as funding conditions are not yet fulfilled.

16. Related party transactions and key management personnel

Related party transactions

NZ On Air 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 NZ On Air would have adopted in dealing with the party at arm's length in the same circumstances.

Further, transactions with other government agencies (for example, government departments and Crown entities) are not disclosed as related party transactions when they are on normal terms and conditions consistent with the normal operating arrangements between government agencies.

<i>Key management personnel compensation</i>	Actual 2019 \$000	Actual 2018 \$000
Board Members Remuneration	129	135
Full-time equivalent members	0.1	0.1
Leadership Team Remuneration	1,030	1,148
Full-time equivalent members	5	5.75
Total key management personnel compensation	1,159	1,283
Total full time equivalent personnel	5.1	5.85

Board meeting attendance

NZ On Air Board meets 5 times per year plus a planning day, each meeting taking approximately 1 – 1.5 day. Individual pre meeting reading time is additional.

	July 18	Oct 18	Dec 18	March 19	May 19
R Harley	✓	✓	✓	✓	✓
K Wicksteed	✓	✓	✓	✓	✓
I Taylor	-	-	✓	n/a	n/a
H Grattan	✓	✓	✓	✓	✓
J McCay	✓	-	✓	✓	✓
S McLauchlan	-	✓	✓	✓	✓
L Clark	n/a	n/a	n/a	n/a	✓

17. Events after balance date

There were no significant events after balance date.

18. Categories of financial assets and liabilities

The carrying amounts of financial assets and liabilities in each of the PBE IPSAS 29 categories are as follows:

	Actual 2019 \$000	Actual 2018 \$000
<i>Financial assets measured at amortised cost (2018: Loans and receivables)</i>		
Cash and cash equivalents	5,175	5,668
Debtors and other receivables	2,048	2,089
Investments – term deposits	39,500	28,000
Total financial assets measured at amortised cost	46,723	35,757
<i>Financial liabilities measured at amortised cost</i>		
Creditors and other payables	40,854	33,951
Total financial liabilities measured at amortised cost	40,854	33,951

19. Financial instrument risks

Our activities expose us to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. We have a series of policies to manage the risks associated with financial instruments that seek to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature.

Credit risk

Credit risk is the risk that a third party will default on its obligations to us, causing us to incur a loss. Due to the timing of our cash inflows and outflows we invest surplus cash with registered banks. Our treasury policy limits the amount of credit exposure to any one institution.

Our maximum credit exposure for each class of financial instrument is represented by the total carrying value of our cash and cash equivalents (note 6), investments (note 7) and accounts receivable (note 8). There is no collateral held against these financial instruments.

20. Capital management

Our capital is our equity, which comprises accumulated funds. Equity is represented by net assets.

We are subject to the financial management and accountability provisions of the Crown Entities Act 2004, which impose restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities and the use of derivatives.

We have no significant exposure to concentrations of credit risk as we have a small number of debtors and we only invest with registered banks with specified Standard and Poor's or Moody's credit ratings. All investments are held with registered banks with a Standard and Poor's credit rating of A or above.

Our bank deposits and short term investments are spread across five institutions.

Liquidity risk

Liquidity risk is the risk we will encounter difficulty raising funds to meet our commitments as they fall due. We expect to receive 2019/20 Crown funding in equal installments on the first working day of each quarter from July 2019 to June 2020. In addition, at 30 June 2019 we hold call and term deposits that will mature within the 2019/20 financial year totaling \$44.649m (2018: \$33.623m).

We have funding liabilities of \$40.588m at 30 June (2018: \$33.764m). We expect these to be paid by 30 June 2019. Most of these payments will be made on the achievement of milestones or activities whose timing is not specified rather than on contractual dates.

We manage our equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments, and general financial dealings to ensure we effectively achieve our objectives and purpose, whilst remaining a going concern.

21. Explanation of significant variances against budget

In July 2018 the Minister of Broadcasting, Communications and Digital Media announced the allocation of \$14.5m new funding for the 2018/19 financial year. As a result, on 1 October 2018 the Board approved changes to the budget figures on the Statement of Performance Expectations:

		\$000
RNZ	Non-contestable funding	4,500
NZ On Air	Contestable funding	4,000
RNZ-NZ On Air	Joint Innovation fund	6,000
Total		14,500

<i>Statement of comprehensive revenue and expense</i>	Revised Budget 2019 \$000	Original Budget 2019 \$000	Change due to additional funding \$000
Crown revenue	146,766	132,266	14,500
Scripted	42,450	40,000	2,450
Factual	46,960	39,960	7,000
Music	3,900	3,500	400
Platforms	51,970	47,140	4,650
Total NZ Media Fund	145,100	130,600	14,500

<i>Statement of financial position</i>	Revised Budget 2019 \$000	Original Budget 2019 \$000	Change due to additional funding \$000
Investments	32,720	30,000	2,720
Funding liabilities	39,344	36,624	2,720

<i>Statement of cash flows</i>	Revised Budget 2019 \$000	Original Budget 2019 \$000	Change due to additional funding \$000
Receipts from the Crown	146,766	132,266	14,500
Payments to funded activities	(143,528)	(131,748)	(11,780)
Net cash from operating activities	1,427	(1,293)	2,720
Net receipts from investment	(2,720)	-	(2,720)
Net cash flows from investing activities	(2,852)	(132)	(2,720)

Explanations of significant variances against revised budgeted figures in our Statement of Performance Expectations are as follows:

<i>Statement of comprehensive revenue and expense</i>	Actual 2019 \$000	Revised Budget 2019 \$000	Difference \$000	Explanation of significant variances \$'000
Net (deficit)/surplus for the year	3,945	(558)	4,503	Variance relates to: <ul style="list-style-type: none"> Approved funds unable to be recognised as expenditure until substantive conditions have been met \$2,950 Interest revenue and programme royalty revenue being \$723 above budget due to timing of drawdowns of funding commitments and a tight rein on administration costs, keeping these lower than budget, by \$474.
<i>Statement of financial position</i>	Actual 2019 \$000	Revised Budget 2019 \$000	Difference \$000	Explanation of significant variances \$'000
Total assets	46,887	40,239	6,648	Variance relates to: <ul style="list-style-type: none"> Cash and investment balances are \$4,955 higher than budget due to timing of drawdowns of funding commitments. Providers have required drawdowns later than anticipated in the budget, also bringing forward payment of GST on the above funding payments Debtors and other receivables \$1,609 above budget due to high GST debtor at year end reflecting timing of funding payments, as noted above
Total liabilities	40,854	39,794	1,060	Funding liabilities \$1,244 higher than budget due to timing differences as noted above
Equity	6,033	445	5,588	Variance relates to: <ul style="list-style-type: none"> Opening equity \$1,085 higher than budget due to timing differences in the previous year Net (deficit)/surplus for the year \$4,503 higher than budget for the reasons noted above

<i>Statement of cash flows</i>	Actual 2019 \$000	Revised Budget 2019 \$000	Difference \$000	Explanation of significant variances \$'000
Net cash flows from operating activities	11,013	1,427	9,586	Interest and other receipts were higher than budget due to careful management of bank deposits and timing of television revenue, whilst payments to suppliers and employees and funded activities were lower than budget due mainly to timing of drawdowns of funding commitments, resulting in an overall positive variance
Net cash flows from investing activities	(11,506)	(2,852)	(8,654)	Timing of investments maturing and being reinvested meant that the net cash flows in were lower than budget with more funds overall on deposit
Net increase/(decrease) in cash and cash equivalents	(493)	(1,425)	932	Budget figure was based on a high cash balance on call and low deposits. Due to careful cash management, the majority of funds were on deposit at the year end.

22. Adoption of PBE IFRS 9 Financial Instruments

In accordance with the transitional provisions of PBE IFRS 9, NZ On Air has elected not to restate the information for previous years to comply with PBE IFRS 9. Adjustments arising from the adoption of PBE IFRS 9 are recognised in opening equity at 1 July 2018.

Accounting policies have been updated to comply with PBE IFRS 9. The main updates are:

- **Note 8 Receivables:** This policy has been updated to reflect that the impairment of short-term receivables is now determined by applying an expected credit loss model.
- **Note 7 Investments - Term deposits:** This policy has been updated to explain that a loss allowance for expected credit losses is recognised only if the estimated loss allowance is not trivial.

On the date of initial application of PBE IFRS 9, being 1 July 2018, the classification of financial instruments under PBE IPSAS 29 and PBE IFRS 9 is as follows:

The measurement categories for cash at bank and on hand, call and short term deposits, receivables and term deposits change from loans and receivables to amortised cost. Carrying amounts for these financial instruments have not changed between the closing 30 June 2018 and opening 1 July 2018 dates as a result of the transition to PBE IFRS 9.

The measurement categories and carrying amounts for financial liabilities have not changed between the closing 30 June 2018 and opening 1 July 2018 dates as a result of the transition to PBE IFRS 9.

Statement of Performance

for the year ended 30 June 2019

Overview

Our aim and impacts are set out in our strategic framework and funding strategy (Figures 1 and 2 below), delivered through the NZ Media Fund (NZMF). These are activities purchased by the Minister of Broadcasting, Communications and Digital Media under the appropriation Public Broadcasting Services.¹²

The NZMF provides a simple, flexible approach to navigating a dynamic environment. The NZMF has four funding streams. The *Scripted*, *Factual* and *Music* streams are open and contestable. *Platforms* is a closed fund supporting selected entities to provide a wide range of public media content. Each funding stream has an associated annual work programme.

Figure 1: Our Strategic framework against which we develop our activities.



¹² The non-departmental output expense, Public Broadcasting Services, sits within Vote Arts, Culture and Heritage, administered by the Ministry for Culture and Heritage

The NZMF has a single aim: Great New Zealand content is valued and enjoyed by many New Zealand audiences.

Figure 2: Funding strategy summary



Our investment goals are to:

He Hua Kounga

Support quality content – NZ audiences enjoy well-made local content that matters

- Well-made funded content will reflect New Zealand in engaging and informative ways
 - Funded content will be seen to be different to similar local content made without public funding

He Hua Kanorau

Support diverse content – NZ audiences value local content made for a range of communities

- New Zealanders will appreciate local content made for audiences with diverse interests
 - Content creators will have a range of opportunities to make different types of local content

He Hua Kitea

Ensure discoverable content – NZ audiences can find and appreciate local content

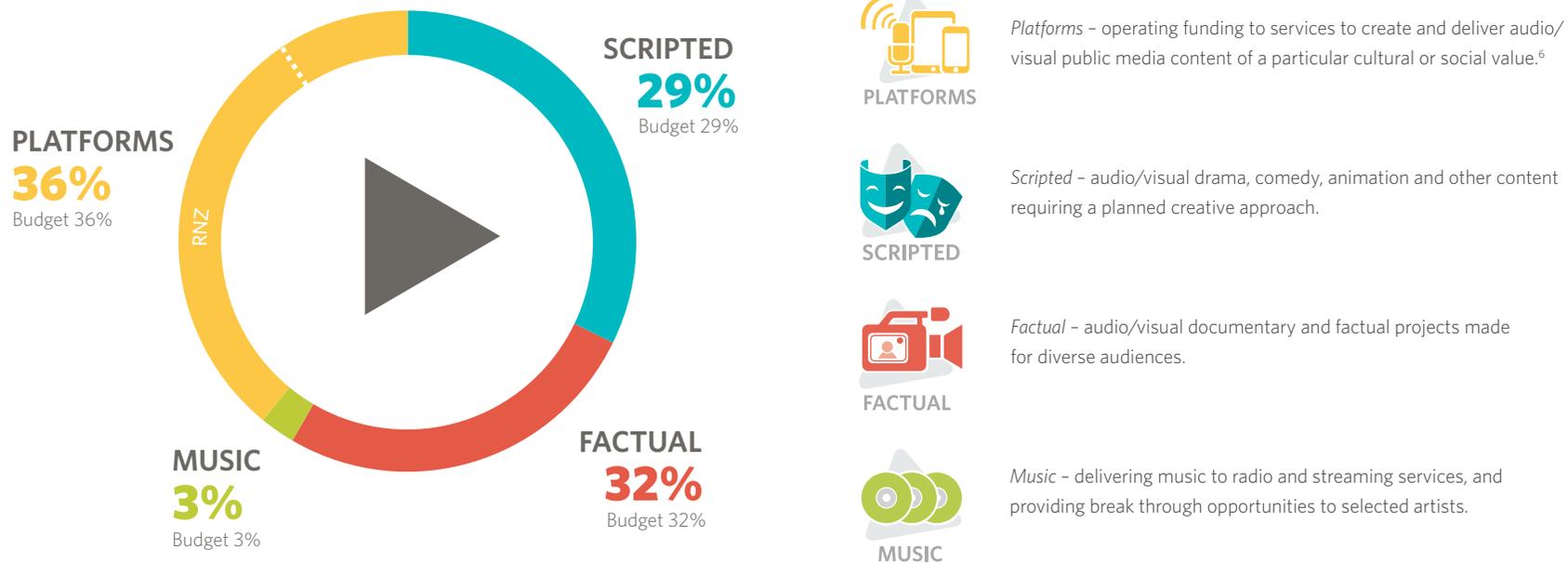
- Funded content will be available and enjoyed by audiences on the platforms they use
 - Funded content will be online and free to watch or listen to at the beginning of its life and at regular points thereafter

Performance information

The statements in this section provide detailed results against targets, budgets and performance measures set out in our Statement of Performance Expectations for the year ending 30 June 2019. NZ On Air has one output, the New Zealand Media Fund, which comprises four funding streams. This is the second year of

reporting under this strategy. As the measures and targets were established before the first full year of reporting was complete, a small number of performance targets have not been met. Where appropriate to provide a better reflection of performance, the measures and targets have been amended in the 2019/20 SPE.

Figure 3: New Zealand Media Fund Summary*



13 Note: Platforms includes \$39.856m funding for RNZ. This amount is set by Ministers and funding administered by NZ On Air. RNZ's detailed end of year performance reporting is presented in the RNZ annual report for the year ended 30 June 2019. We include one significant RNZ measure in the table on page 57.

* Revised SPE budget figures 1 October 2018

Summary of revenue and expenditure

Table 1: Revenue and expenditure

		2018/19 Actual \$000	2018/19 Revised Budget \$000	2018/19 Original Budget \$000	2017/18 Actual \$000
Revenue					
Crown revenue		146,766	146,766	132,266	132,266
Other revenue		2,953	2,230	2,230	2,510
Total revenue		149,719	148,996	134,496	134,776
Output expenses					
	%				
New Zealand Media Fund investments	97.24	141,758	145,100	130,600	131,731
Industry development	0.30	436	400	400	399
Total content funding	97.54	142,194	145,500	131,000	132,130
Administration services	2.46	3,580	4,054	4,054	3,580
Total output expenses	100	145,774	149,554	135,054	135,710

Measuring impact

Table 2 describes how we measured our impacts of Quality Content, Diverse Content and Discoverable Content.

Table 2: Impact Measures

	2018/19 Actual	2018/19 Target	2017/18 Actual	2016/17 Actual
Quality Content – NZ audiences enjoy well-made local content that matters				
New Zealanders believe NZ On Air supports local content important to New Zealanders	81%	75%	74%	Revised measure
New Zealanders aware of our support for content like that content	69%	70%	68%	Revised measure
New Zealanders agree that RNZ provides a valuable service to New Zealand ¹⁴	57%	70%	57%	Revised measure
Completed productions are accepted for broadcast or uploading	99%	99%	100%	99%
Diverse Content – NZ audiences value local content made for a range of communities				
NZ audiences appreciate the diversity of content funded by NZ On Air	75%	75%	73%	New measure
Content in more than 40 languages (including 9 Pacific) is funded	Achieved (49 languages including 9 Pacific)	Achieved	Achieved (51 languages including 9 Pacific)	New measure
Pacific people agree NiuFM and 531pi broadcast culturally relevant content	Biennial measure	Biennial measure	89%	Biennial measure

¹⁴ 57% agree, 6% disagree and the remaining people were neutral or didn't know. The same survey also found that 73% of New Zealanders agree that it is important for New Zealand to have a public service broadcaster.

Source: Colmar Brunton, RNZ Value Indices Report, September 2019. The survey was fully nationwide with a sample of 2054 people aged 18 years and over.

Table 2: Impact Measures continued

	2018/19 Actual	2018/19 Target	2017/18 Actual	2016/17 Actual
Discoverable content – NZ audiences can find and appreciate local content				
NZ Music content on commercial radio meets the target set by the Minister of Broadcasting, Communications and Digital Media and the Radio Broadcasters Association ¹⁵	18.04%	20%	13.94%	14.24%
Percentage of NZ Music content on alternative radio	53.61%	At least 40%	50.73%	45.79%
Percentage of released singles from New Music Projects achieving at least 250,000 ¹⁶ online plays within 12 months ¹⁷	68.6%	50%	66.66%	New measure
Percentage of released singles from New Music Singles achieving at least 50,000 online plays within 12 months	56.0%	50%	70.83%	New measure
Percentage of released singles from New Music Projects achieving at least 750 NZ radio plays within 12 months ¹⁸	28.6%	50%	33.33%	New measure
Percentage of released singles from New Music Singles achieving at least 250 NZ radio plays within 12 months ¹⁹	36.2%	50%	38.88%	New measure
Over 50% of first run ²⁰ funded prime time (6 pm to 10.30 pm) content for TV achieves average audiences of 100,000 or higher (excludes on demand audiences)	60%	More than 50%	58%	New measure
50% of funded digital content will achieve more than 50,000 views in its first 6 months on line ²¹	51.9%	More than 50 %	53%	New measure

15 The full year result is an average across all four quarters. There has been an improving trend since 1 January 2018. We continue to track this closely.

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

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

18 High levels of airplay from individual songs depend on high rotate airplay across a number of NZ radio stations, particularly high rotate commercial radio playlists. Not enough songs reached this threshold in the past year.

19 As above

20 Programmes not previously shown on television

21 This measures funded digital 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.

Measuring activity

Table 3 sets out performance against our investment goals and primary operating strategy: *Consistently apply nine investment principles*. Measures are all subject to our receiving sufficient quality applications.

Table 3: Funding measures

	2018/19 Actual	2018/19 Target	2017/18 Actual	2016/17 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 to maximise flexibility	63%	At least 50%	64%	New measure
Percentage of production funding of the Scripted and Factual streams for targeted audiences including s36(1)(c) ²² of the Broadcasting Act 1989	40%	At least 20%	34%	New measure
Percentage of total funded hours for Scripted and Factual content that is diverse ²³	74%	At least 60%	New measure	New measure
Investments in Platforms (excluding RNZ) are reviewed on a rolling cycle over 5 years to ensure audiences are being well served (more frequently if required)	1 review completed ²⁴	1 review completed	1 review completed ²⁵	New measure
Number of mainstream music applications funded ^{26, 27}	123	At least 130	127	At least 120
Number of niche music applications funded ^{19, 20}	115	At least 90	110	At least 80
The number of average weekly hours of captioning and audio description broadcast will be at least:				
• Captioning	347	300	322	New measure
• Audio description	57	40	53	New measure

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

23 Diverse content is content that showcases the stories and interests of particular NZ cultural and community groups and/or demonstrates a particular innovation of format or style. Measure amended for 2018/19 to funded hours (previously measured funded \$).

24 NZ On Air commissioned a review of Access Radio. The report can be found on our website www.nzonair.govt.nz/research. NZ On Air and access radio stations are reviewing the recommendations for action.

25 NZ On Air commissioned the Sakalia report into the National Pacific Radio Trust in 2017/18.

26 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.

27 The target and results are based on the total number of singles funded. Some applications, particularly projects, are for more than one single.

Table 3: Funding measures

	2018/19 Actual	2018/19 Target	2017/18 Actual	2016/17 Actual
Number of Scripted and Factual hours funded (includes all formats, e.g. television, online, radio)	1,222	At least 1,200	1,497	New measure
The number of hours funded for features promoting NZ Music ²⁸	2,529.5	2,500	2,322	New measure
Number of agreements for streaming NZ music with significant platforms ²⁹	1 agreement	2	1 agreement	New measure

Table 4 sets out core operating measures

Table 4: Operating measures

	2018/19 Actual	2018/19 Target	2017/18 Actual	2016/17 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
% of complete applications received by deadline determined at the next funding round	99%	99%	99.7%	100%
% of funding decisions notified to applicants within 5 working days of decision	99%	99%	100%	100%
% of funding contracts correctly issued within 15 working days once conditions precedent are met	90%	99%	97%	100%
% of funding payments correctly made within 10 working days of receiving a valid invoice once contract conditions are met ³⁰	99%	99%	100%	100%

28 Includes Student Radio Network music features which form part of their larger Platform funded activity. SRN Music Features were previously funded under Music.

29 We continue to work closely with streaming services to promote NZ music placement and profile. Most streaming services do not enter written agreements around this activity, however we ran in-market masterclasses to support local artists in improving their cut-through onto platforms such as Spotify and YouTube this year, with more in the pipeline for 2019/20.

30 We contracted external resource to help cover a period of high workload and training new staff.

Annual organisational health and capability indicators

We are a small entity of 20 staff. We rely on our staff being skilled, multi-functional and adaptable. We value fairness, equity and diversity, have formal good employer and personnel policies, and a commitment to equal employment opportunities.

We measure ourselves against the key elements of the Human Rights Commission's Good Employer framework.

The following tables provide human resource reporting.

Table 5: Staff profile – 100% response rate

	2018/19	2018/19 %	2017/18
Gender			
Female	13	65%	15
Male	7	35%	5
Ethnicity – our staff identify as:*			
Māori	1	5%	1
Pacific Island	2	10%	1
Asian	2	10%	3
Pakeha	17	85%	16
Other	0	0%	0
Age profile	Under 40 yrs 55%; over 40 yrs 45%		
Disability profile	No staff members reported a disability		
Pay Gap Information	Remuneration is based on ability and role size without any bias, including gender or ethnicity. An external strategic pay review was completed in 2019. This showed no anomalies between pay to different genders or ethnicities. Using average pay information, the gender pay gap between male and female pay is -16% (female average higher than male). In 2018 it was 7% (male average higher than female). This fluctuation shows how small changes in staffing can impact statistics for a small organisation. The ethnic pay gap between European males and Pacific females is not publicly reported as small numbers create privacy issues.		

* Totals more than 20/100% as some staff identify with more than one ethnicity

Table 6: Health and capability performance measures

Goal	Measure	2018/19 Actual	2018/19 Target	2017/18 Actual	2016/17 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	5 ³¹	<3	2	2
	Individual staff training needs are assessed annually	100%	100%	100%	100%
	External salary comparisons conducted regularly to ensure staff are paid fairly	68% of positions assessed; other positions benchmarked against external data	Some positions assessed	Next planned for 2018/19	66.7% of positions assessed. Some remuneration adjustments made.
Staff are committed to the agency and its work	Staff engagement surveys conducted at least biennially; we aim to be in the top quartile of the cultural sector	Survey to be conducted in 2019-20	Achieve	Survey conducted in July 2017	Survey conducted in July 2017
Our office environment and equipment are safe and well maintained	Reported safety hazards are attended to promptly, significant hazards are attended to immediately	Achieved	Achieve	Achieved	Achieved
	Zero tolerance of harassment, bullying and discrimination. Immediate investigation if instances are reported	Achieved. No instances	Achieve	Achieved. No instances	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 included in all relevant documents and practices	100%	100%	100%	100%

31 5 staff members left during the year mostly to follow promotions, 3 moving away or overseas. Exit interviews were positive about the employee's experience at NZ On Air.

Leadership, accountability and culture

We have weekly staff meetings supplemented by an annual planning day for all staff to review how effectively NZ On Air is working and to identify improvements. We operate an open door policy, and work across the organisation to identify improvements to systems and processes, encouraging staff to take a lead in their areas of expertise. We encourage a positive and inclusive culture, based on shared values and providing open opportunities for everyone to contribute.

Recruitment, selection and induction

We run impartial and transparent recruitment processes. Vacancies are advertised and individuals are employed on merit, according to skills, knowledge and relevant experience. New staff go through induction so they are familiar with their role, responsibilities and with the office support systems and expectations. We prioritise diverse interview panels. We are committed to a diverse workforce that broadly reflects our audiences.

Employee development, promotion and exit

We have a formal process for assessing performance, involving self-assessments, face to face meetings and feedback, and development plans. Although our size limits promotion

options, it also means all staff need to be multi-functional and adaptable, providing opportunities to develop and broaden skills. During the year, four staff members were involved in the Treasury-led finance professionals' development programme. Other areas of training focus on specific competency needs. Exit interviews are held with results being considered by the Senior Leadership Team.

Flexibility and work design

We provide a flexible work environment where we support employees to balance their work and life. All requests for changes in working hours are considered, taking into account the job size and impact on other positions. Flexible start and end times are available to all staff. All staff have a professional assessment of their workspace when they start, after three years, or when there are substantial changes to their workspace.

Remuneration, recognition and conditions

Remuneration is equitable and gender-neutral. This is regularly tested through external job-sizing exercises, the latest one taking place during the 2018/19 year. We remedy any anomalies found through our annual performance management and remuneration review process. Recognition of performance is both formal and informal, taking

into account overall business performance, affordability, and equity.

Harassment and bullying prevention

We have zero tolerance of bullying, reflected in our policies. We recognise the right of employees to enjoy a workplace free from harassment, bullying and unlawful discrimination. We promote a positive and inclusive working environment.

Safe and healthy environment

NZ On Air takes its responsibility to provide a healthy and safe workplace seriously, supported by monthly meetings of the Health and Safety Team to review risks and actions. We have annual training on health and safety roles and responsibilities. All staff are offered first aid training, with over 50% holding current certificates. An annual Shake-Out event was held in October 2018 to test emergency procedures. Both the Auckland and Wellington offices are equipped with earthquake supplies and equipment as well as comprehensive first aid supplies and an AED. All staff have 'grab and go' earthquake and disaster-preparedness kits. Support is available to staff and their immediate families through the Employee Assistance Programme; regular reminders are given about the availability of this service. Staff are also offered free annual flu vaccinations.

Ministerial Direction Received and Progress Report

As required by section 151(f) of the Crown Entities Act 2004, we report that, on 18 October 2018, we received a Ministerial Direction under section 107 of the Crown Entities Act 2004 from the Ministers of Finance and State Services. This is a Direction to support a whole of government approach to the New Zealand Business Number (NZBN). It sets out the requirements for agencies to implement the NZBN. This updates the previous Ministerial Direction on the whole of government approach to the NZBN.