



KO MĀORI TELEVISION E NGUNGURU NEI HI AU AU AUE HA HI

Pānui Whāinga | Statement of Intent 2005-2006

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Joint Statement By Responsible Ministers, Te Pūtahi Paoho and Māori Television

We are pleased to present the Māori Television Statement of Intent for 2005-06.

This Statement of Intent outlines the path Māori Television will take in just its second year of broadcast. As a new television channel and one that is tasked with revitalising and normalising te reo and tikanga Māori, this second year will see Māori Television consolidate its place within the television landscape of New Zealand and build upon its very positive and successful start in 2004.

Māori Television is one of several key initiatives supporting the Government's Māori Language Strategy. Māori Television has developed this Statement of Intent while mindful of the goals of the strategy and the like objectives of partner organisations Te Puni Kōkiri, Te Taura Whiri i te Reo Māori, and Te Māngai Pāho.

Major outcomes Māori Television has identified for the period 2006-2008 are related to its statutory requirements and to its operating future. Those outcomes are to:

- Significantly contribute to te reo and tikanga Māori being increasingly valued and embraced; and
- Develop an independent national Māori channel that is successful with an assured future.

Māori Television will pursue a range of intermediate outcomes, and supporting strategies, to achieve its major outcomes. Those include continuing to broadcast a range of high quality Māori programmes, broadening the channel's viewer base, building loyal audiences, supporting the growth and capacity of the Māori Television production community, strengthening the capacity and skills of the people of Māori Television, and achieving long term funding certainty.

The launch of Māori Television marked an important milestone in the struggle to secure the survival and continued use of a unique and vital language. It is our view that Māori Television is and will continue to play a key role in the future of te reo Māori.



Wayne Walden

Chairman – Māori Television

15 June, 2005

Pursuant to relevant sections of the Māori Television Service (Te Aratuku Whakaata Irirangi Māori) Act 2003, the responsible Ministers and the Chairman of Te Pūtahi Paoho have accepted this Statement of Intent.



Hone Harawira

Chairman – Te Pūtahi Paoho

14 June, 2005



Hon Parekura Horomia

Minister of Māori Affairs

8 June, 2005



Hon Dr Michael Cullen

Minister of Finance

8 June, 2005

Introduction

The launch of Māori Television on 28 March 2004 heralded a new era of television in New Zealand. Never before has New Zealand had its own national indigenous television channel reflecting the uniqueness of its indigenous culture and the part that culture plays in the New Zealand identity and in our unique place in the world.

Māori Television is a key component of our country's efforts to ensure the survival, revitalisation and normalisation of te reo Māori. Every day Māori Television is beaming stories and images of te ao Māori into the homes of all New Zealanders. Various described as fresh, vibrant, and innovative, Māori Television reflects life in Aotearoa New Zealand. More than two-thirds of our schedule is local content made in New Zealand.

We are committed to providing Māori with the opportunity to see their culture and hear their language on screen, as are we to ensuring that Māori Television is an inclusive broadcaster that has something to offer all New Zealanders.

The Māori population is expected to grow at a faster rate than the total New Zealand population. It is anticipated that, by 2051, the Māori population will have doubled to almost one million people, making up 22 percent of the total population.

This demographic change carries with it huge cultural and social implications. Together as a nation we will create a unique culture within which our common Māori culture and heritage stands strong. For Māori, the two pillars of our culture are te reo and tikanga Māori.

We are committed to operating our business from a tikanga Māori base so that it is a reflection of the value that we place on, and the respect that we give to, the language and culture of all people.

We believe all New Zealanders must have the opportunity to experience te reo and tikanga Māori.

Whilst recognising the many communities that make up our nation, we believe all New Zealanders must have the opportunity to become bilingual and bicultural.

We believe whanau, hapu and iwi in particular, and all communities in general, must strengthen and maintain their reo and tikanga.

We believe television broadcasting can play a major role in the revitalisation of te reo and tikanga Māori.

At Māori Television, we believe we are making a difference.

Mā rātou, mā mātou, mā koutou, mā tātou.

Part 1 – Purpose and Scope

1.0 Purpose and Scope

Māori Television develops a Statement of Intent (SOI) each year to provide Parliament and the public with information about what outcomes we intend to pursue over the next three to five years.

The SOI 2005-06 has undergone significant change from the previous SOI. This is due to Māori Television having taken the opportunity to review its first year of operation and gain a clearer understanding of the unique challenges facing the channel as the first national indigenous broadcaster in New Zealand. As a result, Māori Television has revisited its strategic direction and developed outcomes and strategies that it believes will enable it to overcome those challenges and to achieve its statutory objectives.

This SOI has three components.

Part 1

The first part provides an overview of Māori Television. It also describes the operating environment and the associated strategies and outcomes that we have developed to achieve our objectives.

Part 2

The second part provides the forecast financial statements including a statement of objectives for the 2005-06 financial year.

Part 3

The third part covers additional information relevant to the SOI.

This SOI is pitched at a strategic level. It does not provide details of the outputs that Ministers will purchase from Māori Television. These are covered in Māori Television's annual Output Plan.

1.1 Overview

Māori Television expects to reach its full complement of 170 staff during the 2005-06 year. It is located in Newmarket, Auckland, with a news office in Wellington.

Māori Television is a statutory corporation and was formally established by the Māori Television Service (Te Aratuku Whakaata Irirangi Māori) Act 2003. This Act can be found on our website (www.maoritelevision.com).

Māori Television is funded by the Government in acknowledgement of the Government's commitment to promoting and protecting te reo Māori (Māori language).

1.2 Governance and Shareholders

Māori Television has a Board of seven directors who are responsible for the governance of Māori Television. It also has a Chief Executive who reports to the Board and is responsible for implementing Board decisions and for Māori Television's operations.

Māori Television has two distinct partners who exercise both independent and joint powers.

The Government is one partner, and these interests are represented by the Minister of Māori Affairs and the Minister of Finance. Māori are the other partner and these interests are specifically represented by Te Pūtahi Paoho (the Māori Television Service Electoral College) – an entity which was established by our Act to provide partnership with Ministers. The membership of Te Pūtahi Paoho can be found at our website www.maoritelevision.com.

The following table provides an overview of the powers and functions that the partners exercise together and independent of each other.

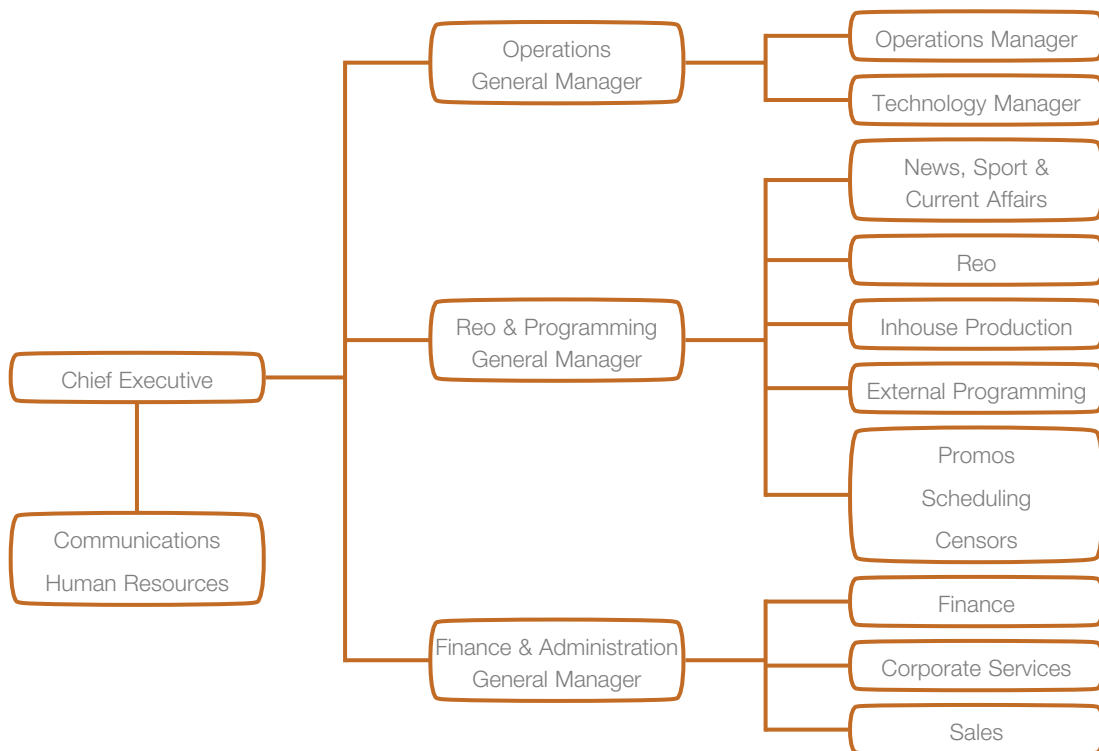
Independent powers	Shared functions
Te Pūtahi Paoho appoints and dismisses four of the seven Board directors.	Ministers and Te Pūtahi Paoho must agree on the SOI.
Responsible Ministers appoint and dismiss three of seven Board directors.	They must agree if they want to direct the Board to amend the SOI.
Responsible Ministers approve Māori Television's Output Agreement.	They must agree if they want to review Māori Television. And they must agree to Māori Television holding shares, taking out loans and establishing subsidiaries.

These functions provide for Ministers and Te Pūtahi Paoho to participate in Māori Television's planning and strategic direction. They also establish Māori Television's dual accountability to Parliament through Ministers and to Māori through Te Pūtahi Paoho.

1.3 Organisational Structure

Management

Māori Television's operations are divided into three departments, each headed by a General Manager, with a Communications & Marketing Manager and a Human Resources Manager reporting directly to the CEO. The following diagram provides an organisational overview of Māori Television, and short descriptions of each department.



Reo & Programming Department

The Reo team is responsible for language (English and Māori) and tikanga. It focuses on translating in-house programming and subtitling, and on ensuring that tikanga is followed and that when people speak Māori they use the language appropriately. The Programming department includes news, current affairs and sport, broadcast scheduling, in-house production, commissioning of external production, acquisitions, contracts and censorship.

Operations Department

The Operations department is responsible for the day to day running of the Māori Television facility, including maintaining broadcasting equipment, transmission, information technology, presentation, programme receipt and storage.

Finance and Administration Department

The Finance and Administration department covers all aspects of financial and contractual management, advertising sales, and general administrative support for Māori Television.

Human Resources

The Human Resources unit ensures that Māori Television is staffed by well-trained people with appropriate levels of expertise and experience.

Communications and Marketing

The Communications and Marketing unit implements all activities that position Māori Television as an inclusive broadcaster that promotes te reo and tikanga Māori to all New Zealanders.

2.0 Operating Environment

The operating environment of Māori Television is shaped by a number of factors in the state sector, the broadcasting industry, the Māori language sector and society. These factors will continue to have a direct effect on the priorities and performance of Māori Television. They also directly influence the outcome that we will continue to pursue.

2.1 Forces and Trends

The most significant forces and trends affecting Māori Television include:

Māori

- Low but now increasing numbers of people fluent in te reo Māori. The Statistics NZ 2001 survey on the Health of the Māori Language found that 58 percent of Māori aged 15 and over could speak 'no more than a few words or phrases' of te reo Māori.
- Positive attitudes among Māori towards revitalisation of te reo Māori.
- An increasing Māori population and the percentage of New Zealanders who identify themselves as Māori.
- An increase in the diversity of the Māori population and a predominantly young Māori population.
- Māori growth as significant contributors to the New Zealand economy.
- Disproportionate unemployment rates and income levels for Māori (Census 2001).
- Low but improving levels of educational participation and high achievement by Māori.

Industry

- A highly competitive market for television audiences – particularly during prime time for children and prime time for general audiences.
- Long-term programme funding uncertainty.
- A labour market shortage of those fluent in te reo Māori with skills in television production and broadcasting.
- The Māori television production community growing its capacity and expertise.
- Rapidly-changing television studio and broadcasting technology.
- An evolving strategy and policy relating to the introduction of digital television.

State Sector

- Increased scrutiny of publicly-funded initiatives for Māori.
- Māori Potential framework focussed on 'Māori Succeeding as Māori'.
- Potential shifts in government policy focus.
- Broad acceptance that te reo and tikanga Māori are integral to New Zealand's national heritage and identity.

It is within this environment that Māori Television faces the challenge to make a difference.

3.0 Strategies & Outcomes

3.1 Vision

Kia mōhio whānuitia ē tē ao, hei pourewa whakapāho kaupapa tūturu ā Māori

To be a world-class indigenous broadcaster.

3.2 Mission

Kī tē whakatū i tetahi pourewa whakātā Māori motuhake, tau, mōmoho, e hanga ana, e pāho ana i nga whakāturanga whai wāhi nui i roto i ngā kaupapa whakaora i ngā tikanga me te reo Māori

To provide an independent, secure and successful Māori television channel broadcasting programmes that make a significant contribution to the revitalisation of tikanga Māori and reo Māori.

3.3 Major Outcomes

Māori Television has two specific long-term objectives:

Significantly contribute to te reo and tikanga Māori being increasingly valued and embraced.

Māori Television is required by statute to enrich New Zealand’s society, culture and heritage by making, commissioning and broadcasting programmes that protect and promote te reo and tikanga Māori. We are also required to ensure that our programmes entertain, inform and educate people.

Māori Television has identified two specific prime time periods each day. These relate to children’s programming and to general audience programming. The beginning of transmission each day at 4pm is dedicated to tamariki programming, of which Māori Television broadcasts a minimum of 10 hours per week. The general audience prime times of 6pm to 8pm are reserved exclusively for Māori programming, with a minimum te reo Māori content of 50%.

Social and anthropological research demonstrates that language is critical to a people’s sense of whom they are and where they stand. Broadcasting is seen as an effective means of ensuring people are exposed to their own language and culture.

This major outcome links directly to the Māori Language Strategy, in particular Goal 2 and Goal 5.

Develop an independent national Māori channel that is successful with an assured future.

Māori Television is a robust, responsive and responsible organisation with accountability and transparency, and prudent and ethical financial management as our foundation business philosophies.

We are committed to the ongoing development of Māori Television as a fiscally responsible, international standard broadcast organisation delivering an innovative, vibrant schedule for viewers.

3.4 Intermediate Outcomes

To achieve the preceding long-term outcomes, Māori Television will pursue seven intermediate outcomes through implementation of associated strategies.

Intermediate Outcome 1: Broadcast a range of high quality Māori programmes

Our challenge is to contribute to the normalisation of te reo Māori through the broadcast of television programmes. We recognise that it is critical that te reo Māori drives the development and production of programmes for broadcast. We will achieve the necessary quality by:

- **Integration of te reo and tikanga Māori**

We will continue to work towards successfully integrating te reo and tikanga Māori with the corporate and programming objectives of Māori Television. Infusing programmes and the way in which we work with tikanga, and ensuring that levels of te reo Māori are appropriate to programming genre and are of the highest quality will contribute to the achievement of this outcome.

Given Māori Television's normalisation role, quality usage of te reo is essential. We will work closely with Te Taura Whiri i te Reo Māori in their role as quality assurance advisor with respect to ensuring highest quality levels of te reo on Māori Television.

Furthermore, Māori Television is establishing a kaumatua advisory group to ensure that the usage of te reo and tikanga Māori both on screen and within the organisation is of the appropriate quality. This group will comprise a range of skills and experience and include kaumatua from both rural and urban Māori communities.

- **Undertake market research to ensure and confirm that our programmes are meeting the expectations of our viewers**

Unlike the majority of mainstream channels, Māori Television has to appeal to a wider audience in terms of age, ethnicity, and socio economic status. A research plan will continue to be implemented to ensure we have a full understanding of our audience and to ensure and confirm that our programmes are meeting the expectations of our viewers.

We are keenly aware that our schedule does not have sufficient signature programming, such as drama or new Māori documentaries, and this is due to funding constraints. We are examining ways in which we can introduce these programmes to our schedule and are hopeful that in time this will be achieved.

By broadcasting a range of high quality Māori programmes, Māori Television will contribute to the efforts of whanau, hapu and iwi in particular, and all communities in general, in strengthening and maintaining the use of te reo and tikanga Māori.

Intermediate Outcome 2: Broaden the viewer base

If Māori Television is to achieve its statutory obligation to normalise te reo Māori and enrich New Zealand's identity, society and culture, then it must continue to broaden its audience and provide programming that offers something for everyone. To this end, Māori Television will implement the following strategies:

- Broadcast a range of quality Māori and indigenous programmes

Māori Television presents the face of New Zealand. We offer the people of New Zealand programmes that reflect life in this country and programmes which give them a window into the world of Māori; an opportunity to have a better understanding of Māori culture, lifestyle, perspective and issues. We will continue to offer programming of this type, as well as programmes of other indigenous cultures not otherwise available in New Zealand.

- Improve programme accessibility

Normalisation of te reo Māori will occur if people are given the opportunity to increase their knowledge and understanding. Given the small percentage of fluent te reo Māori speakers in New Zealand, we must find ways in which to ensure more New Zealanders are able to access and understand our programmes. To this end, we will continue existing and implement new initiatives such as increasing levels of English sub-titling, captioning and sign posting, to meet the needs of our non-fluent viewers.

- Increase viewer reception capability

Māori Television broadcasts terrestrially using UHF frequencies (reaching 82% of the population) and via satellite (reaching 100% of the country). This can and does create reception and tune-in issues for some viewers, particularly those living in rural areas. We will conduct awareness campaigns to ensure all New Zealanders know how to tune in to Māori Television.

We are also committed to continuing to increase free-to-air UHF terrestrial coverage throughout the country. By the end of 2005/06 we will establish two new UHF transmission sites, with a further two sites identified and established in 2006/07.

- Effectively market and advertise programme schedules.

Informing existing and potential viewers is recognised as a key component to promoting programmes and initiatives that will broaden our audience base. We will implement marketing, advertising and publicity strategies that effectively reach, educate, inform and engage current and new audiences.

By implementing these strategies Māori Television will ensure it is enabling all New Zealanders to have the opportunity to become bilingual and bicultural.

Intermediate Outcome 3: Build loyal audiences

Building a loyal and sustainable audience is the key focus of all television broadcasters. It can and does take many years for television channels to establish themselves as part of the television landscape and for viewers to become aware of the programme offerings available to them. We believe that amongst Māori generally we have developed a strong and supportive following. Building on this initial support is our ongoing priority. To this end we will:

- Continue to develop our schedule of programming

We will undertake market research to continue to refine our schedule. Audience preferences, likes and dislikes, programme timing, scheduling consistency, presenter appeal, language and tone all contribute to a successful schedule that will attract audiences and give them reasons to stay.

- Establish appointment viewing

Viewers now have a multitude of choices in television channels. We will build viewer loyalty by creating appointment viewing. We are establishing our season of television in which new programmes will be launched and where those key programmes that most appeal to viewers will be placed. In this way our viewers will be able to become familiar with timeslots, tune in regularly, and become loyal viewers.

Our success in building audience loyalty will also be determined by our creativity and innovation, ensuring te reo is reflected in each programme in a way that draws people in, making sure our range of quality programmes meets the needs of the different audiences, and implementing effective, engaging marketing programmes.

By developing a loyal audience Māori Television can play a major role in the revitalisation of te reo and tikanga Māori.

Target Population

Intermediate outcomes one, two and three are targeted to the following audiences:

- i) Fluent Māori, particularly whanau in their central role as transmitters of te reo Māori to new generations. By broadcasting directly into whanau settings, Māori Television can position te reo as a normal everyday part of life and can provide educational and entertainment opportunities for the delivery and acquisition of the language;
- ii) Non-fluent Māori who are learning the language. Through the use of learning devices and bilingual programming Māori Television can support language learners seeking higher levels of fluency;
- iii) Non-Māori New Zealanders with an interest in te ao Māori. Through our strategy to be an inclusive broadcaster and by broadening our viewer base, Māori Television can play a key role in strengthening recognition of te reo Māori. In order to achieve this recognition, the goodwill and support of the wider New Zealand population is required.

Intermediate Outcome 4: Strengthen the capacity and skills of the people of Māori Television

It is an important function of Māori Television to build capacity and develop a team of exceptional skill who will take a lead role in the future success of Māori Television. Our focus in this area is to:

- Fully develop television craft and technical training skills

We will provide specialist training to develop the television craft and technical skills of our people. We will offer in-house training programmes and on-the-job experience, and external training opportunities utilising acknowledged experts and industry and tertiary partnerships.

- Strengthen the managerial and supervisory skills of Māori Television people

Our succession planning programme includes ongoing training to develop the management and supervisory level skills of existing leaders and those of identified future leaders.

- Grow proficiency and fluency in te reo Māori

We require all Māori Television staff to attend te reo and tikanga Māori classes. These classes are provided on a weekly basis to all staff, and we will continue to actively encourage their education.

Intermediate Outcome 5: Develop a programming strategy that will grow audience share

Our legislation, our vision and our passion and commitment to te reo and tikanga Māori drive the development and production of Māori Television's programmes. We will continue to ensure that, at all times, our programmes are infused with te reo and tikanga Māori from the outset.

Māori Television will commission, produce and acquire programmes that inform, educate and entertain New Zealanders who want te reo and tikanga Māori to be a normal, everyday part of their lives; those who want to learn more about te reo and tikanga Māori so that these play a bigger role in their lives; and those who have minimal knowledge of the Māori world and want to increase their understanding of te reo and tikanga Māori.

Intermediate Outcome 6: Achieve long-term funding certainty

Māori Television's reliance on Government to provide funding creates a high level of uncertainty, particularly in relation to our ability to plan and acquire programming over the longer term. While we are committed to developing revenue streams from advertising sales, we have much to achieve before this can develop to such a degree that funding uncertainty is no longer an issue. To this end we will:

- Work with Te Māngai Pāho to finalise and implement a funding model that provides long term certainty

Māori Television has proposed a funding model designed to alleviate our inability to commit to long-term production and programming strategies, which hamper our long-term planning capability. This model also addresses the matter of the funding cap by re-examining ways in which available funding can more effectively provide for Māori Television's programming needs. It is our aim to finalise this model, and work more closely with, Te Māngai Pāho for implementation during the 2005-06 year.

- Develop revenue streams

We are committed to fully developing the revenue opportunities offered by advertising sales. This is an area that will develop as our programming and marketing strategies are implemented and audience numbers increase. In 2005-06 we are aiming to achieve \$1.0 million in gross advertising revenue and remain confident that this is an area with significant growth potential.

Intermediate Outcome 7: Support the growth and capacity of the Māori production community.

The independent production community is a key supplier to Māori Television and we are committed to ensuring that this sector continues to grow, increase its expertise and capability, and remain viable and successful. To this end we will:

- Develop improved relationships and communication

We will develop and maintain clear, consistent and open communication with Ngā Aho Whakaari and independent producers in order to build cohesive and effective working relationships with them. We believe that through effective communication we will achieve clearer processes, improved delivery, greater creativity and high quality programming.

- Increase production capacity

Māori Television is targeting to produce and/or commission up to 1,000 hours of new, original programming for the 2005/06 year. To achieve this level of output from the limited amount of programme production funding available, we are examining ways to better exploit the cost savings and economies of scale that are possible through the increased use of high volume, low cost studio-based productions. This may require further investment in our studio facility, associated equipment and personnel to increase the capacity for this resource to be used both for our in-house productions and those commissioned from the independent production sector.

- Restructure programme funding levels

As identified above, we are working with Te Māngai Pāho to finalise a funding model that we believe will better meet the needs of both Māori Television and independent producers.

3.5 Accountability and Performance Measurement

A range of specific operational milestones have been developed to monitor progress of the implementation of the key strategies and to provide an effective means of gauging performance measurement.

4.0 Contribution to Government Goals

4.1 Specific Government Goals

Māori Television will contribute to key government goals through:

- i) Strengthening our national identity by enriching and defining New Zealand's identity and society and by promoting our diverse cultural heritage;
- ii) Support of Māori language and broadcasting strategies;
- iii) Growing an inclusive, innovative economy by providing employment opportunities for New Zealanders and by contributing to the nation's productivity and sustainable economic growth;
- iv) Maintaining trust in Government by working in partnerships with communities and by working constructively with Parliament; and
- v) Improving New Zealanders' skills not only by fostering education and training and by enhancing the nation's skills and understanding of reo and tikanga Māori, but also through building on industry and sector training in screen production.

4.2 Alignment with the Māori Language Strategy

Māori Television will advance the Government's Māori Language Strategy by:

- Encouraging all New Zealanders to value and embrace te reo Māori;
- Providing all New Zealanders with access to quality reo Māori programmes;
- Promoting an awareness of current Māori issues;
- Providing all New Zealanders with opportunities to experience Māori language and culture;
- Protecting, promoting and developing te reo and tikanga Māori through programmes that inform, entertain and educate people; and
- Ensuring that our programmes cater for diverse audiences and are as widely accessible to all New Zealanders as possible.

The Government's Māori Language Strategy can be found at www.tpk.govt.nz.

The Te Taura Whiri I Te Reo Māori (Māori Language Commission) language strategy can be found at www.tetaurawhiri.govt.nz.

5.0 Capability

Māori Television's capability includes:

- Our people – first and foremost;
- Our resources including our studio and other production facilities;
- The production and programming capabilities developed during our first year of operation; and
- The systems, policies and procedures we have in place to manage our business.

5.1 Key Capability Issues

The key capability issues for Māori Television are:

- i) More people with technical production and post-production skills and especially those with te reo Māori proficiency. There is an industry-wide shortage of suitably qualified people with these skills, and we need to create an environment that will attract them to us;
- ii) Independent production community development; and
- iii) Funding uncertainty.

5.2 Strengthening Capability

In order to strengthen our capability, we intend to develop and progressively implement the following over the next three years:

- i) A human resource strategy and related training programmes to meet our current and medium-term people needs;
- ii) Improved alignment with Te Māngai Pāho, Ngā Aho Whakaari and the production community; and
- iii) Funding certainty.

6.0 Priorities for 2005/2006

Our priorities for 2005/2006 relate specifically to:

- i) Consolidation of the rapid organisational development of Māori Television;
- ii) Successfully integrating the corporate objectives of Māori Television into our reo and tikanga Māori outcomes;
- iii) Implementation of Quality Assurance processes to maintain the integrity of te reo and tikanga Māori being broadcast;
- iv) Strengthening the skill level of Māori Television staff in television craft, reo proficiency and supervisory/management skills; and
- v) Strengthening relationships with key stakeholder groups.

Part 2 – Forecast Financial Statements

7.0 Statement of Forecast Service Performance

7.1 Non-Departmental Output Class

Māori Television receives operational funding from Vote: Māori Affairs. The description of the output class through which Māori Television receives operational funding is as follows:

- The Minister of Māori Affairs will purchase this class of outputs from the Māori Television Service to:
 - Promote Māori Television broadcasting;
 - Enable the Māori Television Service to meet its statutory functions, including the promotion of te reo Māori me nga tikanga Māori through the provision of a high quality, cost effective Māori television service, in both Māori and English, that informs, educates and entertains a broad viewing audience and, in so doing, enriches New Zealand's society, culture and heritage;
 - Pursue the outcomes in its 2005/06 Statement of Intent;
 - Support the operational costs of the Māori Television Service, and
 - Broadcast and produce programmes to be broadcast on Māori Television.
- Performance measures for this class of outputs will be included in the following document:
 - The Māori Television Service 2005/06 Output Plan.

Outputs will be provided within the appropriated sum of \$12.980 million (incl GST).

Māori Television will deliver two outputs through this output class. A description, the cost and performance measures for each output are described below:

Output 1 – Television Service Operations

Description	Performance Measures
To support the operational costs of Māori Television so that it can meet its statutory functions.	<p>Quantity</p> <p>Broadcast, on average, 7 hours of programmes a day – 3 hours of which will be original programmes.</p> <p>Broadcast programmes in te reo Māori, more than 50% of the time, during general prime-time hours of between 6.00pm to 8.00pm, Monday to Friday.</p> <p>Broadcast at least 5 hours of programmes per week for tamariki who are participating in reo Māori immersion and education. This programming will be at least 50% in te reo Māori.</p> <p>Broadcast at least 5 hours of education programmes per week for people who are learning te reo Māori.</p> <p>Quality</p> <p>Two six monthly reviews by Te Taura Whiri i Te Reo Māori (Māori Language Commission) confirm that a selection of programmes broadcast during the general prime-time meet its quality indicators framework.</p>
	Cost \$9.7 MILLION (excl GST)

Output 2 – Transmission Coverage

Description	Performance Measures
Provide broadcast services that are technically available throughout New Zealand and are accessible to as many people as is reasonably and economically possible.	<p>Quantity</p> <p>Transmit an average of not less than 7 hours per day capable of reception on a free-to-air basis throughout New Zealand.</p> <p>Maintain the existing free-to-air terrestrial transmission coverage to at least 82% of New Zealand’s population.</p> <p>Provide satellite transmission coverage throughout as much of New Zealand as is technically and economically feasible.</p>
	Cost \$2.3 MILLION (excl GST)

7.2 Funding

Projected Funding from Vote Māori Affairs:

	2005/2006	2006/2007	2007/2008
GST exclusive	\$11.538m	\$11.538m	\$11.538m
GST inclusive	\$12.980m	\$12.980m	\$12.980m

Projected Funding (Direct) from Te Māngai Pāho:

	2005/2006	2006/2007	2007/2008
GST exclusive	\$16.120m	\$16.527m	\$16.788m

Projected Funding (Indirect) from Te Māngai Pāho:

	2005/2006	2006/2007	2007/2008
GST exclusive	\$14.000m	\$14.000m	\$14.000m

Projected Funding from Vote Culture and Heritage:

Nil

Projected Other Revenue (including advertising and sponsorship):

GST exclusive	2005/2006	2006/2007	2007/2008
Interest Earned	\$0.045m	\$0.045m	\$0.045m
Net Income from Advertising	\$0.846m	\$1.049m	\$1.427m

7.3 Statement of Financial Position

	Year to June 2006 (\$m)	Year to June 2007 (\$m)	Year to June 2008 (\$m)
Public Equity			
Opening Equity	13.285	13.679	14.076
Add Surplus/ Deficit	0.394	0.397	0.428
Closing equity 30 June	13.679	14.076	14.504
Represented by:			
Current Assets			
Cash Bank & Short Term Deposits	2.545	3.728	6.295
Programme Rights	2.522	2.522	2.522
Receivables & Other Current Assets	1.043	1.047	1.078
Total Current Assets	6.110	7.297	9.895
Property Plant & Equipment (at Book Value)	10.685	8.636	6.474
Total Assets	16.795	15.933	16.369
Current Liabilities	1.616	1.857	1.865
Term Liabilities	1.500	0.000	0.000
Net Assets Employed	13.679	14.076	14.504

The above figures are GST exclusive

7.4 Statement of Financial Performance

	Year to June 2006 (\$m)	Year to June 2007 (\$m)	Year to June 2008 (\$m)
Television Operations			
Income			
Crown appropriation	11.538	11.538	11.538
Advertising revenue	0.846	1.049	1.427
Total income	12.384	12.587	12.965
Deduct expenditure			
Operational	10.773	11.061	11.379
Surplus from Television Operations	1.611	1.526	1.586
Programme Production & Acquisition			
Income			
Programme funding	16.120	16.527	16.788
Deduct expenditure			
Programme production & acquisition	17.265	17.701	17.991
Surplus/-Deficit from Programming	-1.145	-1.174	-1.203
Interest			
Interest earned	0.045	0.045	0.045
Interest expense	-0.117	0.000	0.000
Deficit from Interest	-0.072	0.045	0.045
Surplus for the period	0.394	0.397	0.428

The above figures are GST exclusive

7.5 Statement of Cash Flow

	Year to June 2006 (\$m)	Year to June 2007 (\$m)	Year to June 2008 (\$m)
Cash Flows from Operating Activities			
Cash was provided from –			
Crown Appropriation	12.980	12.980	12.980
Other Income	0.881	1.175	1.570
Production Funding	18.135	18.592	18.886
Cash was disbursed to –			
Payments to Suppliers	-29.362	-29.584	-30.389
Net Cash Flows from Operating Activities	2.634	3.163	3.047
Cash Flows from Investing Activities			
Cash was disbursed to -			
Purchase of Property Plant & Equipment	-1.792	-0.480	-0.480
Net Cash Flows from Investing Activities	-1.792	-0.480	-0.480
Cash Flows from Financing Activities			
Cash was provided from -			
Borrowings	0	0	0
Cash was disbursed to -			
Repayment of Borrowings	-0.500	-1.500	0.000
Net Cash Flows from Investing Activities	-0.500	-1.500	0.000
Net Increase/Decrease in Cash Held	0.342	1.183	2.567
Opening Cash	2.203	2.545	3.728
Closing Cash at 30 June	2.545	3.728	6.295

The above figures are GST inclusive where appropriate

7.6 Statement of Commitments and Contingent Liabilities

Statement of Commitments

Māori Television has committed to a lease of premises at 9-15 Davis Crescent, Newmarket, Auckland. The term of the lease is for nine years with an initial rental of \$477,000 per annum including car parking but excluding operating expenses.

Westpac Loan Facility

Available facility as at 1 July 2005 is \$6.457m reducing by \$803,000 per quarter with an available facility of \$3.245m by 30 June 2006. Projected facility utilised to 1 July 2005 is \$2.0m reducing to \$1.5m by 30 June 2006 and nil by 30 June 2007.

Statement of Contingent Liabilities

At this point in time Māori Television does not have any contingent liabilities.

7.7 Statement of Accounting Policies

The following accounting policies materially affect the measurement of financial performance, financial position and cash flows and have been applied.

Reporting Entity

Māori Television is a statutory corporation established under the Māori Television Service Act 2003.

Forecast Financial Statements

The forecast financial statements are those approved by the Board at the beginning of the financial year. The forecasts have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by Māori Television for the preparation of financial statements.

Measurement Base

The financial statements have been prepared on an historical cost basis.

Accounts Receivable

Accounts receivable are shown at their estimated net realisable value after allowing for doubtful debts.

Fixed Assets, Depreciation and Intangibles

Property, plant and equipment are stated at historical cost less accumulated depreciation. The provision for depreciation is calculated on a straight line basis to allocate the cost of the assets by equal instalments to an estimated residual value at the end of the economic life of the asset. Important depreciation periods are:

Computer equipment	3 years
Office equipment	3-10 years
Studio equipment	5 years
Studio fitout	10-80 years
Building soft fitout	5-12 years
Artworks	200 years

Intangibles are initially recorded at cost less amount amortised.

Programme Rights, Inventories, Frequencies and Development

■ Frequency Licenses

The cost of acquiring frequency licenses are amortised on a straight line basis over the period for the licenses, typically 20 years.

■ Research and Development Costs

Research expenditure is expensed in the period incurred. Development costs are deferred where there is a clear future benefit to which those costs are related. Deferred development costs are amortised over future periods in relation to expected future benefits.

Programme rights are recorded as follows:

- i) Programmes produced by Māori Television, either completed or still in production, are recorded at their direct cost to Māori Television. These costs less amounts amortised or written off are accounted for as programme inventory.
- ii) Programme licenses acquired on programmes commissioned by Māori Television and made by independent production houses, but for which Māori Television has not incurred any direct cost, are valued at an average cost per hour based on the average cost per hour of acquired programmes. These values less amounts amortised or written off are accounted for as programme inventory.
- iii) Programme licenses acquired are recorded at their direct cost to Māori Television. These costs less amounts amortised or written off are accounted for as programme inventory.

Programme inventories are amortised on the following basis:

- i) Programmes produced by Māori Television are expensed on a systematic basis depending on the nature of the programme and within a period not exceeding three years.
- ii) Programme licenses on programmes commissioned by Māori Television are expensed on a systematic basis depending on the term of the license and the number of plays acquired, to a maximum of three plays.
- iii) Programme licenses acquired from other programmes are expensed on a systematic basis depending on the term of the license and the number of plays acquired, to a maximum of three plays.

Leases

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are included in the Statement of Financial Performance in equal amounts over the leased term.

Foreign Currencies

Transactions denominated in a foreign currency are converted at the exchange rate ruling at the date of the transaction except where forward currency contracts have been taken out to cover specific foreign currency contracts. Where forward foreign currency contracts have been taken out, the transaction is converted at the rate specified in the contract.

At balance date foreign currency monetary assets and liabilities are converted at closing exchange rates and exchange variations arising from these transaction items are included in the Statement of Financial Performance as operating items.

Foreign Exchange Contracts

Foreign exchange contracts taken out as a general hedge are revalued on a monthly basis with any gain or loss included in the Statement of Financial Performance as an operating item. The cost of foreign currency options are expensed on payment and the market value is included in the Statement of Financial Performance until exercise date.

Foreign exchange contracts taken out to hedge future transactions are accounted for in the period the transaction occurs. Premiums paid for interest rate options are amortised over the period until exercise date. Where interest swap agreements are used, the differential to be paid or received is accrued as interest rates fluctuate. The differential forms part of the interest expense in the Statement of Financial Performance.

Employee Entitlements

Provision is made in respect of liability for annual leave. Annual leave and other entitlements that are expected to be settled within 12 months of reporting date are measured at nominal values on an actual entitlement basis at current rates of pay. Currently there is no provision in our employment contracts for long service leave or retirement leave.

Goods and Service Tax (GST)

The financial statements are prepared on a GST exclusive basis, except where stated otherwise.

Broadcasting Services

The allocation of funds to broadcasting services is treated as expenditures when the allocation is approved and committed against the current year's income and includes funds approved but not paid out at the year end.

Cash and Bank, and Short Term Deposits

These investments are recorded at cost.

Revenue

Crown revenue is recognised as revenue when earned. Other revenue is recognised on an accruals basis in the Statement of Financial Performance.

Financial Instruments

Māori Television is party to financial instrument arrangements including cash and bank, short term deposits and accounts receivable as part of its everyday operations, which are recognised in the Statement of Financial Position. Revenue and expenditure in relation to all financial instruments are recognised in the Statement of Financial Performance. Except for those items covered by separate accounting policy all financial instruments are shown by estimated fair value.

7.8 Statement of Cash Flows

- **Cash** means cash balances on hand, held in bank accounts and on-demand deposits.
- **Operating activities** include cash received from all income sources of Māori Television and records the cash payments made for the supply of goods and services.
- **Investing activities** are those activities relating to the acquisition and disposal of fixed assets.
- **Financing activities** are those activities related to the change in debt structure.

Commitments

The allocation of funds against future years' income is recorded in the Statement of Commitments. Other future payments are also disclosed as commitments at the point a contractual obligation arises, to the extent they are equally unperformed obligations.

Contingent Liabilities

Contingent liabilities are disclosed in the Statement of Contingent Liabilities at the point at which the contingency is evident.

Changes in Accounting Policies

We have adopted the following taxation policy since receiving exemption from Income Tax:

Taxation

Māori Television is exempt from Income Tax and therefore no provision has been made in the financial statements for Income Tax.

Part 3 – Additional Information

8.0 Additional Information

8.1 Statutory Functions

Māori Television is formally established under the Māori Television Service (Te Aratuku Whakaata Irirangi Māori) Act 2003. The functions of Māori Television as described in Section 8 of the Māori Television Service Act are:

- i) The principle function of Māori Television is to promote te reo Māori me ngā tikanga Māori through the provision of a high quality, cost-effective Māori television service, in both Māori and English, that informs, educates, and entertains a broad viewing audience, and, in doing so, enriches New Zealand's society, culture and heritage.
- ii) Māori Television must also:
 - a) Ensure that during prime times it broadcasts mainly in te reo Māori;
 - b) Ensure that at other times it broadcasts a substantial proportion of its programmes in te reo Māori;
 - c) Ensure that, in its programming, Māori Television has regard to the needs and preferences of:
 - Children participating in te reo Māori immersion education; and
 - All persons learning te reo Māori.
 - d) Provide broadcast services that are technically available throughout New Zealand and practicably accessible to as many people as is reasonably possible.
- iii) Māori Television may undertake other functions consistent with the purposes of the Act, including (without limitation) fostering development of the broadcasting capacity of Māori Television through appropriate training and education.

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