

Te Aratuku Whakaata Irirangi Māori
Māori Television Service

Pānui Whāinga Statement of Intent 2018-2021

MĀORI
TELEVISION



TE REO

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Acceptance of the Statement of Intent 2018-2021

This Statement of Intent has been prepared in accordance with the Māori Television Service (Te Aratuku Whakaata Irirangi Māori) Act 2003, covering the period from 1 July 2018 to 30 June 2021.

Pursuant to relevant sections of the Māori Television Service (Te Aratuku Whakaata Irirangi Māori) Act 2003, the responsible Ministers and the Co-chairs of Te Mātāwai have accepted this Statement of Intent.



Te Waihoroi Shortland
Co-chair Te Mātāwai
Date: 28 June 2018



Dr Mereana Selby
Co-chair Te Mātāwai
Date: 28 June 2018



Hon Nanaia Mahuta
Minister for Māori Development
Date: 28 June 2018



Hon Grant Robertson
Minister of Finance
Date: 28 June 2018

Presented to the House of Representatives pursuant to section 31(6) of the Māori Television Service (Te Aratuku Whakaata Irirangi Māori) Act 2003.

Chairman's Overview

In accordance with Section 26(1)(a) of the Māori Television Service (Te Aratuku Irirangi Whakaata Māori) Act 2003, I am pleased to present the Statement of Intent 2018-2021 for Māori Television.

This Statement of Intent sets out how we will go about our work in pursuit of our vision of connecting the world to Te Ao Māori and our commitment to contribute to the revitalisation of te reo me ngā tikanga Māori.

Māori Television supports the shared vision of Te Mātāwai and the Crown for te reo Māori – kia mauriora te reo. We see clear synergies between Maihi Māori, Maihi Karauna and the contribution that Māori Television can make towards these strategies: a focus on tamariki and rangatahi, the ability to take te reo Māori into the homes of New Zealanders, and providing a broadcast platform to support intergenerational transmission.

Working collaboratively with key Maihi Karauna entities – Te Māngai Pāho, Te Taura Whiri i te Reo Māori and Te Puni Kōkiri will be a continued focus in order that we collectively contribute to initiatives to revitalise te reo Māori.

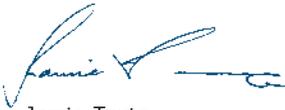
As we face significant change and disruption across the media and broadcasting landscape we will be embarking on an important strategic shift aimed at repositioning the organisation in this competitive dynamic digital media environment. The decline in linear viewing and rise of online consumption requires the organisation to focus our limited resources on a multi-platform offering to support the delivery of content that meets our statutory requirements and needs of our audiences.

Our new strategy will be audience-led with a focus on our brand, ensuring audiences are entertained and experience quality te reo Māori content and stories from a Māori perspective – where and when our audiences want. Our ability to evolve our approach to ensure content and distribution platforms best meet the needs of our audiences is pivotal to our future growth. Our audience-led content strategy will drive greater rangatahi engagement, further develop partnerships and collaboration with like-minded media organisations and realign the organisation to better reflect audience and industry challenges and opportunities.

This strategic shift will provide an opportunity for Māori Television to demonstrate the value we bring to the New Zealand media sector and ensure that the taonga of Māori language and culture is available to all New Zealanders.

Strengthening our financial position remains a challenge and we look forward to exploring, with Government, options to ensure our longer term sustainability. As we reposition the organisation we will review our intervention model to look at how we contribute to, actively engage in, and measure the effectiveness of, broadcasting investments that encourage intergenerational transmission of te reo Māori alongside other Maihi Karauna entities.

Fulfilling the ambitions outlined in this Statement of Intent and adapting the business to changing market conditions, competition and audience behaviours will, without a doubt, be a strong test of Māori Television's capabilities. We look forward to the challenges and the opportunities that the next four years will bring, and to delivering on our vision of connecting the world to Te Ao Māori and contributing to the shared vision of Te Mātāwai and the Crown, kia mauriora te reo.



Jamie Tuuta
Chairman

Te Aratuku Whakaata Irirangi Māori
Māori Television Service

Part 1

Contextual Framework

1. About Us

1.1 Establishment of Māori Television

Māori Television is a statutory corporation and was formally established by the Māori Television Service (Te Aratuku Whakaata Irirangi Māori) Act 2003. This Act defines Māori Television's functions.

1.2 Principal Statutory Functions

The principal function of the Māori Television Service, Te Aratuku Whakaata Irirangi Māori, is to contribute to the protection and promotion of te reo Māori me ngā tikanga Māori through the provision, in te reo Māori and English, of a high-quality, cost-effective television service that informs, educates and entertains viewers, and enriches New Zealand's society, culture and heritage.

Under Section 8 of the Māori Television Service (Te Aratuku Whakaata Irirangi Māori) Act 2003 Māori Television is required to:

- broadcast mainly in te reo Māori during prime time and a substantial proportion at other times;
- ensure that programme content has regard to the needs and preferences of: young people; children participating in te reo Māori immersion education; people learning te reo Māori; people whose first language is te reo Māori; and people with a high level of proficiency in te reo Māori;
- provide broadcast services that are technically available throughout New Zealand and practically accessible to as many people as is reasonably possible.

Māori Television may also provide a range of content and services on a range of delivery platforms that contribute to the promotion and protection of te reo Māori.

As set out in Section 27 of the Māori Television Service (Te Aratuku Whakaata Irirangi Māori) Act 2003, the purpose of this Statement of Intent is to promote the accountability of Māori Television by providing contextual information about Māori Television, and the medium term intentions and commitments set by the board for Māori Television.

In addition, the Statement of Intent will identify the key strategic issues facing Māori Television, and how the board will respond to these issues and fulfil its statutory functions. It will also provide a baseline against which Māori Television's performance can be assessed in subsequent years.

2. Strategic Focus

Māori Television has a pivotal role to play in the revitalisation of Māori language and culture. Our vision is connecting the world to Te Ao Māori which will result in the revitalisation of te reo me ngā tikanga Māori.

As a multi-platform broadcaster the organisation has the ability to provide audiences with high quality content where, when and how they want it.

Māori Television's strategy is to provide viewers with entertaining and engaging content from a Māori perspective, and high quality content in te reo Māori across multiple platforms.

Māori Television is currently undergoing a strategic refresh which is aimed at repositioning the organisation for the next three to five years. The strategy will cover the 'ABCD' of media: Audience, Brand, Content and Distribution.

2.1 Alignment Maihi Māori and Maihi Karauna

Māori Television is one of the Crown Māori language entities with responsibilities for the success of Te Whare o te Reo Mauriora, alongside Te Puni Kōkiri, Te Taura Whiri i te Reo Māori and Te Māngai Pāho.

In 2016/17 Māori Television contributed to the development of Maihi Karauna and we look forward to its final confirmation to sit alongside Maihi Māori. Together they will provide an over-arching view of the Māori language revitalisation mandate, and the roles in delivering on it.

Te Mātāwai and the Crown have a shared vision for te reo Māori – kia mauriora te reo – to see te reo Māori as a living language used in daily life (rere); fit for purpose (tika); and a first and shared language (Māori).

Māori Television provides a media platform that can support this kaupapa and goals of nga Maihi including a focus on: young people, speaking te reo Māori in the home, actions that support intergenerational transmission, and more domains for use of te reo in the community.

2.2 Short-term Goals

Over the next 12 months, Māori Television aims to achieve the following goals which contribute to our medium-term objectives:

- 1 redefine our audience-led content strategy;
- 2 evaluate our focus on driving greater rangatahi engagement;
- 3 take a digital first approach to content creation and distribution;
- 4 realign our organisation to better reflect audience and industry challenges and opportunities:
 - pursue partnerships with like-minded media organisations;
 - achieve a high quality multi-platform broadcast of agreed hours in te reo Māori and English;

- review the number of agreed hours of broadcast and the percentage of content in te reo Māori with a view to an increase;
- continue to implement and review our Māori language strategy;
- continue to collaborate, build and strengthen relationships with agencies within Te Whare o te Reo Mauriora – in keeping with the Maihi Karauna and Maihi Māori.

**Note Māori Television is currently undertaking a strategic review. Medium-term goals will be updated in the 2019-2020 Statement of Intent.*

2.3 Multi-platform Approach

Māori Television continues to ensure that our content is available to our audiences via the platform of their choice. Our website is our highest use digital platform, built with responsive design, it is predominantly accessed via mobile devices.

2.4 Key Audience Groups

Māori Television is currently developing new audience personas with a view to producing content that will form the base of an audience growth strategy.

Core Statutory Groups

Under the Māori Television Service (Te Aratuku Whakaata Irirangi Māori) Act 2003 Māori Television is required to ensure its content has regard to the needs of four core groups.

Key Audience	How we will attract and retain them?
Fluent Speakers	We will continue to produce the majority of our content in te reo Māori and provide shows with a high level of fluency and technical excellence. There will be greater focus on fluent entertainment shows. 7,900
Rangatahi	The rangatahi/youth group is particularly important as 50 per cent of the Māori population is under 23 years old. They are also a strong component in our growth personas. Online content will be key to attracting and maintaining this audience.
Tamariki	We will focus on entertaining, fluent content for tamariki/ children by developing a non-commercial digital-first environment both on-line and on-air.
Language Learners	We will continue to provide opportunities for language acquisition for beginners as well as intermediate level learners.

3. Industry Trends, Challenges and Opportunities

Globally, traditional linear television is in decline and the growth in digital viewing continues to increase. This is reflected in the usage of the Māori Television website with 42,000 hours of video viewed so far this year, an increase of 19% on the same time last year.

The ability to evolve our strategies to ensure content and distribution platforms best reflect the needs of our audiences is pivotal to our future growth. This will ensure the taonga of Māori language and culture is available to all New Zealanders.

Māori Television is refreshing its strategic direction over the next three to five years. This will include the realignment of the organisation to better reflect audience need, greater engagement with rangatahi, new partnerships with like-minded organisations, better utilisation of resources, and an audience-led content strategy.

4. Outcomes Framework

Vision	Connecting the world to Te Ao Māori			
Outcome	The revitalisation of te reo Māori me ngā tikanga Māori			
Mission	Protect and promote the Māori language and culture			
Strategies	<p>Providing our viewers with entertaining and engaging content from a Māori perspective – where, when and how audiences want it.</p> <p>Ensuring our viewers experience content in te reo Māori and that the te reo Māori content is of a high quality.</p>			
Short-term strategies	Māori Television is undergoing a strategic refresh which is aimed at repositioning the organisation for the next three to five years. The strategy will cover the 'ABCD' of media: Audience, Brand, Content and Distribution.			
OUTPUT	Total	Māori Television channel	Te Reo channel	Online
Broadcast Hours	7,900	5,700	2,200	Live streaming of special events 1,400 hours of content available on demand
Māori language content - across all broadcast hours (% of spoken content)	70%	51%	95%	Bi-lingual website
Māori language content - Prime Time hours 17:30-23:30 (% of spoken content)	70%	51%	95%	N/A
Māori Language Learning Hours	1,600	1,300		300 hours of content available on demand
Content for young people	1,350	1,050		300 hours of programme content available on demand
Transmission platforms		Freeview terrestrial Freeview satellite Sky	Freeview terrestrial Freeview satellite Sky	Available via online and broadband Available by mobile devices

5. Measuring Success

OUTPUT	Total		Māori Television channel		Te Reo channel		Online	
	2016/17 actual	2016/17 target	2016/17 actual	2016/17 target	2016/17 actual	2016/17 target	2016/17 actual	2016/17 target
Broadcast Hours	8,419	7,900	6,038	5,700	2,382	2,200	Live streaming of special events No specific targets for live streaming 2,113 hours of content available on demand	1,400 hours of content available on demand
Māori language content - across all broadcast hours (% of spoken content)	71%	70%	59%	51%	98%	95%	Bi-lingual website	
Māori language content - Prime Time hours 17:30-23:30 (% of spoken content)	75%	70%	53%	51%	98%	95%	N/A	
Māori Language Learning Hours	1,823	1,600	1,505		1,300		318 hours of content available on demand	300 hours of content available on demand
Content for young people	1,780	1,350	1,458		1,050		323 hours of content available on demand	300 hours of content available on demand
Transmission platforms			Freeview terrestrial Freeview satellite Sky			Available via online and broadband Available via mobile devices		

Te Reo Māori Language Quality Assurance

2016/17 actual	2016/17 target	2018/19 target
4.1	4.0	4.0

An average rating of 4.0 is currently being achieved
(1 = Very poor; 2 = Poor; 3 = Good; 4 = Very good; 5 = Excellent)

Impact of Māori Television on te reo Māori

2016 benchmark	2021 target
11%	15%

Percentage of non-Māori whose understanding of Māori culture and receptivity towards te reo that can be attributed to Māori Television.

2016 benchmark	2021 target
30%	35%

6. Our Operations

6.1 Reporting Stakeholders

Māori Television has two distinct reporting stakeholders, Government and Māori, who exercise both independent and joint powers reflecting the partnership between the Crown and Māori.

- Government interests are: represented by the responsible Ministers who are the Minister for Māori Development and the Minister of Finance.
- Māori interests are: represented by Te Mātāwai, an independent statutory entity established by Te Ture mō Te Reo Māori 2016 – the Māori Language Act 2016.

6.2 Working with Te Mātāwai

Māori Television recognises that Te Mātāwai represents the breadth and depth of Māori knowledge and expertise in Māori language revitalisation nationwide.

Te Mātāwai has a key role in providing direction and oversight of Māori Television in conjunction with the Minister for Māori Development and the Minister of Finance. This includes confirming the Statement of Intent.

Māori Television and Te Mātāwai will communicate at governance level to ensure the two organisations have an open dialogue to achieve our role in te reo Māori revitalisation through a multi-platform broadcast approach.

Together we see this being achieved kanohi ki te kanohi, where both Boards will meet twice a year to discuss strategic developments, and through whakawhitiwhiti korero, the shared exchange of information.

We welcome Te Mātāwai's commitment to facilitate Māori Television being more innovative and audacious in terms of targets, and note its desire to see a more detailed intervention model showing how the Service is contributing to, actively engaging in, and measuring the effectiveness of, broadcasting investments that encourage intergenerational transmission of te reo Māori.

6.3 Governance

Te Ture mō Te Reo Māori 2016 – the Māori Language Act 2016 - repealed the Māori Language Act 1987 and amended the Māori Television Service (Te Aratuku Whakaata Irirangi Māori) Act 2003. The functions and responsibilities of Te Pūtahi Paoho have now been transferred to Te Mātāwai.

The Māori Television Board comprises seven directors who hold responsibility for governance. The board reports to the Minister for Māori Development, the Minister of Finance and Te Mātāwai.

There are two standing committees of the Board - Remuneration Review, and Audit and Risk. A Conflicts Register is maintained for all board members. The board will report any findings in relation to building governance capacity to stakeholders on a quarterly basis.

6.4 Management

The Chief Executive has responsibility for Māori Television's strategic direction and operations and reports to the board. Supporting the Chief Executive are five heads of department with overall responsibility for designated work areas, which are Content, Commercial & Corporate Affairs, Finance and Administration, Operations and Technology (including multi-platform) and People, Language and Culture.

6.5 Strong Financial Management Systems and Controls

Māori Television manages its resources to ensure that we are financially prudent and accountable in our decision making. We will ensure that funding is utilised responsibly and efficiently. The board in conjunction with management will operate with integrity at all times.

Our strategic approach is designed to assist Māori Television to meet its obligations to the service and ensure the organisation remains financially viable, delivers positive cash flows and an adequate return. A strong financial foundation is critical in ensuring that Māori Television will be responsive to new challenges and remain financially sustainable in the future.

As part of the independent Auditor's Report in our latest Annual Report, The Auditor General expressed their opinion on 9 March 2018 that the financial statements of the service comply with generally accepted accounting practices and that the statements have been prepared in accordance with Public Benefit Entity Standards. The performance information fairly reflects the Service's performance for the year ended 30 June 2017, including each class of reportable outputs, being:

- the standards of performance achieved as compared with forecasts;
- the actual revenue and output expenses as compared with forecasts.

All categories will be maintained and a "good" rating achieved.

6.6 Service Reporting

The board is aware of its primary role in relation to the monitoring of Service Reporting and will report performance against milestones on a quarterly compliance basis as per our agreement. We will provide detailed performance progress, along with wider sector progress, audit and financial performance, opportunities and risk reporting on a quarterly basis. Hui will be held following the presentation of our quarterly performance reporting, with the opportunity to discuss the results and our progress towards our strategic objectives.

6.7 Operational Funding

Māori Television receives approximately \$35 million per annum from government funding: 46 per cent (\$16m) is administered by Te Māngai Pāho and 54 per cent (\$19m) is administered by Te Puni Kōkiri for operational activities.

The organisation competes daily for viewers with international and national media organisations. Irrespective of the programme's origin, audiences around the globe increasingly expect high quality content. Māori Television is acutely aware of high production costs that come with producing high quality content.

Māori Television produces and commissions content that is primarily funded by Te Māngai Pāho. In-house content production is funded at an average per hourly rate of \$8,000, while the contestable funding pool has a current average hourly funding rate of \$40,000. By comparison, NZ on Air typically funds content at approximately \$100,000 per hour. High-end content for international streaming platforms (like Netflix) can be as high as \$15 million USD per episode.

For Māori Television to continue to entertain and engage New Zealanders with great stories, from a Māori perspective, ongoing access to adequate government funding remains a significant operational challenge. The organisation's funding has remained static since 2004, with an annual approval and contract negotiation process – limiting the ability for long-term planning with the production community, where contracts average 26 weeks.

Māori Television has identified the quality of programming as a key priority in the strategic refresh, however associated funding will be crucial to addressing this.

6.8 Commercial Revenue

Despite a highly competitive media sales environment and declining linear audience for all broadcasters Māori Television has set itself the ambitious FY 2019 goal of \$1.15m net in third party revenue.

6.9 Capital expenditure

Māori Television invested \$14 million in capital expenditure over the past two financial years. As a result of this investment, there is no capital expenditure planned for the 2018/19 financial year and future capital expenditure will be driven by the strategic refresh programme.

6.10 Marketing

Our marketing goal of normalising te reo Māori use among all New Zealanders requires innovative marketing campaigns with high appeal that creatively promote our content to targeted audiences.

Te Aratuku Whakaata Irirangi Māori
Māori Television Service

Part 2

Forecast Financial Statements

7. Statement of Forecast Service Performance

7.1 Non-Departmental Output Class

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

The Minister for Māori Development will purchase this class of outputs from Māori Television to:

- Enable Māori Television to meet its statutory functions, including to contribute to the promotion and protection of te reo Māori me ngā tikanga through the provision, in te reo Māori and English, of a high-quality, cost-effective television service that informs, educates, and entertains viewers, and enriches New Zealand's society, culture, and heritage;
- Pursue the outcomes in its 2018-2019 Statement of Intent;
- Support the operational costs of Māori Television; and
- Purchase and produce programmes to be broadcast on Māori Television.

Performance measures for this class of outputs will be included in the following document:

- Māori Television 2018-2019 Output Plan.

Outputs will be provided within the appropriated sum of \$19.264 million (exclusive of GST) along with advertising income and other revenue.

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.	Quantity Broadcast a minimum of 7,900 hours of programming for the year. Broadcast programmes will be mainly in te reo Māori.
COST	\$15.020 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.	Quantity Provide free-to-air transmission to at least 87 per cent of New Zealand's population via free-to-air digital terrestrial and to 100 per cent of New Zealand via free-to-air digital satellite.
COST	\$4.244 MILLION (excl GST)

7.2 Funding

(a) Projected Operational Funding from Vote Māori Development:

	2018/2019 (\$m)	2019/2020 (\$m)	2020/2021 (\$m)
Incl GST	22.154	22.154	22.154
Excl GST	19.264	19.264	19.264

(b) Projected Direct Programme Funding:

	2018/2019 (\$m)	2019/2020 (\$m)	2020/2021 (\$m)
Incl GST	18.400	18.400	18.400
Excl GST	16.000	16.000	16.000

This is funding received directly from Te Māngai Pāho under its Direct Programme Funding agreement. Occasionally, New Zealand on Air and others (including Te Māngai Pāho) contribute additional funding to the cost of producing specific programmes broadcast by Māori Television. However, it is not possible to estimate an amount with certainty, and any such additional income is usually matched by additional expenditure of a matching amount.

(c) Projected Indirect Programme Funding:

	2018/2019 (\$m)	2019/2020 (\$m)	2020/2021 (\$m)
Incl GST	18.400	18.400	18.400
Excl GST	16.000	16.000	16.000

This funding is not paid to Māori Television, nor is it confirmed funding. It is an estimate of the amount of funding that Te Māngai Pāho, New Zealand on Air and others may make available and pay to independent television production companies on a contestable basis for the purpose of producing programmes for broadcast by Māori Television.

(d) Projected Revenue (including advertising and sponsorship):

	2018/2019 (\$m)	2019/2020 (\$m)	2020/2021 (\$m)
Advertising & Production Income	1.150	1.550	2.000
Interest Income	0.014	0.025	0.035
TOTAL	1.164	1.575	2.035

7.3 Statement of Projected Financial Position

	2018/2019 (\$m)	2019/2020 (\$m)	2020/2021 (\$m)
PUBLIC EQUITY			
Opening Equity	18.012	15.963	13.807
Add Surplus/Deficit	(2.049)	(2.156)	(2.041)
Closing Equity 30 June	15.963	13.807	11.766
Represented by:			
CURRENT ASSETS			
Cash Bank & Short Term Deposits	1.242	1.260	1.280
Programme Rights	4.422	4.489	4.556
Receivables & Other Current Assets	2.342	2.379	2.413
Total Current Assets	8.006	8.128	8.249
PROPERTY PLANT & EQUIPMENT (at Book Value)	11.341	9.082	6.937
Total Assets	19.348	17.209	15.186
CURRENT LIABILITIES	2.487	2.524	2.562
NON CURRENT LIABILITIES	0.898	0.878	0.858
NET ASSETS EMPLOYED	15.963	13.807	11.766

7.4 Statement of Projected Comprehensive Income

	2018/2019 (\$m)	2019/2020 (\$m)	2020/2021 (\$m)
INCOME			
Crown Appropriation	19.264	19.264	19.264
Programme Funding	16.000	16.000	16.000
Advertising & Production Revenue	1.150	1.550	2.000
Interest Earned	0.134	0.145	0.155
Other Income	0.186	0.008	0.008
Total Income	36.734	36.967	37.427
EXPENDITURE			
Personnel Costs	14.440	14.657	14.890
Depreciation & Amortisation Expense	2.786	2.775	2.760
Finance Costs	0.000	0.000	0.000
Programme Production and Acquisitions	9.097	9.133	9.246
Other Operating Costs	12.460	12.558	12.572
Total Expenditure	38.783	39.123	39.468
Surplus / (Deficit)	(2.049)	(2.156)	(2.041)
Other Comprehensive Income	0.000	0.000	0.000
TOTAL COMPREHENSIVE INCOME	(2.049)	(2.156)	(2.041)
Surplus/(Deficit) Attributable to: Māori Television Service	(2.049)	(2.156)	(2.041)
Total Comprehensive Income Attributable to: Māori Television Service	(2.049)	(2.156)	(2.041)

The above figures are GST exclusive.

7.5 Statement of Projected Cash Flows

	2018/2019 (\$m)	2019/2020 (\$m)	2020/2021 (\$m)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from -			
Crown Appropriation	19.264	19.264	19.264
Other Income	1.470	1.501	1.532
Production Funding	16.000	16.000	16.000
Cash was disbursed to -			
Payments to Suppliers	(35.997)	(36.455)	(36.676)
Net Cash Flows from Operating Activities	0.737	0.310	0.120
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was disbursed to -			
Purchase of Property Plant & Equipment	(0.037)	(0.050)	(0.100)
Net Cash Flows from Investing Activities	(0.037)	(0.050)	(0.100)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net Cash Flows from Financing Activities	0	0	0
NET INCREASE/(DECREASE) IN CASH HELD	0.700	0.260	0.020
Opening cash	0.300	1.000	1.260
CLOSING CASH AT 30 JUNE	1.000	1.260	1.280

The above figures are GST exclusive.

7.6 Statement of Accounting Policies

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

The projected financial statements are for the 3 years ending 30 June 2021.

(a) Reporting Entity

The Māori Television Service is a statutory corporation incorporated in New Zealand under the Māori Television Service Act 2003 and is domiciled in New Zealand.

The purpose of Māori Television is to contribute to the protection and to promote te reo Māori and as such the objective is to provide a service to the public of New Zealand as opposed to that of making a financial return. Accordingly Māori Television has designated itself as a Tier 1 public benefit entity (PBE) for financial reporting purposes.

(b) Statement of Compliance

These financial statements have been prepared in accordance with section 29(2)(a) of the Māori Television Act 2003, which includes the requirement to comply with New Zealand generally accepted accounting practice (“NZ GAAP”).

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

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

(c) Measurement Base

The financial statements have been prepared on an historical cost basis except where derivative financial instruments have been measured at fair value.

(d) Changes in Accounting Policy

There have been no changes in accounting policies during the financial year.

(e) Functional and Presentation Currency

The financial statements are presented in New Zealand dollars, and all values are rounded to the nearest thousand dollars (\$'000). The functional currency of Māori Television is New Zealand dollars.

(f) Forecast Financial Statements

Budget Figures

The budget figures are derived from the Statement of Intent as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with PBE accounting standards, using accounting policies that are consistent with those adopted by Māori Television for the preparation of the financial statements.

(g) Foreign Currencies

Transactions denominated in a foreign currency are converted at the exchange rate ruling at the date of the transaction.

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 surplus or deficit.

(h) Revenue

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

Vote: Māori Development Funding

Māori Television is primarily funded through revenue received from the Crown, which is restricted in its use for the purpose of the Māori Television meeting its objectives as specified in the Statement of Intent and Output Plan. Māori Television considers there are no conditions attached to the funding and it is recognised as revenue at the point of entitlement.

Te Māngai Pāho Production Funding

Māori Television receives funding from Te Māngai Pāho, which is restricted in its use for the purpose of the Māori Television meeting its objectives as specified in the Agreement for Television Production Funding. Māori Television considers there are conditions attached to the funding, and this funding is recognised as revenue when the conditions are satisfied.

Other Production Funding

Production funding from Te Māngai Pāho and others (e.g. NZ On Air) is recognised when earned.

Advertising revenue

The sale of advertising spots provided to third parties on commercial terms are exchange transactions. Advertising revenue is recognised when advertising spots have gone to air.

Interest revenue

Interest revenue is recognised when earned.

(i) Leases

Operating Leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to Māori Television 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 in the surplus or deficit.

(j) Cash and Cash Equivalents

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

(k) Investments

At balance date Māori Television assesses whether there is any objective evidence that an investment is impaired.

Bank deposits

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

After initial recognition investments in bank deposits are measured at amortised cost using the effective interest method.

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

(l) Trade and Other Receivables

Trade and other receivables are measured at fair value.

Impairment of a receivable is established when there is objective evidence that Māori Television will not be able to collect amounts due according to the original terms of the receivable.

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due).

(m) Financial Instruments

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

(n) Intangibles

Software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred. Costs associated with the development of the Māori Television website are capitalised. Costs associated with the maintenance of the Māori Television website are recognised as an expense when incurred.

Programme Rights

All programmes are valued at their cost to Māori Television. Cost being defined as total cost paid by Māori Television not including any Māori Television overheads. Third party contributions for individual programmes are recorded in the Statement of Comprehensive Income as revenue.

Under PBE IPSAS 31, Māori Television recognises the following types of programmes at cost and amortises each programme over its economic useful life:

- Internally produced programmes;

- Commissioned programmes; and
- Acquired programmes produced by third party producers.

An annual impairment assessment is carried out on all intangibles recognised by Māori Television.

(o) Amortisation

The carrying value of an intangible with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

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

Website	2 years
Acquired computer software	3 years

Programme Rights

Programmes which primarily deal with current events, and/or transmitted within a very short-time of their production, and/or are unlikely to be replayed at any future time (e.g. genres such as current affairs, sport, live events) are fully amortised at the time of their first transmission.

Programmes with longer shelf lives, that are intended to be transmitted several times over a number of months or years, are amortised as they are broadcast. The amortisation formula may be varied depending on the specifics of the programme, but the default amortisation policy is based on 60% first play, 20% second play and 20% third play.

(p) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at historical cost less accumulated depreciation or impairment losses. 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:

Office Furniture & Computer Equipment	3 - 12 years
Studio Fitout & Equipment	10 - 20 years
Artworks	27 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(q) Impairment of non-financial assets

Property, plant and equipment and intangibles that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which

the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

(r) Trade and Other Payables

Trade and other payables are measured at fair value.

(s) Employee Entitlements

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

Currently there is no provision in employment contracts for long service leave or retirement leave.

(t) Goods and Services Tax (GST)

All items in the financial statements are presented exclusive of GST, except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

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

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

(u) Statement of Cash Flows

Cash and cash equivalents means cash balances on hand, held in bank accounts, on-demand deposits and term deposits with original maturities of less than three months.

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 property plant and equipment, intangibles and bank deposits greater than three months.

Financing activities are those activities relating to changes in debt or capital structure.

(v) Liquidity Risk - Management of Liquidity Risk

Liquidity risk is the risk that Māori Television will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through and an adequate amount of committed credit facilities. Māori Television aims to maintain flexibility in funding by keeping committed credit lines available.

(w) Capital Management

Māori Television's capital is its equity, which comprised of retained earnings and is represented by net assets.

(x) Interest in Jointly Controlled Entity

The interest in a joint venture entity (Freeview) is accounted for in the financial statements using the equity method of accounting. Under the equity method, Māori Television's share of the results of the joint venture is recognised in the Statement of Comprehensive Income, and the share of movements in reserves is recognised in the Statement of Financial Position.

(y) Critical Accounting Estimates and Assumptions

In preparing these financial statements Māori Television has 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.

Property, plant and equipment useful lives and residual value

At each balance date Māori Television reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires Māori Television to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by Māori Television, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact the depreciation expense recognised in the surplus or deficit, and carrying amount of the asset in the statement of financial position. Māori Television minimise the risk of this estimation uncertainty by:

- physical inspection of assets;
- asset replacement programs;
- review of second hand market prices for similar assets; and
- analysis of prior asset sales.

Programme rights useful lives and residual value

At each balance date Māori Television reviews the values of its programme rights. Assessing the appropriateness of the useful life and residual value estimates of programme rights is based on historical experience and the expected period of use of the programme right. Adjustments to useful lives are made when considered necessary.

Programme Values

Māori Television has exercised its judgement when determining that programmes with value in terms of te reo Māori (Māori language) me ngā tikanga Māori (Māori culture) are retained in the programme library.

When assessing whether the programme should be derecognized from intangible assets, Māori Television considers the following factors:

- The cost price has been fully amortised.
- The broadcast rights period has expired.
- The number of authorised plays has been reached.
- Māori Television has no rights to any future exploitation of the programme for non-broadcast uses.
- Māori Television does not have the right to add the programme to its archive.
- Māori Television had no role in its conception or production, and therefore no intellectual property rights.
- The programme has no future usage in regard to the promotion te reo Māori (Māori language) me ngā tikanga Māori (Māori culture).

When these criteria are satisfied, Māori Television adjusts the cost and accumulated amortisation of the programmes. In these instances, there is no impact on the surplus or deficit, or net book value of intangible assets.



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