

# ANEI MĀTOU

Pūrongo-ā-tau | Annual Report 2004

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## Directory

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### Auditor

Audit New Zealand  
on behalf of The Auditor-General

### Bankers

Westpac Banking Corporation

### Solicitors

Chapman Tripp

### Insurer

NZI and QBE

Hutia te rito o te harakeke

Pull out the centre stalk of the flax bush

Kei hea te kōmako e kō e?

And where will the bellbird drink?

Whakataerangitia. Tirohia ki uta, tirohia ki tai,

Take it to the skies, look to the sea, look to the shore,

Ā, ui mai ki a au, he aha te mea nui o te ao?

Then ask me, what is the most important thing in the world?

Māku e kī atu

I say to you –

He tangata, he tangata, he tangata.

It is people, it is people, it is people



# I TÎMATA MÂTOU I KONEI



## Chairman's Review

*E ngā mana, ē ngā reo, tēna koutou katoa.*

*Tēnei rā te tapae atu nei ki mua i ō koutou aroaro te pūrongo ā tau ā te Poari ō Whakaata Māori, i whakamānuhia nei i te Rātapu, 28 o Poutū-te-rangi, 2004.*

**The 2003-04 year has been an auspicious one for the future of te reo Māori.**

**The launch of Māori Television on Sunday 28 March 2004 represented the establishment of an important cornerstone to contribute to the survival of a language unique to the world. This launch was the culmination of 30 years of lobbying, protest, litigation and negotiation by numerous people committed to saving te reo Māori.**

**It is my pleasure to present the Māori Television Annual Report 2004.**

The year under review commenced some seven weeks after the passing of the Māori Television Service (Te Aratuku Whakaata Irirangi Māori) Act 2003, the legislation that formalised the organisation as a legal entity. It was from this date onwards that the real business of creating a television station could begin. Less than 11 months later Māori Television was launched and a new era of language revitalisation and normalisation, cultural enlightenment and sharing, and indeed of television entertainment began.

Māori Television has placed the Māori language, a language that was until quite recently in real danger of extinction, into the homes of all New Zealanders. It joins the New Zealand television landscape to offer the people of this country programmes and stories about themselves and their unique place in the world. The resulting positive response of Māori and non-Māori has been extremely satisfying.

### **Governance**

The developmental characteristic of the channel is reflected in the priorities of the Board over the period. Fully understanding the greenfield nature of the organisation and determining how it must operate, implementing governance structures to ensure accountability, transparency and performance excellence, and determining strategic direction and policy for a television station responsible for contributing to the normalisation of te reo Māori within the context of television entertainment have been priorities for the Directors.

Public record shows that Māori Television faced its share of issues during the 2003-04 year. However, I am pleased to report that the unified approach of the Board and management ensured focus remained on the most important challenge, which was that of getting to air. Key achievements to ensure a successful launch were:

- **Corporate Framework**  
Systems, policies and procedures have been developed to ensure accountability and transparency, and to enable the organisation to achieve its statutory obligations and meet challenges;
- **Funding**  
Public funding to establish the channel did not provide for the building of an independent broadcasting facility. Successful negotiation with Westpac Bank to provide a loan facility to meet the capital costs of equipment, studio and fit out enabled the completion of construction of the Māori Television facility to schedule and budget;

## Ngā pūtake o te arotake a te Heamana

### Ngā whakatutukitanga o te whakamānutanga angitu:

- Te whakahiato i tētahi mahere rangatōpū pakari ki te whakaatu me te whakarite i te kawenga takohanga me te pūata, kia tutuki ai i ā Whakaata Māori ngā herenga ā ture me te mau pai o ngā matātaki;
- He whakaritenga angitu me Westpac Bank kia āhei atu ki ngā whakaurunga pūtea tārewa kia ea ngā whakararu tahua hautaonga;
- He whakaritenga angitu me Sky TV ki te whakamahi i tētahi o āna auautanga UHF;
- Te whakahiato i tētahi hōtaka auaha, kia taea e Whakaata Māori te whakarahi ake i te hunga e mātakitaki ana;
- Te whakahiato i tētahi parangi e whakaatu angitu mai ana i ngā wawata o Whakaata Māori;
- Kia pūāwai te mahi tahi me te hunga whaipānga ōkawa, arā, Te Karauna me Te Pūtahi Paoho;
- Te whakakaha Kaiwhakahaere.

### Pito kōrero a te Poari

Kua rīhaina a Ani Waaka i te poari, ki te kawē i te tūranga Tāhūhū Rangapū mo te wā poto. Kua rīhaina a Tawini Rangihau i te poari, ki te kawē i te tūranga āpiha Kaiwhakahaere Matua. Kua eke a Gary Muriwai ki te poari hei māngai mo Te Pūtahi Paoho.

### Whakahaerenga Pūtea

E whakaatu ana a Whakaata Māori he toenga tauhokohoko i toe kīhai i whakapauhia na te tōmuri o te rā whakamānutanga. Kua whakapauhia ēnei toenga hei utu i te pūtea tārewa ā Westpac.

### Te Rautaki Whakahiato

He māramatanga ki ngā oati o te hunga mātakitaki, te hanga hōtaka tū kaha ki ēra o te ao me ngā pohewa, te whakaputa i te reo hei whakatau hei whakaako anō i te hunga mātakitaki, me te whakatipu moni puta te whāriki o te mahere rautaki me te tirohanga arotahi.

Tirohanga Matua:

- Kia tutuki i a Whakaata Māori ōna herenga ā ture ki te whakapāho i roto i te reo i ngā wā mātaki te tini me te mano, me te kaha ake o te reo i tētahi atu wā;
- Te kawē i ngā mahi whakapakari mo te aumahi o Whakaata Māori;
- Te whakapai ake i te rere o ngā pūtea kia taea ai e te teihana te whakatau i āna rautaki tirohanga whakamua mo ngā whāinga hōtaka;
- Te whakawhānui ake i te whakapānga UHF i ngā wā e taea ana;
- Te whakauru atu ki ngā kaupapa whakaaro a te kāwanatanga me ngā ūmanga ki te hanga whakaata āmiorangi ā tihi.

### Whakamutunga

E āta mārama ana mātau ki te kaupapa e kawea ana e Whakaata Māori ki te whakapiki i te reo me ngā tikanga Māori, me te mōhio anō kia tutuki ēnei i te wā e whakahiatohia ana he teihana pouaka whakaata motuhake. E kaingākauria ana tērā e te poari.

■ Transmission

During planning it became evident that there was the potential for significant signal interference associated with the use of the frequencies reserved for Māori broadcasting. To avoid this possibility Māori Television entered into a partnership with Sky TV to utilise one of its UHF frequencies. As well as resolving the interference problem this also provided greater UHF coverage, the opportunity to get to air quicker due to immediate access to an existing transmission platform, and cost savings resulting from the ability to utilise an already established transmission network;

■ Recruitment

Māori Television conducted one of the largest recruitment campaigns in the country during the period. More than 100 staff were recruited and this was no easy task given the extra challenge of finding sufficient numbers of fluent Māori speakers with skills and experience in television broadcasting.

■ Programme Schedule

Extensive audience research prior to launch provided important intelligence from which to develop a cache of creative and relevant programmes for an innovative schedule. This schedule is enabling Māori Television to continually grow its audience.

■ Brand

Māori Television required a brand that would encompass the aspirations of the channel for te reo Māori and tikanga Māori, while communicating its objective to be an inclusive channel with something for everyone. The brand and television imagery developed for the channel has achieved its goal to appeal to Māori and to break down any barriers held by non-Māori towards a Māori initiative.

■ Stakeholder Relationships

During the set-up phase Māori Television was able to develop good working relationships with its formal stakeholders, the Crown and Te Pūtahi Paoho. The Board is committed to continuing the development of these relationships.

■ Management Capability

The role of management in meeting launch targets and bedding in the day-to-day operation of the channel has been a crucial factor in the year's achievements.

**Directors**

The Board accepted two resignations during the period and both of these were related to the operational development of the channel.

The Māori Television Service Act specifies that no person can simultaneously hold the positions of Chief Executive and Board Director. As a consequence, Ani Waaka resigned from the Board upon agreeing to fill the role of interim Chief Executive.

A significant challenge faced by the channel has been the industry shortage of Māori in the television broadcasting sector. This has meant ongoing difficulties in recruiting suitably qualified people into senior television roles. The resignation of Tawini Rangihau as a Board Director is a direct result of this difficulty. Tawini resigned from the Board to take up a senior executive role with the channel.

On behalf of the Board I would like to thank Ani and Tawini for their valued contributions to the Board of Māori Television.

We are very pleased to welcome Garry Muriwai as a Director. Garry is a Te Pūtahi Paoho appointee and brings to the Board advanced accounting and strategic planning skills. Of Ngapuhi descent, Garry is Chief Executive of the Institute of Chartered Accountants of New Zealand, the former head of the Auckland University of Technology School of Business, and has extensive experience within public and private sector organisations.

### **Financial Performance**

Funding and our prudent management of it are of utmost importance if the channel is to achieve its vision and statutory objectives. Māori Television has been able to achieve a balance between the need to adopt a fiscally conservative approach to financial management and still achieve an international standard television broadcast organisation delivering an innovative, vibrant schedule for viewers.

This Annual Report shows that we are reporting a trading surplus for the 2003-04 year, which is the result of budget not expended, as was anticipated, due to the later launch date. While we fully expect to achieve our financial budgets in future years, the extent of this year's surplus is an exceptional situation. We have taken the opportunity to use this surplus to advance the repayment of our Westpac loan.

### **Strategic Development**

With the launch behind us the focus for Māori Television is on establishing the channel for posterity, and on achieving its vision to be an independent, secure and successful television channel delivering programmes that make a significant contribution to the revitalisation and normalisation of tikanga Māori and te reo Māori.

Achieving independence, sustainability and viability relies on a particular factor that is the same for all television broadcasters – audience acquisition and retention.

Our strategic objective is to build a sustainable audience. Ratings for the channel's first three months on air show that more than 350,000 New Zealanders watched at least once and this number is growing. While this was a very pleasing result we are mindful that our viability depends on our continued ability to attract and retain viewers.

The basis of our strategic framework and focus is to understand our audience and what they want to watch, continue to produce world-class, innovative programming and imagery, and refine the use and delivery of te reo on screen to best engage and educate viewers. It is also to build sales capacity to generate revenue to direct back into extending transmission coverage and hours on air per day.

### **Te Reo Māori**

The channel's statutory obligation is to ensure that prime time broadcasts are mainly in te reo and that at other times a substantial proportion of programming is in te reo. Māori Television is achieving this with an average 68% in prime time and 65% across the schedule. This will increase over time.

We know that Māori Television has a significant contribution to make to achieving normalisation of te reo such that it is spoken and heard every day in all sectors of society. Our challenge over the longer term will be how we monitor and measure the impact of the channel's efforts in this regard. Our intention is to work with like organisations to formulate a framework for how this can be achieved.

### **Capacity Building**

To achieve our statutory and strategic objectives Māori Television requires in excess of 1,000 hours per year of programming to be produced specifically for the channel's use.

This places considerable demands on the Māori television production industry to develop its capacity to meet this requirement. Māori Television is well positioned to undertake a lead role in achieving this. The channel's policy is to develop staff and we are working closely with production companies to offer what support we can. This is a critical issue for Māori Television as it needs to grow its supply of high quality programming.

### **Funding**

Māori Television has developed a positive working relationship with Te Māngai Pāho, the Government's Māori broadcasting funding agency. Te Māngai Pāho provides indirect funding for commissioned programmes and direct funding for programmes produced in-house. Over the year this relationship has delivered improved communication, clearer lines of responsibility and a more effective and efficient programme commissioning process.

In order to manage its business effectively Māori Television has set long term strategic objectives. Producing television programmes requires significant lead time and therefore the channel must have the ability to enter into long term commitments to ensure its programming needs are met.

However, Te Māngai Pāho is structured in such a way that it is difficult to provide for these long term commitments. This leaves Māori Television with some difficulty in planning its long term in-house programming needs.

This is a matter to be addressed further in discussions with shareholding ministers.

### **Transmission**

Māori Television currently transmits free-to-air to 100 percent of the country via digital satellite and to 82 percent of the population via UHF terrestrial. The 100 percent reach of the digital transmission platform has enabled Māori Television to meet its statutory obligation to make broadcast services technically available throughout New Zealand.

However, we are committed to extending UHF availability, which is the more affordable option for viewers, as opportunity allows. We are targeting regions with a high Māori population but our efforts are subject to cost factors. We expect that ultimately our funding will allow for small progressive percentage increases in terrestrial transmission coverage.

### **Analogue vs Digital Television**

Māori Television maintains active involvement in the joint initiative between government and industry to assess and develop a viable business plan for the adoption of digital satellite television. Our involvement ensures a voice to protect the interests of Māori Television in the development of new industry-wide initiatives. Advancements in technology will continue to require the industry's consideration and Māori Television, which supports and fosters innovation, will continue to participate.

### **Conclusion**

On launch day the support of kaumatua kuia, kaumatua koroua, whanau, hapu and iwi, non-Māori, stakeholders and politicians signalled a strong start for the channel. Since that day Māori Television has shown New Zealanders how Māori imagery and stories, and the Māori perspective on life can contribute positively to the world we live in.

There has been considerable effort to get this channel to air and, on behalf of the Board, I want to acknowledge the commitment of the management and staff of Māori Television.

I also want to make special acknowledgment of Ani Waaka, who stepped into the interim Chief Executive role at considerable personal expense and upheaval. Ani's appointment came at a critical time during launch preparation and her leadership capabilities and personal style ensured staff remained focused on the objectives. The Board is very grateful to Ani for her contribution.

The creation and ongoing success of this channel is a shared responsibility between the Crown and Māori. It is important to acknowledge the support of Māori Television's stakeholders particularly its shareholding ministers the Hon Parekura Horomia, the Hon Michael Cullen, and Te Pūtahi Paoho Chairman Hone Harawira.

We remain keenly aware of the role Māori Television has to play in promoting te reo Māori and tikanga Māori, and how we must achieve that while developing a viable television station. The Board is committed to meeting that challenge.



**Wayne Walden**  
Chairman

# ANEI MĀTOU E MAHI NEI I NGĀ MAHI





## Chief Executive's Report

*Mā pango, mā whero ka oti te mahi.*

*Otirā, tēnei rā te mihi ā ngā ringa mākohakoha o Whakaata Māori, ki ā koutou e ngā mana e ngā reo o te motu.*

**The year in review will be marked in history as the year that Māori Television was launched and the television landscape of New Zealand changed for all time.**

**The challenge of creating and launching a Māori television channel over the 2003-04 year was significant. This challenge has been met and I am pleased to report that Māori Television is now establishing itself as an important, worthy and innovative New Zealand broadcaster.**

**Clearly many operational objectives were set for 2003-04. It is appropriate to review progress achieved and to outline the strategic direction that has been set to ensure Māori Television is firmly established as a successful broadcaster for generations to come.**

### 2003-04

The work to get Māori Television to air less than a year after the passing of the Māori Television Service (Te Aratuku Whakaata Irirangi Māori) Act 2003 required astute, sustained focus at operational level. It is appropriate here to note this significant industry achievement and to provide perspective; when the Act was passed in May 2003 Māori Television comprised a permanent staff of 7 housed in a small, temporary Auckland office. By March 2004, just 10 months later, permanent staff numbered 111, the Māori Television facility had been designed, built and fitted out, technical equipment had been imported, tested, installed and re-tested, technicians had been trained, programmes had been commissioned, produced and acquired, and the channel was on air.

### Programming

The Programming department's priority during the period under review was to identify the potential available Māori Television audience, understand its viewing preferences, plan a schedule to match, develop the programme supply chain, and commission, produce and acquire stocks of relevant programming within budget.

Comprehensive research defined the channel's strategic approach to the style of programming it would deliver, and indications are that this direction is on track. It showed that the Māori target audience would span all age groups but was primarily youthful, and that fluency levels ranged from basic to extensive with the majority of potential viewers being language learners.

The channel's news, sports and current affairs operation was formed during the period. Recognised as flagship programmes for Māori Television, *Te Kāea* and *Te Hēteri* are developing into leading sources of Māori news and current affairs coverage from a Māori perspective. We see both programmes growing in stature, particularly as Māori issues remain at the forefront in the coming election year.

Māori Television acknowledges its reliance on the ability of the Māori production sector to meet its commissioned programming needs. Capacity issues, due to a dearth of experienced Māori in the broadcasting field, hamper this sector. However, the creativity and commitment shown by these producers is encouraging and essential. The channel's most-watched programmes are those that are supplied by production companies and include *Marae DIY*, *Kai Time on the Road*, and *Kōrero Mai*.

## Ngā pūtake o te pūrongo a te Tāhūhū Rangapū

Te taki o te hanga me te whakamānu i tētahi hongere whakaata Māori i ngā tau 2003-04, he mea nui rawa atu. I tutuki pai tēnei taki me taku koa ki te whakaputa ake kei te whakaū a Whakaata Māori i a ia anō kia noho hei kaiwhakapāho whai tikanga, tōtika, auaha hoki puta noa i Aotearoa.

### Whakatutukitanga O 2003-04

- Whakamānutanga o Whakaata Māori i te 28 Poutūterangi 2004;
- Te whakatakupenga o Whakaata Māori i whakahoahoa, hangaia, ka whakapaihia i te wā me te pūtea i whakaritea;
- He tini ngā haora o ngā hōtaka kōmihana, waihanga, i hokona mai hoki;
- Whakatū, whakamānu rauemi kawepūrongo;
- Neke atu i te kotahi rau ngā kaimahi kua tohua, kua whakangunguhia;
- He pūata, he pono ngā mahi kaute me ngā tikanga kua whiriwhiria, kua whakatinanahia.
- 12 wiki e pāho ana ka kitea e ngā whakatauranga neke atu i te 358,000 o Aotearoa e mātaki ana, ka hiki ake tērā kaute 38 ōrau ki te 493,000 i ngā wiki 10 o muri;
- 35 ōrau ngā kaimātaki Māori, ana ko te hunga kaare i te Māori te nuinga o ngā kaimātaki i a Whakaata Māori;
- He mētara koura, he mētara hiriwa ngā kawenga o te whakawhiwhinga taonga PROMAX 2004. Ko Whakaata Māori anake te Kaiwhakapāho o Aotearoa i whiwhi mētara koura i tēnei tauwhāinga ā taiao;
- Ko ngā haerēre taiwhanga ia wiki, neke atu i te 700 te hunga kua tau mai i tēnei wā.

### Aro Whakamua

Ko te aro tuatahi kia mau pūmau a Whakaata Māori ki ngā tirohanga pouaka whakaata o Aotearoa. Kia tutuki pai ēnei oati me mātua waihanga he apataki pono, pūmau me:

- Haere tonu ngā mahi whakaatu hōtaka auaha e hiahiatia ana e te hunga mātaki;
- Mārama ki ngā oati o te hunga mātaki kia pai ai te kōmihana, te waihanga, te hoko i ngā hōtaka e tika ana, me te whakarite i tētahi wātaka pai;
- Whakatinana te rautaki reo Māori kia rato ki ngā tūmomo taumata o te pakeketanga me te māramatanga ki te reo, kia ōrite te huanga o te reo ki ēra taumata;
- Mahi tahi me ngā kaihautū o waho ki te āwhina i ā rātou me te whakahiato ngā pūkenga o ngā kaimahi me te whakangungu;
- Mau pūmau ki te kaupapa i ngākau nuihia ai kia whai wāhi ngā kaimahi ki te ako i te reo me ngā tikanga Māori;
- Mahi tahi me te hunga toha pūtea kia tōtika, kia māia te whakapuaki hōtaka.

### Whakarāpopoto

He tīmatanga whakaharahara na Whakaata Māori ko ia nei te kaipāho tuatahi taketake ā motu i roto o Aotearoa, he mihi nui tēnei nāku ki ngā kaiwhakahaere matua me ngā kaimahi o Whakaata Māori. Ki tewhakaara ake i tēnei moemoeā ki te ao motuhenga, na runga tonu i te kaha me te manawanui.

Tēnei rā taku whakamihini i ngā mahi whakahirahira ā ngā kaimahi katoa a Whakaata Māori.

Co-operation is integral to building a strong relationship with this sector. Progress is being made and Māori Television will continue to support and work with production houses for our mutual benefit.

Māori Television's decision to produce programmes in-house was a strategic one based entirely on budgetary needs. During the period, the channel recruited production staff to make cost effective programmes, such as business programme *Umanga*, archival documentary series *He Raranga Kōrero*, and music shows *Coast* and *L.I.P.S.*, using Māori Television facilities and resources.

Programme acquisitions, domestic and international, also support schedule needs and are cost effective. However, more than that, local and international documentaries and movies are proving to be some of our most popular programmes. Māori Television is meeting viewer interest in quality documentaries and movies about Māori and about other indigenous people of the world.

**Most popular programmes New Zealand audience (Māori and non-Māori):**

- |                         |                   |                 |                           |                          |
|-------------------------|-------------------|-----------------|---------------------------|--------------------------|
| 1 Mitre 10<br>Marae DIY | 2 Sunday<br>Movie | 3 Kōrero<br>Mai | 4 Kai Time on<br>the Road | 5 Ngā Puna/<br>Maumahara |
|-------------------------|-------------------|-----------------|---------------------------|--------------------------|

Source: Nielsen Media Research PeopleMeter

It is almost unheard of for a small television channel just months old to be recognised on the international stage. Māori Television has won its first international awards at the PROMAX 2004 Awards, which recognise world leaders in promotional and marketing professionalism in electronic media. The channel won gold and silver for the onscreen promotions of *Coast* and the NZ Māori Churchill Cup rugby tournament respectively, and was the only New Zealand broadcaster to win gold at this awards event. This is an outstanding achievement for a fledgling indigenous broadcaster.

### Te Reo Māori

A matter of language policy for Māori Television is that te reo must drive the development and production of programmes. This policy ensures our programmes are infused with te reo and tikanga Māori from the outset and enables the successful integration of these within the context of television entertainment.

Clearly the quality of language that is broadcast is of prime importance and the channel strives to ensure that its levels of te reo Māori are appropriate to the genre and are of the highest quality within that context. Considerable deliberation has been given to developing this policy and we believe it will result in clearer guidelines for the channel, enabling us to better meet our legislative obligations. It will also provide clear deliverables for independent producers and, ultimately, more relevant viewing for audiences.

Sub-titling is an important component of our reo and programming strategies. Public feedback continues to be received requesting the inclusion of English sub-titles. If Māori Television is to grow its audience and provide viewing that offers something for everyone, English sub-titling must be a feature of our programming.

### Audience

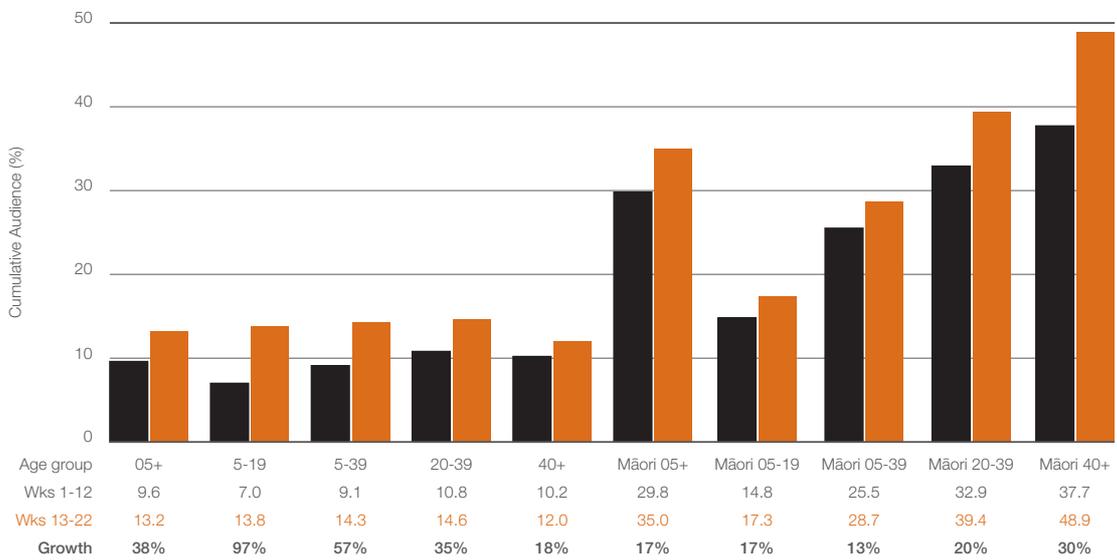
We are very aware of the importance of viewer numbers, and building a loyal and sustainable audience is at the core of our activities. While we are aiming high we maintain clear perspective on what is reasonable to expect of Māori Television.

This is a niche indigenous channel that will appeal to many but not all. It is an entirely new concept to New Zealanders and it will take time to encourage viewers to tune in for the first time. The channel must feature a high degree of te reo Māori content, which in itself creates issues for some. Funding is tight, the bulk of which goes into programming and operating the broadcasting facilities. This leaves minimal

budget for marketing initiatives to build the brand and attract viewers.

That said we are delighted with the channel's performance to date. PeopleMeter cumulative ratings figures represent each unique individual viewer who has tuned in for at least eight minutes. Cumulative figures show that in the channel's first 12 weeks on air 358,000 New Zealanders had watched at least once, with that figure increasing 38 percent to 493,000 in the following 10 weeks. The Māori audience has shown steady growth at 35% of the Māori population, and non-Māori make up a large part of our audience which is very encouraging. Growth rates across each audience sector are detailed in the graph below:

**Audience Growth**



society most open to accepting the Māori language and culture as essential elements of New Zealand life and who we believe will lead the normalisation of it.

**Operations**

A critical project during the year was the construction of the Māori Television facility. Formerly a retail complex, the building required extensive re-design to transform it into a functional broadcast facility. The interior of both levels was completely gutted and rebuilt. This also included a substantial re-roofing exercise to meet the needs of the studio, and fit out included the importation of broadcasting equipment and technology not available in this country. Recruiting and training technicians to operate this equipment was a challenge in itself. This project was completed in seven months.

Māori Television's aspiration to have high interaction with the community led to the decision to locate the main studio on the street frontage and the *Te Kāea* news set within public view. This is a concept pioneered in North America and is a very non-traditional way of making television. Even though the decision to create a studio facility in this way presented real operational challenges, it was felt overall that it was more important to provide the opportunity for the community to be part of Māori Television activities and for Māori Television to participate in the neighbouring community. It results in the open, friendly, natural style of television we prefer and gives us an opportunity to celebrate Māori culture and language with everyone.

Our weekly studio tours support our objective to be accessible to the community. These free tours are

extremely popular particularly with school and tertiary education groups, and to date more than 700 people have been through the building. We remain committed to sharing our facility with all New Zealanders.

### **Financial Management**

Transparent and fiscally responsible accounting practices are the hallmark of our financial management policies. Regular audits and strong internal processes and procedures for the expenditure of budget ensure robust financial management and accountability.

An important aim for the channel over time is to establish streams for generating income and attain a degree of financial independence. We have been pleased with the level of support received from public sector and commercial advertisers. Over the coming year we will increase the sales team to ensure we take advantage of every opportunity to earn revenue.

### **Future Focus**

Our priorities are firmly entrenched in our statutory responsibility to promote te reo and tikanga Māori by delivering programmes that inform, educate and entertain New Zealanders and that enrich our society, culture and heritage.

Our primary focus for the immediate term is to embed Māori Television into the television landscape of New Zealand. To do this we must build a loyal, sustainable audience and we will do this by:

#### ■ Programming

Continuing to create and deliver innovative and engaging programmes that people want to watch.

Understanding our audience, through our research strategy, so that we commission, produce and acquire the right programmes and schedule timeslots that appeal. Our first updated schedule, based on market feedback and ratings analysis, is due to be introduced on 1 November 2004.

Implementing our te reo Māori strategy so that all fluency and age levels are appropriately targeted and catered for, and that reo quality is commensurate with those levels.

#### ■ Capability

Securing our supply chain of programming by building industry capacity. We will work alongside independent producers, offering resources and solutions where we can, to support their ongoing growth and development.

Through our HR strategy we will develop a staff of exceptional television skill. We will source acknowledged industry experts for training opportunities and will continue our policy requiring senior managers to perform their roles as educators so that the benefit of their knowledge is shared and succession planning is implemented. We will also maintain our commitment to support all our staff in expanding their knowledge of te reo and tikanga Māori.

■ Efficiencies

Working with funding partners to improve programme commissioning and production processes for more effective, efficient programme delivery. This includes further consideration of the funding cap. We are committed to working with industry partners to determine how best the channel can obtain the significant number of programming hours in te reo Māori required each year.

■ Partnerships

Maintaining close connections with our formal stakeholders is a key priority. Our relationships with the Crown and Te Pūtahi Paoho have been an important factor in what we have been able to achieve.

■ Accountability

Continually reviewing and enhancing internal procedures to demonstrate that we have robust policies and internal controls in place.

**Summary**

Māori Television has made an extraordinary start as the first national indigenous broadcaster in New Zealand. While we have only just begun the journey of bedding in the services of Māori Television towards its potential, there is already much to celebrate in the achievements of the past year.

There are many people who deserve acknowledgement for the part they have played in the creation of this channel, from those who began the vision 30 years ago to those who have worked across all sectors of the community and throughout all rohe of Aotearoa New Zealand to help make it happen.

I want to pay special tribute to the management and staff of Māori Television. To bring the dream into reality has required true grit and determination. It has taken a level of dedication and commitment to the kaupapa which has been unflinching in the face of extraordinary challenges.

Tēnei rā taku whakamihī i ngā mahi whakahirahira ā ngā kaimahi katoa a Whakaata Māori.



**Ani Waaka**

Chief Executive

## Governance and Accountability Statement

### Governance and Accountability

The Board of Māori Television comprises up to seven non-executive Directors. Four Directors are appointed by Te Pūtahi Paoho and the remaining three by the Crown, represented by the Minister of Finance and the Minister of Māori Affairs. Currently the Māori Television Board comprises six non-executive Directors.

#### Wayne Walden Ngāti Kahu (Crown Appointment)

Wayne Walden was appointed Chairman of the Board of Māori Television in April 2003. Formerly Managing Director of Farmers Deka Limited, Mr Walden has extensive experience in the New Zealand retail and wholesale sectors and is involved in a range of business interests. He has been a Director of a number of Boards including Mighty River Power and is the former Chairman of Tranzrail and former Deputy Chairman of Meat New Zealand.

#### Rod Cornelius (Crown Appointment)

During the pioneering years of television, Rod Cornelius worked at the NZBC specialising in production in Dunedin, and then leading teams of producers and production staff. By the late 70s, Rod was controlling programme production and development, TVNZ drama, general and special interest Māori programming, documentaries and features. He completed a lengthy career in the industry as Managing Director of Avalon Television.

#### Garry Muriwai Ngapuhi (Electoral College Appointment)

Garry Muriwai is Chief Executive of the Institute of Chartered Accountants of New Zealand. Formerly head of the School of Business at Auckland University of Technology, Garry has held senior accounting and information technology roles in the corporate sector and has provided consultancy advice to a number of public and private sector organisations.

#### Leonie Pihama Te Atiawa, Ngāti Mahanga (Electoral College Appointment)

Dr Leonie Pihama (BA, MA Hons, PhD Auck) is a leading Māori academic and filmmaker. She is a senior lecturer in Māori education at The University of Auckland, teaching in the fields of policy analysis and the politics of representation of indigenous people. Leonie is a Director of the International Institute for Māori and Indigenous Education in Auckland.

#### Craig Soper Rakiura Kati Mamoi, Waitaha (Electoral College Appointment)

Craig Soper (BA, BCom) was formerly Managing Director of Compudigm International Limited, an innovative technology based company he co-founded. Craig built Compudigm into a significant international business with offices in New Zealand, Australia, the UK and the US. He retains non-executive Directorship with Compudigm and is a member of the Growth and Innovation Advisory Board, providing specialist advice to the Prime Minister.

#### Wena Tait Tuhoe, Te Arawa (Crown Appointment)

Wena Tait has extensive experience in the communications and media sectors. She has been a journalist for both broadcast and print media, and is an experienced television producer, writer, editor and publisher. Wena is General Manager of iwi radio station Te Ūpoko ō Te Ika in Wellington.

### **Role of the Board**

The Board's governance responsibilities which are defined in the Māori Television Service (Te Aratuku Whakaata Irirangi Māori) Act 2003 include:

- The annual completion of a Statement of Intent which is to be agreed upon with the Minister of Māori Affairs and the Minister of Finance ("the responsible ministers") and Te Pūtahi Paoho;
- The annual completion of an Output Agreement which is to be agreed upon with the responsible ministers;
- The provision of quarterly reports against the Statement of Intent to the Chairperson of Te Pūtahi Paoho and the responsible ministers;
- The provision of an Annual Report to the responsible ministers and the Chairperson of Te Pūtahi Paoho;
- The delegation to the Chief Executive responsibility for the efficient and effective administration of the day-to-day operations of Māori Television.

The Board concentrates on setting policy and strategy and holds regular meetings to monitor progress towards the achievement of those strategic objectives and to ensure that the affairs of Māori Television are being conducted in accordance with the Board's policies.

The Board has two standing committees:

- Audit Committee

Members of the Audit Committee are Garry Muriwai, Leonie Pihama and Craig Soper.

- Remuneration Committee

Members of the Remuneration Committee are Wayne Walden, Wena Tait and Rod Cornelius.

### **Conflicts of Interest**

A Director who is interested in a transaction, or proposed transaction, or other matter relating to Māori Television must disclose the nature of the interest to the Chairperson of the Board. If the Director is the Chairperson disclosure must be made to the responsible ministers and the Chairperson of Te Pūtahi Paoho.

### **Risk Management**

The Board acknowledges that it is ultimately responsible for the management of risks to Māori Television. The Board has charged the Chief Executive with establishing and operating a prudent risk management programme.

### **Programme Standards**

The Board acknowledges Māori Television's responsibility to comply with programme codes adopted by the Broadcasting Standards Authority. Māori Television has implemented procedures to ensure formal complaints are investigated and appropriate action taken.

### **Equal Employment**

Māori Television is committed to its responsibility to be a good employer and practises a policy of equal employment opportunity.

### **Occupational Health and Safety**

Māori Television is committed to maintaining a safe and healthy working environment and has implemented a health and safety policy to promote prevention and best practice.

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**KA NOHO TONU  
TĀTOU MO AKE  
TONU ATU**

## Report of the Auditor-General



To the readers of Māori Television Service's financial statements for the year ended 30 June 2004

The Auditor-General is the auditor of Māori Television Service. The Auditor-General has appointed me, Mr A S Frost, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of Māori Television Service, on his behalf, for the year ended 30 June 2004.

### Unqualified opinion

In our opinion the financial statements of Māori Television Service on pages 24 to 49:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
  - Māori Television Service's financial position as at 30 June 2004;
  - the results of its operations and cash flows for the year ended on that date; and
  - its service performance achievements measured against the performance targets adopted for the year ended on that date.

The audit was completed on 28 October 2004, and is the date at which our opinion is expressed.

The basis of the opinion is explained below. In addition, we outline the responsibilities of the Board and the Auditor, and explain our independence.

### Basis of opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed our audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in the opinion.

Our audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

### Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Board;
- confirming year-end balances;

- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements.

We obtained all the information and explanations we required to support the opinion above.

#### **Responsibilities of the Board and the Auditor**

The Board is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of Māori Television Service as at 30 June 2004. They must also fairly reflect the results of its operations and cash flows and service performance achievements for the year ended on that date. The Board's responsibilities arise from the Māori Television Service Act 2003.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 43(2) of the Māori Television Service Act 2003.

#### **Independence**

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in the Māori Television Service



**A S Frost**

Audit New Zealand

On behalf of the Auditor-General, Auckland, New Zealand

#### **Matters relating to the electronic presentation of the audited financial statements**

This audit report relates to the financial statements of Maori Television for the year ended 30 June 2004 included on Maori Television's website. The Board is responsible for the maintenance and integrity of Maori Television's website. We have not been engaged to report on the integrity of Maori Television's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

We have not been engaged to report on any other electronic versions of the Maori Television's financial statements, and accept no responsibility for any changes that may have occurred to electronic versions of the financial statements published on other websites and/or published by other electronic means.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 28 October 2004 to confirm the information included in the audited financial statements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Statement of Objectives and Service Performance

Objective	Statement of output objectives for 2003-04	Service performance to 30 June 2004
1	To build an interactive, modern Māori television facility that has the capacity required to support in-house production, reversioning, acquisitions and broadcasting.	
Goals	Develop detailed plans for the television facility.	Completed – construction and refurbishment commenced August 2003.
	Determine the final cost of the facility and ensure affordability.	Completed – cost of facility within budget.
	Determine the most suitable financing option.	Completed – \$11.275m loan facility entered into with Westpac.
	Build the broadcasting facility.	Completed – broadcast facility available for launch on 28 March 2004.
	Employ sufficient staff to ensure full functionality and ongoing maintenance.	Largely completed, though difficulties in the recruitment of suitably qualified broadcast engineering/technical staff continue. In the interim this requires the use of contractors and the ongoing involvement of the installation suppliers.
2	To deliver high quality broadcasts via UHF terrestrial transmission to a potential audience of at least 70% of the Māori population living in Aotearoa New Zealand.	
Goals	Develop detailed plans of the UHF transmission network.	Completed – contract with Sky TV has delivered a national UHF network with 82% coverage of potential audience.
	Determine the final cost of the transmission network and ensure affordability.	Completed – cost of transmission network within budget.
	Determine the most suitable financing option.	Completed – no finance is required with the Sky TV option.
	Build the transmission network.	Completed – an existing transmission network was achieved with the Sky TV option.
	Employ sufficient capacity to ensure ongoing functionality.	Completed – the Sky TV option avoided the need for employment of permanent staff in this area.

## Pūrongo-ā-tau 2004

Objective	Statement of output objectives for 2003-04	Service performance to 30 June 2004
3	To deliver high quality broadcasts via satellite transmission to a potential audience of 100% of the Māori population living in Aotearoa New Zealand.	
Goals	Develop detailed plans for satellite transmission.	Completed – contract entered into with TVNZ to provide a satellite transmission.
	Determine the final cost of satellite transmission and ensure affordability.	Completed – cost of satellite transmission within budget.
	Determine the most suitable financing option.	Completed – no capital expenditure required.
	Implement the satellite transmission solution.	Completed – satellite transmission commenced in December 2003.
	Employ sufficient capacity to ensure ongoing functionality.	Completed – the TVNZ option avoided the need for employment of permanent staff in this area.
4	To provide quality programming.	
Goals	Develop and maintain technical standards for programmes to be broadcast by Māori Television.	Completed.
	Develop and maintain content standards to ensure compliance with legal and Māori Television content policies.	Completed – censors have been recruited to rate and censor the programmes to be broadcast.  There have been no complaints made to the Broadcast Standards Authority.
	Implement procedures to ensure compliance with technical and content standards.	Completed – in-house censorship procedures see all programmes checked for content standards.  Incoming programmes are checked for technical quality before acceptance to play.

## Annual Report 2004

Objective	Statement of output objectives for 2003-04	Service performance to 30 June 2004
5	To provide relevant and diverse programming.	
Goals	<p>Perform sufficient audience research to provide a basis for programming decisions.</p> <p>Develop a programme schedule covering several genre of programmes.</p> <p>To commission, re-license, reversion and otherwise acquire and prepare programming for playout according to the programme schedule.</p>	<p>Completed – three focus group research projects and a nationwide survey were completed prior to commencement of broadcasting to help the channel launch with best possible audience acquisition strategy.</p> <p>Ongoing AC Nielsen PeopleMeter and CATI research has been carried out since launch.</p> <p>Completed – although this is subject to ongoing review and refinement.</p> <p>Completed – a total of 2020 hours of programming has been commissioned, acquired or produced for playout. Preparation for playout is occurring progressively as the schedule requires.</p>
6	To provide an appropriate balance of te reo Māori and English programming.	
Goals	<p>Achieve 50% te reo Māori programming across the entire programme schedule.</p> <p>Broadcast more than 50% te reo Māori during prime time hours of 6pm-8pm on weeknights.</p>	<p>Achieved – the proportion of spoken language in programmes across the entire current programming schedule which is te reo Māori is averaging between 60% and 70%.</p> <p>Achieved – the proportion of spoken language in programmes during prime time (6pm-8pm) on weeknights which is te reo Māori is averaging between 60% and 70%.</p>

Objective	Statement of output objectives for 2003-04	Service performance to 30 June 2004
7	To establish the sales capacity and advertising infrastructure required for marketing and initial advertising sales.	
Goals	<p>Develop detailed plans for advertising.</p> <p>Determine the final cost of advertising and ensure affordability.</p> <p>Implement the advertising solution if appropriate.</p>	<p>Completed – detailed income and expense budgets have been prepared.</p> <p>Completed – income from advertising is projected to exceed the cost of advertising.</p> <p>Completed – Māori Television has accepted and aired commercials since its first day of broadcasting.</p>
8	To effectively monitor the performance of Māori Television against the outputs contained in this Statement of Intent.	
Goals	<p>To develop reporting procedure and template in consultation with stakeholders.</p> <p>To provide quarterly progress reports to Te Pūtahi Paoho and the responsible ministers.</p>	<p>Māori Television has provided quarterly reports to its stakeholders during the year to monitor performance against the SOI outputs. No negative feedback was received in regard to these reports.</p> <p>The reporting procedure will be further refined and enhanced in the following year in accordance with next year's "Reporting for Outcomes" based Statement of Intent and the preparation of a Stakeholder Management plan.</p> <p>Quarterly progress reports have been provided as specified.</p>

## Output Agreement – Reporting Items

### Statement of Output Objectives

The revenue and costs for each output will be consistent with the forecasts specified in the Output Agreement.

### Output 1 – Programmes

To provide high quality, cost effective programming sourced from a combination of commissioned independent production, in-house production, re-licensed material and reversioned material, which promotes te reo Māori me ngā tikanga Māori, in both Māori and English, that informs, educates, and entertains a broad viewing audience.

	Performance standards	Service performance to 30 June 2004
1.1	<p><b>Quantity</b></p> <p>An average of 8 hours of programming per day ready to broadcast, measured across the period commencing at the on air date and concluding 30 June 2004. Māori Television will build to between 12 and 18 hours per day over time.</p> <p>An average of 8 or more hours per day of programming ready to be broadcast is acceptable performance, 7-8 hours per day is adequate performance, less than 7 hours per day is poor performance.</p>	<p>Monday to Thursday Māori Television has broadcast 7.5 hours per day and Friday to Sunday Māori Television has broadcast 8.5 hours per day for an average across the week of 7.9 hours per day.</p> <p>An average of 7.9 hours per day is adequate performance.</p>
1.2	<p>720 hours of original programming will be produced or acquired in the 2003-04 financial year.</p> <p>Broadcasting 720 hours or more of original television within this timeframe is acceptable performance, 650-719.9 hours is adequate performance, less than 650 hours is poor performance.</p>	<p>Of the total 2020 hours commissioned, produced or acquired to date, 1122 hours are original programming.</p> <p>To the end of June 2004 Māori Television has been broadcasting for 95 days, which is not sufficient time to achieve broadcast of 720 hours of original programmes.</p>
1.3	<p>The programmes produced or acquired will be sufficient to broadcast programming predominantly in te reo Māori during the prime time hours of 6pm to 8pm Monday to Friday.</p> <p>Programming of 50.1% or more in te reo Māori during these prime time hours represents acceptable performance, 46%-50% is adequate performance, and less than 46% is poor performance.</p>	<p>The spoken reo Māori content during the hours of 6pm to 8pm, Monday to Friday in the current schedule is averaging between 60% and 70%.</p> <p>Acceptable performance</p>

	Performance standards	Service performance to 30 June 2004
1.4	<p>The programmes produced or acquired will be sufficient to ensure that broadcasts will be at least 50% te reo Māori across the entire programme schedule by June 2004. Achieving this is dependent on the production sector and Māori Television having the capacity to deliver sufficient volumes of te reo Māori television to meet Māori Television standards.</p> <p>Broadcasting 50% or more in te reo Māori across the schedule represents acceptable performance, 45%-49.9% is adequate performance, and less than 45% is poor performance.</p>	<p>The spoken reo Māori content across the whole of the current schedule is averaging between 60% and 70%.</p> <p>Acceptable performance.</p>
1.5	<p>The programmes produced or acquired will be sufficient for an hour each day of te reo Māori television for tamariki who attend immersion te reo Māori schools, during the hours appropriate to their viewing habits.</p> <p>Broadcasting 1 hour per day or more is acceptable performance, broadcasting 45 minutes-59.9 minutes per day is adequate performance, less than 45 minutes per day is poor performance.</p>	<p>Between the hours of 2:30pm to 4:30pm during weekdays Māori Television broadcasts programming targeted for tamariki. These programmes are predominantly in te reo Māori.</p> <p>Acceptable performance.</p>
1.6	<p>The programmes produced or acquired will be sufficient for half an hour each day of te reo Māori education television targeted for general audiences, during the hours appropriate to their viewing habits.</p> <p>Broadcasting 30 minutes per day or more is acceptable performance, broadcasting 25 minutes-29.9 minutes per day is adequate performance, less than 25 minutes per day is poor performance.</p>	<p><i>Kōrero Mai</i> is a reo Māori educational series targeted for general audiences that plays every day for half an hour.</p> <p>Acceptable performance.</p>

	Performance standards	Service performance to 30 June 2004
1.7	<p><b>Quality</b></p> <p>Programme content will be compliant with legal and Māori Television standards.</p> <p>100% is acceptable performance, 98%-99.9% is adequate performance. Less than 98% is poor performance.</p> <p>No complaints upheld is acceptable performance, 1-3 complaints upheld is adequate performance, more than 3 complaints upheld is poor performance.</p>	<p>Censors have been recruited to assess all programme content prior to broadcast and ensure compliance with Māori Television standards.</p> <p>To 30 June there have been no complaints to the BSA.</p> <p>Acceptable performance.</p> <p>Acceptable performance.</p>
1.8	<p><b>Timeliness</b></p> <p>Programmes produced or acquired in time to be broadcast according to programme schedule.</p> <p>95% availability or higher of programmes to be broadcast according to the programme schedule is acceptable performance. Less than 90%-94.9% is adequate performance, less than 90% availability is poor performance.</p>	<p>All programmes scheduled have been available in time for broadcast as per the schedule.</p> <p>Acceptable performance.</p>
1.9	<p><b>Cost</b></p> <p>This output will be delivered within the projected cost of \$22.65m GST exclusive for the 14 months to June 2004.</p> <p>Total cost within total budget is acceptable performance. Total cost exceeding total budget is poor performance.</p>	<p>The costs of the above outputs were achieved within the projected cost of \$22.65m.</p> <p>Acceptable performance.</p>

## Output 2 – Television Service

To manage Māori Television's broadcast operations in a professional, efficient, and effective manner.

	Performance standards	Service performance to 30 June 2004
2.1	<p><b>Quantity</b></p> <p>Broadcast, on average, 8 hours of programming per day measured across the period commencing at the on air date and concluding at the end of the 2003/2004 financial year. Māori Television will build to between 12 and 18 hours per day over time.</p> <p>An average of 8 or more hours broadcast per day is acceptable performance, 7-8 hours per day is adequate performance, less than 7 hours per day is poor performance.</p>	<p>Monday to Thursday Māori Television has broadcast 7.5 hours per day and Friday to Sunday Māori Television has broadcast 8.5 hours per day for an average across the week of 7.9 hours per day.</p> <p>An average of 7.9 hours per day is adequate performance.</p>
2.2	<p>Broadcasts during the prime time hours of 6pm-8pm Monday to Friday are predominantly (more than 50%) in te reo Māori.</p> <p>Broadcasting 50.1% or more in te reo Māori during these prime time hours represents acceptable performance, 46%-50% is adequate performance, and less than 46% is poor performance.</p>	<p>The spoken reo Māori content during the hours of 6pm to 8pm, Monday to Friday in the current schedule is averaging between 60% and 70%.</p> <p>Acceptable performance.</p>
2.3	<p>Broadcasts will be at least 50% te reo Māori across the entire programme schedule by June 2004. Achieving this is dependent on the production sector and Māori Television having the capacity to deliver sufficient volumes of te reo Māori television to meet Māori Television standards.</p> <p>Broadcasting 50% or more in te reo Māori across the schedule represents acceptable performance, 45%-49.9% is adequate performance, and less than 45% is poor performance.</p>	<p>The spoken reo Māori content across the whole of the current schedule is averaging between 60% and 70%.</p> <p>Acceptable performance.</p>

	Performance standards	Service performance to 30 June 2004
2.4	<p>Broadcasts of 1 hour each day targeted for tamariki who attend immersion te reo Māori schools, during the hours appropriate to their viewing habits. These broadcasts will likely include repeats.</p> <p>Broadcasting 1 hour per day or more is acceptable performance, broadcasting 45 minutes-59.9 minutes per day is adequate performance, less than 45 minutes per day is poor performance.</p>	<p>Between the hours of 2:30pm to 4:30pm during weekdays Māori Television broadcasts programming targeted for tamariki. These programmes are predominantly in te reo Māori.</p> <p>Acceptable performance.</p>
2.5	<p>Broadcasts of half an hour each day of te reo Māori education television targeted for general audiences, during the hours appropriate to their viewing habits. These broadcasts will likely include repeats.</p> <p>Broadcasting 30 minutes per day or more is acceptable performance, broadcasting 25 minutes-29.9 minutes per day is adequate performance, less than 25 minutes per day is poor performance.</p>	<p><i>Kōrero Mai</i> is a reo Māori educational series targeted for general audiences that plays every day for half an hour.</p> <p>Acceptable performance.</p>
2.6	<p><b>Quality</b></p> <p>Technical facilities for Māori Television will be in accordance with Television New Zealand's "Studio Engineering Handbook" produced by the Engineering System and Standards section of TVNZ in conjunction with TV3 Network &amp; Sky Network.</p> <p>Compliance is acceptable performance. Non-compliance is poor performance.</p>	<p>Technical Design is in accordance with these standards. Technical staffing within Māori Television will maintain compliance. The Technical Standards pertaining to delivery of programme material have been updated and will continue to be monitored.</p> <p>Acceptable performance.</p>

	Performance standards	Service performance to 30 June 2004
2.7	<p><b>Timeliness</b></p> <p>Broadcasts are transmitted according to programme time schedule.</p> <p>10 events or less of deviations from planned broadcasting timeframes acceptable performance. 11-15 events is adequate performance, more than 15 events is poor performance.</p>	<p>No deviations from planned broadcasting have occurred.</p> <p>Acceptable performance.</p>
2.8	<p><b>Cost</b></p> <p>This output will be delivered within the projected cost of \$9.96m GST exclusive for the 14 months to June 2004.</p> <p>Total cost within total budget is acceptable performance. Total cost exceeding total budget is poor performance.</p>	<p>The costs of the above outputs were achieved within the projected cost of \$9.96m.</p> <p>Acceptable performance.</p>

### Output 3 – Transmission Service

To provide broadcast services that are technically available throughout Aotearoa New Zealand and practicably accessible to as many people as is reasonably possible.

	Performance standards	Service performance to 30 June 2004
3.1	<p><b>Quantity</b></p> <p>Free to air coverage to at least 70% of the potential Māori audience resident in Aotearoa New Zealand by the close of the 2003-04 financial year.</p> <p>70% or greater represents acceptable performance. 68%-70% is adequate performance. Less than 68% is poor performance.</p>	<p>Utilisation of Sky TV's free-to-air UHF transmission option has achieved 82% coverage.</p> <p>Acceptable performance.</p>
3.2	<p>Technical availability throughout Aotearoa New Zealand via satellite transmission.</p> <p>Satellite transmission for New Zealand represents acceptable performance; no satellite transmission represents poor performance.</p>	<p>Use of TVNZ satellite transmission capacity has enabled technical availability throughout Aotearoa New Zealand.</p> <p>Acceptable performance.</p>

Performance standards	Service performance to 30 June 2004
<p>3.3 <b>Quality and timeliness</b></p> <p>Maintaining industry standards for availability of the analogue broadcast. This includes 99.6% availability for linking. Individual transmitter outages will be repaired within the timeframe specified in maintenance contracts.</p> <p>99.6% availability or higher is acceptable performance, 98%-99.5% is adequate performance, less than 98% availability is poor performance.</p> <p>In terms of transmission outages getting the transmitter operational within the specified timeframe represents acceptable performance. Failure to achieve this represents poor performance.</p>	<p>Shortcomings in various equipment components resulted in occasional short period losses of transmission, mostly limited to the first six weeks.</p> <p>This has included failures with facilities and services provided by third parties and beyond our control.</p> <p>There were some unexplained loss of audio signals for very short periods during the first six weeks or so but these have become negligible as the services have been monitored more closely.</p> <p>Overall the performance has exceeded 98% and should be regarded as adequate.</p> <p>Acceptable performance.</p> <p>Acceptable performance.</p>
<p>3.4 <b>Cost</b></p> <p>This output will be delivered within the projected cost of \$3.17m GST exclusive for the 14 months to June 2004.</p> <p>Total cost within total budget is acceptable performance. Total cost exceeding total budget is poor performance.</p>	<p>The costs of the above outputs were achieved within the projected cost of \$3.17m.</p> <p>Acceptable performance.</p>

## Statement of Responsibility

for the period ended 30 June 2004

The Board and management of Māori Television accept responsibility for the preparation of the annual Financial Statements and the judgements used in them.

The Board and management of Māori Television accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.

In the opinion of the Board and management of Māori Television the annual Financial Statements for the period ended 30 June 2004, fairly reflect the financial position and operations of Māori Television.



**Wayne Walden**  
Chairman  
28 October 2004



**Ani Waaka**  
Chief Executive  
28 October 2004

## Statement of Financial Performance

for the period ended 30 June 2004

	Note	Actual 2004 \$000's	Budget 2004 \$000's	Actual 2003 \$000's
Crown Revenue		11,537	11,538	3,534
Te Māngai Pāho Production Funding		8,891	16,327	–
Advertising Income		123	337	–
Interest Income		138	–	18
Other		7	–	–
<b>Total Operating Revenue</b>		<b>20,696</b>	<b>28,202</b>	<b>3,552</b>
Interest Expense		234	677	–
Cost of Operations and Administration	3	6,782	8,190	799
Cost of Programme Production and Acquisition		7,886	16,325	–
Network Expenses		1,005	3,173	–
<b>Total Expenses</b>		<b>15,907</b>	<b>28,365</b>	<b>799</b>
<b>Operating Surplus</b>		<b>4,789</b>	<b>(163)</b>	<b>2,753</b>
Programme Inventory Revaluations	4	2,522	–	–
<b>Net Surplus for the Period</b>	<b>5</b>	<b>7,311</b>	<b>(163)</b>	<b>2,753</b>

The accompanying accounting policies and notes form an integral part of these financial statements.

## Statement of Movements in Equity

for the period ended 30 June 2004

	Note	Actual 2004 \$000's	Budget 2004 \$000's	Actual 2003 \$000's
Public Equity – 30 June 2003		2,753	2185	–
Net Surplus for the Period	5	7,311	(163)	2,753
<b>Total Recognised Revenues and Expenses</b>		<b>10,064</b>	<b>2,022</b>	<b>2,753</b>
<b>Public Equity – 30 June 2004</b>	<b>5</b>	<b>10,064</b>	<b>2,022</b>	<b>2,753</b>

The accompanying accounting policies and notes form an integral part of these financial statements.

## Statement of Financial Position

as at 30 June 2004

	Note	Actual 2004 \$000's	Budget 2004 \$000's	Actual 2003 \$000's
<b>Public Equity</b>				
General Funds	5	10,064	2,022	2,753
<b>Total Public Equity</b>		<b>10,064</b>	<b>2,022</b>	<b>2,753</b>
Represented by:				
<b>Assets</b>				
<b>Current Assets</b>				
Cash and Bank		1,720	–	3,206
Programme Inventory	4	2,522	–	–
Receivables and Prepayments	6	1,255	292	9
<b>Total Current Assets</b>		<b>5,497</b>	<b>292</b>	<b>3,215</b>
<b>Non-Current Assets</b>				
Property, Plant & Equipment	7	12,946	11,511	464
<b>Total Assets</b>		<b>18,443</b>	<b>11,803</b>	<b>3,679</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Payables	8	1,472	–	598
Employee Entitlements	9	157	–	10
GST Payable		–	–	318
<b>Total Current Liabilities</b>		<b>1,629</b>	<b>–</b>	<b>926</b>
<b>Term Liabilities</b>				
Loan – Term	15	6,750	9,781	–
<b>Total Liabilities</b>		<b>8,379</b>	<b>9,781</b>	<b>926</b>
<b>Net Assets</b>		<b>10,064</b>	<b>2,022</b>	<b>2,753</b>

The accompanying accounting policies and notes form an integral part of these financial statements.

## Statement of Cash Flows

for the period ended 30 June 2004

	Note	Actual 2004 \$000's	Budget 2004 \$000's	Actual 2003 \$000's
<b>Cash Flows from Operating Activities</b>				
<i>Cash was provided from:</i>				
Crown Appropriation		11,525	11,538	3,534
Te Māngai Pāho Production Funding		8,154	19,250	–
Interest Received		138	–	18
Advertising Revenue		41	379	–
<i>Cash was applied to:</i>				
Payments to Employees		(3,037)	(6,274)	(111)
Payments to Suppliers		(10,916)	(25,792)	(88)
Interest Paid		(234)	(677)	–
Net Goods and Services Tax		(726)	1578	317
<b>Net Cash flows from Operating Activities</b>	10	4,945	2	3,670
<b>Cash Flows from Investing Activities</b>				
<i>Cash was applied to:</i>				
Purchase of Fixed Assets		(13,181)	(9,759)	(464)
<b>Net Cash Flows from Investing Activities</b>		(13,181)	(9,759)	(464)
<b>Cash Flows from Financing Activities</b>				
<i>Cash was provided from:</i>				
Loan Proceeds		6,750	9,757	–
<b>Net Cash Flows from Financing Activities</b>		6,750	9,757	–
<b>Net Increase/(Decrease) in Cash Held</b>		(1,486)	–	3,206
Plus Opening Cash Balance		3,206	–	–
<b>Closing Cash Balance</b>		1,720	–	3,206

The accompanying accounting policies and notes form an integral part of these financial statements.

## Statement of Commitments

as at 30 June 2004

### Commitments

	2004 \$000's	2003 \$000's
Transmission and Satellite Linking	8,416	–
Programme Production	3,385	–
Programme Acquisitions	191	41

#### Transmission

We have entered into long term agreements with Sky Network Television, Television New Zealand (TVNZ) and BCL for transmission and linking services.

#### Programme Production

Production of a number of programmes had commenced but were not completed at year end. Expenditure required to complete production is recorded as a commitment.

#### Programme Acquisitions

Contracts for the purchase of broadcast rights in certain programmes have been entered into but full payment has not yet been made and is not yet due, pending certain events, eg delivery of materials, first transmission, etc.

### Non-Cancellable Operating Lease Commitments

	2004 \$000's	2003 \$000's
Operating Lease		
Not Later Than One Year	645	541
Later Than One But Not Later Than Two	645	541
Later Than Two But Not Later Than Five	1,856	1,623
Later Than Five Years	1,201	2,119
	4,347	4,824

## Statement of Contingent Liabilities

as at 30 June 2004

There was a contingent liability of \$12,000 relating to a claim with the Employment Relations Authority from an ex-employee.

## Statement of Accounting Policies

for the period ended 30 June 2004

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

### a) Reporting Entity

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

These financial statements have been prepared in accordance with section 41 of the Māori Television Service Act 2003.

### b) Measurement Base

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

### c) 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.

### d) Accounts Receivable

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

### e) 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.

### f) Programme Rights, Inventories, Frequencies and Development

#### Frequency Licences

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

#### Research and Development Costs

Research expenditure is expensed in the period incurred. Developmental 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 licences 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 costs less amounts amortised or written off are accounted for as programme inventory;
- iii Programme licences 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 3 years;
- ii Programme licences on programmes commissioned by Māori Television are expensed on a systematic basis depending on the term of the licence and the number of plays acquired, to a maximum of 3 plays;
- iii Programme licences 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 3 plays.

#### **g) 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.

#### **h) 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.

#### **i) 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.

**j) 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.

**k) Goods and Service Tax (GST)**

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

**l) Broadcasting Services**

The allocation of funds to broadcasting services is treated as expenditure 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.

**m) Cash and Bank and Short Term Deposits**

These investments are recorded at cost.

**n) Revenue**

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

**o) Financial Instruments**

Māori Television is party to financial instrument arrangements including cash and bank, short 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 Statement of Financial Performance. Except for those items covered by separate accounting policy all financial instruments are shown by estimated fair value.

**p) 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 relating to changes in debt structure.

**q) 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.

**r) Contingent Liabilities**

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

## Notes To The Accounts

for the period ended 30 June 2004

### 1. Taxation

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

### 2. Comparatives

The financial statements provide comparative figures for the year ending 30 June 2003. However, as Māori Television was formally established on 7 May 2003 with the passing of the Māori Television Service (Te Aratuku Whakaata Iirangi Māori) Act 2003, the previous year's figures only relate to seven weeks of trading activity.

### 3. Operating Surplus/(Deficit)

	2004 \$000's	2003 \$000's
The net surplus is after charging for:		
Fees paid to Auditors	30	25
Board Members' Fees	117	23
Depreciation Expense	699	–
Rental Expense on Operating Leases	561	40

### 4. Programme Inventories

	2004 \$000's	2003 \$000's
Productions in Progress	194	–
Productions Completed	408	–
Commissioned Programmes	1,157	–
Acquired Programmes	763	–
	2,522	–

### 5. Public Equity

	2004 \$000's	2003 \$000's
Opening Balance	2,753	–
Net Surplus	7,311	2,753
Closing Balance	10,064	2,753

**6. Receivables and Prepayments**

	2004 \$000's	2003 \$000's
Receivables	91	2
Resident Withholding Tax Paid	49	7
Prepayments	36	–
Payroll Clearing A/c	(66)	–
Te Māngai Pāho Income Due	737	–
GST Receivable	408	–
	1,255	9

**7. Property, Plant and Equipment**

	30-Jun-04			30-Jun-03		
	Cost \$000's	Accum Dep'n \$000's	NBV \$000's	Cost \$000's	Accum Dep'n \$000's	NBV \$000's
Office Equipment	25	3	22	10	–	10
IT Equipment	669	75	594	–	–	–
Studio Equipment	7,302	468	6,834	204	–	204
Studio Fitout	4,879	131	4,748	8	–	8
Building Soft Fitout	597	22	575	–	–	–
Artworks	173	–	173	–	–	–
	13,645	699	12,946	221	–	221
Work In Progress	–	–	–	242	–	242
	13,645	699	12,946	464	–	464

**8. Payables and Accruals**

	2004 \$000's	2003 \$000's
Trade Creditors	675	437
Accrued Expenses	637	161
Other	160	–
	1,472	598

**9. Employee Entitlements**

	2004 \$000's	2003 \$000's
Annual Leave	157	10
	157	10

**10. Reconciliation of the Net Surplus from Operations with the Net Cash Flows from Operating Activities**

	2004 \$000's	2003 \$000's
Surplus from Operations	4,789	2,753
Add/(Less) Non Cash Movements		
Depreciation	699	–
Employee Entitlements	147	10
	5,635	2,763
Add/(Less) Movements in Working Capital		
Less Increase in Receivables	(838)	(9)
Less Increase in GST Receivable	(726)	–
Add Increase in GST Payable	–	318
Add increase in Payables	874	598
	4,945	3,670

**11. Related Party Information**

Māori Television has been established as a body corporate with perpetual succession whose key stakeholders are the Crown and Māori.

The Government is the principal source of funding for Māori Television.

Wena Tait – Board Director, had the following related party transactions for the year to 30 June 2004:

	2004 \$000's	2003 \$000's
Hula Haka	73	–
Te Tawa Consultants	14	–

**12. Financial Instruments**

Māori Television has a series of policies providing risk management for interest rates, operating and capital expenditures denominated in a foreign currency, and the concentration of credit. Māori Television is risk averse and seeks to minimise its exposure from its treasury activities. Its policies do not allow any transactions which are speculative in nature to be entered into.

### Credit Risk

Credit risk is the risk that a third party will default on its obligation to Māori Television, causing Māori Television to incur a loss. Financial instruments which potentially subject the company to risk consist principally of cash, short term investments, and trade receivables.

Māori Television has a minimal credit risk in its holdings of various financial instruments. These instruments include cash, bank deposits, New Zealand government stock, and accounts receivable.

The Board places its investments with institutions that have a high credit rating. It also reduces its exposure to risk by limiting the amount that can be invested in any one institution. Māori Television believes that these policies reduce the risk of any loss which could arise from its investment activities. Māori Television does not require any collateral or security to support financial instruments.

There is no significant concentration of credit risk.

The maximum amount of credit risk for each class is the carrying amount in the Statement of Financial Position.

### Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

At balance date Māori Television had exposure to currency risk in regard to the purchase of television programmes from overseas which are primarily denominated in US dollars. (See Statement of Commitments).

### Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. There are no interest rate options or interest rate swap options in place as at 30 June 2004.

The Board does not consider that there is any significant interest exposure on either Māori Television investments or its borrowings.

## 13. Employee Remuneration

The following numbers of employees received remuneration and other benefits in their capacity as employees the total of which exceeded \$100,000 for the year.

	2004	2003
\$100,001-\$110,000	2	—
\$110,001-\$120,000	—	—
\$120,001-\$130,000	1	—

#### 14. Board Fees

Board members earned the following fees during the period:

Member		2004 \$000's	2003 \$000's
Wayne Walden	Chairman	38	5
Ani Waaka	Deputy Chair*	4	3
Rod Cornelius		19	3
Leonie Pihama		19	3
Tawini Rangihau	**	–	3
Craig Soper		19	3
Wena Tait		18	3
Garry Muriwai		–	–
		117	23

\* Ani Waaka resigned as Director in August 2003 and following her resignation was appointed as interim CEO.

\*\* Tawini Rangihau resigned as Director on 17 November 2003. She currently holds the position of General Manager – Reo and Programming.

#### 15. Loan Facility

On 2 September 2003, Māori Television entered into a wholesale advances (loan) facility of \$11,275,000 with the Westpac bank.

At balance date Māori Television had drawn down a total of \$6,750,000:

	2004 \$000's	2003 \$000's
Long Term Loan	6,750	–
	6,750	–

We also have a letter of credit facility with our bank for \$100,000. At balance date this facility was unutilised.

#### 16. Good Employer Policy

Māori Television continues to discharge its obligations as a good employer by providing fair employment contracts and policies which provide for proper conduct of the business and opportunities for team members to consult on matters of concern to them.

During the start up phase Māori Television has concentrated its Equal Employment Opportunity strategy on recruitment practices. To this end Māori Television has developed Role Profiles which detail the competencies required to carry out the functions of each position and recruits on the basis of these competencies.

The four most senior positions (Chief Executive, General Manager – Reo and Programming, General Manager – Finance & Administration and General Manager – Operations) comprise an equal gender split, and 3:1 ethnic split as between Māori and Other, and the age range is between 40-55 years of age.

In terms of the organisation as a whole we have a total staff base of 117 employees with a 48% to 52% male vs female gender split. The ethnic split between Māori and Other is approximately 5:1 and the employee age range is between 19 to 73 years of age.

#### **17. Employment Matters**

During the year, four employees left Māori Television as a result of an employment dispute. Compensation of \$40,000 in relation to section 123 c (i) of the Employment Relations Act was paid to one person.

#### **18. Ultra High Frequency Right (UHF)**

Under the Māori Television Service (Te Aratuku Whakaata Iirangi Māori) Act 2003, a UHF management right was transferred to Māori Television. This transfer was registered on 28 November 2003 with the Registrar of Radio Frequencies and has a term of 10 years.

As there was no cost incurred by Māori Television to obtain this right, and due to the uncertainty of the fair value of this asset, we have attributed a nil value in our financial statements.

#### **19. Post Balance Date Events**

No significant events have occurred since balance date which will have any material effect upon the financial statements for the year ended 30 June 2004.

#### **20. Major Budget Variations**

The budgets prepared for the Statement of Intent were for a 14 month period from May 2003 to June 2004. The budgets reported against in these financial statements are for the 12 month period from July 2003 to June 2004 which were part of the budgeted 14 month result but were not detailed separately in the Statement of Intent.

These budgets were based on the assumption that Māori Television would commence broadcasting by October 2003. However, due to delays in achieving the necessary legislation, securing the required financing and resolution of transmission frequency issues, Māori Television was not in a position to order the necessary equipment to achieve an October start date. As a consequence, Māori Television also delayed its recruitment of personnel, its in-house production and acquisition of programming and other operational and administrative expenditure.

Māori Television went to air on 28 March 2004, and due to the delay in the actual start date of transmission, costs were significantly less than budget. This is the main reason for the variances against budget.

**Māori Television**

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