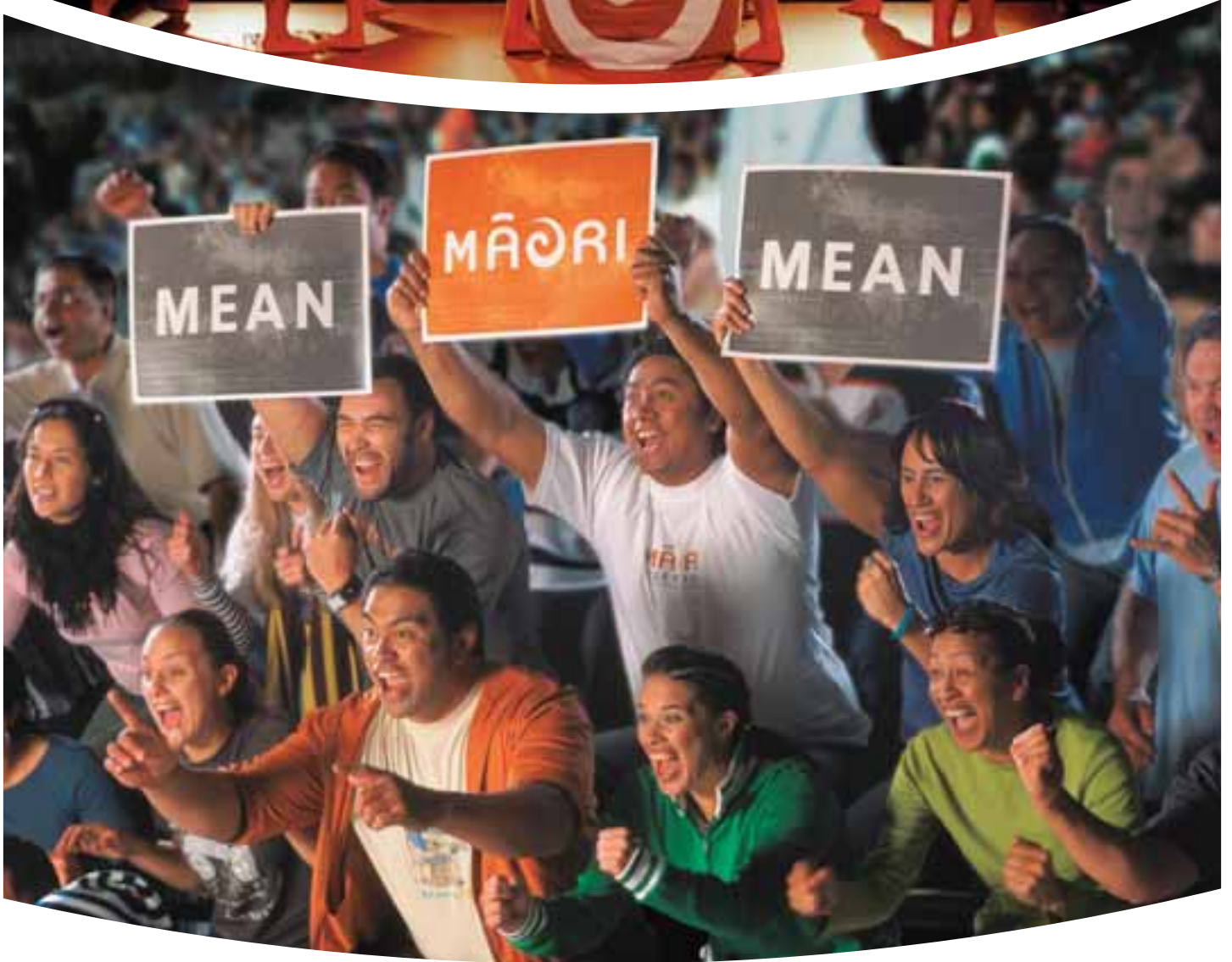


KŌKIRIHIA TE WAKA O WHAKAATA MĀORI



Pūrongo-ā-tau: Annual Report 2005
Steadily advancing and continuously improving

MĀORI
TELEVISION
mā rātou mā mātou mā koutou mā tātou



Continuing to develop our voice

KŌKIRIHIA TE REO

Annual Report of Māori Television

For the year ended 30 June 2005

Presented to the House of Representatives pursuant to section 44(2) of the Māori Television Service (Te Aratuku Whakaata Irirangi Māori) Act 2003.

The Ministers of Māori Affairs and Finance

In accordance with section 44(2) of the Māori Television Service (Te Aratuku Whakaata Irirangi Māori) Act 2003, I present, on behalf of the Māori Television Board, the annual report on the operations of Māori Television for the year ended 30 June 2005.



Wayne Walden
Chairman

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Directory

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PO Box 113017
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Auditor

Audit New Zealand
on behalf of the Auditor-General

Bankers

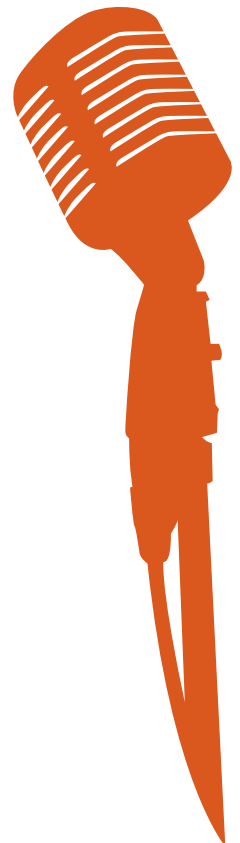
Westpac Banking Corporation

Solicitors

Chapman Tripp and Eska Hartdegen

Insurer

NZI, ACE, Vero and QBE



Taking our place in the broadcasting world

KŌKIRIHIA KI TE AO

Chairman's Review

Ngā mihi

E ngā mana, e ngā reo, e ngā kārangaranga maha – tēnei te mihi nui ki a koutou e mātaki mai ana i te pūāwaitanga o tēnei taonga, a Whakaata Māori.

E tangi ana ki te tangata, e mihi ana ki te whenua.

Tēnā tātou katoa.

The 2005 year, Māori Television's first full financial year as an on-air broadcaster, has set a strong platform for the successful future of New Zealand's national indigenous channel.

The 12 months to 30 June 2005 have been challenging, rewarding and satisfying. Māori Television has achieved all targeted objectives for the period under review. It is making its mark on the television landscape of New Zealand and continues to receive increasing international recognition as a world-class indigenous broadcaster.

I am pleased to present the Annual Report 2005 of Māori Television.

Governance

The establishment and permanence of Māori Television as a public value Māori language broadcaster has been the driver of strategic direction and decision-making throughout the 2005 financial year.

Strategic Framework

A strategic plan has been developed for implementation over three years. Leading development of this strategy has been the review of Māori Television's vision and mission statements; a review that has been initiated to recognise the evolution of Māori Television from a channel in planning to a fully-functioning on-air broadcaster. The review has cemented the aspirations of board, management and staff, and ensured the development of a relevant strategy to achieve a viable future for Māori Television:

Vision: *Kia mōhio whānuitia e te ao, hei pourewa whakapāho kaupapa tūturu ā Māori.*
To be a world-class indigenous broadcaster.

Mission: *Ki te whakatū i tētahi pourewa Whakaata Māori motuhake, tau, mōmoho, e hanga ana, e pāho ana i ngā whakaaturanga whai wāhi nui i roto i ngā kaupapa whakaora i ngā tikanga me te reo Māori.*
To provide an independent, secure and successful Māori television channel broadcasting programmes that make a significant contribution to the revitalisation of te reo and tikanga Māori.

The sense of aspiration within the vision statement is an indication of the successes we believe Māori Television can achieve.

The strategic plan for Māori Television identifies two long-term objectives and these epitomise the dual challenges facing Māori Television as an indigenous broadcaster. Those objectives are to significantly contribute to te reo and tikanga Māori being increasingly valued and embraced; and to be an independent national Māori channel that is successful with an assured future.

Ngā pūtake o te arotake a te Heamana

Te mahere rautaki

Kua tau te mahere rautaki hei whakatinana ā ngā tāu e toru. Heoi ko te kaupapa mātua he titiro tonu ki ngā uara me te tauākī.

Uaratanga: Kia mōhio whānuitia e te ao, hei pourewa whakapāho kaupapa tūturu ā Māori.

Tauākī: Ki te whakatū i tētahi pourewa Whakaata Māori motuhake, tau, mōmoho, e hanga ana, e pāho ana i ngā whakaaturanga whai wāhi nui i roto i ngā kaupapa whakaora i ngā tikanga me te reo Māori.

Ē rua ngā tino whāinga. Tuatahi, he whakaara i te reo me ngā tikanga kia tangata whenua anō ki te nuku o te whenua, tuarua, kia tū motuhake a Whakaata Māori hei whare whakapāho mō ngā tau mutunga kore.

Kaitiakitanga

Kei te kaitātaki te mahi nui ki te whakatutuki i ngā whāinga matua. Nō tērā Hui-tanguru i tīmata ai a Jim Mather hei Tāhūhū Rangapū, ki te nohonga i whakawāteatia e Ani Waaka. Otirā kei te whakamihi tonu ki a Ani.

Tupuranga

I hīmata ake a Whakaata Māori i ngā mahi atu i te rapu kaimahi, ki te whakapakari hoki i a rātou, ki te whakawhānui i ngā whakapāhotanga, ki te tuitui tonu i ōna hononga whanaungatanga, ki te rangahau i te iwi mātakitaki i a ia, me te hohou tonu i te reo me ngā tikanga ki ōna whakaaturanga.

Ngā whakatinanatanga matua:

- 71% te reo o ngā hōtaka mō tērā tau, 67% e matakihia ana e te marau.
- 90% ngā hōtaka nā te hau kāinga i mahi.
- Kua tohua a *Pēpi* mō te hōtaka whakamōhio tāngata i ngā tohu Qantas Media Awards 2005.
- Kua tohua he whakaaturanga whakatairangi ki te tohu hiriwa a PROMAX ki te ao i New York.
- Kua tutuki he kaupapa hei whakatauiria i ngā whāinga hōtaka me ngā āhuatanga tauhokohoko.
- E ai ki ngā rangahau o te wā, e hiahia ana te nuinga o Aotearoa kia noho motuhake a Whakaata Māori.
- \$3.4M te pūtea ā Whakaata Māori e noho tuwhene ana, e rua tau ki mua ngā utunga nama ā Whakaata Māori ki ā Westpac Bank.


Kaitohu

I whakatauria a Amohaere Houkamou (Ngāti Porou) i te marama o Whiringa-ā-rangi 2004. No te marama o Pipiri 2005 i makere atu a Tākuta Leonie Pihama (Te Atiawa, Ngāti Māhanga).

Tirohanga whakamua

E whakamihi ana te Poari ki ngā tāngata i tautoko, me te hunga mātakitaki, otirā ki ngā kaimahi katoa ā Whakaata Māori, hē mahinga nui e whakaponohia ana he waka hei whakaora tonu i te reo hei painga mō te roanga atu o ngā whakatupuranga.

Nāku noa, nā



Wayne Walden
Heamana

The strategy is outlined in detail in the Strategic Direction section of this report on page 12. The plan enunciates the key strategies required to contribute to the normalisation of te reo Māori, broadcast programmes that inform, educate and entertain, strengthen the capabilities of the Māori television production industry, and ensure that Māori Television continues to develop as a robust, fiscally responsible and well-managed business.

Leadership

Leadership will play a vital role in the channel achieving its objectives, and the appointment of a chief executive was an important assignment for the board during the 2005 year.

In February the board welcomed Jim Mather (Ngāti Awa) to the role. Jim came to Māori Television with a strong academic, commercial and leadership background and has since exhibited impressive strategic and management qualities. The board is committed to providing appropriate governance support to Jim to ensure that those qualities, together with the skills and expertise of the management team, are effectively applied to the development of Māori Television and its people.

Jim assumed the role following the resignation of interim chief executive Ani Waaka. Ani stepped into the role at an important time in Māori Television's development and her contribution was integral to the successful launch of the channel. On behalf of the board I thank Ani for her contribution and support.

Growth

A particular challenge for the 2005 year was the achievement of significant growth in all areas of the organisation to create a strong platform for our future. During the period, strong progress was made in a number of areas, including staff recruitment and training, terrestrial transmission expansion, stakeholder relationships, audience research, and the integration of te reo me ngā tikanga Māori into programming and internal culture.

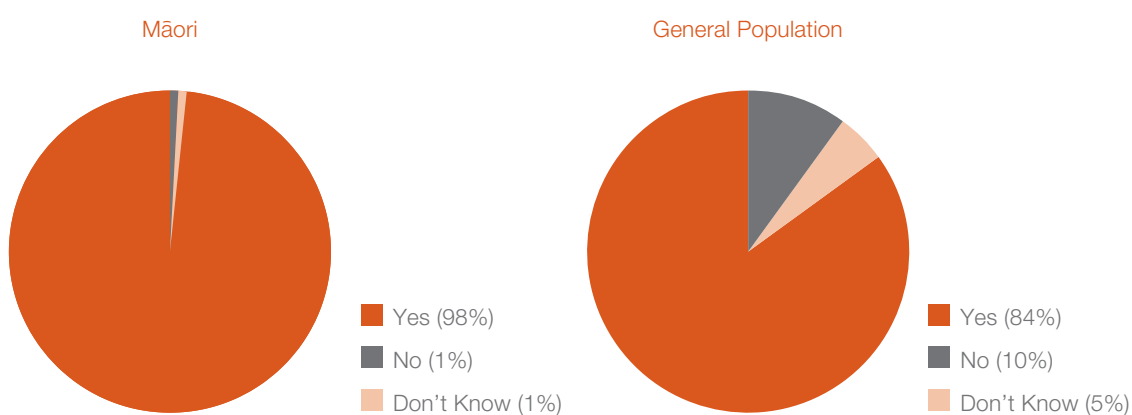
We recognise that the integration of tikanga and corporate culture poses a challenge for any Māori organisation. In response, a key initiative during the year has been the formation of a kaunihera kaumātua, a council of elders steeped in knowledge of tikanga to provide a cultural advisory role to the chief executive and management.

When Māori Television launched on 28 March 2004, I stated that Māori Television would be the servant of te reo me ngā tikanga Māori. This is at the core of Māori Television's purpose and is demonstrated by the achievement of 71% of te reo Māori programming across the schedule for the year, with 67% during prime-time.

Māori Television is the leading broadcaster of local programming content, with New Zealand programming comprising more than 90% of our schedule. Two thirds of the schedule comprises new programming produced by Māori Television and the independent production community. Our in-house programming team created a first when the programme *Pēpi* won Best Information Programme at the industry-leading Qantas Media Awards, followed by global recognition for our on-air promotions team at the PROMAX World Gold Awards in New York.

Significant progress has been made in understanding our audience to ensure that we are delivering a television product that meets their needs and to drive viewer acquisition. Our research programme is delivering quality information about audience preferences, providing key data to guide programming and marketing strategies. This research includes a survey of attitudes towards Māori Television, and I am pleased to report that the majority of New Zealanders consider the channel a 'rising star' and want Māori Television to be a permanent part of New Zealand broadcasting.

Should Māori Television be a Permanent Part of New Zealand Broadcasting?



Source: TNS Research Ltd.

Māori Television has also continued its record of responsible fiscal management, ending the 2005 financial year with a surplus of \$3.229M and repayments of the Westpac Bank loan facility two years ahead of schedule. At time of writing, the loan balance was nil. Prudent financial management has produced a surplus that has enabled expansion of our Newmarket premises and the installation of additional studio facilities – two developments that will increase our production capacity and are indicative of our strong progress.

Directors

Two changes were made to the board during the period. In October 2004 the board welcomed the appointment of Amohaere Houkamau (Te Whānau a Tuwhakairiora, Te Whānau a Rerewa, Ngāti Porou). An experienced board director and chief executive of Te Rūnanga o Ngāti Porou, Amohaere is a highly valued board member through her positive contribution and commitment. She joins the board as an appointee of Te Pūtahi Paoho.

In June 2005 the board accepted the resignation of Dr Leonie Pihama. Leonie's contribution to the development and launch of Māori Television spanned almost three years. Her enthusiasm for the promotion of te reo Māori and the goals of Māori Television are acknowledged. On behalf of the board I thank Leonie for that contribution.

Future

The progress achieved this year has set a strong foundation for Māori Television. We enter 2005/06 still in our infancy but nevertheless in a strong position and with a clear and relevant strategy for a sustainable, successful future. We have identified key goals for all areas of our business and the board will support the achievement of these with diligence and commitment to ensure Māori Television is a high-performing business that retains the special cultural qualities which set it apart from other broadcasters.

The outstanding success of Māori Television and the progress achieved in our first eighteen months can be credited to management and staff, whose commitment to this kaupapa is unparalleled. I also acknowledge the contribution of my fellow board directors and extend my personal thanks to them.

Equally, the support of our reporting stakeholders – Te Pūtahi Paoho and the Crown – has been extremely positive and they have been steadfast in their commitment.

The board recognises and acknowledges the contribution that stakeholders, management, staff and our viewers make to an initiative that we believe is our best hope to ensure the taonga of our culture, te reo Māori, not only survives but prospers.



Wayne Walden
Chairman

Ngā pūtake o te pūrongo a te Tāhūhū Rangapū

He mea nui i whakamanahia ahau hei Tāhūhū Rangapū mō Whakaata Māori. Otirā me mihi tonu ki o tātou tīpuna, ki ngā kaimahi hoki nā rātou te mahi nui ki te whakamānu i te waka pāpāho o Whakaata Māori.

Heoi tā Whakaata Māori he whakamātautau tonu i te ara hei whakatinana i ngā whāinga whāiti ā ture, mei, ka noho pūmau hoki te oranga tauhokohoko ā tona wā.

E rua ngā whāinga matua:

1. He whakapiki tonu i te reo Māori mei ka kōrero whānuihia e te marea, otirā ka noho pūmau hoki ngā tikanga;
2. Kia toitū te pourewa Whakaata Māori tau, momoho ki ngā tōpito o te ao mō ngā tau mutunga kore.

Ko te pae tawhiti ka tū motuhake nā te whakapaipai o ngā whakaaturanga, kua mā te whirinaki tonu ki ngā pūtea kāwanatanga.

Ināhoki te whakapono, ko te reo mē ngā tikanga te pūmanawa rangapū hei whakapakaritanga pakihi a ngā rā e tū mai nei. Koirā hoki tō mātou tino rerekētanga ki ngā pourewa whakaataata katoa.

Ko te whāinga nui – he whakarite tonu i ngā hiahia o te hunga mātakitaki, otirā me whakaea rawa ngā wawata o te iwi Māori. Nā reira ka mau a Whakaata Māori ki te mana, me te tūturutanga o te ao Māori hei āwhina i ngā whānau, hapū, iwi hoki ki te whakapiki tonu i o rātou reo me ngā tikanga.

Otirā, hei ārahi, hei tohutohu i a mātou kua whakatauria he kaunihera kaumātua mai i ngā hau e whā.

Kei te kitea te tokomahatanga o te hunga e tahuri ana ki te mātakitaki i a Whakaata Māori. Hāunga tēra, ko te mea nui me hāngai tonu ki te whakahau ā ture, tērā ki te whakaara tonu i te reo me ngā tikanga. Kei te mahi tahi me ngā tari Māori ā te karauna ki te rangahau kia kitea ai e ahu pēhea ana ngā whāinga.

E mihi ana hoki ki ngā rangapū, ngā whare pāpāho motuhake i tō rātou kaha ki te hanga whakaaturanga mā Whakaata Māori.

Kei te whakatata tonu hoki ki tō rātou whakaruruhau a Ngā Aho Whakaari, kua whakanuia hoki ngā pūtea hei hanga i ētahi momo hōtaka.

Hei whakakōpani ko te mihi ki Te Pūtahi Paoho, te Karauna, Te Māngai Pāho, ki ngā kaitiaki o Whakaata Māori, hāunga hoki ngā kaimahi.

Otirā ko tāku e manawanui nei ka haere whakamua te taonga ā te motu a Whakaata Māori.

Nāku noa, nā.



Jim Mather

Tāhūhū Rangapū

Chief Executive's Report

Ko te tīmatatanga o te whakāro nui ko te wehi kia Ihoa.

*E mihi ana ki a Te Arikinui e noho mai rā i te ahurewa tapu o ōna mātua tūpuna,
ki tōna hoa rangatira, ā rāua tamariki, mokopuna, me te Kāhui Ariki, Pai Mārire.*

E ngā mate, takoto mai, moe mai.

Tēnā tātou katoa.

It was both an honour and a privilege to be appointed as Chief Executive/Tāhūhū Rangapū of Māori Television in December 2004. At the outset of my report, I wish to acknowledge the contribution made by the forebears, leaders and kaimahi of Māori Television in getting the channel established and operating.

A well known adage is “what got you there yesterday, may not get you there tomorrow”. This saying holds particular relevance for Māori Television as it has clearly moved from its establishment phase to the next critical stage of development. With 18 months of successful broadcasting behind us, we now need to continue to successfully execute our strategy to fulfil our statutory objectives, as well as strengthen our long-term commercial viability.

Our strategic plan and associated long-term objectives and milestones clearly state how we are going to achieve our organisational mission. The Strategic Direction section of the Annual Report covers in detail the underlying strategies that form the basis of our two overarching objectives of:

1. Significantly contributing to te reo and tikanga Māori being increasingly valued and embraced, and
2. Developing an independent Māori channel that is successful with an assured future.

The first key objective clearly reflects the expectation that more New Zealanders, both Māori and non-Māori, want to have the opportunity to become bi-lingual and bi-cultural. This assertion has been reinforced by independent research commissioned by Māori Television that the vast majority of New Zealanders view our role in promoting Māori issues and creating awareness of te ao Māori as important components of our nationhood building.

The second key objective reaffirms that we must continue to build a strong underlying commercial platform which will enable us to consistently achieve our language and cultural objectives in the long-term. It is our eventual goal to be independent of direct government funding without compromising the quality and delivery of our programmes.

As a statutory corporation that obviously has a strong kaupapa Māori, many observers believe that our greatest challenge is to integrate our reo and tikanga objectives with competing commercial imperatives. To the contrary, it is our firm view that our reo and tikanga elements are in fact unique aspects of our organisation that can differentiate us from other television broadcasters and in the process actually strengthen our business prospects.

At all times the cornerstone of our activities must be based on fulfilling the needs of our customers; the existing and potential audience of Māori Television. To that end, our programming strategy has the goal of informing, educating and entertaining our viewers so that we broaden our viewer base and build loyal audiences. Significant independent research has been conducted to ensure that we remain a customer-centric organisation that delivers programmes that meet the preferences of the great majority of our viewers.

It is also important for Māori Television to ensure that we continue to meet the needs of our core Māori audience. We must at all times maintain a high level of integrity and authenticity in our programming and ensure that whānau, hapu

and iwi have a medium that provides opportunities to strengthen and maintain their reo and tikanga. We are particularly honoured that 10 kaumātua have agreed to be part of a kaunihera that provides cultural advisory support to the channel. Through this kaunihera kaumātua we are able to receive independent guidance on how we are operating the channel from the perspective of many of those who contributed to its establishment.

One obvious measure of customer satisfaction is ratings. It is our view that our growth in viewer numbers from a monthly cumulative average of 327,800 in July 2004 to a peak of 426,300 in April 2005 represents credible progress. However, there is also a strong emphasis on further improving our programming strategy, based on recently completed research, with an expectation that it will move our ratings to an even higher level.

Although ratings are an important component of measurement of performance, it also needs to be emphasised that the performance of Māori Television must be linked back to our statutory objectives of contributing to the revitalisation of te reo and tikanga Māori. Accordingly, we are actively participating in development of longitudinal research that will measure progress in this area with other major contributors to the high-level objectives of the Māori Language Strategy.

The progress made over the last year by Māori Television needs to also include acknowledgement of the independent production community which provides approximately a third of our programming schedule. We recognise the contribution made by the independent producers and commit to providing clear guidance on our programme requirements. An important development has been the forging of closer ties with the industry representative organisation, Ngā Aho Whakaari, and a commitment to maintaining open channels of communication. Similarly, the introduction of a genre cap extension has signalled that we recognise that programmes in specific genres may require funding beyond our existing self-imposed funding cap.

Finally, it is appropriate that I recognise the efforts of the key stakeholders in supporting Māori Television through our first full financial year of operation. This acknowledgement includes the members of Te Pūtahi Paoho, stakeholder ministers, Te Māngai Pāho and of course the board, management and staff of Māori Television.

I remain confident that our solid progress will continue over the next year and that adherence to our strategic plan will keep us focused on the key areas of importance.

Kāti kua tomokia te mānuka, tēnei te waka o Whakaata Māori ka kōkiri tonu i te reo mē ngā tikanga ki te ao whānui. Otirā tēnei ka whākarikihia atu nei ko ngā whakaheke werawera ā ngā ringa mākohakoha ā Whakaata Māori.

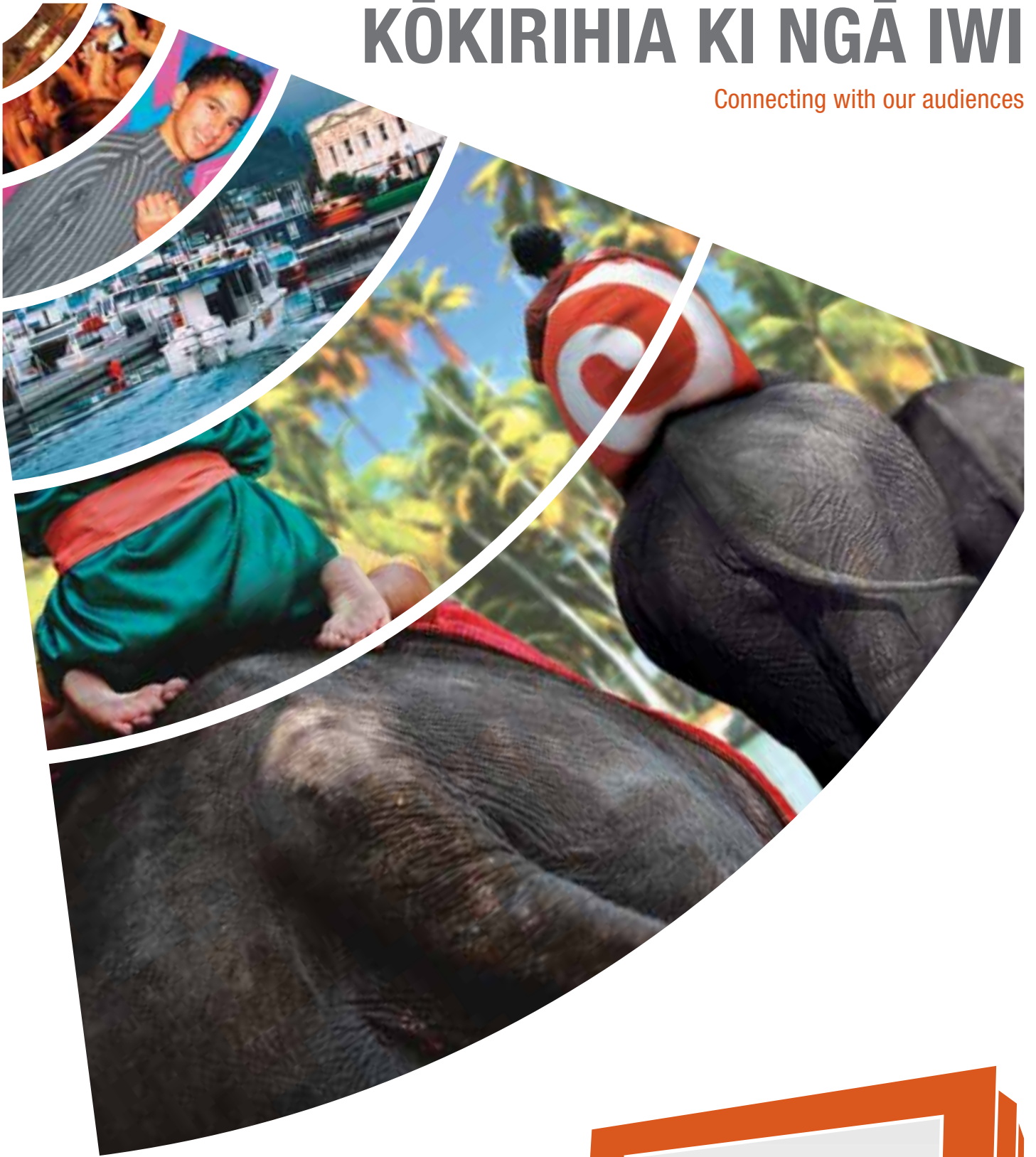


Jim Mather

Chief Executive

KŌKIRIHIA KI NGĀ IWI

Connecting with our audiences



Strategic Direction

Having successfully completed our first year of broadcasting, the board, management and staff of Māori Television look to the future with confidence.

This section outlines the strategic direction for Māori Television over the next three-year period. This strategic plan is based on the following framework. The underlying foundation of the strategic plan is based upon the purpose of the organisation and achievement of our mission.



Vision

Kia mōhio whānuitia e te ao, hei pourewa whakapāho kaupapa tūturu ā Māori.

To be a world-class indigenous broadcaster.

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

By benchmarking ourselves against other world-class indigenous broadcasters, we will enhance our development and ensure that we retain the special cultural qualities that set us apart from other public and commercial television broadcasters.

Mission

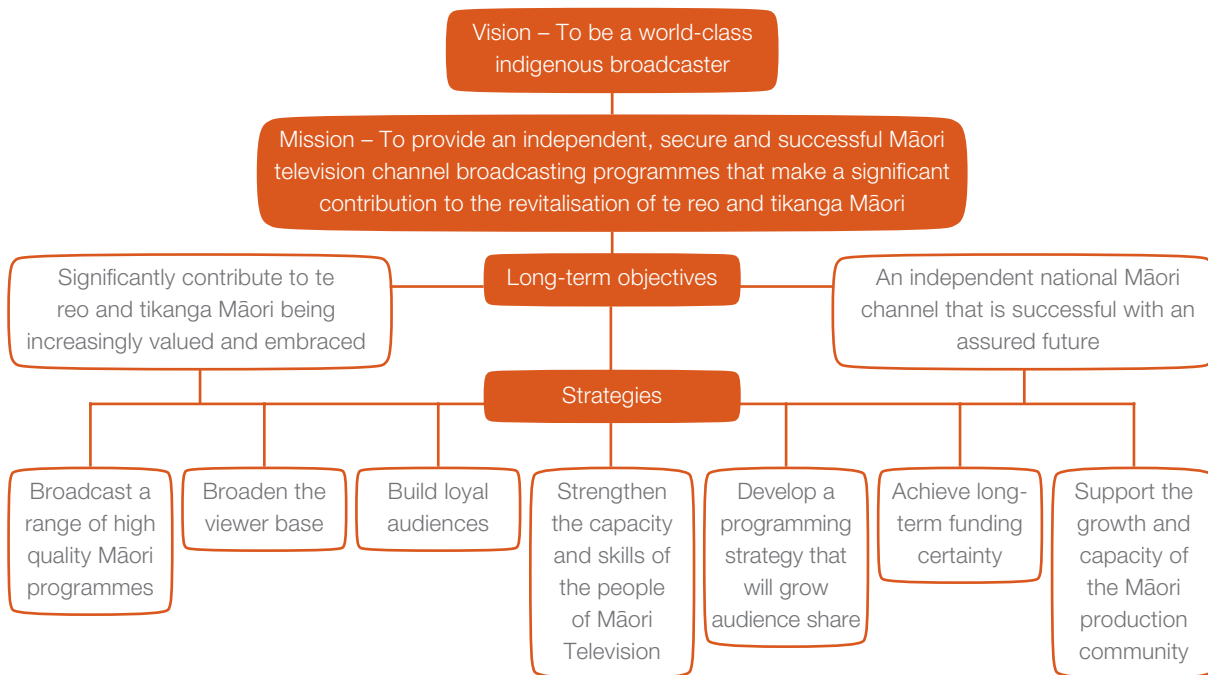
Ki te whakatū i tētahi pourewa Whakaata Māori motuhake, tau, mōmoho, e hanga ana, e pāho ana i ngā whakaaturanga whai wāhi nui i roto i ngā kaupapa whakaora i ngā tikanga me te reo Māori.

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

Māori Television is a key component of our country's efforts to ensure the survival, revitalisation and normalisation of te reo Māori. Every day Māori Television is beaming stories and images of te ao Māori into the homes of all New Zealanders. We are committed to providing Māori with the opportunity to see their culture and hear their language on screen, as are we to ensuring that Māori Television is an inclusive broadcaster that has something to offer all New Zealanders.

Strategic Plan

Our strategic plan flows from our vision and mission. It consists of two over-arching long-term objectives and seven key strategies that contribute to achievement of those objectives.



To achieve the two long-term objectives, Māori Television will implement seven key strategies:

Strategy 1: Broadcast a range of high quality Māori programmes

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

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

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

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

Māori Television has established a kaumātua advisory group to ensure that the usage of te reo and tikanga Māori both on screen and within the organisation is of the appropriate quality.

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

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

Strategy 2: Broaden the viewer base

Māori Television must continue to broaden its audience and provide programming that offers something for everyone.

To this end, Māori Television will implement the following:

■ **Broadcast a range of quality Māori and indigenous programmes**

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

■ **Improve programme accessibility**

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

■ **Increase viewer reception capability**

Māori Television broadcasts terrestrially using UHF frequencies (reaching 83% of the population at year end) and via satellite (reaching 100% of the country). This can and does create reception and tune-in issues for some viewers, particularly those living in rural areas. We will conduct awareness campaigns to ensure all New Zealanders know how to tune in to Māori Television.

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

■ **Effectively market and advertise programme schedules**

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

Strategy 3: Build loyal audiences

Building a loyal and sustainable audience is the key focus of all television broadcasters. We believe that amongst Māori generally we have developed a strong and supportive following. Building on this initial support is our ongoing priority. To this end we will:

- **Continue to develop our schedule of programming**

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

- **Establish appointment viewing**

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

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

Strategy 4: Strengthen the capacity and skills of the people of Māori Television

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

- **Fully develop television craft and technical skills**

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

- **Strengthen the managerial and supervisory skills of Māori Television people**

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

- **Grow proficiency and fluency in te reo Māori**

We encourage all Māori Television staff to attend te reo and tikanga Māori classes. These classes are provided on a weekly basis to all staff, and we will continue to actively develop an in-house bi-lingual environment.

Strategy 5: Develop a programming strategy that will grow audience share

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

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

Strategy 6: Achieve long-term funding certainty

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

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

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

■ Develop revenue streams

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

Strategy 7: Support the growth and capacity of the Māori production community

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

■ Develop improved relationships and communication

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

■ Increase production capacity

Māori Television is targeting to produce and/or commission up to 1,000 hours of new, original programming for the 2005/06 year. To achieve this level of output from the limited amount of programme production funding available, we are examining ways to better exploit the cost savings and economies of scale that are possible through the increased use of high volume, low cost studio-based productions.

■ Restructure programme funding levels

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

A robust process has been undertaken in the development of this strategic plan, which provides a clear blueprint of the future direction of Māori Television. It is endorsed by the board of Māori Television, and management is committed to providing clear leadership to ensure it is successfully executed.

Operating Report

For the year ended 30 June 2005

Programming

The 2004/05 year has been a period of establishment and development for the Programming department.

The introduction of an updated schedule, integration of te reo Māori into programming production and development, the supply and delivery of approximately 3,000 broadcast hours, staff recruitment, training and up-skilling, and relationship building with producers, Māori communities, and industry stakeholders have been the key objectives for Programming. Initiatives during the year include:

Schedule

After six months on air Māori Television took the opportunity to review the suitability of its launch schedule. Audience feedback and ratings trends informed this review. On 1 November the channel announced a revamped schedule that included the introduction of a kohanga reo hour from 10am weekdays, a later 4pm start to the daily schedule, the move of news programme *Te Kāea* to the earlier slot of 7.30pm, the classification of 8pm across the schedule as the commencement of evening viewing, the repeat of *Te Kāea* at 11pm, and a later closedown of 11.30pm.

Te Reo Māori

In order to promote and revitalise te reo Māori, Māori Television programmes must effectively merge television entertainment with te reo. A key objective during the period has been to ensure that programme creative processes and production are imbued with te reo and Māori perspectives. This applies to programmes produced in-house and to those commissioned from the external production community.

Internally, this focus has resulted in the successful integration of te reo Māori advisors as fundamental members of in-house production teams. Both in-house programmes and those purchased from the independent production community are continuing to feature improved quality levels and increased usage of te reo. Progress is also being made to ensure that relevant standards and styles of te reo are being applied to the varying genre and target audiences of programmes.

Māori Television is working in partnership with Te Taura Whiri i te Reo Māori to conduct regular quality assurance of te reo being broadcast. In-house productions and external producers are required to adhere to a Māori Quality Indicators Framework developed by Te Taura Whiri i te Reo Māori in consultation with Māori Television.

During the period under review Māori Television broadcast 71% of te reo Māori programming across the schedule, with 67% during prime-time.

News and Current Affairs

Māori Television's flagship programmes are news programme *Te Kāea* and current affairs programme *Te Hēteri*. As such, the News and Current Affairs team has a critical role to fill.

The period under review has included the appointment of a Head of News and Current Affairs and the recruitment of three senior Māori journalists to producer and trainer roles. These appointments are recognised as critical to the up-skilling and development of *Te Kāea* and *Te Hēteri* as New Zealand's leading Māori news and current affairs programmes.

The introduction of English subtitles to the daily repeat screening of *Te Kāea* is a key initiative developed during the 2004/05 year. Implemented to draw a wider audience of both Māori and non-Māori, this initiative offers New Zealanders the opportunity to gain a better understanding of the Māori perspective on topical issues and is an example of the inclusive intent of Māori Television.

A significant milestone for *Te Kāea* included the successful first live broadcast of *Te Kāea* from Waitangi, where iwi Māori were gathered to commemorate the Waitangi celebrations, and concluded with a *Te Hēteri* Waitangi Day special. This was followed by a similar live broadcast from the national kapa haka championships in Palmerston North. The News and Current Affairs team produced 193 original programming hours.

In-house Productions

The in-house productions department produces high-volume, low-cost, fast-turnaround quality programming with a high te reo Māori component, delivering 461 hours of new programming during the period. This department was responsible for winning Māori Television's first Qantas Media Award for reality parenting show *Pēpi*, a significant achievement. Other programmes produced by this department include *L.I.P.S.*, *Umanga*, *Taupatupatu*, *He Raranga Kōrero*, *Toi Whakaari*, *Mind Your Mohio*, *Mā Tātou*, *Tau Ke*, *Haa*, joint ventures *Coast* and *Ask Your Auntie*, a range of specials celebrating Christmas, Māori Television's first birthday, the Māori Media Awards, Matariki, and iwi festivals and events.

In-house Commissioning

During the period Māori Television developed a process of commissioning programmes from the various iwi festivals and events such as *Koroneihana 2005*. Māori Television released a restricted RFP developed in consultation with the Coronation organising committee to production houses and producers of Tainui descent. The result was programming which included sports, toi whakaari and documentary genre.

It is envisaged that six iwi festivals each year will be identified and programming across all genre will be commissioned in consultation with those iwi organisers responsible for the event. This development of programming streams and acquisition enables Māori Television to continue its support of growth and capacity-building within the wider industry, particularly those production companies based in the regions.

Commissioned Programmes

During the period Māori Television commissioned 637 hours of programmes from the independent production community. The 2004/05 year has been one of consolidation for independent producers, many of whom supply solely to the channel.

The creative capabilities of the sector are continually evidenced by the quality of the proposals being submitted. Quality programmes produced by independent producers include *Kai Time on the Road*, *Mitre 10 Marae DIY*, *Māorioke*, *Ngāti NRL*, *Kōrero Mai*, *Tuhono*, *Waka Reo* and *Kupuhuna*.

Closer working relationships have been developed with representative body Ngā Aho Whakaari and talks are continuing regarding industry issues and developments, including funding levels. Māori Television's sponsorship of the annual conference of Ngā Aho Whakaari is indicative of our intention to develop mutually positive outcomes with our external production partners.

Sport

Māori Television is committed to being the home of Māori sport. Much of the period has focused on establishing and recruiting the sports production team, which has quickly developed and launched the popular weekly sports magazine show *Code* and produced live broadcasts of the NZ Māori rugby team from the Churchill Cup in Canada and, more recently, against Fiji in Suva. The Sports team has also produced first-ever coverage of the regional Māori Sports Awards, and conducted a joint venture to broadcast the 2004 National Māori Sports Awards. This team produced approximately 40 hours of original programmes for Māori Television.

Operations

Staff recruitment and training, expansion of UHF transmission coverage, and effective facilitation and provision of programme production requirements have been the focus for the Operations department.

The 12 months to 30 June 2005 have been a period of consolidation for the Operations team. Progress has been achieved to refine work flow systems and procedures, staff recruitment has continued, and significant levels of on-the-job training have been undertaken. Areas of training focus have included directing, video tape editing, and technical operations. This has included outside broadcast production experience.

Our plan to extend terrestrial transmission has seen the introduction of UHF capability to Gisborne and surrounding areas. A further two sites have been identified and we anticipate these will be operational by 2006. Upon completion, Māori Television will be available via UHF frequency to 85% of the total population (up from an original coverage area of 82% at launch date).

Focus has continued on increasing the capacity of studio and broadcast facilities to achieve a higher volume of locally produced Māori programming. A plan to expand Māori Television's current premises, by leasing and re-fitting adjacent premises, has been confirmed. This additional space enables the construction of a second studio and control room and potentially frees the main studio for round-the-clock production usage.

Finance

Māori Television's record of continued robust fiscal management is demonstrated by the channel achieving an operating surplus of \$3.229M for the 2004/05 financial year. As this year was our first full year of actual broadcasting activity, in the interest of prudent planning and cost control the budgets for the year included a contingency of \$1.5M. We are pleased to report that none of this contingency was required.

The budgets also contemplated a full staff complement of 142 personnel. It was not until May 2005, 11 months into the year, that this staffing level was reached. We were, therefore, operating for the majority of the year with a staff cost significantly less than budget.

Accelerated repayment of the term loan with Westpac remains a priority and our operating surplus has allowed us to continue to make payments well ahead of schedule and budget. At year end the loan balance was reduced to \$1.0M (\$3.59M ahead of budget).

Sales

Income from advertising did not achieve budget as our emphasis this year has been on bedding in our programming schedule and operational requirements. With this now largely achieved, and with recruitment of additional sales personnel now underway, we expect an increase in advertising revenue in future years.

Stakeholder Relations

A stakeholder management plan has been developed and implemented to ensure that reporting stakeholders, Māori stakeholders, and industry stakeholders are well informed of Māori Television developments and progress. Regular update hui are held with the Crown, represented by Hon Dr Michael Cullen and Hon Parekura Horomia, and with the board of Te Pūtahi Paoho.

Māori Television has also advanced its relationships with industry organisations and regulatory bodies. We are committed to ensuring that Māori Television is represented in matters pertaining to industry developments, particularly in relation to the future of the channel.

During 2004/05 Māori Television has met all statutory reporting obligations, including delivery of a Statement of Intent for the 2005/06 year that clearly outlines the strategic direction Māori Television will take over the next three years.

Marketing

The launch campaign for Māori Television, which promoted the theme *Mā Tātou* (“for everyone”) established a strong platform for Māori Television to build upon. Since that time our focus has been to attract viewers and to build a loyal and sustainable audience. This has required a marketing and communications strategy that would build awareness of the Māori Television brand, promote the quality of the programming, inform New Zealanders of the range of programming on offer to them, raise awareness of Māori Television as a television entertainment viewing option, and begin to develop appointment viewing.

A range of marketing, publicity and community initiatives were undertaken, including implementation of an events plan, targeted publicity campaigns, the introduction of a merchandise range, weekly free studio tours, website development, community sponsorships, and the development of our schools campaign *Presenters In Kura*.

Advertising promotions have been undertaken for popular programmes *Kai Time on the Road*, *Māorioke*, *Code*, *Toi Whakaari*, the *Sunday Feature*, *Coast*, the *International Documentary*, *Te Kāea* and *Te Hēteri*. These campaigns have supported regular promotion of the daily schedule, as well as one-off promotions including Māori Television’s first birthday and the Churchill Cup rugby tournament.

Research

An audience research strategy was implemented during the year. Wellington-based company TNS Research Ltd was appointed to provide qualitative and quantitative audience research. Quarterly monitors and focus groups provide key information to guide programming and marketing strategy, and complement the ratings data provided by AGB Nielsen Media Research.

Māori Television’s principal statutory function is to promote *te reo me nga tikanga Māori*. Māori Television is working with Te Puni Kōkiri, Te Māngai Pāho, and Te Taura Whiri i te Reo Māori to develop a programme of research to measure the success of each agency’s revitalisation strategies relating to the status of *te reo* and *tikanga Māori*. This research programme, which we are aiming to repeat at regular intervals, is led by Te Puni Kōkiri and scheduled for implementation in 2006.

Human Resources

Intense recruitment occurred in the 10 months from the passing of the Māori Television Service Act 2003 to the launch of Māori Television. The focus since launch for the Human Resources function has remained on recruitment, on finalising the development of HR policies and procedures, and on developing internal culture.

A total of 24 positions have been filled during the period. Positions remaining vacant are largely specialist technical roles in the Operations department and require a specific skill base. At time of writing, Māori Television employed 159 permanent staff.

Māori Television aims to be a good employer and practices a policy of equal employment opportunity. Management is mindful of the guardianship role it has regarding the development and long-term future of the channel. New and revised policies and procedures developed during the 2004/05 year included a Code of Conduct, Remuneration, Performance Management, Delegated Authority, Travel, Health and Safety, and Protection and Management of Personal Information and Personnel Files. A company-wide review of employment agreements has been completed, a climate survey to measure staff satisfaction levels conducted, and direct communication with staff increased to improve communication levels and obtain staff feedback.

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 is composed of 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 deputy chairman of Meat New Zealand, and is a director of a number of private New Zealand companies.

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.

Amohaere Houkamau, Te Whānau a Tuwhakairiora, Te Whānau a Rerewa, Ngāti Porou (Te Pūtahi Paoho appointment)

Amohaere Houkamau is the chief executive of Te Rūnanga o Ngāti Porou. She has been at the forefront of education and social development in Ngāti Porou during the last decade, and was instrumental in the transfer of the management of fisheries operations from the Rūnanga to Ngāti Porou Fisheries Ltd, the review of the Rūnanga Mana loan portfolio, and establishing the Ngāti Porou Land Owners forum. Amohaere co-chairs the Tairāwhiti District Taskforce Social Development Forum and is a member of the National Lottery Welfare Distribution Committee and the Tairāwhiti Development Co-ordinating Committee.

Garry Muriwai, Ngāpuhi (Te Pūtahi Paoho appointment)

Garry Muriwai is chief executive of the New Zealand Institute of Chartered Accountants. 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.

Craig Soper, Rakiura, Kati Mamoi, Waitaha (Te Pūtahi Paoho appointment)

Craig Soper (BA, BCom) was formerly managing director of Compudigm International Limited, an innovative technology based company he founded. Craig built Compudigm into a significant international business with offices in New Zealand, Australia, the UK and the US. He is currently pursuing entrepreneurial interests.

Wena Tait, Tūhoe, 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 currently general manager of iwi radio station Te Ūpoko o 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 Output Agreement 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, Amohaere Houkamau, 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 of, 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.

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.

KŌKIRIHIA NGĀ KAIHOE

Entrenching our competency and professionalism



Statement of Responsibility

For the year ended 30 June 2005

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 accepts 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 year ended 30 June 2005, fairly reflect the financial position and operations of Māori Television.



Wayne Walden

Chairman

Date 28 October 2005



Jim Mather

Chief Executive

Date 28 October 2005

Report of the Auditor-General



To the readers of Māori Television Service's financial statements for the year ended 30 June 2005

The Auditor-General is the auditor of Māori Television Service. The Auditor-General has appointed me, Mr F Caetano, 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 2005.

Unqualified Opinion

In our opinion the financial statements of Māori Television Service on pages 27 to 41:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:

Māori Television Service's financial position as at 30 June 2005;

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 2005, 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 the 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 our opinion.

The 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 our 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 2005. 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.



F Gaetano

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 Māori Television Service for the year ended 30 June 2005 included on Māori Television Service's website. The entity is responsible for the maintenance and integrity of the Māori Television Service's website. We have not been engaged to report on the integrity of the Māori Television Service'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.

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 2005 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 Service Performance

Māori Television receives operational funding from Vote: Māori Affairs. The class of outputs as purchased by the Minister of Māori Affairs, and a report on service performance, is outlined in the following table. These outputs have been purchased from Māori Television to:

- Promote Māori television broadcasting;
- Enable Māori Television to meet its statutory functions including the promotion of te reo Māori me nga tikanga Māori through the provision of a high-quality, cost-effective Māori television service, in both Māori and English, that informs, educates, and entertains a broad viewing audience and, in doing so, enriches New Zealand's society, culture and heritage;
- Pursue the outcomes in the Māori Television Statement of Intent 2004/05;
- Support the operational costs of Māori Television; and
- Broadcast, and produce programmes to be broadcast, on Māori Television.

Outputs have been provided within the appropriated sum of \$12.980M (inclusive of GST).

The Statement of Service Performance by Māori Television follows:

Output 1 – Television Service Operations

To support the operational costs of Māori Television so that it can meet its statutory functions

Performance Standards	Service Performance to 30 June 2005
<p>Quantity</p> <p>Broadcast seven hours of programmes a day – three hours of which must be original programmes.</p>	<p>Māori Television has broadcast 2,872.2 hours. This is an average of 7.9 hours per day.</p> <p>1,993.5 hours of original programmes were broadcast. This is an average of 5.5 hours per day.</p>
<p>Broadcast programmes in te reo Māori, more than 50% of the time, during general prime-time hours of between 6pm to 8pm, Monday to Friday.</p>	<p>The spoken reo Māori content during the hours of 6pm to 8pm, Monday to Friday was 67%.</p>
<p>Broadcast at least one hour of programmes a day – during children's prime-time hours of between 2.30pm to 4.30pm Monday to Friday – for tamariki who are participating in te reo Māori immersion and education. This programming is required to be at least 50% in te reo Māori (prime-times for children changed to 10-11am and 4-5pm Monday to Friday on 1 November 2004).</p>	<p>Averaging 1.9 hours of children's programmes per day in children's prime-time. The reo content during these hours was an average of 95%.</p>
<p>Broadcast at least one half hour of reo Māori education programmes a day for people who are beginning to learn, or have only recently begun to learn, reo Māori.</p>	<p>Programmes broadcast for Māori Language learners averaged just over 45 minutes per day.</p>

Performance Standards

Service Performance to 30 June 2005

Broadcast at least one hour of programmes a month to promote public awareness and encourage a healthy and constructive public dialogue about Māori issues that affect New Zealanders.

Programmes broadcast to promote public awareness and encourage healthy and constructive public dialogue about Māori issues that affect New Zealand was 285.5 hours for the year, an average of nearly 24 hours per month.

Quality

Two six-monthly reviews by Te Taura Whiri i te Reo Māori (Māori Language Commission) confirm that a selection of programmes broadcast during the general prime-time meet the Te Taura Whiri i te Reo Māori quality indicators framework.

Two reviews to assess the quality of Māori language content broadcast on Māori Television have been conducted. Each review involved a selection of programmes broadcast during prime-time. The reviews confirmed that Māori Television programmes meet the Te Taura Whiri i te Reo Māori quality indicators framework.

Output 2 – Transmission Coverage

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

Performance Standards

Service Performance to 30 June 2005

Quantity

Transmit an average of seven hours per day capable of reception on a free-to-air basis throughout New Zealand.

Māori Television transmitted 2,872 hours via free-to-air UHF and Digital Satellite. This is an average of 7.9 hours per day.

Maintain the existing free-to-air terrestrial transmission coverage to at least 82% of New Zealand's population.

The free-to-air terrestrial coverage has been increased by 1% to a total of 83% with the addition of two sites in the Gisborne region.

Provide satellite transmission coverage throughout as much of New Zealand as is technically and economically feasible.

Māori Television is available free-to-air and through SKY via the Optus B1 Satellite whose coverage includes all of New Zealand.

Statement of Financial Performance

For the year ended 30 June 2005

	Note	Actual 2005 \$000's	Budget 2005 \$000's	Actual 2004 \$000's
Crown Revenue		11,537	11,537	11,537
Te Māngai Pāho Production Funding		16,386	20,803	8,891
Advertising Income		497	832	123
Interest Income		261	70	138
Other	3	443	–	1,218
Total Operating Revenue		29,124	33,242	21,907
Interest Expense		240	420	234
Cost of Operations and Administration	4	8,809	11,378	6,782
Cost of Programme Production and Acquisition		16,846	20,803	7,580
Total Expenses		25,895	32,601	14,596
Net Surplus for the Year	6	3,229	641	7,311

Statement of Movements in Equity

For the year ended 30 June 2005

	Note	Actual 2005 \$000's	Budget 2005 \$000's	Actual 2004 \$000's
Public Equity – 1 July		10,064	6,786	2,753
Net Surplus for the Year	6	3,229	641	7,311
Total Recognised Revenues and Expenses		3,229	641	7,311
Public Equity – 30 June		13,293	7,427	10,064

Statement of Financial Position

As at 30 June 2005

	Note	Actual 2005 \$000's	Budget 2005 \$000's	Actual 2004 \$000's
Public Equity				
General Funds	6	13,293	7,427	10,064
Total Public Equity		13,293	7,427	10,064
Represented by:				
Assets				
Current Assets				
Cash and Bank		10,833	2,079	1,720
Programme Inventory	5	2,365	–	2,522
Receivables and Prepayments	7	368	216	1,321
Merchandise Inventory	8	35	–	–
Total Current Assets		13,601	2,295	5,563
Non-Current Assets				
Property, Plant & Equipment	9	11,417	11,572	12,946
Total Assets		25,018	13,867	18,509
Liabilities				
Current Liabilities				
Payables	10	2,378	1,774	1,538
Employee Entitlements	11	265	62	157
Unearned Revenue		7,450	–	–
GST Payable		632	13	–
Loan	17	1,000	4,591	–
Total Current Liabilities		11,725	6,440	1,695
Term Liabilities				
Term Loans	17	–	–	6,750
Total Liabilities		11,725	6,440	8,445
Net Assets		13,293	7,427	10,064

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

Statement of Cash Flows

For the year ended 30 June 2005

	Note	Actual 2005 \$000's	Budget 2005 \$000's	Actual 2004 \$000's
Cash Flows from Operating Activities				
Cash was provided from:				
Crown Appropriation		11,537	11,537	11,525
Te Māngai Pāho Production Funding		24,573	20,720	8,154
Interest Received		261	–	138
Advertising Revenue		429	–	41
Net Goods and Services Tax		1,041	–	–
Other		443	854	–
Cash was applied to:				
Payments to Employees		(6,272)	–	(3,037)
Payments to Suppliers		(16,373)	(30,819)	(10,916)
Interest Paid		(240)	–	(234)
Net Goods and Services Tax		–	–	(726)
Net Cash flows from Operating Activities	12	15,399	2,292	4,945
Cash Flows from Investing Activities				
Cash was applied to:				
Purchase of Fixed Assets		(536)	(467)	(13,181)
Net Cash Flows from Investing Activities		(536)	(467)	(13,181)
Cash Flows from Financing Activities				
Cash was received from:				
Loan drawdown		–	–	6,750
Cash was applied to:				
Loan repayments		(5,750)	(2,141)	–
Net Cash flows from Financing Activities		(5,750)	(2,141)	6,750
Net Increase/(Decrease) in Cash Held		9,113	(316)	(1,486)
Plus Opening Cash Balance		1,720	2,395	3,206
Closing Cash Balance		10,833	2,079	1,720

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

Statement of Commitments

As at 30 June 2005

Commitments	2005 \$000's	2004 \$000's
Transmission and Satellite Linking	7,427	8,416
Programme Production	4,760	3,385
Programme Acquisitions	151	191

Transmission

Māori Television has entered into long-term agreements with Sky 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

	2005 \$000's	2004 \$000's
Not later than one year	622	645
Later than one but not later than 2	650	645
later than 2 but not later than 5	1,846	1,856
Later than 5 years	1,220	1,802
	4,338	4,948

Statement of Contingent Liabilities

As at 30 June 2005

As at 30 June 2005 Māori Television had a contingent liability of \$16,000 relating to a claim with the Employment Relations Authority from an existing employee.

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 year ended 30 June 2005

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

(a) Reporting Entity

The Māori Television Service 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
Computer software	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 Licenses

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

■ Research and Development Costs

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

Programme rights are recorded as follows:

- (i) programmes produced by Māori Television, either completed or still in production, are recorded at the lower of cost or expected future revenue earning potential. These values, less amounts amortised or written off, are accounted for as programme inventory;
- (ii) programme licenses acquired on programmes commissioned by Māori Television and made by independent production houses, but for which Māori Television has not incurred any direct cost, are valued at an average rate per hour based on the average cost per hour of acquired programmes. These values, less amounts amortised or written off, are accounted for as programme inventory;
- (iii) programme licenses acquired are recorded at the lower of cost or expected future revenue earning potential. These values, 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 licenses on programmes commissioned by Māori Television are expensed on a systematic basis depending on the term of the license and the number of plays acquired, to a maximum of 3 plays;
- (iii) programme licenses acquired from other parties 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.

Inventories

Māori Television holds merchandise such as tee shirts, beanies, caps etc for realisation in the ordinary course of business. Inventories are measured at the lower of cost and net realisable value with the cost of inventories being ascertained by using the first in, first out (FIFO) cost method.

(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 transactions. 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.

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 for accounts payable and accounts receivable.

(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

Revenue is recognised as revenue in the Statement of Financial Performance when earned.

(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 everyday operations, which are recognised in the Statement of Financial Position. Revenue and expenditure in relation to all financial instruments are recognised in the Statement of Financial Performance. Except for those items covered by a separate accounting policy, all financial instruments are shown at their 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.

(s) Change in Accounting Policy

There have been no changes in accounting policy. All policies have been applied on a basis consistent with the previous year.

Notes to the Financial Statements

For the year ended 30 June 2005

1. Taxation

Māori Television is exempt from Income Tax for the period 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 2004. Where necessary these figures have been reclassified on a basis consistent with the current year's disclosures.

3. Other Income

	2005 \$000's	2004 \$000's
Sundry	121	7
Merchandise	16	–
Programme Inventory	304	1,211
Other	2	–
	443	1,218

4. Operating Surplus/(Deficit)

	2005 \$000's	2004 \$000's
The net surplus is after charging for:		
Fees paid to Auditors	50	39
Board Members' fees	143	117
Depreciation Expense	2,065	699
Rental Expense on Operating Leases	603	561

5. Programme Inventories

	2005 \$000's	2004 \$000's
Productions Completed	1,162	602
Commissioned Programmes	612	1,157
Acquired Programmes	591	763
	2,365	2,522

6. Public Equity

	2005 \$000's	2004 \$000's
Opening balance	10,064	2,753
Net Surplus	3,229	7,311
	13,293	10,064

7. Receivables and Prepayments

	2005 \$000's	2004 \$000's
Receivables	202	91
Resident Withholding Tax Paid	49	49
Prepayments	113	36
Te Māngai Pāho Income Due	–	737
GST Receivable	–	408
Other	4	–
	368	1,321

8. Inventory

	2005 \$000's	2004 \$000's
Merchandise	35	–
	35	–

9. Property, Plant and Equipment

	Cost	2005 \$000's Accum Dep'n	Net Book Value	Cost	2004 \$000's Accum Dep'n	Net Book Value
Office Equipment	48	(10)	38	25	(3)	22
Computer Equipment	515	(256)	259	466	(52)	414
Computer Software	532	(195)	337	500	(42)	458
Studio Equipment	7,397	(1,866)	5,531	7,005	(449)	6,556
Studio Fitout	4,880	(326)	4,554	4,879	(131)	4,748
Building Soft Fitout	633	(110)	523	597	(22)	575
Artworks	175	–	175	173	–	173
	14,180	(2,763)	11,417	13,645	(699)	12,946

10. Payables and Accruals

	2005 \$000's	2004 \$000's
Trade Creditors	1,311	675
Accrued Expenses	870	703
Other	197	160
	2,378	1,538

11. Employee Entitlements

	2005 \$000's	2004 \$000's
Annual Leave	265	157
	265	157

12. Reconciliation of the Net Surplus with the Net Cash Flows from Operating Activities

	2005 \$000's	2004 \$000's
Net Surplus for the Year	3,299	7,311
Add/(Less) non Cash Movements		
Depreciation	2,065	699
	5,364	8,010
Add/(Less) Movements in Working Capital		
Less Increase in Prepayments	(77)	(2,522)
Add Decrease in Inventory	122	–
Add Decrease/(Increase) in Receivables	622	(828)
Add Increase/(Decrease) in GST Payable	1,041	(736)
Add Increase in Unearned Revenue	7,450	–
Add Increase in Payables and Employee Entitlements	877	1,021
Net Cash Flows from Operating Activities	15,399	4,945

13. 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.

During the year a number of directors had an interest in companies that had the following related party transactions with Māori Television. Goods and services were purchased from the organisations listed below, and all transactions were made at 'arms length'.

	Nature of Interest	2005 \$000's	2004 \$000's
Amohaere Houkamau			
Mauri Ora Productions	Whānau Employed	37	–
Te Haeata Productions	Whānau Employed	22	–
Garry Muriwai			
The NZ Institute of Chartered Accountants	Chief Executive	2	–
Wena Tait			
Mauri Ora Productions	Whānau Employed	37	–
Tawharau Sports Productions Ltd	Whānau Employed	52	–
Hula Haka *	Whānau Employed	135	73
Te Tawa Consultants *	Partner in the Firm	–	14
Leonie Pihama			
Cinco Cine	Whānau Employed	44	–

* Wena Tait declared that she no longer had interests in Hula Haka on 23 September 2004 and Te Tawa on 26 February 2004

14. Financial instruments

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.

Māori Television is in the process of formulating policies providing risk management for interest rates, operating and capital expenditures denominated in a foreign currency, and the concentration of credit.

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, and accounts receivable.

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 2005.

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

15. Employees' Remuneration

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

	2005 \$000's	2004 \$000's
\$100,001-\$110,000	–	2
\$110,001-\$120,000	2	–
\$120,001-\$130,000	2	1

16. Board Fees

Board members earned the following fees during the period:

	2005 \$000's	2004 \$000's
Wayne Walden (Chairman)	36	38
Ani Waaka*	–	4
Rod Cornelius	18	19
Leonie Pihama	18	19
Craig Soper	18	19
Wena Tait	18	18
Garry Muriwai	22	–
Amohaere Houkamau**	12	–
	142	117

* Ani Waaka resigned as director in August 2003 and was immediately following her resignation appointed as Acting CEO. She resigned as CEO in November 2004.

** Amohaere Houkamau was appointed to the Board in November 2004

17. Loan Facility

At balance date, Māori Television had drawn down a total of \$1,000,000 on the loan facility.

	2005 \$000's	2004 \$000's
Current Portion	1,000	–
Long- Term Portion	–	6,750
	1,000	6,750

We also have a letter of credit facility with our bank for \$200,000. At balance date this facility was unutilised. The bank holds a "General Security Agreement" over this loan.

18. 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.

The four most senior positions (Chief Executive, General Manager – Reo and Programming, General Manager – Finance & Administration and General Manager – Operations) comprise a 3:1 male to female gender split, and 3:1 ethnic split between Māori and Other.

In terms of the organisation as a whole, we have a total staff base of 159 employees with a male vs female gender split of 49% to 51%. The ethnic split between Māori and Other is approximately 7:1.

19. Employment Matters

Māori Television paid out a total of \$91,163.84 in relation to cessation of employment and pursuant to section 123 c (i) of the Employment Relations Act to two employees during the financial year.

20. Contingent Assets

1.) Ultra High Frequency Right (UHF)

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

As there was no cost incurred by Māori Television Service 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.

There are no other contingent assets at 30 June 2005 (30 June 2004 – Nil).

21. 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 ending 30 June 2005.

22. Major Budget Variations

The budgets for the 2004/2005 financial year were established during the months of March and April 2004 period, when Māori Television had only just commenced its actual broadcasting operations (March 2004) and there was still much to do in terms of establishing the channel and bedding in the operations. In the interests of prudent planning and cost control for its first full year of actual operations the budgets for the year included an expense contingency of \$1.5M and we are pleased to report that none of this contingency was required.

The other significant favourable variance was in regard to personnel costs. The budgets for the year contemplated a full staff complement of 142. This level was not achieved until May 2005 and for majority of the year Māori Television operated with staffing levels significantly lower than the budget level.

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