Pānui Whāinga
Statement of Intent
2015-2018
# Table of Contents

Acceptance of the Statement of Intent .............................................................................................................. 2
Chairman's Overview .................................................................................................................................................... 3
Vision, Mission and Values ........................................................................................................................................ 4

## Part One: Contextual Information .................................................................................................................. 5

1. Purpose of Statement of Intent ......................................................................................................................... 6
   1.1 Purpose of Statement of Intent .................................................................................................................. 6
   1.2 Establishment of Māori Television ........................................................................................................... 6
   1.3 Principal Statutory Functions .................................................................................................................. 6

2. Organisational Structure ................................................................................................................................ 7
   2.1 Māori Television Service ........................................................................................................................ 7
   2.2 Reporting Stakeholders ............................................................................................................................ 8
   2.3 Governance ................................................................................................................................................ 8
   2.4 Management ................................................................................................................................................ 8

3. Māori Television Service Channels .................................................................................................................. 9
   3.1 Māori Television Channel ....................................................................................................................... 9
   3.2 Te Reo Channel ........................................................................................................................................... 9
   3.3 Digital Multi-Media Platforms ................................................................................................................. 9
   3.4 FreeviewPlus .............................................................................................................................................. 10

4. Initiatives, Constraints and Challenges .......................................................................................................... 11
   4.1 Operational Funding ................................................................................................................................... 11
   4.2 Programme Funding .................................................................................................................................... 11
   4.3 Māori Language Strategy ....................................................................................................................... 11
   4.4 Investment in Multi-Platform .................................................................................................................. 12
   4.5 Capital Expenditure .................................................................................................................................... 12
   4.6 Content and Branding Strategy .............................................................................................................. 13
   4.7 Premises Review ....................................................................................................................................... 13
5. Future Operating Model ................................................................. 14
   5.1 Future Operating Model .......................................................... 14
   5.2 Strategic Pillars ................................................................. 14
   5.3 Forces and Trends ............................................................... 16

6. Major Outcomes and Strategic Direction 2015-2018 .................. 17
   6.1 Vision and Mission Statement ................................................ 17
   6.2 Major Outcomes .............................................................. 17
   6.3 Intermediate Outcomes ...................................................... 17
      a. Target Audiences ............................................................ 17
      b. Relevance and Accessibility ............................................ 18

7. Outcomes Framework ............................................................... 19
   7.1 Te Reo Māori ....................................................................... 19
   7.2 Broadcast Hours .................................................................. 19
   7.3 Prime Time ......................................................................... 19
   7.4 Language Quality Assurance ............................................... 19
   7.5 Key Outputs ....................................................................... 20

Part Two: Forecast Financial Statements ........................................ 21

8. Statement of Forecast Service Performance .............................. 22
   8.1 Non-Departmental Output Class .......................................... 22
   8.2 Funding ............................................................................. 24
   8.3 Statement of Projected Financial Position .............................. 25
   8.4 Statement of Projected Comprehensive Income ................... 26
   8.5 Statement of Projected Cash Flows ........................................ 27
   8.6 Statement of Accounting Policies ........................................ 28
Acceptance of the Statement of Intent 2015-2018

This Statement of Intent has been prepared in accordance with the Māori Television Service (Te Aratuku Whakaata Irirangi Māori) Act 2003, covering the period from 1 July 2015 to 30 June 2018.

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

Willie Jackson
Chairman Te Pūtahi Paoho
Date: 18/08/15

Hon Te Ururoa Flavell
Minister for Māori Development
Date: 18/08/15

Hon Bill English
Minister of Finance
Date: 18/08/15

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

In accordance with Section 26(1) (a) of the Māori Television Service (Te Aratuku Irirangi Whakaata Māori) Act 2003 I am pleased to present the Statement of Intent 2015-2018 for Māori Television.

The Statement of Intent provides contextual information, sets out the intentions, commitments, broad strategies and outcomes that Māori Television will pursue, as agreed between the Crown’s joint reporting Ministers namely the Minister for Māori Development and the Minister of Finance, the Māori Television Electoral College Te Pūtahi Paoho, and the Māori Television Service.

The past year has been one of major change for Māori Television. Significant organisational realignment together with a new strategic direction and development of a new business model will ensure Māori Television is in a strong position to respond to future commercial opportunities and industry challenges. Such a response will require considerable investment in new technology and equipment over the next three years to support our focus on multi-platform content delivery. While we are committed to finding new sources of revenue, we do however look to Government to support new investment to ensure that Māori Television’s vision for the revitalisation of te reo Māori me ngā tikanga remains on track.

Promotion and protection of te reo Māori me ngā tikanga will remain the cornerstone of our operations. This will be supported by five strategic pillars: partnerships and alliances; people; communications and brand; multi-platform and content. Audience research being undertaken this year will provide insights that will inform our strategic planning for the next three years, and importantly provide a platform for new content. Our aim is to deliver to audiences everywhere, content that engages and entertains, while at the same time revitalises te reo Māori.

Māori Television has set itself a goal of reaching one million viewers per week. For a niche broadcaster carrying a statutory responsibility to promote and protect a language and culture this represents a significant challenge. The goal however, was reached during the week of Te Matatini 2015 - and almost reached during Anzac Day commemorations - this reinforced how the right content delivered on the right platform delivers results. A new platform, FreeviewPlus, will be launched in June 2015 that will enable more Māori Television content to be available to viewers on demand.

I am confident that Māori Television has the leadership and strategy to engage and grow viewer numbers, and in doing so make a material contribution to revitalising te reo Māori me ngā tikanga. Vital to the success of the strategy will be the delivery of content that entertains and inspires existing and new viewers. Māori Television looks forward to the challenge.

Nāku noa, nā

Hon Georgina te Heuheu QSO
Chairman
Wawata Vision
Kia kaingākautia, kia kōrerotia, kia tautokona anō te reo Māori e ngā tāngata katoa o Aotearoa
Our vision is for te reo Māori to be valued, embraced and spoken by all New Zealanders.

Whakatakanga Mission
Ko te uaratanga o Whakaata Māori he tākoha ki te angitu-ā-Māori mā roto i te reo me ngā tikanga Māori.
Our mission is to contribute to Māori success through te reo me ngā tikanga Māori.

Uara Values
KIA TIKA
Kia ngaio, kia mau ki ngā taumata tiketike
Be professional and maintain high standards.

KIA PONO
Kia pono, kia tika, kia ngākau tapatahi.
Be truthful, honest and act with integrity.

KIA AROHA
Kia mataara, kia whakaaro nui ki tētahi atu.
Be respectful and demonstrate empathy.

KIA MĀORI
Kia mau kia ū ki te hōhonutanga o ngā tikanga Māori.
Maintain and uphold core Māori values.
Part 1
Contextual Framework
1. Purpose of Statement of Intent

1.1 Purpose of Statement of Intent

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

In addition, the Statement of Intent will identify the key strategic issues facing Māori Television, identify how the board will respond to these key strategic issues and fulfil the statutory functions of the board.

It will also provide a baseline against which Māori Television’s performance can be assessed in subsequent years.

Period

The period of this Statement of Intent applies from July 2015 to June 2018.

1.2 Establishment of Māori Television

Māori Television is a statutory corporation and was formally established by the Māori Television Service (Te Aratuku Whakaata Irirangi Māori) Act 2003. This Act defines Māori Television’s functions. An amendment bill was passed into law on the 27 November 2013.

1.3 Principal Statutory Functions

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

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

- Broadcast mainly in te reo Māori during prime time and a substantial proportion at other times.
- Ensure that programme content has regard to the needs and preferences of young people; children participating in te reo Māori immersion education; people learning te reo Māori; people whose first language is te reo Māori; and people with a high level of proficiency in te reo Māori.
- Provide broadcast services that are technically available throughout New Zealand and practically accessible to as many people as is reasonably possible.
- Māori Television may also provide a range of content and services on a range of delivery platforms that contribute to the promotion and protection of te reo Māori.
2. Organisational Structure

2.1 Māori Television Service

The past year has seen the implementation of a new business model to support an organisational realignment to enable Māori Television to meet the needs of its audience and of the broadcasting sector.
2.2 Reporting Stakeholders
Māori Television has two distinct reporting stakeholders who exercise both independent and joint powers:

- **Government**
  These interests are represented by the responsible Ministers namely, the Minister for Māori Development and the Minister of Finance.

- **Māori**
  These interests are represented by Te Pūtahi Paoho (the Māori Television Service Electoral College), an entity given statutory recognition by the Māori Television Service Act (Te Aratuku Whakaata Irirangi Māori) 2003 to provide a partnership with the Crown.

2.3 Governance
The Māori Television Board comprises seven directors who hold responsibility for governance. Te Pūtahi Paoho appoints four of the directors and the Government appoints three directors. The future of Te Pūtahi Paoho is unclear as the Māori Language (Te Reo Māori) Bill seeks to establish an independent entity, Te Mātāwai, to provide leadership on behalf of iwi and Māori regarding the health of the Māori language. The bill seeks to repeal the Māori Language Act 1987 and Part 4A of the Broadcasting Act 1989. Changes proposed include the transfer of Te Taura Whiri i te Reo Māori and Te Māngai Pāho from the Crown to Te Mātāwai, the transferral of the roles, functions and powers of Te Pūtahi Paoho to Te Mātāwai; and the disestablishment of Te Pūtahi Paoho. Submissions closed on 5 December 2014 and a report was due to be presented to the Māori Affairs Committee on 31 July 2015. On 3 June, the Business Select Committee agreed to extend the time for the Māori Affairs Select Committee to report on the Māori Language (Te Reo Māori) Bill from 31 July 2015 to 25 September 2015.

2.4 Management
The Chief Executive has responsibility for Māori Television’s operations and reports to the board. Supporting the Chief Executive in managing operations are heads of departments with overall responsibility for designated work areas, namely content, corporate affairs, finance and administration, multi-platform, technology. The head of people, language and culture role was vacant when this document was printed.
3. Māori Television Service Channels

The Māori Television Service was launched with a single channel on Sunday 28 March 2004. A second channel was launched four years later on 28 March 2008. The website in its current form was launched on 25 March 2013. Since then Māori Television has been progressively adding to and enhancing its online and mobile service offerings.

3.1 Māori Television Channel
- Launched 28 March 2004
- Bilingual channel broadcasting programmes in both the Māori and English languages.
- Targeted at Māori language speakers of all fluency levels and non-speakers to encourage as many people as possible to value Māori language and culture, and increase their own language fluency.
- Serves as a Māori language broadcaster for all New Zealanders, and affirms a national identity as an indigenous public broadcaster.

3.2 Te Reo Channel
- Launched 28 March 2008
- The aim of this channel is to broadcast exclusively in te reo Māori.
- Established expressly for viewers with higher levels of Māori language fluency, including advanced learners of the language, and those whose needs include access to fluent Māori language television or the opportunity for uninterrupted viewing of programmes during prime time in te reo Māori.
- To broadcast quality programming in te reo Māori which is informative, educative and entertaining.

3.3 Digital Multi-Media Platforms
Māori Television has invested in a range of new digital services and platforms alongside its traditional television channels, and is now a multi-channel multi-media broadcaster providing access to programmes and promoting te reo Māori me ngā tikanga in a variety of ways.

This multi-channel strategy ensures that Māori Television is delivering to the needs of all New Zealanders, including beginner and intermediate level speakers, fluent speakers, and non-speakers who are interested in connecting with te reo and te ao Māori, whenever they want, wherever they may be, and by whatever connected device that they may have.
- Launched 25 March 2013
- The Māori Television website www.maoritelevision.com is a dual-language website and available for visitors to read, listen and watch entirely in te reo Māori and/or English.
- The website provides another important platform with multiple digital tools for te reo language learning online in New Zealand and from overseas.
- As a digital platform that complements Māori Television’s broadcast content on traditional television, the website provides multiple and repeat opportunities to engage with our programmes.
- The majority of these programmes online are accessible by international audiences allowing Māori Television to provide access to te reo Māori me ngā tikanga to the world.
3.4 FreeviewPlus

- Scheduled launch mid 2015

Māori Television along with the other Freeview shareholders, TVNZ and Mediaworks, will launch the FreeviewPlus platform in 2015, a hybrid platform that allows both the traditional viewer and the watch now viewer to switch between live and on demand content. This will provide viewers with much richer information about the schedule and our content, and provide us with a much greater visibility of our content alongside the large network broadcasters. This platform will require a new television or set-top box, but will become the default across the major television manufacturers in New Zealand. It will be available to viewers within the existing FreeviewHD coverage area and will require a broadband connection.
4. Initiatives, Constraints and Challenges

4.1 Operational Funding

The operations of Māori Television are funded by the Government in acknowledgement of the Crown’s commitment to promoting and protecting te reo Māori me ngā tikanga.

With no change in the level of Government funding since 2008 and the impact of inflation on our operational costs, this creates significant challenges to maintain our current level of services and keep pace with technological developments. As we have indicated previously this is no longer sustainable.

The broadcasting industry is undergoing significant change and facing declining viewer numbers. It is imperative that Māori Television invests in new technology including digital platforms to reach, attract and engage viewers, particularly rangatahi. Connection with youth is imperative as half of the Māori population is under 23 years of age. Youth are increasingly consuming content via non linear devices including mobile and tablets.

Fiscal prudence remains a key pillar for financial management. Māori Television is committed to developing new revenue streams and alliances in order to become more self-sufficient as part of a suite of new initiatives to support our operations.

Māori Television has set a target of delivering third party revenue of $5 million per annum by the end of the 2018 financial year.

4.2 Programme Funding

Māori Television receives direct and indirect funding from Te Māngai Pāho, the Government’s Māori Broadcasting Funding Agency, which is the major provider of funding for programmes produced by, or for, our channels.

Te Māngai Pāho provides direct funding for internally produced programmes and indirect funding for commissioned programmes on a contestable basis.

Māori Television’s ability to achieve its programme-related outcomes is dependent on continued access to agreed programmes and sufficient levels of funding administered by Te Māngai Pāho.

A budget bid to the Minister for Māori Development will be made requesting additional funds over the next four years, to support investment in infrastructure to enable te reo Māori me ngā tikanga to be embraced by a broad audience in Aotearoa and overseas.

4.3 Māori Language Strategy

Under the current Māori Language Strategy, Māori Television and Te Māngai Pāho have lead roles in planning and reporting on Māori language programmes in broadcasting. As the Māori Language (Te Reo Māori) Bill is still under review with the Māori Affairs Committee, the impact on Māori Television will not be known until at least September 2015. Māori Television is committed to the implementation of the current strategy and will play its role accordingly. We look forward to the completion of the review process, and the confirmation of the Māori Language Strategy, so that we can develop strategies to implement within our sphere of influence.
4.4 Investment in Multi-Platform

Significant additional investment in infrastructure and technology including High Definition television is imperative to our ability to reach, attract and engage viewers. In addition to the capital costs associated with new technologies, the operational costs also continue to increase as the amount of content available and consumed increases.

The media consumption habits of content-hungry viewers are changing rapidly. Challenges to traditional television viewing and the resounding growth in consumption of content delivered on digital media platforms means that television sets are no longer enough to satisfy New Zealand’s appetite for content.

The new and evolving forms of digital media production and distribution offer an increasingly important means of providing content to viewers, whenever they want it and wherever they live in New Zealand or the world. Some examples of multi-platform projects Māori Television will explore include the development of a youth platform, web first content and enhanced personalisation.

Multi-platform strategies to evolve how content is produced and delivered will continue to grow in importance for Māori Television, especially if we are to strengthen our connection with Māori youth who are spending less time using traditional television and more time using connected mobile devices versus any other age group.

4.5 Capital Expenditure

A $4.5 million capital expenditure programme is scheduled to take place over the next 3 years. A significant portion is aimed at the replacement and upgrade of our key broadcast and production equipment.

Some key capital expenditure projects that will be carried out over the next 12 months include:

- **Archiving**
  Māori Television is committed to the protection of programme content created via Crown funding. As such, Māori Television has begun digital archiving of this content. The outcome of this will be that a second copy of this content is available in an offsite location. Phase one is to begin archiving of all new content to a remote location. The second phase will see the migration of the previous 11 years of content.

- **Multi-Platform**
  Several multi-platform projects will be initiated over the next 12 months including launch of FreeviewPlus using the HBBTV platform, a Māori TV mobile application, and online personalisation.

- **Intranet**
  Māori Television is redeveloping its current intranet, with the aim of improving communication outcomes, driving collaboration and encouraging cooperation across the organisation. Phase one of the new intranet is due to be launched in September 2015, with a second phase to be launched in March 2016. The new intranet will provide a platform for Māori Television staff to better share ideas, information and resources.
4.6 Content and Branding Strategy

To support the implementation of Māori Television’s strategic direction, a significant piece of audience research will be conducted to gain audience insights and inform content development. This foundation research piece will provide a benchmark for ongoing brand monitoring and understanding our audiences, as well as identifying potential opportunities for growth. The audience insights gained will also support development of a refreshed brand strategy and a revitalised consumer-facing presence that closely aligns with our content strategy and wider kaupapa.

4.7 Premises Review

Māori Television’s lease for its current premises in Newmarket is due to expire in 2017. The board has shortlisted five locations Newmarket (current site), south Auckland, west Auckland, Hamilton and Rotorua. Presentations from suppliers for potential new premises have been sought. The board has received presentations from a number of community and tribal groups and will make a decision on the location in the later part of 2015.
5. Future Operating Model

**Promotion and Protection of te Reo me ō Ngā Tikanga**

**COMPANY-WIDE MULTI-PLATFORM\* FOCUS**

- **Stakeholder engagement**
  - to shape the MLS, including statutory and stakeholder requirements

- **Multi-platform\* Content**
  - Language and Audience Strategy
  - Research
  - Measures

- **Funding**
  - (Government) and commercial and sales (i.e. Partnering, Advertising)

- **Multi-platform\***
  - Content Selection and Creation
  - Commissioning
  - Production Teams
  - Studio Ops
  - Acquisitions
  - NCA

**Research / Insights / Planning**

**Support Services - Finance / HR / Legal / IT**

### 5.1 Future Operating Model

Māori Television’s future multi-media operating model remains focused on the promotion and protection of te reo Māori me ō ngā tikanga. There has been a company-wide strategic realignment to operate in a multi-platform environment, including television, digital, mobile, tablets, radio, games and apps, to engage stakeholders. The strategy will be underpinned by research, insights and planning. A major goal is to use content selection, content creation, marketing and distribution to reach one million viewers per week.

To support Māori Television’s future operating model and to ensure the organisation continues to align its operations across the business, strategic pillars have been developed to create a clear line of sight to Māori Television’s overarching vision, the pillars are: Partnerships & Alliances, People, Communications/Brand, Content, and Multi-platform.

### 5.2 Strategic Pillars

The operating environment of Māori Television is shaped by a number of factors in the state sector, the broadcasting industry, the Māori language sector, society and a wide range of internal and statutory commitments. These factors will continue to have a direct effect on the priorities and performance of Māori Television. They also directly influence the outcomes that we will continue to pursue.
Engage with 1,000,000 people per week

Multi-platform*
Content
Packaging and Preparation
• Marketing
• Promos
• Schedule
• Sub-titling
• Presentation

Multi-platform*
Content - Distribution

Māori Television Service will broaden its reach through increasing its platforms to include TV, Digital, Mobile, Tablets, Radio, Games, Apps, etc.

Māori Television Strategic Pillars
Promotion and Protection of te Reo me ngā Tikanga

<table>
<thead>
<tr>
<th>Partnerships and Alliances</th>
<th>People</th>
<th>Communications and brand</th>
<th>Multi-platform</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5m in annual revenue from commercial partners and crown agencies, driven by advertising, sponsorship, product placement and content delivery. Increase in crown funding support. Extended audience reach for clients.</td>
<td>Performance-based culture. Improved staff engagement and collaboration. Role outcomes connected to the vision. Employment brand of choice.</td>
<td>Audience growth. Corporate reputation protected and enforced. Favourable media coverage. Third party endorsement.</td>
<td>Connecting with target audience(s), where they live and how they live.</td>
<td>Growth and protection of te reo me ngā tikanga Māori. 1 million engagements per week. Meeting place of Māori youth.</td>
</tr>
</tbody>
</table>
5.3 Forces and Trends

External forces and trends affecting Māori Television include:

Māori
- Positive attitudes among Māori towards revitalisation of te reo Māori.
- An increasing Māori population and the percentage of New Zealanders who identify themselves as Māori.
- An increase in the diversity of the Māori population and a predominantly young Māori population.
- Māori economic growth as significant contributors to the New Zealand economy.
- Improving levels of educational participation and high achievement by Māori.
- Declining numbers of Māori language speakers.
- Increasing number of younger Māori living in Australia and overseas.

Industry
- Fragmenting audiences within a highly competitive television market.
- Advances in technology.
- Introduction of new pay television options in the market.
- The development of the internet as a standard broadcasting platform to deliver on-demand and live viewing.
- Rapidly-changing television studio and broadcasting technology.
- The Māori television production community continuing to grow its capacity, expertise and viability.
- Increasing numbers of people using social media.
- Ubiquitous use of mobile technologies.
- Increasing audience expectations of higher quality, faster traditional, mobile and online services.

State Sector
- New Māori Language Strategy.
- Report on the Māori Language Bill due July 2015, proposed changes will impact the Māori language sector including the Māori Television Service and board.
- Broad acceptance that te reo and tikanga Māori are integral to New Zealand’s national heritage and identity.

Economy
- An improving but in part challenging economic environment and resulting impact on revenues.
- Funding levels to enable Māori Television to maintain pace with technological, digital and viewer preference developments and inflation.
- Fixed funding against rising costs presents ongoing challenges and constraints.
6. Major Outcomes and Strategic Direction 2015-2018

The following outlines the approach that Māori Television will undertake to continue the organisation’s development and fulfil its statutory functions.

6.1 Vision and Mission Statement

Māori Television’s vision is for te reo Māori to be valued, embraced and spoken by all New Zealanders. The mission is to contribute to Māori success through te reo me ngā tikanga Māori.

6.2 Major Outcomes

Māori Television has undergone a strategic and organisational realignment in the past 12 months to advance the promotion and protection of te reo me ngā tikanga. Māori Television will:

• Significantly contribute to the revitalisation of te reo me ngā tikanga Māori so that it is valued, embraced and spoken by all New Zealanders.

• Continue to develop as an independent Māori Television broadcaster that is relevant, effective and widely accessible.

Each of these objectives is interconnected by the following central element that is recognised by Māori Television as representative of the core value of the organisation:

• Support the principles and practices of tikanga and kaupapa Māori.

6.3 Intermediate Outcomes

In pursuit of its longer term outcomes, over the period of this Statement of Intent, Māori Television will undertake the following:

(a) Target Audiences

To achieve our language outcomes requires us to reach audiences and have those audiences engage with our content.

By broadcasting directly into whānau settings, Māori Television can position te reo as a normal part of everyday life and can provide educational and entertainment opportunities for the delivery and acquisition of the language.

Māori Television has identified five key audience sectors which it believes can best connect with and contribute to language revitalisation.

i. Rangatahi - represent a significant portion of the Māori population, spend more time online, they want programmes in Te Reo and English, they want to see other Māori, they like bi-lingual programmes

ii. Tamariki - represent a significant portion of the Māori population, future of the language.

iii. Language Learners - through the use of learning devices and bilingual programming Māori Television can support language learners seeking higher levels of fluency.
iv. **First language reo Māori speakers** - programming directed at fluent Māori, particularly whānau in their central role as transmitters of te reo Māori to new generations

v. Māori and Non-Māori viewers who are receptive to Māori language and culture.

(b) **Relevance and Accessibility**

The television industry is changing with the rapid expansion of new technologies, and new devices, influencing social behaviours which, in turn, are changing the ways in which viewers can access and engage with our content.

As well as maintaining our traditional television operations, for the short to medium term future, we must also keep pace with these new developments both from a technical perspective and from a content perspective.

Māori Television undertook an organisational realignment in 2014 to ensure business units were best able to deliver on the organisation’s vision while also focussing on digital platforms and future revenue generation.

Māori Television is reviewing its content strategy, investing in new technology and developing new revenue streams to enable the most cost effective and efficient delivery of content to viewers.

Māori Television is also investing in making its programming accessible via all technically and affordable free-to-air platforms.
7. Outcomes Framework

What we will do to achieve our desired intermediate outcomes:

7.1 Te Reo Māori:

- During prime time the Māori Television channel will broadcast at least 51 percent Māori language programming.

- During its core broadcast (6:30am to 11:30pm) the Māori Television channel will broadcast at least 51% Māori language programming.

- The Te Reo channel will endeavour to broadcast 95 percent Māori language across its entire schedule.

- www.maoritelevision.com is a dual-language website and available for visitors to read, listen and watch entirely in te reo Māori and/or English.

7.2 Broadcast Hours:

- Across both channels we will broadcast 7,700 hours of television on both channels.

- Māori Television will achieve a minimum of 5,700 hours of broadcast with at least 51% Māori language programming.

- The Te Reo channel will achieve a minimum of 2,000 hours of broadcast with at least 95 per cent Māori language programming.

7.3 Prime Time:

Māori Television’s prime time hours for the general audience align with the industry prime time hours of 5.30pm to 11.30pm daily.

7.4 Language Quality Assurance

Māori Television works closely with Te Māngai Pāho on quality assurance of the te reo Māori language broadcast.

Māori Television has a full-time Te Reo Commissioner reviewing language quality for productions and programmes. The Commissioner also monitors for language quality and quantity requirements. Each programme funded internally and by Te Māngai Pāho has rigorous language plans attached to them. Each external production has a te reo consultant attached to the production who monitors language quality and quantity.

Te Reo department contract an independent language expert to review news and current affairs language quality on pronunciation, vocabulary, grammar, euphony and the quality of subtitling.

An independent review is conducted every month on a selection of programmes against Te Taura Whiri i te Reo Māori quality-indicator framework, and an average rating of 4.0 is achieved. (1 = Very poor; 2 = Poor; 3 = Good; 4 = Very good; 5 = Excellent)
### Key Outputs

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Māori Television channel</th>
<th>Te Reo channel</th>
<th>Online</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Broadcast Hours</strong></td>
<td>7,700</td>
<td>5,700</td>
<td>2,000</td>
<td>Occasional live streaming of special events</td>
</tr>
<tr>
<td><strong>Māori language content - across all broadcast hours (% of spoken content)</strong></td>
<td>70%</td>
<td>51%</td>
<td>95%</td>
<td>1,250 hours of programme content available at any time for on demand viewing</td>
</tr>
<tr>
<td><strong>Māori language content - Prime Time hours 17:30-23:30 (% of spoken content)</strong></td>
<td>70%</td>
<td>51%</td>
<td>95%</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Language Learning Hours (Programme hours)</strong></td>
<td>2,100</td>
<td>1,850</td>
<td></td>
<td>250 hours of programme content available at any time for on demand viewing</td>
</tr>
<tr>
<td><strong>Programmes for young people (Programme hours)</strong></td>
<td>1,400</td>
<td>1,200</td>
<td></td>
<td>200 hours of programme content available at any time for on demand viewing</td>
</tr>
<tr>
<td><strong>Transmission platforms</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Freeview terrestrial</td>
<td></td>
<td></td>
<td></td>
<td>Available via online and broadband services</td>
</tr>
<tr>
<td>Freeview satellite</td>
<td></td>
<td></td>
<td></td>
<td>Available by connected mobile devices</td>
</tr>
<tr>
<td>Sky</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The above figures are the levels of spoken reo Māori content as a percentage of all spoken content in a given programme or for a given period.
Part 2
Forecast Financial Statements
8. Statement of Forecast Service Performance

8.1 Non-Departmental Output Class

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

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

- Enable Māori Television to meet its statutory functions, including to contribute to the promotion and protection of te reo Māori me ōna tikanga through the provision, in te reo Māori and English, of a high-quality, cost-effective television service that informs, educates, and entertains viewers, and enriches New Zealand’s society, culture, and heritage;
- Pursue the outcomes in its 2015-2016 Statement of Intent;
- Support the operational costs of Māori Television; and
- Purchase and produce programmes to be broadcast on Māori Television.

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


Outputs will be provided within the appropriated sum of $16.611 million (exclusive of GST) along with advertising income and other revenue.
Māori Television will deliver two outputs through this output class. A description, the cost and performance measures for each output are described below:

### OUTPUT 1 - TELEVISION SERVICE OPERATIONS

<table>
<thead>
<tr>
<th>Description</th>
<th>Performance Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>To support the operational costs of Māori Television so that it can meet its statutory functions.</td>
<td><strong>Quantity</strong>&lt;br&gt;• Broadcast a minimum of 7,700 hours of programming for the year&lt;br&gt;• Broadcast programmes will be mainly in te reo Māori</td>
</tr>
<tr>
<td>COST</td>
<td>$14.311 MILLION (excl GST)</td>
</tr>
</tbody>
</table>

### OUTPUT 2 - TRANSMISSION COVERAGE

<table>
<thead>
<tr>
<th>Description</th>
<th>Performance Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide broadcast services that are technically available throughout New Zealand and are accessible to as many people as is reasonably and economically possible</td>
<td><strong>Quantity</strong>&lt;br&gt;Provide free-to-air transmission to at least 87% of New Zealand’s population via free-to-air digital terrestrial and to 100% of New Zealand via free-to-air digital satellite.</td>
</tr>
<tr>
<td>COST</td>
<td>$2.300 MILLION (excl GST)</td>
</tr>
</tbody>
</table>
8.2  

**Funding**

(a) *Projected Operational Funding from Vote Māori Development:*

<table>
<thead>
<tr>
<th></th>
<th>2015/2016 ($m)</th>
<th>2016/2017 ($m)</th>
<th>2017/2018 ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incl GST</td>
<td>19.103</td>
<td>19.103</td>
<td>19.103</td>
</tr>
</tbody>
</table>

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

(b) *Projected Direct Programme Funding:*

<table>
<thead>
<tr>
<th></th>
<th>2015/2016 ($m)</th>
<th>2016/2017 ($m)</th>
<th>2017/2018 ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incl GST</td>
<td>18.538</td>
<td>18.538</td>
<td>18.538</td>
</tr>
<tr>
<td>Excl GST</td>
<td>16.120</td>
<td>16.120</td>
<td>16.120</td>
</tr>
</tbody>
</table>

(c) *Projected Indirect Programme Funding:*

<table>
<thead>
<tr>
<th></th>
<th>2015/2016 ($m)</th>
<th>2016/2017 ($m)</th>
<th>2017/2018 ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incl GST</td>
<td>18.400</td>
<td>18.400</td>
<td>18.400</td>
</tr>
<tr>
<td>Excl GST</td>
<td>16.000</td>
<td>16.000</td>
<td>16.000</td>
</tr>
</tbody>
</table>

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

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

<table>
<thead>
<tr>
<th></th>
<th>2015/2016 ($m)</th>
<th>2016/2017 ($m)</th>
<th>2017/2018 ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising &amp; Production Income</td>
<td>1.450</td>
<td>2.676</td>
<td>3.867</td>
</tr>
<tr>
<td>Interest Income</td>
<td>0.552</td>
<td>0.318</td>
<td>0.247</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2.002</strong></td>
<td><strong>2.994</strong></td>
<td><strong>4.114</strong></td>
</tr>
</tbody>
</table>
### 8.3 Statement of Projected Financial Position

<table>
<thead>
<tr>
<th></th>
<th>2015/2016 ($m)</th>
<th>2016/2017 ($m)</th>
<th>2017/2018 ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PUBLIC EQUITY</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening Equity</td>
<td>19.672</td>
<td>19.217</td>
<td>18.787</td>
</tr>
<tr>
<td>Add Surplus/Deficit</td>
<td>(0.455)</td>
<td>(0.430)</td>
<td>0.214</td>
</tr>
<tr>
<td><strong>CLOSING EQUITY 30 JUNE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>19.217</td>
<td>18.787</td>
<td>19.001</td>
</tr>
<tr>
<td>Represented by:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Bank &amp; Short Term Deposits</td>
<td>11.499</td>
<td>9.815</td>
<td>10.809</td>
</tr>
<tr>
<td>Programme Rights</td>
<td>4.193</td>
<td>4.914</td>
<td>5.649</td>
</tr>
<tr>
<td>Receivables &amp; Other Current Assets</td>
<td>0.601</td>
<td>0.710</td>
<td>0.809</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td>16.293</td>
<td>15.439</td>
<td>17.267</td>
</tr>
<tr>
<td>Property Plant &amp; Equipment (at book value)</td>
<td>6.144</td>
<td>6.430</td>
<td>5.114</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>22.437</td>
<td>21.869</td>
<td>22.381</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>3.220</td>
<td>3.082</td>
<td>3.380</td>
</tr>
<tr>
<td>Term Liabilities</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td><strong>NET ASSETS EMPLOYED</strong></td>
<td>19.217</td>
<td>18.787</td>
<td>19.001</td>
</tr>
</tbody>
</table>
### 8.4 Statement of Projected Comprehensive Income

<table>
<thead>
<tr>
<th></th>
<th>2015/2016 ($m)</th>
<th>2016/2017 ($m)</th>
<th>2017/2018 ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INCOME</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Revenue from Non-Exchange Transactions</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Programme Funding</td>
<td>16.120</td>
<td>16.120</td>
<td>16.120</td>
</tr>
<tr>
<td><strong>Revenue from Exchange Transactions</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advertising Revenue</td>
<td>1.450</td>
<td>2.676</td>
<td>3.867</td>
</tr>
<tr>
<td>Interest Earned</td>
<td>0.552</td>
<td>0.318</td>
<td>0.247</td>
</tr>
<tr>
<td><strong>TOTAL INCOME</strong></td>
<td>34.733</td>
<td>35.725</td>
<td>36.845</td>
</tr>
<tr>
<td><strong>EXPENDITURE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel Costs</td>
<td>15.214</td>
<td>15.582</td>
<td>15.892</td>
</tr>
<tr>
<td>Depreciation &amp; Amortisation Expense</td>
<td>1.938</td>
<td>2.138</td>
<td>1.910</td>
</tr>
<tr>
<td>Finance Costs</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>Programme Production, including Acquisitions</td>
<td>10.282</td>
<td>10.495</td>
<td>10.716</td>
</tr>
<tr>
<td>Other Operating Costs</td>
<td>7.754</td>
<td>7.940</td>
<td>8.113</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURE</strong></td>
<td>35.188</td>
<td>36.155</td>
<td>36.631</td>
</tr>
<tr>
<td>Surplus / (Deficit)</td>
<td>(0.455)</td>
<td>(0.430)</td>
<td>0.214</td>
</tr>
<tr>
<td>Other Comprehensive Income</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td><strong>TOTAL COMPREHENSIVE INCOME</strong></td>
<td>(0.455)</td>
<td>(0.430)</td>
<td>0.214</td>
</tr>
<tr>
<td>Surplus/(Deficit) Attributable to:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Māori Television Service</td>
<td>(0.455)</td>
<td>(0.430)</td>
<td>0.214</td>
</tr>
<tr>
<td><strong>Total Comprehensive Income Attributable to:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Māori Television Service</td>
<td>(0.455)</td>
<td>(0.430)</td>
<td>0.214</td>
</tr>
</tbody>
</table>
### 8.5 Statement of Projected Cash Flows

<table>
<thead>
<tr>
<th>Activity</th>
<th>2014/2015 ($m)</th>
<th>2015/2016 ($m)</th>
<th>2016/2017 ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash was provided from -</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Income</td>
<td>1.441</td>
<td>2.567</td>
<td>3.768</td>
</tr>
<tr>
<td>Production Funding</td>
<td>16.120</td>
<td>16.120</td>
<td>16.120</td>
</tr>
<tr>
<td>Cash was disbursed to -</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments to Suppliers</td>
<td>(33.811)</td>
<td>(34.795)</td>
<td>(35.085)</td>
</tr>
<tr>
<td><strong>NET CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td>0.361</td>
<td>0.503</td>
<td>1.414</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM INVESTING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash was disbursed to -</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of Property Plant &amp; Equipment</td>
<td>(1.948)</td>
<td>(2.187)</td>
<td>(0.420)</td>
</tr>
<tr>
<td><strong>NET CASH FLOWS FROM INVESTING ACTIVITIES</strong></td>
<td>(1.948)</td>
<td>(2.187)</td>
<td>(0.420)</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM FINANCING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NET CASH FLOWS FROM FINANCING ACTIVITIES</strong></td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td><strong>NET INCREASE/(DECREASE) IN CASH HELD</strong></td>
<td>(1.587)</td>
<td>(1.684)</td>
<td>0.994</td>
</tr>
<tr>
<td>Opening cash</td>
<td>13.086</td>
<td>11.499</td>
<td>9.815</td>
</tr>
<tr>
<td><strong>CLOSING CASH AT 30 JUNE</strong></td>
<td>11.499</td>
<td>9.815</td>
<td>10.809</td>
</tr>
</tbody>
</table>
8.6 Statement of Accounting Policies

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

The projected financial statements are for the 3 years ending 30 June 2018.

(a) Reporting Entity

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

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

(b) Statement of Compliance

These financial statements have been prepared in accordance with section 41 of the Māori Television Act 2003 which includes the requirement to comply with New Zealand generally accepted accounting practice ("NZ GAAP").

The financial statements comply with Tier 1 PBE accounting standards.

(c) Measurement Base

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

(d) Changes in Accounting Policy

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

(e) Functional and Presentation Currency

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

(f) Foreign Currencies

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

At balance date foreign currency monetary assets and liabilities are converted at closing exchange rates and exchange variations arising from these transaction items are included in the surplus or deficit.

(g) Revenue from Exchange Transactions

Revenue from exchange transactions is measured at the fair value of consideration received or receivable.
Advertising revenue is recognised when advertising spots have gone to air.
Interest income is recognised when earned.

(h) Revenue from Non-Exchange Transactions
Revenue from non-exchange transactions are recognised in the period in which the transfer occurs.

Māori Television is primarily funded through revenue received from the Crown, which is restricted in its use for the purpose of the Māori Television meeting its objectives as specified in the Statement of Intent. Revenue from the Crown is recognised as revenue when received and is reported in the financial period to which it relates.

Funding under the Te Māngai Pāho Production Funding agreement, which is restricted in its use for the purpose of the Māori Television meeting its production objectives as specified in that agreement, is recognised when received.

(i) Leases
Operating Leases
Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to Māori Television are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease in the surplus or deficit.

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

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

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

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

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

(l) Trade and Other Receivables
Trade and other receivables are measured at fair value.

Impairment of a receivable is established when there is objective evidence that Māori Television will not be able to collect amounts due according to the original terms of the receivable.
The amount of the impairment is the difference between the asset’s carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due)

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

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

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

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

• Internally produced programmes;
• Commissioned programmes; and
• Acquired programmes produced by third party producers.

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

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

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

| Acquired computer software | 3 years |
**Programme Rights**

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

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

**p) Property, Plant and Equipment and Depreciation**

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

<table>
<thead>
<tr>
<th>Asset Category</th>
<th>Depreciation Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer equipment</td>
<td>3 years</td>
</tr>
<tr>
<td>Office equipment</td>
<td>3-10 years</td>
</tr>
<tr>
<td>Studio equipment</td>
<td>5 years</td>
</tr>
<tr>
<td>Studio fit-out</td>
<td>10-20 years</td>
</tr>
<tr>
<td>Building soft fit-out and Office Equipment</td>
<td>5-12 years</td>
</tr>
<tr>
<td>Artwork</td>
<td>9 years</td>
</tr>
</tbody>
</table>

The residual value and useful life of an asset is reviewed, and adjusted if applicable at each financial year end.

**q) Impairment of non-financial assets**

Property, plant and equipment and intangibles that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use.

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

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

**r) Trade and Other Payables**

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

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

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

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

Operating activities include cash received from all income sources of Māori Television and records the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of property plant and equipment, intangibles and bank deposits greater than three months.

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