Pānui Whāinga
Statement of Intent
2017-2020
# Table of Contents

Acceptance of the Statement of Intent 2017-2020 ................................................................. 2
Chair’s Overview ..................................................................................................................... 3

## PART 1 - CONTEXTUAL FRAMEWORK

1. About Us .................................................................................................................................. 6
   1.1 Establishment of Māori Television .................................................................................. 6
   1.2 Principal Statutory Functions ......................................................................................... 6
   1.3 Reporting Stakeholders .................................................................................................... 6
   1.4 Governance ....................................................................................................................... 7
   1.5 Management ..................................................................................................................... 7
   1.6 Strong Financial Management Systems and Controls .................................................... 7
   1.7 Service Reporting ............................................................................................................ 7
   1.8 Working with Te Mātāwai ............................................................................................... 8

2. Our Strategy ............................................................................................................................. 9
   2.1 Our Vision ......................................................................................................................... 9
   2.2 Our Context: Industry Trends, Challenges and Opportunities ...................................... 10
   2.3 Short Term Goals ............................................................................................................ 10
   2.4 Outcomes Framework ..................................................................................................... 11
      2.4.1 Key Outputs ............................................................................................................. 12
      2.4.2 Broadcast Hours ..................................................................................................... 12
      2.4.3 Te Reo Māori Quality Assurance ....................................................................... 12

3. How we deliver and measure our work .............................................................................. 13
   3.1 Our Māori language and content strategies ................................................................. 13
   3.2 Māori Language Strategy for our Kaimahi ................................................................. 13
   3.3 Our Māori Language Content Plan ............................................................................. 13
   3.4 Measuring Our Success ................................................................................................. 14
   3.5 The Next Steps to Strengthening Engagement ............................................................ 14

4. Our Platforms and Audience ............................................................................................... 15
   4.1 Our Multi-platform Approach ...................................................................................... 15
   4.2 Our Key Audience Groups ............................................................................................ 16

5. Our Funding, Infrastructure and Marketing ...................................................................... 18
   5.1 Operational Funding ....................................................................................................... 18
   5.2 Commercial Revenue .................................................................................................... 18
   5.3 Capital expenditure ........................................................................................................ 18
   5.4 Marketing ......................................................................................................................... 19

## PART 2 - FORECAST FINANCIAL STATEMENTS

6.0 Statement of Forecast Service Performance .................................................................... 20
   6.1 Non-Departmental Output Class .................................................................................. 21
   6.2 Funding .......................................................................................................................... 21
   6.3 Statement of Projected Financial Position .................................................................... 22
   6.4 Statement of Projected Comprehensive Income ............................................................ 23
   6.5 Statement of Projected Cash Flows ............................................................................... 24
   6.6 Statement of Accounting Policies ................................................................................. 26
Acceptance of the 
Statement of Intent 2017-2020

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 2017 to 30 June 2020.

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

Te Waihoroi Shortland
Co-chair Te Mātāwai
Date: 26 June 2017

Dr Mereana Selby
Co-chair Te Mātāwai
Date: 26 June 2017

Hon Te Ururoa Flavell
Minister for Māori Development
Date: 27 June 2017

Hon Steven Joyce
Minister of Finance
Date: 30 June 2017

Presented to the House of Representatives pursuant to section 31(6) of the Māori Television Service (Te Aratuku Whakaata Irirangi Māori) Act 2003.
Chair’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 2017-2020 for Māori Television.

The Statement of Intent sets out the intentions, commitments, broad strategies and outcomes that Māori Television will pursue, as agreed between the Crown’s joint reporting Ministers - the Minister for Māori Development, Hon Te Ururoa Flavell and the Minister of Finance, Hon Steven Joyce together with the co-chairs of Te Mātāwai, Te Waihoroi Shortland and Dr Mereana Selby.

The establishment of Te Mātāwai under Te Ture mō te Reo Māori 2016 (The Māori Language Act 2016) represents an important milestone in the efforts by iwi, Māori and the Crown, to revitalise te reo Māori. The enactment of Te Ture mō Te Reo Māori 2016 (the Māori Language Act 2016) confirms the partnership in the Treaty of Waitangi between the Crown and Māori, and serves to underpin the Crown’s statutory obligations to revitalise te reo Māori.

We commend the new legislation for its acknowledgement of the leadership role that iwi and Māori have in the revitalisation of the Māori language. We also embrace the concept of Te Whare o Te Reo Mauriora and the two key strategies - the Maihi Māori led by Te Mātāwai and the Maihi Karauna led by Te Puni Kōkiri on behalf of the Crown, which provides a more certain base from which all revitalisation efforts must flow in unison.

Māori Television acknowledges its key role under our statute as the lead carrier of content ensuring that all New Zealanders have access to the Māori language and culture via multi-platform. We have outlined our strategic intentions over the coming year, and will continue to work in conjunction with Te Puni Kōkiri and other key Māori language agencies in the development of the Maihi Karauna. We now anticipate, with the approval by the Crown of ngā Maihi e rua, we will increase our collaborative efforts to ensure our strategic intentions are consistent with the overall strategy to revitalise te reo Māori me ngā tikanga. We recognise the importance of the overarching role that Te Mātāwai has in the Act and in overseeing the Māori Television Service. Upon the Crown’s confirmation of ngā Maihi e rua, we look forward to meeting formally with Te Mātāwai, to develop protocols for working together that will reflect the unique roles that all agencies have in the revitalisation of te reo Māori, not least Māori Television.

Māori language is a taonga or treasure at the heart of Māori culture and New Zealand’s unique cultural identity. Our vision based on our statutory responsibilities is for the Māori language to be valued, embraced and spoken by all New Zealanders. In a challenging media environment, Māori Television is only too well aware that we must work hard and smart to remain relevant, effective and widely accessible, to fulfil our responsibility to contribute significantly to the revitalisation of the Māori language.

Last year, we undertook a Māori Language Effectiveness Research project in partnership with Te Māngai Pāho, to assess the effectiveness of Māori Television’s role in the revitalisation of the language. The research indicated that Māori Television plays a strong supporting role in the promotion, normalisation and growth of te reo Māori, and in providing a sense of connection with the language and culture. The research also found
that 11% of the increase in language ability among all Māori 15+ can be attributed to Māori Television and 30% of the increase in understanding Māori culture and receptivity towards te reo Māori among non-Māori can also be attributed to Māori Television. We are looking to work further with other agencies to leverage off these results. As a strategic priority Māori Television will continue to ensure our focus will be on increasing the use of te reo Māori as well as increasing positive attitudes towards te reo Māori.

Māori Television has invested four years into developing strong internet enabled multi-platforms to grow our audience. It is timely that we now consider and advance the development and capacity building initiatives that will support sustainable success, and continue to increase the size and engagement of our target audiences on multi-platforms, reaching them where they live and how they live.

In October 2016 we announced that Māori Television will be re-locating to South Auckland. The move will provide a modern working space in close proximity of Māori communities who themselves are also engaged in the revitalisation of te reo Māori as are most Māori communities across Aotearoa. It appears a timely move given the inclusion of iwi in the new Māori language framework under Te Mātāwai.

Nāku noa

Hon Georgina te Heuheu QSO
Chair

Part 1
Contextual Framework
Te Aratuku Whakaata Irirangi Māori
Māori Television Service

Part 1
Contextual Framework
1. About Us

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

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

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

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

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

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

1.3 Reporting Stakeholders
Māori Television has two distinct reporting stakeholders, Government and Māori, who exercise both independent and joint powers which reflects the partnership between the Crown and Māori.

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

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

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

There are three sub-committees which are responsible for Remuneration Review, Audit and Risk and Premises respectively. New members of the board are fully inducted in their roles with responsibilities based on individual skill sets. A Conflicts Register is maintained for all board members. The board will report any findings in relation to building governance capacity to stakeholders on a quarterly basis.

1.5 Management

The Chief Executive has responsibility for Māori Television’s operations and reports to the board. Supporting the Chief Executive in managing operations are six head of departments with overall responsibility for designated work areas, which are Content, Corporate Affairs, Finance and Administration, Multi-platform, Operations and Technology, and People, Language and Culture.

1.6 Strong Financial Management Systems and Controls

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

Our Five Pillar Strategic approach will assist Māori Television in meeting its obligations to the service and ensure the organization remains financially viable, delivers positive cash flows and an adequate return. A strong financial foundation will ensure that Māori Television will be responsive to new challenges and remain financially sustainable in the future.

The Auditor General expressed opinion on our recent audit of the 14th October 2016 states that the financial statements of the service comply with generally accepted accounting practices and that the statements have been prepared in accordance with Public Benefit Entity Standards. The performance information fairly reflects the Service’s performance for the year ended 30 June 2016, including each class of reportable outputs, being:

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

All categories will be maintained and a “good” rating achieved.

1.7 Service Reporting

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

1.8 Working with Te Mātāwai

Over the next financial quarter Māori Television will meet formally with Te Mātāwai to discuss how the two organisations will work together. We recognize that the membership of Te Mātāwai represents the breadth and depth of Māori knowledge and expertise in Māori language revitalisation nationwide.

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

2.1 Our Vision

Our vision for te reo Māori to be valued, embraced and spoken by all New Zealanders is achieved through Five Strategic Pillars and a Four-step Engagement Model with our audiences that will: enliven (whakaho); engage (whakapiri); enlighten (whakamārama) and enable (whakamana). Our work is underpinned by our four values: Kia Tika, Kia Pono, Kia Aroha and Kia Māori.

Wawata, Whakatakanga, Uara
Vision, Mission and Values

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.
2.2 Our Context: Industry Trends, Challenges and Opportunities

The growth in technology and connected screen devices has given consumers a wider choice of media resulting in a more fragmented market. The traditional linear television broadcast market continues to decline, evidenced by further declines across total television in the first half of 2017 with fewer viewers and shorter viewing times compared to previous years. The decrease in traditional television viewing is even greater for the Māori population in which over half are younger than 25 years of age (2013 Census). This is reflected across the Māori Television Service as more of its consumers go online with a 16% growth in the number of Māori Television website users.

The New Zealand Media Trends Report 2016 (The Nielsen Company) indicates that more people are signing up for specialist digital subscription services, and consume content when it suits them. Nearly a quarter (24%) of New Zealanders subscribe to digital content such as Netflix and Spotify.

The challenge for Māori Television is to retain our core viewers while growing new audiences in this changing competitive environment. We can strengthen our ability to grow our audiences through further engagement and collaboration with other organisations including iwi and Māori communities and in particular iwi media who are also tasked with revitalising the language and culture. The current climate has resulted in many media organisations investigating the possibility of collaboration. We envisage this pathway will provide us with better opportunities to ensure the Māori language and culture reaches more New Zealanders.

Over the past 24 months, Māori Television has conducted the following to support its strategic goals:

- audience Segmentation Research;
- realignment of Content Strategy;
- investment in new technology;
- cultivation of new revenue streams with third parties;
- Māori Language Effectiveness Research;
- implementation of an internal Māori language strategy.

2.3 Short Term Goals

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

- complete the move to new premises;
- switch to High Definition and continue enhancing viewer experience on all platforms;
- aim for a targeted net sales figure of $1.55m;
- reach one million viewers each week;
- achieve a high quality broadcast of agreed hours in te reo Māori and English;
- review the number of agreed hours of broadcast and the percentage of content in te reo Māori with a view to an increase;
- continue to implement and review our Māori language strategy;
- collaborate and build relationships with agencies on Te Whare o te Reo Mauriora - including the Maihi Karauna and Maihi Māori.
## 2.4 Outcomes Framework

**Our vision is for te reo Māori to be valued, embraced and spoken by all New Zealanders**

**Our key outcome is to protect and promote the Māori language and culture**  
*Whakaaho - Whakapiri - Whakamārama - Whakamana*

<table>
<thead>
<tr>
<th>PILLAR</th>
<th>KEY OBJECTIVE</th>
<th>MEASUREMENTS OF SUCCESS</th>
<th>CONTRIBUTION TO VISION</th>
</tr>
</thead>
<tbody>
<tr>
<td>PARTNERSHIPS &amp; ALLIANCES PĀTUITANGA ME NGĀ HONONGA</td>
<td>Build and maintain strong relationships to support our sustainable revenue objectives and achievement of sector goals.</td>
<td>• Increase in sustainable revenue from commercial and Crown sources</td>
<td>Additional revenue streams and funding applied to the production of engaging content and to multiplatform technology.</td>
</tr>
</tbody>
</table>
| PEOPLE HE TĀNGATA      | Create an enhanced performance based culture through staff recruitment, engagement and collaboration to deliver our vision. | • Ability to attract and retain key talent  
• Migration to Māori language speaking organisation by 2020 | Staff better aligned and committed to the kaupapa in delivering organisation outcomes. |
| COMMUNICATIONS & BRAND WHAKAPĀTANGA ME TE WAITOHU | Proactively influencing commercial, marketing and communications outcomes that supports the strategic direction of Māori Television. | • Sustainable audience growth  
• Enhanced corporate reputation  
• Third party endorsement | Drives sustainable audience growth. |
| MULTI PLATFORM POUREWA-MAHA | Increase the size and engagement of MTS target audiences on multi-platforms, reaching them where they live and how they live. | • Year on year growth of key user/audience engagement metrics on digital platforms | Allow audiences to consume content where they are and when they want it. This is especially important for our rangatahi viewers. |
| CONTENT MATŪ           | To showcase content that connects audiences with Māori language and culture. | • Increased audience viewership and regularly achieving a goal of 1million viewers a week  
• Longer audience engagement with our content | Drives sustainable audience growth and provides a pathway for taking all viewers through the various stages of their language learning journeys. |
### 2.4.1 Key Outputs

<table>
<thead>
<tr>
<th>OUTPUT</th>
<th>Total</th>
<th>Māori Television channel</th>
<th>Te Reo channel</th>
<th>Online</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadcast Hours</td>
<td>7,900</td>
<td>5,700</td>
<td>2,200</td>
<td>Live streaming of special events 1,400 hours of content available on demand</td>
</tr>
<tr>
<td>Māori language content - across all broadcast hours (% of spoken content)</td>
<td>70%</td>
<td>51%</td>
<td>95%</td>
<td>Bi-lingual website</td>
</tr>
<tr>
<td>Māori language content - Prime Time hours 17:30-23:30 (% of spoken content)</td>
<td>70%</td>
<td>51%</td>
<td>95%</td>
<td>N/A</td>
</tr>
<tr>
<td>Language Learning Hours</td>
<td>1,600</td>
<td>1,300</td>
<td></td>
<td>300 hours of content available on demand</td>
</tr>
<tr>
<td>Content for young people</td>
<td>1,350</td>
<td>1,050</td>
<td></td>
<td>300 hours of programme content available on demand</td>
</tr>
<tr>
<td>Transmission platforms</td>
<td>Freeview terrestrial</td>
<td>Freeview terrestrial</td>
<td>Available via online and broadband</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Freeview satellite Sky</td>
<td>Freeview satellite Sky</td>
<td>Available by mobile devices</td>
<td></td>
</tr>
</tbody>
</table>

#### 2.4.2 Broadcast Hours

Our broadcast hours align with the expectations of the Māori Television Act 2003 that a substantial proportion of our content will be in te reo Māori. We recognise that the quantity of te reo Māori in our content has remained static. We have an expectation that overtime this will increase and we will undertake a review of our outputs within the next 12 months.

#### 2.4.3 Te Reo Māori Quality Assurance

Māori Television collaborates with Te Māngai Pāho and Te Taura Whiri i Te Reo Māori on quality assurance of the Māori language in our content. Each programme funded by Te Māngai Pāho includes a rigorous language quality assurance plan. Each external production must provide evidence of monitoring language for quantity and high quality. News and current affairs is reviewed independently for language quality including pronunciation, vocabulary, grammar, euphony and subtitling. An independent review is conducted every month on a selection of content against Te Taura Whiri i te Reo Māori quality-indicator framework. An average rating of 4.0 is currently being achieved (1 = Very poor; 2 = Poor; 3 = Good; 4 = Very good; 5 = Excellent).
3. How We Deliver and Measure Our Work

3.1 Our Māori Language and Content Strategies

Māori Television is one of the key Crown Māori language entities with responsibilities for the success of Te Whare o te Reo Mauriora, alongside Te Taura Whiri i te Reo Māori and Te Māngai Pāho. We have contributed to the development of the Maihi Karauna and we look forward to its completion along with the Maihi Māori so that there will be a clearer picture of all our roles in delivering on Māori language revitalisation. We have a unique role to play in the strategy through the broadcast of authentic high quality content in both languages, on multiple platforms, to a range of audiences.

Our own Māori Language Strategy supports the purpose of the Māori Language Act 2016 by placing the revitalisation of the Māori language at the heart of all our operations. It also supports the Māori Television Service Act 2003 by contributing to the protection and promotion of te reo Māori me ngā tikanga Māori through content in both Māori and English that informs, educates and entertains viewers and enriches our society. Our multi-platform strategy coupled with our Māori language strategy will ensure that te reo Māori is accessible and inclusive of all New Zealanders. Our Māori Language Strategy has two key focuses - our Kaimahi and our Content.

3.2 Māori Language Strategy for our Kaimahi

Kia kaingākautia, kia kōrerotia, kia tautokona anō te reo Māori e ngā kaimahi katoa o Whakaata Māori.

The vision is for all staff, regardless of their level or knowledge, to improve their proficiency in the Māori language by 2020 and to become bi-lingual citizens of Aotearoa. We assess all staff for proficiency using a range of tools and then provide opportunities to participate in language lessons in the workplace or offsite.

3.3 Our Māori Language Content Plan

Our Māori Language Content Plan supports the purpose of the Māori Television Service by providing content in both te reo Māori and English that reflects the lives of whānau, hapū and iwi and also ensures that the Māori language and culture reaches all New Zealanders.

We will ensure that the Māori language and culture is accessible and inclusive of all New Zealanders through engaging content and by:

- showcasing people from all walks of life including well know celebrities using te reo;
- providing te reo Māori versions of popular shows;
- ensuring our content is available on multi-platforms;
- focusing content for specific audiences that engage them in te reo;
- including English subtitles to cater to a wider range of viewers;
- participating in and reporting on Māori language revitalisation initiatives directly;
- ensuring high quality te reo Māori in all content;
• supporting exemplars of te reo and iwi dialects;
• creating Māori language plans that include quality assurance and independent reviews for all content.

3.4 Measuring Our Success

Last year Māori Television partnered with Te Māngai Pāho on a Language Effectiveness Research Project that examined the impact that Māori Television has had, and can have, on the revitalisation of te reo Māori. The high level findings provides clear evidence of the strong supporting role Māori Television plays in the promotion, normalisation and growth of te reo Māori. Key findings were that:

• 11% of the increase in language ability among all Māori 15+ can be attributed to Māori Television;
• 30% of the increase in understanding Māori culture and receptivity towards te reo among non-Māori can be attributed to Māori Television;
• Māori Television provides a sense of connection with and importance placed on Māori culture and language;
• Māori Television provides encouragement and a desire to engage, which supports the inter-generational transmission of te reo in the home;
• Māori Television provides a sense of connection with and importance placed on Māori culture and language;
• Māori Television unlocks the challenges and removes the barriers to participate in language learning - it provides an accessible, safe environment to hear, see and immerse in the language and culture for Māori and non-Māori;
• Māori Television acts as a beacon and is seen to be the trusted source to go to for anything and everything to do with the Māori world;
• Māori Television provides a positive and contemporary portrayal of Māori culture, providing indirect support / motivation to connect with and to be exposed to Māori culture.

3.5 The Next Steps to Strengthening Engagement

As a result of the Māori Language Effectiveness Research findings, we will work to strengthen engagement with all our audiences on all our platforms by:

• continuing to work collaboratively with Māori language agencies, communities and funders;
• applying an integrated and interrelated approach to our marketing, branding and multi-platform offering;
• gaining a stronger understanding of the indicators, and the causes of barriers (lack of confidence, relevance and time) to Māori language revitalisation.
4. Our Platforms and Audience

4.1 Our Multi-platform Approach

Māori Television Channel
The Māori Television channel is bi-lingual and broadcasts content for all New Zealanders including Māori language speakers of all fluency levels. Māori Television broadcasts on Channel 5 on Freeview and Channel 19 on Sky.

Te Reo Channel
Our Te Reo channel broadcasts informative, educative and entertaining content exclusively in te reo Māori. This channel is for viewers with high levels of Māori language fluency, including advanced learners of the language. This channel provides uninterrupted viewing during prime time. It is broadcast on Channel 15 on Freeview and Channel 82 on Sky.

High Definition & Digital Multimedia Platforms
Additional funding received in Budget 2016 has enabled Māori Television to upgrade its broadcast to High Definition (HD) late 2017. This will give our viewers a crisper and sharper picture on par with other major New Zealand broadcasters.

Māori Television continues to invest in a range of digital services and platforms alongside its traditional linear offering. This multi-platform strategy ensures that Māori Television is delivering to the needs of all New Zealanders, whenever they want, wherever they may be, and by whatever connected device they choose to use.

www.maoritelevision.com
The dual-language website can be viewed entirely in te reo Māori and/or English. The website provides multiple on demand and user personalised opportunities to experience and engage with our news and on demand programmes which are accessible to international audiences.

Māori TV Connect Smartphone App
The App is now available free on smartphones in the Apple iTunes store and Google Play store. The content of the app features latest news, on demand and live streaming.

Social Media Channels
Māori Television has a strong social media presence within key social media channels such as Facebook, Snapchat, Instagram and Twitter. The use of social media channels is expected to grow significantly over time and is particularly important in reaching our rangatahi/youth audiences.

Audio Podcasting
Audio podcasting was launched to a global audience in 2016. We have the technical means to produce and publish te reo Māori audio versions of our content, such as the recently launched audio podcasts for Kawe Kōrero and Ōpaki. We continue to review and plan for additional content to be available on our website and in the iTunes store and Google Play, as audio podcasts.
Syndication and Distribution of Content on Aligned Platforms

There is a growing interest in the content commissioned or produced by Māori Television. We will seek out opportunities to share digital forms of our content with other aligned platforms.

Live Streaming

Māori Television has increased the volume and frequency of content delivered live over the internet and regularly simulcasts shows online. This includes Te Kāea, Native Affairs and the online only daily show Rereātea - Midday News Bytes, Te Matatini, Polyfest, Touch Rugby, World Shearing Championship, regional kapa haka competitions and ANZAC day commemorations.

FreeviewPlus

FreeviewPlus allows the linear television viewer and the on demand viewer to seamlessly switch between a traditional broadcast and on demand content on a single platform. FreeviewPlus is now available to 100% of the New Zealand population. Shareholders in FreeviewPlus will continue to review and invest in the roadmap for future development of this platform.

4.2 Our Key Audience Groups

As a result of the 2015 Audience Segmentation Research and 2016 Content Strategy, five key growth personas have been identified to grow our audience engagement, ensure te reo Māori is accessible and inclusive and strengthen our ability to protect and enhance te reo me ngā tikanga Māori.

<table>
<thead>
<tr>
<th>Growing Audience</th>
<th>Who are they and how will we attract and maintain them?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Youth/Rangatahi</td>
<td>Predominantly Māori 15-29 years old, strong in te reo and regular viewers of Whakaata Māori. We will continue to prioritise digital first, compelling content for this group.</td>
</tr>
<tr>
<td>Youth Potentials</td>
<td>A mix of 15-29 year old Māori non-viewers and 15-29 year old non-Māori who are open to learning te reo Māori. They are typically light traditional television viewers so we are increasing our online content to appeal to these viewers.</td>
</tr>
<tr>
<td>Loyals</td>
<td>30+ year old viewers who watch us regularly with a female/provincial focus. The most culturally connected segment. This group is a strong support group for us with their friends and family so we want them to help us promote the channel. This is our largest growing segment (15% increase in average daily reach in 2016).</td>
</tr>
<tr>
<td>Lapsed</td>
<td>30+ year olds who no longer watch Māori Television with a female/urban skew. They have moved to other platforms and content options. We have refreshed our content to attract them back.</td>
</tr>
<tr>
<td>Urban Professionals</td>
<td>30+ year old largely non-Māori but over 50% are open to learning te reo. They typically tune in for our documentaries and festival movies but are increasingly watching more of our content. We will continue to push our ‘No Free Ride’ policy by introducing kupu/words during breaks to promote the language.</td>
</tr>
</tbody>
</table>
Core Statutory Groups
Under the Māori Television Service (Te Aratuku Whakaata Irirangi Māori) Act 2003 Māori Television is required to ensure its content has regard to the needs of four core groups. As a result of the 2015 Audience Segmentation Research and 2016 Content Strategy, five key growth personas have been identified to grow our audience engagement, ensure te reo Māori is accessible and inclusive and strengthen our ability to protect and enhance te reo me ngā tikanga Māori.

<table>
<thead>
<tr>
<th>Key Audience</th>
<th>How we will attract and retain them?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fluent Speakers</td>
<td>We will continue to produce the majority of our content in te reo Māori and provide shows with a high level of fluency and technical excellence. There will be greater focus on entertainment shows for fluent speakers.</td>
</tr>
<tr>
<td>Rangatahi</td>
<td>The rangatahi/youth group is particularly important as half the Māori population is under 23 years old. They are also a strong component in our growth personas. Online content will be key to attracting and maintaining this audience.</td>
</tr>
<tr>
<td>Tamariki</td>
<td>We will focus on entertaining, fluent content for tamariki/children by developing a non-commercial digital-first environment both on-line and on-air. Short bite-sized content will be on-air mid-2017.</td>
</tr>
<tr>
<td>Language Learners</td>
<td>We will continue to provide opportunities for language acquisition for beginners as well as intermediate level learners.</td>
</tr>
</tbody>
</table>
5. Our Funding, Infrastructure and Marketing

5.1 Operational Funding
The operations of Māori Television are funded by the Government in acknowledgement of the Crown’s commitment to promote and protect te reo Māori me ngā tikanga.

A successful budget bid in 2016 of $10.6m to support investment in infrastructure has upgraded the quality of our broadcast to High Definition in line with other broadcasters. New funds received include an amount for a CPI adjustment that will assist in negating the effect of inflation on our funding.

Māori Television is committed to developing new sustainable revenue streams and alliances in order to become more self-sufficient as part of a suite of new initiatives to deliver our statutory mandate. Māori Television has a target of delivering third party revenue of $5 million per annum by the end of the 2019 financial year.

5.2 Commercial Revenue
Despite a competitive sales environment, declining linear audience for all broadcasters and soft advertising market across all media, Māori Television has set itself the ambitious FY 2018 sales goals of $1.55m net in third party revenue. This approach brings increased commercial discipline to decision making and business processes. Māori Television will continue to partner with targeted crown agencies, commercial partners and media agencies in delivering on the goal.

5.3 Capital expenditure
A $9.905 million capital expenditure programme is scheduled for the next three years. A significant portion relates to the relocation project and the remainder is aimed at the required replacement and upgrade of our key broadcast, production, multi-platform and corporate systems.

Despite the relocation project and significant investment, there is a major migration component of existing technologies that will require replacement and upgrades over the next three years.

The wider capital programme will ensure Māori Television has higher performing equipment and long term secure storage. It will also provide a higher level of availability of our content and an improved online offering. Overall the capital programme will improve broadcast quality, accessibility of content and ultimately increased audience growth. Some key capital expenditure projects that will be carried out over the next 12 months include:

New Premises
Māori Television is relocating to new premises which is estimated for completion by 31 August 2017. This is a significant capital expenditure item requiring major investment in construction and building, technical systems for broadcast and production along with corporate technology requirements. The new premises will be located at 433 East Tāmaki Road, East Tāmaki and provides value for money, has excellent design and layout, ability to convert existing space for a large production studio, access to arterial routes and airport, proximity to Māori communities and facilities such as kōhanga reo, kura and marae and parking for staff.
Production

Māori Television will review and replace/upgrade its Production Asset Management platform. This provides the business with a collaborative platform for ingest, editing - high and low resolution, search, metadata, workflow, multi-platform delivery and archive. This is a significant project which supports content creation.

Another significant replacement is the Graphics Systems for production, playout and automation. This will also need to support our digital only assets moving forward. Field cameras for News and Production are also to be replaced.

Media Asset Management (MAM)

Māori Television’s current MAM that provides business wide access to finished programme content from internal and external sources, requires replacement and upgrading. This system allows search, browse, promotion editing, archiving and workflow and supports the delivery of content to all platforms.

Business Tools

Over the next 12 months we will focus on implementing a range of software tools across the business that will improve company reporting and insights, reo recognition and measurement, programme procurement, intranet and high speed file delivery.

5.4 Marketing

Our strategic goal of normalising te reo Māori use among all New Zealanders means creating innovative marketing campaigns with high appeal that enthusiastically promote te reo Māori. Our aim is to broaden the perceived accessibility, relevance and consideration of Māori Television among five segmented audiences: rangatahi/youth; youth potentials; lapsed; loyals and urban professionals. The focus remains on repositioning Māori Television as an entertainment platform through the creative integration of paid, earned and owned marketing channels.
Part 2
Forecast Financial Statements
6. Statement of Forecast Service Performance

6.1 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 below.

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

- enable Māori Television to meet its statutory functions, including the contribution 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 2017-2018 Statement of Intent;
- support the operational costs of Māori Television;
- purchase and produce programmes to be broadcast on Māori Television.

Performance measures for this class of outputs will be included in the Māori Television 2017-2018 Output Plan.

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

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

### OUTPUT 1 - TELEVISION SERVICE OPERATIONS

<table>
<thead>
<tr>
<th>Description</th>
<th>Performance Measures</th>
</tr>
</thead>
</table>
| To support the operational costs of Māori Television so that it can meet its statutory functions. | Quantity
  - Broadcast a minimum of 7,900 hours of programming for the year.
  - Broadcast programmes will be mainly in te reo Māori.                      |
| COST                                                                        | $15.308 MILLION (excl GST)                                                           |

### OUTPUT 2 - TRANSMISSION COVERAGE

<table>
<thead>
<tr>
<th>Description</th>
<th>Performance Measures</th>
</tr>
</thead>
</table>
| Provide broadcast services that are technically available throughout New Zealand and are accessible to as many people as is reasonably and economically possible. | Quantity
  Provide free-to-air transmission to at least 87 per cent of New Zealand’s population via free-to-air digital terrestrial and to 100 per cent of New Zealand via free-to-air digital satellite. |
| COST                                                                        | $3.956 MILLION (excl GST)                                                           |
6.2 Funding

(a) Projected Operational Funding from Vote Māori Development:

<table>
<thead>
<tr>
<th>Year</th>
<th>Incl GST ($m)</th>
<th>Excl GST ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017/2018</td>
<td>22.154</td>
<td>19.264</td>
</tr>
<tr>
<td>2018/2019</td>
<td>22.154</td>
<td>19.264</td>
</tr>
<tr>
<td>2019/2020</td>
<td>22.154</td>
<td>19.264</td>
</tr>
</tbody>
</table>

(b) Projected Direct Programme Funding:

<table>
<thead>
<tr>
<th>Year</th>
<th>Incl GST ($m)</th>
<th>Excl GST ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017/2018</td>
<td>18.538</td>
<td>16.120</td>
</tr>
<tr>
<td>2018/2019</td>
<td>18.538</td>
<td>16.120</td>
</tr>
<tr>
<td>2019/2020</td>
<td>18.538</td>
<td>16.120</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.

(c) Projected Indirect Programme Funding:

<table>
<thead>
<tr>
<th>Year</th>
<th>Incl GST ($m)</th>
<th>Excl GST ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017/2018</td>
<td>18.400</td>
<td>16.000</td>
</tr>
<tr>
<td>2018/2019</td>
<td>18.400</td>
<td>16.000</td>
</tr>
<tr>
<td>2019/2020</td>
<td>18.400</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, NZonAir 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>Year</th>
<th>Advertising &amp; Production Income ($m)</th>
<th>Interest Income ($m)</th>
<th>TOTAL ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017/2018</td>
<td>1.550</td>
<td>0.019</td>
<td>1.569</td>
</tr>
<tr>
<td>2018/2019</td>
<td>2.676</td>
<td>0.019</td>
<td>2.695</td>
</tr>
<tr>
<td>2019/2020</td>
<td>3.867</td>
<td>0.019</td>
<td>3.886</td>
</tr>
</tbody>
</table>
### 6.3 Statement of Projected Financial Position

<table>
<thead>
<tr>
<th></th>
<th>2017/2018 ($m)</th>
<th>2018/2019 ($m)</th>
<th>2019/2020 ($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>20.290</td>
<td>20.292</td>
<td>19.946</td>
</tr>
<tr>
<td>Add Surplus/Deficit</td>
<td>0.002</td>
<td>(0.346)</td>
<td>1.003</td>
</tr>
<tr>
<td><strong>Closing Equity 30 June</strong></td>
<td>20.292</td>
<td>19.946</td>
<td>20.949</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>1.265</td>
<td>0.209</td>
<td>0.644</td>
</tr>
<tr>
<td>Programme Rights</td>
<td>3.942</td>
<td>4.518</td>
<td>5.095</td>
</tr>
<tr>
<td>Receivables &amp; Other Current Assets</td>
<td>0.958</td>
<td>1.065</td>
<td>1.164</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>6.165</td>
<td>5.792</td>
<td>6.903</td>
</tr>
<tr>
<td><strong>PROPERTY PLANT &amp; EQUIPMENT</strong> (at Book Value)</td>
<td>21.205</td>
<td>20.263</td>
<td>19.440</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>27.370</td>
<td>26.055</td>
<td>26.343</td>
</tr>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td>2.513</td>
<td>2.445</td>
<td>2.707</td>
</tr>
<tr>
<td><strong>TERM LIABILITIES</strong></td>
<td>4.565</td>
<td>3.654</td>
<td>2.687</td>
</tr>
<tr>
<td><strong>NET ASSETS EMPLOYED</strong></td>
<td>20.292</td>
<td>19.946</td>
<td>20.949</td>
</tr>
</tbody>
</table>
## 6.4 Statement of Projected Comprehensive Income

<table>
<thead>
<tr>
<th></th>
<th>2017/2018 ($m)</th>
<th>2018/2019 ($m)</th>
<th>2019/2020 ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INCOME</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>Advertising &amp; Production Revenue</td>
<td>1.550</td>
<td>2.676</td>
<td>3.867</td>
</tr>
<tr>
<td>Interest Earned</td>
<td>0.019</td>
<td>0.019</td>
<td>0.019</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>36.953</td>
<td>38.079</td>
<td>39.270</td>
</tr>
<tr>
<td><strong>EXPENDITURE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation &amp; Amortisation Expense</td>
<td>2.491</td>
<td>2.739</td>
<td>2.283</td>
</tr>
<tr>
<td>Finance Costs</td>
<td>0.145</td>
<td>0.249</td>
<td>0.193</td>
</tr>
<tr>
<td>Programme Production and Acquisitions</td>
<td>8.630</td>
<td>8.630</td>
<td>8.630</td>
</tr>
<tr>
<td>Other Operating Costs</td>
<td>11.315</td>
<td>12.217</td>
<td>12.347</td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td>36.951</td>
<td>38.425</td>
<td>38.267</td>
</tr>
<tr>
<td>Surplus / (Deficit)</td>
<td>0.002</td>
<td>(0.346)</td>
<td>1.003</td>
</tr>
<tr>
<td><strong>TOTAL COMPREHENSIVE INCOME</strong></td>
<td>0.002</td>
<td>(0.346)</td>
<td>1.003</td>
</tr>
<tr>
<td>Surplus/(Deficit) Attributable to: Māori Television Service</td>
<td>0.002</td>
<td>(0.346)</td>
<td>1.003</td>
</tr>
<tr>
<td>Total Comprehensive Income Attributable to: Māori Television Service</td>
<td>0.002</td>
<td>(0.346)</td>
<td>1.003</td>
</tr>
</tbody>
</table>

The above figures are GST exclusive.
### 6.5 Statement of Projected Cash Flows

<table>
<thead>
<tr>
<th></th>
<th>2017/2018 ($m)</th>
<th>2018/2019 ($m)</th>
<th>2019/2020 ($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>1.817</td>
<td>2.569</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>(37.786)</td>
<td>(36.302)</td>
<td>(36.290)</td>
</tr>
<tr>
<td><strong>Net Cash Flows from Operating Activities</strong></td>
<td>(0.585)</td>
<td>1.651</td>
<td>2.862</td>
</tr>
</tbody>
</table>

| **CASH FLOWS FROM INVESTING ACTIVITIES** |                |                |                |
| Cash was disbursed to -           |                |                |                |
| Purchase of Property Plant & Equipment | (6.649)       | (1.796)        | (1.460)        |
| **Net Cash Flows from Investing Activities** | (6.649)       | (1.796)        | (1.460)        |

| **CASH FLOWS FROM FINANCING ACTIVITIES** |                |                |                |
| Net Cash Flows from Financing Activities | 4.565          | (0.911)        | (0.967)        |

| **NET INCREASE/(DECREASE) IN CASH HELD** |                |                |                |
| Opening cash                       | 3.934          | 1.265          | 0.209          |
| **CLOSING CASH AT 30 JUNE**         | 1.265          | 0.209          | 0.644          |

The above figures are GST exclusive.
6.6 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 2020.

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

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

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

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

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

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

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.

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

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.

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

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

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

**Other Production Funding**
Production funding from Te Māngai Pāho and others (e.g. NZonAir) is recognised when earned.

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

**Interest revenue**
Interest revenue is recognised when earned.

**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.

**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.

**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.

**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).

**Financial Instruments**

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

**Intangibles**

**Software**

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

**Programme Rights**

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

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

- internally produced programmes;
- commissioned programmes; and
- acquired programmes produced by third party producers.
An annual impairment assessment is carried out on all intangibles recognised by Māori Television.

**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:

<table>
<thead>
<tr>
<th>Asset</th>
<th>Amortisation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Website</td>
<td>2 years</td>
</tr>
<tr>
<td>Acquired computer software</td>
<td>3 years</td>
</tr>
</tbody>
</table>

**Programme Rights**

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

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

**Property, Plant & 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</th>
<th>Depreciation Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Furniture &amp; Computer Equipment</td>
<td>3 - 12 years</td>
</tr>
<tr>
<td>Studio Fitout &amp; Equipment</td>
<td>10 - 20 years</td>
</tr>
<tr>
<td>Artworks</td>
<td>27 years</td>
</tr>
</tbody>
</table>

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

**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.

**Trade and other Payables**
Trade and other payables are measured at fair value.

**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.

**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.

**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.

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

Māori Television’s capital is its equity, which comprise retained earnings and is represented by net assets.

**Interest in Jointly Controlled Entity**

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

**Critical accounting estimates and assumptions**

In preparing these financial statements Māori Television has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Property, plant & equipment useful lives and residual value**

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

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

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

**Programme rights useful lives and residual value**

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

**Programme Values**

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

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

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

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