

# TE MĀNGAI PĀHO

## STATEMENT OF PERFORMANCE EXPECTATIONS

### 2016/17



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## **TE MĀNGAI PĀHO STATEMENT OF PERFORMANCE EXPECTATIONS 2016/17**

Presented to the House of Representatives

Pursuant to section 149L of the Crown Entities Act 2004

# TE MĀNGAI PĀHO

## STATEMENT OF PERFORMANCE EXPECTATIONS

### 2016/17





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# Kupu Whakataki nā te Poari o Te Māngai Pāho

## Introduction on behalf of the Board of Te Māngai Pāho

Kaua e rangirua te hāpai o te hoe;  
e kore tō tātou waka e ū ki uta.

Tēnā koutou katoa

We are pleased to present Te Māngai Pāho's 2016/17 Statement of Performance Expectations which reflects our proposed performance targets and forecast financial information for the 2016/17 year.

Our aim is to be able to demonstrate a tangible impact on Māori language and Māori cultural outcomes through our interventions in the areas of Māori television, radio, music and new media.

This document sets out:

- an outline of changes as a result of the passing of the Māori Language (Te Reo Māori) Act 2016;
- what we want to achieve;
- how we will assess our performance against the objectives of our strategies;
- our annual performance targets, performance measures and output class budgets in accordance with section 149E of the Crown Entities Act 2004; and
- our forecast financial statements for the year ending 2016/17 in accordance with section 149G of the Crown Entities Act 2004.

The Board does not intend to update the forecast financial statements subsequent to presentation.

Prof Piri Sciascia, ONZM  
**Te Māngai Pāho Board Chair**  
9 June 2016

Prof Rawinia Higgins  
**Te Māngai Pāho Board**  
9 June 2016

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## Te Ture mō Te Reo Māori 2016

### The Māori Language (Te Reo Māori) Act 2016

There will be a significant change in our strategic and operating landscape in 2016/17 and beyond with the impact of the Māori Language (Te Reo Māori) Act 2016 which became law on 14 April 2016.

The Act affirms the status of the Māori language as the indigenous language of New Zealand, as a taonga of iwi and Māori, as a language valued by the nation and as an official language of New Zealand. It reflects a partnership, with both the Crown and Māori having distinct but complementary roles for revitalising the Māori language.

The Crown and Māori will now each develop their own Māori Language Strategies and through Te Mātāwai, the new entity established by the Act, they will have a forum to co-ordinate their efforts.

The two Māori language strategies to be developed are:

- the Maihi Karauna strategy, which will focus on national matters and be the responsibility of the Crown; and
- the Maihi Māori strategy, which will focus on matters at an iwi and community level and be the responsibility of iwi and Māori, through Te Mātāwai.

Te Mātāwai is a representative body that will lead the revitalisation of Māori language on behalf of iwi and Māori. The primary focus for Te Mātāwai will be on revitalising the Māori language at iwi, Māori and community levels. It will:

- develop the Maihi Māori strategy;
- contribute to the Maihi Karauna strategy;

- advise and provide guidance to Ministers and government agencies that can help revitalise te reo Māori;
- appoint four of the seven directors of the board of the Māori Television Service;
- provide the Minister for Māori Development with nominations for three of the five appointments to the boards of Te Taura Whiri i te Reo Māori and Te Māngai Pāho; and
- exercise all functions currently undertaken by Te Pūtahi Paoho.

Under the Act, Te Māngai Pāho remains a Crown entity and our primary functions remain unchanged.

Our secondary function is expanded to include the ability to fund other activities apart from broadcasting to promote the Māori language and culture.

Following a transitional period, Te Māngai Pāho's governance arrangements will change to a board of five members, three of which will be appointed by Te Mātāwai, in future.

We look forward to working under the new Te Mātāwai structure and to the new relationship between the Crown and Māori that it anticipates. We aim to contribute to the development of the Maihi Karauna strategy and will maintain a continued focus on Māori language planning and policies, working with both content producers and broadcasters to advance Māori language.



## 3

## Kaupapa hei Whakatutuki

### What We Want to Achieve

Our vision is **Māori language - everywhere, every day, in every way!**

For this to be achieved we need **more people speaking more Māori and a greater awareness of Māori values, practices and views within Aotearoa New Zealand.**

Our work focuses on exposing whānau, hapū, iwi, Māori communities and all New Zealanders to quality te reo Māori and tikanga Māori programmes in their own homes.

To accomplish this, we aim to ensure that:

- △ the main platforms for Māori language broadcasting to Māori, namely the iwi radio network and Māori Television, deliver quality Māori language outcomes appropriate to the needs of their audiences;
- △ an appropriate level of support is provided by other national broadcasters for Māori language and cultural content within their programme schedules in order that te reo Māori and tikanga Māori programmes are accessible to wider audiences; and
- △ our community is supported to strengthen its te reo Māori and tikanga Māori capabilities in order to ensure that the demand for high quality, vibrant and diverse Māori programmes is adequately met. In all of these areas, our Māori language objectives are\*:

#### Te Māngai Pāho's Māori Language Objectives

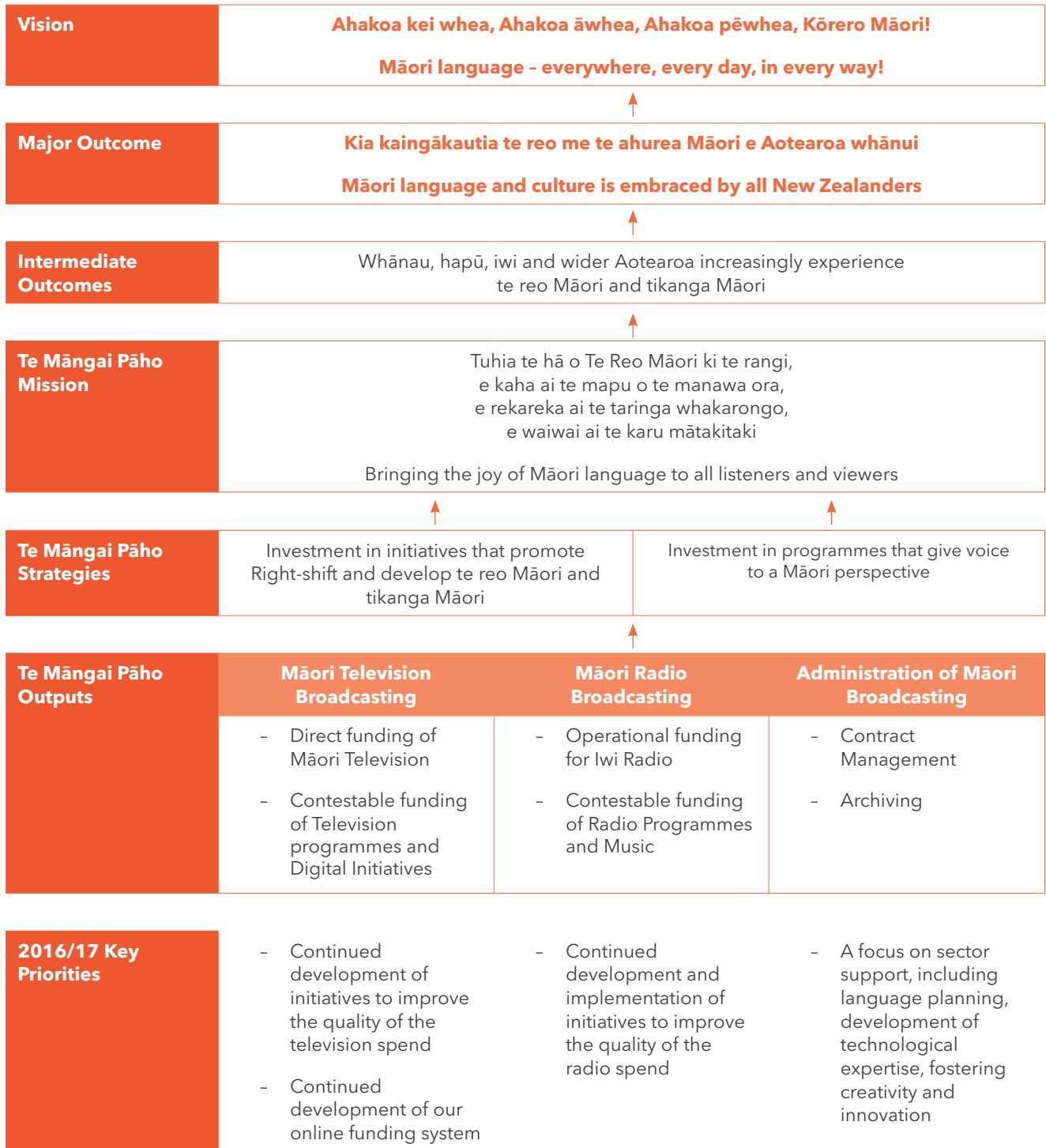
<i>Ko te reo kia tika</i>	High Quality
<i>Ko te reo kia rere</i>	Frequency and eloquence
<i>Ko te reo kia Māori</i>	Promote a Māori World View
<i>Ko te reo kia ora</i>	Normalisation of the Māori language

\* Adapted from 'Ko tā Te Kōhanga Reo Rehu' in *Te Ara Tuapae* (2006).

These requirements are reflected in our Outcome Framework and Purchase and Funding Framework. The outcomes we seek are critical because they drive our short to medium-term funding policy, management and operational decisions.

# Te Poutarāwaho Whakaputa Hua

## Our Outcome Framework



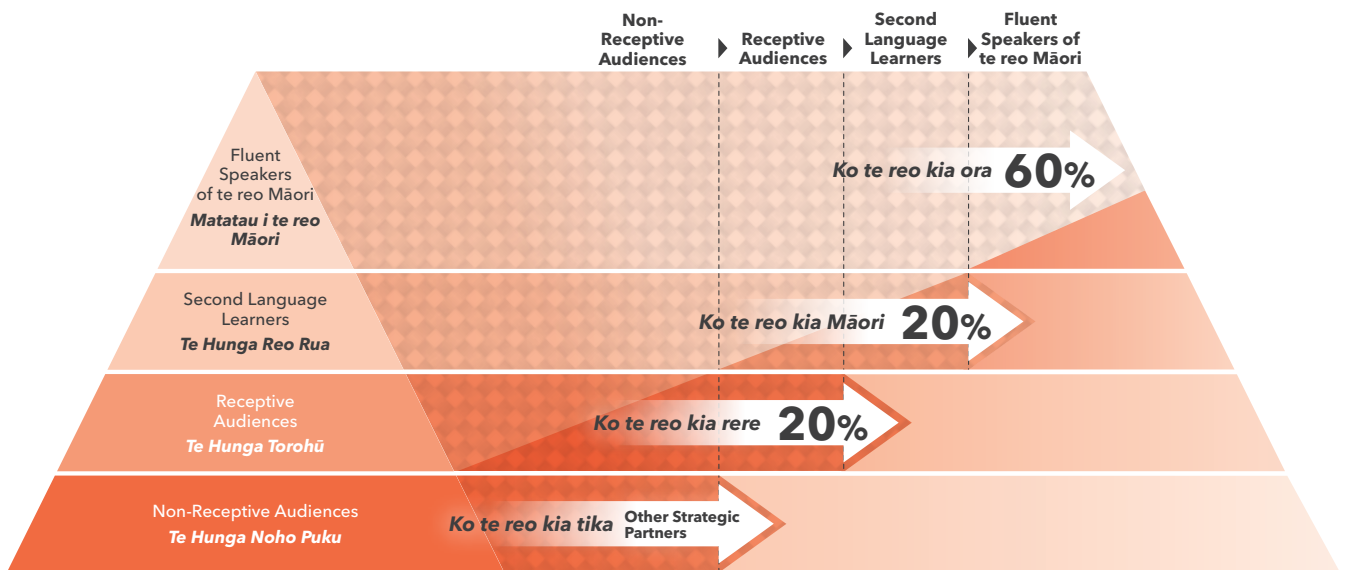
# Kaupapa Matua

## Key Funding Areas

The allocation of contestable funding expenditure will be made in accordance with our Purchase and Funding Framework, which is more fully described in our 2016-21 Statement of Intent.

## Te Poutarāwaho Hoko, Toha Pūtea a Te Māngai Pāho

### Te Māngai Pāho Purchase & Funding Framework



# Te Ine Whakatutukinga

## Measuring Our Performance

### Strategy Impact

We work collaboratively with entities that share a direct stake in achieving Māori language outcomes, to rationalise effort around outcome measurement and evaluation.

To date we have utilised longitudinal nationwide Māori language surveys such as the *Survey of the Health of the Māori Language*, the *Survey of the Attitudes, Values and Beliefs towards the Māori Language* and Statistics New Zealand's *Te Kupenga Survey* to measure progress toward our respective and complementary Māori language outcomes and to see if our collective efforts are having the impact we seek.

We have also commissioned annual Māori Programming Audience Survey Research to provide further information about our audiences and to quantify the impact broadcasting has on their perspectives and te reo and tikanga Māori understanding. Our Strategy impact measures have been based on this research for a number of years and over this time, the media and communications sector has been changing rapidly, with multiple delivery platforms now available and more audience choice leading to greater audience fragmentation. Nevertheless, we continue to learn more about our audiences and the progress of Māori language revitalisation, and pending updated measures, we will continue to measure our strategy impact by monitoring results and trends in the following set of indicators.

## Te Māngai Pāho Strategy: Investment in initiatives that promote and develop te reo Māori and tikanga Māori

Impact	Strategy Impact Measure	2014/15 Audience Survey	2016/17 Target
Whānau, hapū, iwi and Māori communities strengthen their te reo Māori and tikanga Māori	<b>% of New Zealanders who indicate their understanding of te reo Māori has increased from watching or listening to Māori programming</b>		
	Youth Māori	17%	18%
	General Population of Māori	21%	22%
	All New Zealanders	9%	10%
	<b>% of New Zealanders who indicate their understanding of Māori culture has increased from watching or listening to Māori programming</b>		
	Youth Māori	31%	32%
	General Population of Māori	35%	36%
	All New Zealanders	17%	18%

## Te Māngai Pāho Strategy: Investment in programmes that give voice to a Māori perspective

Impact	Strategy Impact Measure	2014/15 Audience Survey	2016/17 Target
New Zealanders increasingly experience te reo Māori and tikanga Māori	<b>% of New Zealanders who are better informed on Māori issues</b>		
	Youth Māori	65%	66%
	General Population of Māori	77%	78%
	All New Zealanders	54%	55%

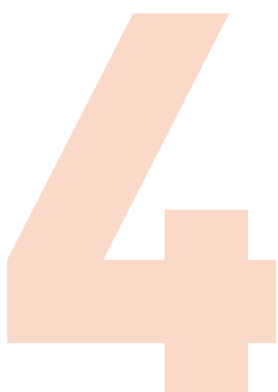
## Forecast Output Expenditure

### Cost of Services

Te Māngai Pāho has three output classes and forecast total revenue and expenses are as disclosed in the prospective financial statements on page 19.

Details of actual and forecast appropriations and expenditure by Output Class and total actual and forecast expenditure are set out below:

OUTPUT CLASS	2015/16	2016/17
	ESTIMATED ACTUAL	FORECAST
	\$M	\$M
<b>Māori Television Broadcasting</b>		
Revenue Appropriation	40.3	40.3
Other	0.1	0.1
<b>Total Revenue</b>	<b>40.4</b>	<b>40.4</b>
<b>Total Expenditure</b>	<b>41.2</b>	<b>40.6</b>
Movement in Reserves	(0.8)	(0.2)
<b>Māori Radio Broadcasting</b>		
Revenue Appropriation	13.8	13.8
<b>Total Revenue</b>	<b>13.8</b>	<b>13.8</b>
<b>Total Expenditure</b>	<b>14.2</b>	<b>13.8</b>
Movement in Reserves	(0.4)	0.0
<b>Administration of Māori Broadcasting</b>		
Revenue Appropriation	2.2	2.2
Interest Received	0.8	0.7
<b>Total Revenue</b>	<b>3.0</b>	<b>2.9</b>
<b>Total Expenditure</b>	<b>2.8</b>	<b>2.8</b>
Movement in Reserves (excl. Interest)	(0.6)	(0.6)
Net Movement in Reserves	0.2	0.1
<b>Total Appropriations</b>	<b>56.3</b>	<b>56.3</b>
<b>Total Other Revenue</b>	<b>0.1</b>	<b>0.1</b>
<b>Total Interest Received</b>	<b>0.8</b>	<b>0.7</b>
<b>TOTAL REVENUE</b>	<b>57.2</b>	<b>57.1</b>
<b>TOTAL EXPENDITURE</b>	<b>58.2</b>	<b>57.2</b>
<b>Net Movement in Reserves</b>	<b>(1.0)</b>	<b>(0.1)</b>
<b>as per Statement of Prospective Comprehensive Revenue and Expense</b>		



## Ngā Whakatutukinga

### Performance Expectations

The information below outlines the outputs and activities that Te Māngai Pāho intends to deliver in the coming year. These have been grouped under three output classes aligned with Vote Māori Development appropriations.

#### Output Class 1: Māori Television Broadcasting

We intend to achieve:

- promotion of Māori language and culture through television and new media;
- promotion of capability in the Māori television broadcasting and production sector;
- purchase of programming to be broadcast on television or on other platforms.

Our priorities for 2016/17 are the continued development of initiatives to improve the quality of the television spend and to continue with the development of our online funding system, Te Pūhatanga.

Outputs will be provided within the appropriated sum of \$40.3 million (exclusive of GST), other revenue of \$0.1 million (exclusive of GST), and reserves of \$0.2 million (exclusive of GST), a total of \$40.6 million (exclusive of GST).

	2014/15 ACTUAL	2015/16 ESTIMATED ACTUAL	2016/17 FORECAST
<b>Quantity and Quality of Māori Language</b>			
The following quantity and quality measures apply to all outputs in this output class based on samples from funded programmes. Refer below.*			
<i>Quantity</i>			
At least 90% of the samples from funded programmes are assessed as meeting the required Māori language content according to target audience group.*	99%	>90%	>90%
<i>Quality</i>			
The samples of funded programmes reviewed are assessed as meeting an average quality standard of (at least) 4 or above on a 5 point scale based on our Māori Language Evaluation Framework.	4.3	Achieved	Achieved
<small>(Quality is assessed on six quality aspects, each on a five point scale where 5 is Excellent and 1 is Poor).</small>			

\* Te Māngai Pāho funds programmes with a range of Māori language content appropriate to three different target audience groups, as follows:

Fluent	70 to 100% Māori language content
Second language learners	30 to 70%
Receptive	Up to 30%

## Output Class 1: Māori Television Broadcasting (continued)

	2014/15 ACTUAL	2015/16 ESTIMATED ACTUAL	2016/17 FORECAST
<b>Output 1</b>	<b>HOURS</b>	<b>HOURS</b>	<b>HOURS</b>
<b>Direct Funding for Māori Television Target Audience Group</b>			
Fluent Māori Language Speakers (Over 70% Māori language content)	438	457	505
Second language learners (between 30 - 70% Māori language content)	83	85	90
Receptive Audiences (up to 30% Māori language content)	203	210	285
<b>Total Hours</b>	<b>724 Hours</b>	<b>752 Hours</b>	<b>880 Hours</b>
<b>Total Cost Output 1</b>	<b>\$16.1m</b>	<b>\$16.1m</b>	<b>\$16.1m</b>
<b>Output 2</b>	<b>HOURS</b>	<b>HOURS</b>	<b>HOURS</b>
<b>Contestable Television Programme Funding Target Audience Group</b>			
Fluent Māori Language Speakers (Over 70% Māori Language Content)	429.0	384	400
Second language Learners (Between 30 - 70% Māori Language Content)	141.0	146	100
Receptive Audiences (Up to 30% Māori Language Content)	130.5	113	100
<b>Total Hours</b>	<b>700.5 Hours</b>	<b>643 Hours</b>	<b>600 Hours</b>
<b>Cost</b>	<b>\$24.1m</b>	<b>\$24.1m</b>	<b>\$22.5m</b>
<b>Contestable New Media Funding</b>			
Number of New Media Initiatives Funded	5 initiatives funded	27 Initiatives	25 Initiatives
Quality of New Media Initiatives Funded: All proposals funded have identified Māori language and/or Māori cultural outcomes and are made available on multiple platforms	Achieved	Achieved	Achieved
<b>Cost</b>	<b>\$0.5m</b>	<b>\$1.0m</b>	<b>\$2.0m</b>
<b>Total Cost Output 2</b>	<b>\$24.6m</b>	<b>\$25.1m</b>	<b>\$24.5m</b>
<b>Total Cost for Output Class (GST Exclusive)</b>	<b>\$40.7m</b>	<b>\$41.2m</b>	<b>\$40.6m</b>



## Output Class 2: Māori Radio Broadcasting

We intend to achieve:

- promotion of Māori language and culture through radio broadcasting;
- promotion of capability in the Māori radio broadcasting sector;
- continued support of the operational costs of the iwi radio stations;
- purchase of programmes for broadcast on iwi radio.

Our priorities for 2016/17 are the continued development and implementation of initiatives to improve the quality of the radio spend, to implement an increased daily Māori language content of 10.5 hours per day across the iwi radio network, as measured by Kōkako, our language monitoring system and also to migrate key elements of radio funding to our online funding system, Te Pūahatanga.

Outputs will be provided within the appropriated sum of \$13.8 million (exclusive of GST).

	2014/15 ACTUAL	2015/16 ESTIMATED ACTUAL	2016/17 FORECAST
<b>Quantity and Quality of Māori Language</b>			
The following quantity and quality measures apply to all outputs in this output class based on samples from funded programmes.			
<i>Quantity</i>			
At least 90% of the samples from funded programmes are assessed as meeting the required Māori language content according to target audience group.*	94.6%	>90%	>90%
<i>Quality</i>			
The samples of funded programmes reviewed are assessed as meeting an average quality standard of (at least) 4 on a 5 point scale based on our Māori Language Evaluation Framework.	4.3	Achieved	Achieved
<small>(Quality is assessed on six quality aspects, each on a five point scale where 5 is Excellent and 1 is Poor).</small>			

## Output Class 2: Māori Radio Broadcasting (continued)

	2014/15 ACTUAL	2015/16 ESTIMATED ACTUAL	2016/17 FORECAST
<b>Output 1</b>			
<b>Operational Funding for Iwi Radio</b>			
<i>Operational Funding for iwi stations</i>			
Target Audience Group: Fluent Māori Language Speakers (Over 70% Māori Language Content)	21	21	N/A
The number of iwi radio stations that broadcast at least eight hours Māori language content each day within an 18 hour broadcast window.			
Target Audience Group: Fluent Māori Language Speakers (Over 70% Māori Language Content)	N/A	N/A	21
The number of iwi radio stations that broadcast at least 10.5 hours Māori language content each day within a 24 hour broadcast window.			Refer Note below
Conduct a feasibility study on options to expand the iwi radio network	Achieved	N/A	N/A
Increase iwi radio listenership across the combined broadcast and digital platforms.	New Measure 2015/16	≥2%	≥2%
<b>Cost</b>	<b>\$10.5m</b>	<b>\$10.5m</b>	<b>\$10.5m</b>
<i>Funding for centrally managed Iwi Radio service provider contracts</i>			
For each contract, the percentage of Iwi stations that rank provider service as "satisfactory" or better in a six monthly survey.	92%	>90%	>90%
<b>Cost</b>	<b>\$1.3m</b>	<b>\$1.9m</b>	<b>\$1.6m</b>
<b>Total Cost Output 1</b>	<b>\$11.8m</b>	<b>\$12.4m</b>	<b>\$12.1m</b>

**Note:** As from 1 July 2016, the iwi radio stations have agreed to move to an increased 24 hour broadcast window and work to an increased target of 10.5 hours Māori language content per day. This equates to an increase of 17,425 hours of contracted Māori language content across the iwi radio network.

## Output Class 2: Māori Radio Broadcasting (continued)

	2014/15 ACTUAL	2015/16 ESTIMATED ACTUAL	2016/17 FORECAST
<b>Output 2</b>			
<b>Contestable Funding for Radio Programmes and Music</b>			
<i>Radio Programmes For National Distribution over the Radio Network</i>			
Target Audience Group: Fluent Māori Language Speakers (Over 70% Māori Language Content)	2,420 Hours	2,420 Hours	2,455 Hours
Digital Media File Uploads	8,852 Files	8,852 Files	8,523 Files
<i>Music</i>			
Number of Music Tracks	0	150	70
Number of Music Videos	N/A	20	20
<b>Total Cost Output 2</b>	<b>\$1.3m</b>	<b>\$1.8m</b>	<b>\$1.7m</b>
<b>Total Cost for Output Class (GST Exclusive)</b>	<b>\$13.1m</b>	<b>\$14.2m</b>	<b>\$13.8m</b>

## Output Class 3: Administration of Māori Broadcasting

We intend to achieve:

- the sound management and disbursement of funds to promote Māori language and culture;
- support for the archiving of Māori radio and television programming;
- the maintenance of systems and procedures to assist Te Māngai Pāho meeting its Statutory Functions;
- meeting Te Māngai Pāho's Good Employer Obligations; and
- maintenance of Te Māngai Pāho's organisational health and capability.

Our priority for 2016/17 is to develop and implement an effectiveness measure for our Right-shift strategy.

Outputs will be provided within the appropriated sum of \$2.2 million (exclusive of GST) and reserves of \$0.7 million, a total of \$2.9 million (exclusive of GST).

	2014/15 ACTUAL	2015/16 ESTIMATED ACTUAL	2016/17 FORECAST
<b>Output 1</b>			
<b>Funding for Contract Management</b>			
Number of funding Recipients selected for review by a contracted chartered accountancy firm engaged to substantiate costs reported to Te Māngai Pāho for selected productions and ensure that such costs are appropriate, complete and correct.	2 Radio 1 Contract for TV	2 Radio 3 Contracts for TV	2 Radio 2 Contracts for TV
Percentage of completed reviews with final recommendations fully accepted by funding recipient	100%	>90%	>90%
<b>Total Cost Output 1</b>	<b>\$2.1m</b>	<b>\$2.2m</b>	<b>\$2.2m</b>

### Output Class 3: Administration of Māori Broadcasting (continued)

	2014/15 ACTUAL	2015/16 ESTIMATED ACTUAL	2016/17 FORECAST
<b>Output 2</b>			
<b>Radio and Television Archiving</b>			
Hours of Television Archiving	610	610	610
Hours of Radio Archiving	500	500	500
<b>Radio Legacy Archiving</b>			
Prepare Scoping Report and complete Establishment Phase	Report in Progress	Achieved	N/A
	Pilot phase for legacy work completed		
<b>Total Cost Output 2</b>	<b>\$0.6m</b>	<b>\$0.6m</b>	<b>\$0.6m</b>
<b>Total Cost for Output Class (GST exclusive)</b>	<b>\$2.7m</b>	<b>\$2.8m</b>	<b>\$2.8m</b>

## 5

## Arotakenga ā-Hauora, ā-Pūkaha o te Whakahaere

### Assessing Organisational Health & Capability

FOCUS AREA	PERFORMANCE MEASURE	PERFORMANCE INDICATOR
Good Employer	Annual Staff Turnover	10% or less [2014/15 Nil]
	Zero tolerance of harassment, bullying and discrimination	Achieved [2014/15 Achieved]
	Equal Employment Opportunity principles included in all relevant documents and practices	Achieved [2014/15 Achieved]
Managing Risk	No purchase decisions are overturned as a result of an identified departure from Te Māngai Pāho's statutory requirements, guidelines and policies	Achieved [2014/15 Achieved]
Financial Information Systems And Controls	Annual audit rating	Maintain "Very Good" rating [2014/15: "Very Good"]
Service Performance Information And Associated Systems And Controls	Annual audit rating	Maintain "Good" Rating [2014/15: Good"]
Effectiveness And Efficiency	Contract management expenditure as a proportion of Total Expenditure is maintained within target limit.	Less than or equal to 5.5%* [2014/15 3.7%]

\* The limit for contract management expenditure as a proportion of Total Expenditure was increased from 5% in 2014/15 to 5.5% for 2015/16. Increased costs required an adjustment from the previous target. Much of the impact comes from our previous and planned investment in technology to improve our systems and processes and this results in higher amortisation costs.



## Tauākī ā-Pūtea Āmua

# Prospective Financial Statements

For the year ending 30 June 2017

## Statement of Prospective Comprehensive Revenue and Expense

For the year ending 30 June 2017

	2014/15 ACTUAL	2015/16 ESTIMATED ACTUAL	2016/17 FORECAST
	\$M	\$M	\$M
<b>Revenue</b>			
Funding from the Crown	56.3	56.3	56.3
Interest revenue	1.1	0.8	0.7
Other revenue	0.2	0.1	0.1
<b>Total revenue</b>	<b>57.6</b>	<b>57.2</b>	<b>57.1</b>
<b>Funding Expenditure</b>			
Television	40.7	41.2	40.6
Radio	13.1	14.2	13.8
<b>Total funding expenditure</b>	<b>53.8</b>	<b>55.4</b>	<b>54.4</b>
<b>Operating Expenditure</b>			
Administration and consultation	2.7	2.8	2.8
<b>Total operating expenditure</b>	<b>2.7</b>	<b>2.8</b>	<b>2.8</b>
<b>Total expenditure</b>	<b>56.5</b>	<b>58.2</b>	<b>57.2</b>
<b>NET SURPLUS/(DEFICIT)</b>	<b>1.1</b>	<b>(1.0)</b>	<b>(0.1)</b>
<b>OTHER COMPREHENSIVE REVENUE AND EXPENSE</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSE</b>	<b>1.1</b>	<b>(1.0)</b>	<b>(0.1)</b>

The accompanying accounting policies form part of these financial statements.

## Statement of Prospective Changes In Public Equity

For the year ending 30 June 2017

	2015/16 ESTIMATED POSITION 30 JUNE 2016	2016/17 FORECAST POSITION 30 JUNE 2017
	\$M	\$M
BALANCE AT 1 JULY	3.1	2.1
Total comprehensive revenue and expense for the year	(1.0)	(0.1)
<b>BALANCE AT 30 JUNE</b>	<b>2.1</b>	<b>2.0</b>

The accompanying accounting policies form part of these financial statements.



# Statement of Estimated Financial Position

As at 30 June 2016, and

## Prospective Financial Position

As at 30 June 2017

	2015/16 ESTIMATED POSITION 30 JUNE 2016 \$M	2016/17 FORECAST POSITION 30 JUNE 2017 \$M
<b>PUBLIC EQUITY 30 JUNE</b>	<b>2.1</b>	<b>2.0</b>
Represented by:		
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	2.5	3.9
Investments	14.6	14.0
Debtors and other receivables	0.1	0.2
<b>Total current assets</b>	<b>17.2</b>	<b>18.1</b>
<b>Non-current assets</b>		
Property, plant and equipment	0.2	0.2
Intangible assets	0.4	0.5
<b>Total non-current assets</b>	<b>0.6</b>	<b>0.7</b>
<b>TOTAL ASSETS</b>	<b>17.8</b>	<b>18.8</b>

The accompanying accounting policies form part of these financial statements.

## Statement of Estimated Financial Position

As at 30 June 2016, and

## Prospective Financial Position

As at 30 June 2017 (continued)

	2015/16 ESTIMATED POSITION 30 JUNE 2016	2016/17 FORECAST POSITION 30 JUNE 2017
	\$M	\$M
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Creditors and other payables	0.2	0.3
Employee entitlements	0.1	0.1
Funding provisions	15.4	16.4
<b>Total current liabilities</b>	<b>15.7</b>	<b>16.8</b>
<b>TOTAL LIABILITIES</b>	<b>15.7</b>	<b>16.8</b>
<b>NET ASSETS</b>	<b>2.1</b>	<b>2.0</b>

The accompanying accounting policies form part of these financial statements.

# Statement of Prospective Cash Flows

For the year ending 30 June 2017

	2015/16 ESTIMATED POSITION 30 JUNE 2016	2016/17 FORECAST POSITION 30 JUNE 2017
	\$M	\$M
<b>Cash flows from operating activities</b>		
<b>Cash provided from -</b>		
Receipts from the Crown	56.3	56.3
Interest received	0.9	0.8
Receipts from other revenue	0.1	0.1
	<b>57.3</b>	<b>57.2</b>
<b>Cash applied to -</b>		
Payments to employees	(1.1)	(1.1)
Payments to suppliers	(1.2)	(1.4)
Payments to broadcasters and programme producers	(54.7)	(53.8)
	(57.0)	(56.3)
<b>Net cash flows from operating activities</b>	<b>0.3</b>	<b>0.9</b>
<b>Cash flows from investing activities</b>		
<b>Cash provided from</b>		
Receipts from investments	0.0	0.6
	<b>0.0</b>	<b>0.6</b>
<b>Cash applied to -</b>		
Acquisition of investments	<b>(3.3)</b>	<b>(0.0)</b>
Purchase of property, plant and equipment	(0.2)	(0.1)
	<b>(3.5)</b>	<b>(0.1)</b>
<b>Net cash flow from investing activities</b>	<b>(3.5)</b>	<b>0.5</b>

The accompanying accounting policies form part of these financial statements.

## Statement of Prospective Cash Flows

For the year ending 30 June 2017(continued)

	2015/16 ESTIMATED ACTUAL	2016/17 FORECAST
	\$M	\$M
<b>Net cash flow from financing activities</b>	<b>0.0</b>	<b>0.0</b>
<b>Net increase/(decrease) in cash held and cash equivalents</b>	<b>(3.2)</b>	<b>1.4</b>
<b>Plus opening cash and cash equivalents at the beginning of the year</b>	<b>5.7</b>	<b>2.5</b>
<b>Closing cash and cash equivalents at the end of the year</b>	<b>2.5</b>	<b>3.9</b>

The accompanying accounting policies form part of these financial statements.

## Reconciliation of Net Cash Flows from Operating Activities to Total Comprehensive Revenue and Expense

For the year ending 30 June 2017

	2015/16 ESTIMATED ACTUAL	2016/17 FORECAST
	\$M	\$M
<b>Total comprehensive revenue and expense</b>	<b>(1.0)</b>	<b>(0.1)</b>
<b>Add / (Less) non-cash expenditure / (income):</b>		
Depreciation	0.1	0.1
<b>Total non-cash items</b>	<b>0.1</b>	<b>0.1</b>
<b>Add / (Less) movements in working capital items:</b>		
(Increase) / decrease in accounts receivable/prepayments	0.2	(0.2)
Increase / (decrease) in accounts payable and funding liabilities	1.0	1.1
<b>Net movements in working capital items</b>	<b>1.2</b>	<b>0.9</b>
<b>Net cash flows from operating activities</b>	<b>0.3</b>	<b>0.9</b>

The accompanying accounting policies form part of these financial statements.



# Tauākī ā-Kaupapa Here Kaute

## Statement of Accounting Policies

For the year ending 30 June 2017

### REPORTING ENTITY

Te Māngai Pāho is a Crown Entity as defined by the Crown Entities Act 2004 and is domiciled and operates in New Zealand. The relevant legislation governing Te Māngai Pāho's operations includes the Broadcasting Act 1989, the Crown Entities Act 2004 and Te Ture Mō Te Reo Māori 2016. Te Māngai Pāho's ultimate parent is the New Zealand Crown.

The primary function of Te Māngai Pāho is to promote the Māori language and Māori culture by making funds available for broadcasting, the production of programmes to be broadcast and archiving programmes.

As a secondary function Te Māngai Pāho may also make funds available for transmitting on demand, producing content for transmitting on demand, archiving content, and other activities to promote the Māori language and Māori culture.

In the exercise of these functions Te Māngai Pāho will consult from time to time with representatives of Māori interests, broadcasters and others who, in the opinion of Te Māngai Pāho, can assist in the development of funding policies.

Te Māngai Pāho has designated itself as a public benefit entity (PBE) for financial reporting purposes and does not operate to make a financial return.

### BASIS OF PREPARATION

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

### Statement of compliance

The financial statements have been prepared in accordance with the requirements of the Crown Entities Act 2004 which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

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

### Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest million dollars (\$m).

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Revenue

The specific accounting policies for significant revenue items are explained below:

##### *Revenue from the Crown*

Te Māngai Pāho is primarily funded from the Crown and this funding is restricted in its use for the purpose of Te Māngai Pāho meeting the objectives specified in its founding legislation and the scope of the relevant Crown appropriations.

Te Māngai Pāho considers there are no conditions attached to the funding and it is recognised as revenue at the point of entitlement.

The fair value of revenue from the Crown has been determined to be equivalent to the amounts due in the funding arrangements.

##### *Interest revenue*

Interest revenue is recognised using the effective interest method.

### Treatment of the Allocation of Funds

The allocation of funds to broadcasting projects is recognised as expenditure in the financial year the allocation is made provided that, prior to the end

## Statement of Accounting Policies (continued)

of the financial year, the project has received Board approval and the funding applicant has received notice of approval in writing. Expenditure therefore includes funds allocated but not paid out at the year end. The funds not paid out are recorded as funding liabilities in the statement of financial liability. This liability is reduced as the applicant is paid according to the drawdown schedule specified in the production contract.

Once payments have been made according to the drawdown schedule there is no obligation to return any funding unless the total amount of the final payment is not required on completion of the project.

### Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee.

Lease payments under Te Māngai Pāho's operating lease for its premises are recognised as an expense on a straight-line basis over the lease term.

### Cash and cash equivalents

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

### Receivables

Short-term receivables are recorded at their face value, less any provision for impairment.

A receivable is considered impaired when there is evidence that Te Māngai Pāho will not be able to collect all amounts due. The amount of the impairment is the difference between the carrying amount of the receivable and the present value of the amounts expected to be collected.

### Investments

#### *Bank term deposits*

Investments in bank term deposits are initially measured at the amount invested.

After initial recognition, investments in bank deposits are measured at amortised cost using the effective interest method, less any provision for impairment.

### Property, plant and equipment

Property, plant and equipment consists of the following asset classes: office equipment, furniture and fittings, computer equipment, leasehold improvements and motor vehicles.

Property, plant and equipment is shown at cost less accumulated depreciation and impairment losses.

#### *Additions*

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to Te Māngai Pāho and the cost of the item can be measured reliably.

In most instances an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction it is recognised at its fair value as at the date of acquisition.

#### *Disposals*

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit.

#### *Subsequent costs*

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Te Māngai Pāho and the cost of the item can be measured reliably.

## Statement of Accounting Policies (continued)

### Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment, at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of property, plant and equipment have been estimated as follows:

Office Equipment	5 years	20%
Furniture & Fittings	9 to 10 years	10.5%
Computer Equipment	3 years	33%
Leasehold Improvements	4 to 6 years	17.25%
Motor Vehicle	5 years	20%

Leasehold improvements are depreciated over the unexpired period of the lease, or the estimated remaining useful lives of the improvements, whichever is the shorter.

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

### Intangible assets

#### Software acquisition and development

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include software development, employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with development and maintenance of Te Māngai Pāho's website are recognised as an expense when incurred.

### Amortisation

The carrying value of an intangible asset 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 financial year 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	33%
Developed computer software	4 years	25%

### Impairment of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets held at cost 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 determined using an approach based on depreciated replacement cost.

If an asset's carrying amount exceeds its recoverable amount the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in the surplus or deficit.

### Payables

Short term payables are recorded at their face value.



## Statement of Accounting Policies (continued)

### Employee benefits

#### *Short-term employee entitlements*

Employee benefits that are due to be settled within twelve months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that it will be used by staff to cover those future absences.

A liability and an expense are recognised for bonuses where there is a contractual obligation, or where there is a past practice that has created a constructive obligation, and a reliable estimate of the obligation can be made.

### Superannuation schemes

#### *Defined contribution schemes*

Obligations for contributions to KiwiSaver are accounted for as contributions to a defined contribution superannuation scheme and are recognised as an expense in the surplus or deficit as incurred.

### Provisions

A provision is recognised for future expenditure of an uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditure will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### Income Tax

No income tax liability is incurred in respect of any operations. Te Māngai Pāho is exempt from income tax in accordance with section 53O of the Broadcasting Act 1989.

### Goods and Services Tax

The financial statements have been prepared on a GST exclusive basis, except for receivables and payables, which are recorded on a GST inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

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

The net GST received from or paid to Inland Revenue, 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.

### Budget Figures

The budget figures are derived from the Statement of Performance Expectations as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements.

### Commitments

Future payments are disclosed as commitments at the point when a contractual obligation arises, to the extent that they are equally unperformed obligations. Commitments relating to employment contracts are not disclosed.

## Statement of Accounting Policies (continued)

### Output Cost Statements

The Output Cost Statements, as reported in the Statement of Performance, report the total funding allocations made for the radio and television outputs for the year ending 30 June 2017. They also report the costs of administrative activities undertaken by Te Māngai Pāho.

There have been no changes to the cost allocation methodology since the date of the last audited financial statements.

### Critical accounting estimates and assumptions

In preparing these financial statements, Te Māngai Pāho has made estimates and assumptions concerning the future. Subsequent actual results may differ from these estimates and assumptions. The estimates and assumptions are based on historical experience and other factors, including expectations of future events, that are believed to be reasonable under the circumstances.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

*Key estimates and assumptions are:*

Broadcasters and producers will fulfil their legal obligation within the timeframe as per the contract;

Te Māngai Pāho assesses property, plant and equipment's useful lives and residual value by considering a number of factors such as the physical condition of the asset, expected period of use of the asset by Te Māngai Pāho and expected disposal proceeds from the future sale of the asset. Te Māngai Pāho has not made significant changes to past assumptions concerning useful lives and residual values.

### Critical judgements in applying accounting policies

Management has exercised no critical judgements in applying the accounting policies for the year ending 30 June 2017.





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