

Television New Zealand Limited

Statement of Intent

For 3 Years Ending 30 June 2012

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29 May 2009

Hon Dr Jonathan Coleman
Minister of Broadcasting
Hon Bill English
Minister of Finance
Parliament Buildings
WELLINGTON

Dear Ministers

Advertising-reliant media companies in New Zealand and abroad are facing challenging times in this global downturn. TVNZ is no exception.

In the second half of FY09 the company witnessed a dramatic fall in New Zealand business confidence, which in turn led to cuts in advertising spending. As a company almost entirely reliant on advertising revenues, TVNZ moved quickly in Q3 and Q4 of FY09 to adjust to this new environment.

That has given the company some room to move in FY10 but it has highlighted the need to accelerate our strategy implementation timetable identified in late 2006, when the company unveiled its five year strategic plan "Inspiring New Zealanders on every screen". This strategy was about moving TVNZ from being a traditional advertising driven analogue broadcaster to being a multi-platform television and digital media company with diversified revenue streams.

The changing way consumers access their news, information and entertainment and the fragmentation of media means free-to-air broadcasters need to diversify their business models to prosper in the long term.

In 2006 we thought this process would take five to ten years. But the economic downturn is accelerating the need for the company to change. As such, much of TVNZ's focus in FY10 will be on transforming the business. This will enable TVNZ to do what it does best; be New Zealand's local content champion and leader.

This Statement of Intent is also written with the knowledge that the Government plans to amend the TVNZ Act to remove the Charter. Once this occurs TVNZ will prepare a revised Statement of Intent for tabling in the House.

Yours sincerely

Sir John Anderson
Chairman

Rob Fenwick
Deputy Chairman

1. Introduction

TVNZ is required under the Crown Entities Act 2004 to provide a range of financial and non-financial information and desired outcomes and measurements for the next financial year. These measures allow for public scrutiny but at the same time commercial confidentiality.

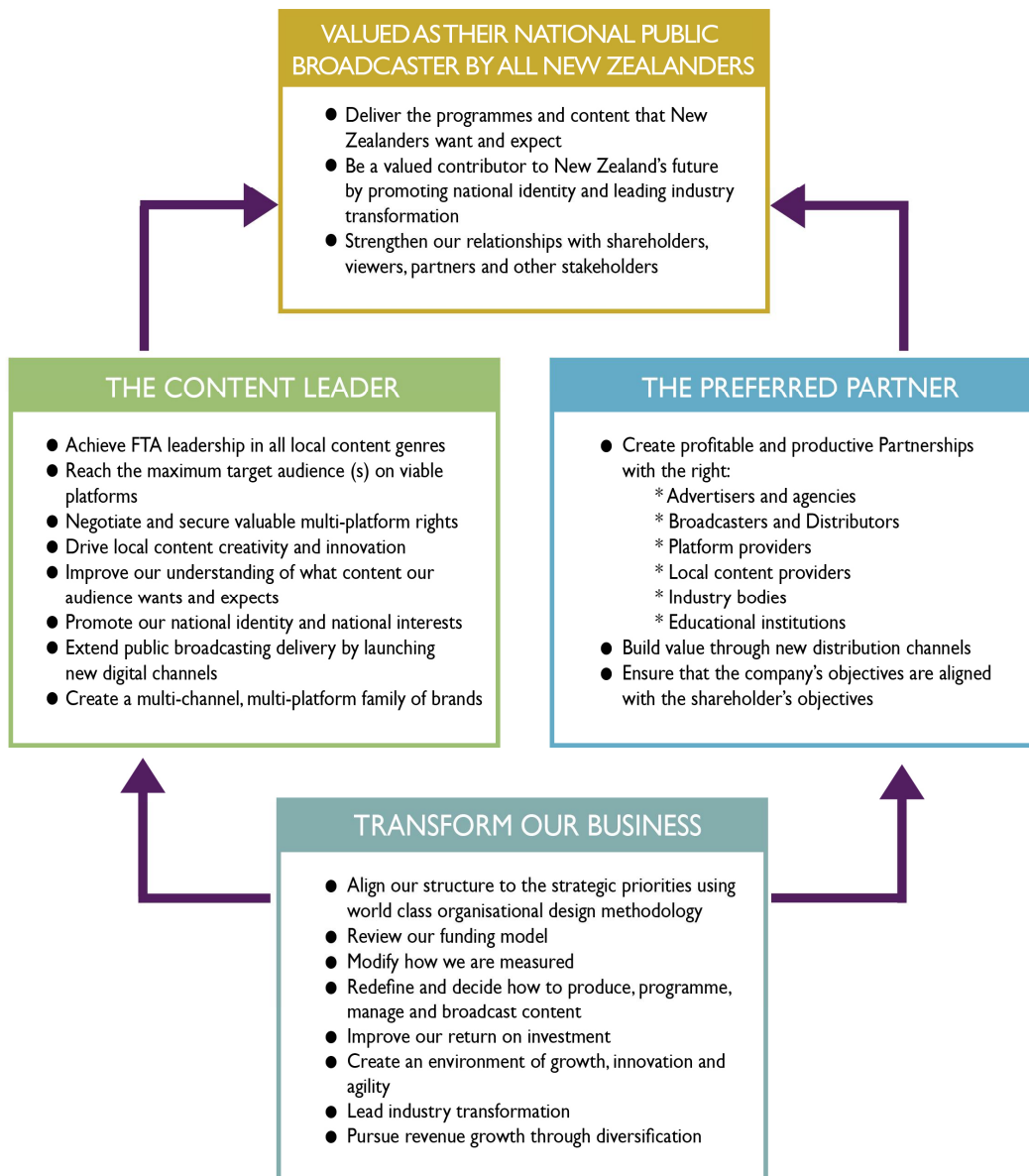
2. Who we are and what we do

TVNZ and its predecessors have been in existence since 1960. The company has a Board of Directors appointed by the Minister of Broadcasting and the Minister of Finance. The Chief Executive is delegated day to day management of the company.

TVNZ's editorial independence is enshrined in the Television New Zealand Act 2003 and freedom from political influence is a fundamental principle. TVNZ's governance, accountability and compliance arrangements are covered by the:

- Television New Zealand Act 2003;
- Companies Act 1993;
- Crown Entities Act 2004;
- Owner's Expectations Manual as published by the Crown Company Monitoring Advisory Unit in conjunction with the Treasury;
- Business Planning 'Outlook Letter' sent to TVNZ in advance of July 1 start to the financial year;
- Memoranda of Understanding between TVNZ and the Minister of Broadcasting (for TVNZ 6 and TVNZ 7, the Pacific Service and Remote Services);
- Compliance with the current free-to-air Code of Broadcasting Practice regulated by the Broadcasting Standards Authority; and
- Compliance with advertising codes promulgated through the Advertising Standards Authority.

TVNZ's December 2006 five year strategic plan, "Inspiring New Zealanders on every screen", continues to set the organisation's path and informs the work currently underway on the company's ten year strategy, which will be released in FY10.



TVNZ's five year strategic plan, "Inspiring New Zealanders on every screen".

The scope of functions and intended operations of TVNZ are:

- The commissioning, production, purchasing and archiving of audiovisual material, either independently or with others;
- The provision of television production facilities (field, studio and post production), outside broadcast facilities, design and set construction services;
- The programming and scheduling of television channels and related marketing services to commercial and non-commercial partners;
- The provision of advertising and sponsorship services and related marketing activities;
- The broadcasting and narrowcasting of television channels, programmes and signals on all available platforms and devices;
- The provision of online services, development and delivery of content for the television, internet and communications industry;
- The provision of services to the broadcast industry, both domestically and internationally;
- The provision of audiovisual footage, programming, video and DVD rights, programme listing information, channel packaging and all other content related services and materials; and
- To undertake other media related activities, as determined by the Board that add commercial or public value.

In becoming a television and digital media company TVNZ will focus on:

- Enabling content to be personalised, via interactive services, user-generated and shared content, and the time-shifting of content by Digital Video Recorders;
- Developing non-linear and other services that allow activities such as content downloading from the Internet;
- Transforming the business from a single medium operation to a multi-media, multi-platform company;
- Securing market presence where there is an opportunity to connect with the audience in a creative and desired way, or secure a future option to participate through a media alliance or platform partner;
- Exploring other media opportunities for both local and international content;
- Pursuing broad-based media propositions that go beyond airtime sales and look to diversify the earnings base; and
- Leveraging existing media assets to move into the multi-channel, multi-platform world to significantly protect the company's reach advantage and generate new revenues from either mass or consumer-based propositions.

The company operates to the Television New Zealand Act 2003 which has enshrined in it the TVNZ Charter. TVNZ reports against the Charter in its annual report.

TVNZ Charter

S.12 (2) of the TVNZ Act sets out the Charter. It comprises 10 objectives and 14 strategic directives (a description given by TVNZ to part (b) of the Charter). Of note also, is the section's introduction, which sets out three "rules of application". The section states:

S.12 (2) "The following charter shall apply to all those parts of TVNZ's operations that contribute to its broadcast content. It shall be predominantly fulfilled through free-to-air broadcasting. In programming for particular audiences, TVNZ is to consider all relevant provisions of the Charter.

(a) TVNZ will:

- (i) feature programming across all genres that informs, entertains, and educates New Zealand audiences;
- (ii) strive always to set and maintain the highest standards of programme quality and editorial integrity;
- (iii) provide shared experiences that contribute to a sense of citizenship and national identity;
- (iv) ensure in its programmes and programme planning the participation of Maori and the presence of a significant Maori voice;
- (v) feature programming that serves the varied interests and informational needs and age groups within New Zealand society, including tastes and interests not generally catered for by other national television broadcasters;
- (vi) maintain a balance between programmes of general appeal and programmes of interest to smaller audiences;
- (vii) seek to extend the range of ideas and experiences available to New Zealanders;
- (viii) play a leading role in New Zealand television by setting standards of programme quality and encouraging creative risk-taking and experiment;
- (ix) play a leading role in New Zealand television by complying with free-to-air codes of broadcasting practice, in particular any code with provisions on violence;
- (x) support and promote the talents and creative resources of New Zealanders and of the independent New Zealand film and television industry.

(b) In fulfilment of these objectives, TVNZ will:

- (i) provide independent, comprehensive, impartial, and in-depth coverage and analysis of news and current affairs in New Zealand and throughout the world and of the activities of public and private institutions;
- (ii) feature programming that contributes towards intellectual, scientific, cultural and spiritual and ethical development that reflects the diverse beliefs of New Zealanders, promotes informed and many-sided debate, and stimulates critical thought, thereby enhancing opportunities for citizens to participate in community, national and international life;
- (iii) in its programming enable all New Zealanders to have access to material that promotes Maori language and culture;
- (iv) feature programmes that reflect the regions to the nation as a whole;
- (v) promote understanding of the diversity of cultures making up the New Zealand population;
- (vi) feature New Zealand films, drama, comedy, and documentary programmes;
- (vii) feature programmes about New Zealand's history and heritage, and natural environment;
- (viii) feature programmes that serve the interests and informational needs of Maori audiences, including programmes promoting the Maori language and programmes addressing Maori history, culture, and current issues;
- (ix) include in programming intended for a mass audience material that deals with minority interests;
- (x) feature New Zealand and international programmes that provide for the informational, entertainment, and educational needs of children and young people and programmes that allow for the participation of children and young people;
- (xi) maintain and observe a code of ethics that addresses the level and nature of advertising to which children are exposed;
- (xii) feature programmes that encourage and support the arts, including programmes featuring New Zealand and international artists and arts companies;
- (xiii) reflect the role that sporting and other leisure interests play in New Zealand life and culture; and
- (xiv) feature programming of an educational nature that support learning and the personal development of New Zealanders."

3. The operating environment

The following are the key issues facing TVNZ.

- 3.1 The continuing erosion of the free-to-air television business model which is being exacerbated by the reduction of advertising revenues in the current economic downturn.
- 3.2 Continuing audience fragmentation caused by changing lifestyles, tastes and technologies.
- 3.3 Shaping TVNZ's role in the New Zealand broadcasting ecology as the national broadcaster in light of upcoming changes to the statutory framework under which it operates.
- 3.4 Opportunities for alternative content distribution mechanisms as a result of New Zealand's broadband infrastructure.

4. What we plan to do: operations and activities

The following are TVNZ's priorities in FY10.

4.1 Accelerate the change to the business foreshadowed in the five year strategic plan

In late 2006 TVNZ unveiled its five year strategic plan "Inspiring New Zealanders on every screen". This strategy foreshadowed major changes in the New Zealand and international media industries as a result of changing technologies, convergence and fragmentation of audiences.

The plan was to change TVNZ from a traditional analogue advertising-reliant broadcaster in to a multi-platform television and digital media company with diversified revenue streams. As a result TVNZ moved strongly into the on-line business with TVNZ ondemand and tvnz.co.nz and, in FY09, invested in a 33 percent share in Hybrid Television Services, the exclusive licensee for TiVo in Australia and New Zealand.

This shareholding is a move by TVNZ into the Australian market and an acceptance that in time broadband will play a significant role in the way New Zealanders receive news, information, entertainment and other services.

At the time of releasing the five year strategic plan it was thought the changing nature of the media industry would take five to ten years. But the global economic downturn means the company will need to accelerate these changes and make them occur over the next one to three years if it is to continue to prosper.

TVNZ will begin a major re-examination of its core functions in FY10. This will improve the organisation's ability to change and to increase the company's performance. This will become increasingly important with the media industry changing so rapidly and with TVNZ's plans to accelerate changes as outlined in its five year strategic plan.

4.2 Achieve advertising revenue share growth

Since January 2009 media advertising revenues have declined dramatically in New Zealand and abroad. While still dropping, television's share of this advertising pie has declined the least of all traditional media. The current economic downturn presents television, and TVNZ in particular, with an opportunity to increase market share.

While increasing market share won't return TVNZ's revenues to previous levels in the short term, it will place the company in a stronger position relative to other traditional media for when there is an upturn in the economy.

4.3 Maximise TVNZ's share of contestable funding

TVNZ traditionally invests about \$190 million a year of its own commercially earned revenues into purchasing local and international content. In addition, it receives about \$<<number>> million from NZ On Air and Te Mangai Paho for local programmes.

These two revenue lines ensure that TVNZ delivers about 4000 hours of first run and repeats – almost three times its nearest rival - of local content on its channels. TVNZ's ability to continue to commission great New Zealand programmes and maintain its position as the local content leader depends heavily on maximising its share of contestable funds.

4.4 Sustain the performance of TV ONE and TV2

In FY09 TVNZ achieved strong ratings on its core channels TV ONE and TV2. The challenge in FY10 is to sustain this performance and continue building cross-platform engagement with audiences. Achieving this aim is central to TVNZ's ongoing commitment to improving its financial performance and extending its reach to all New Zealanders by providing programming of the highest quality.

4.5 Develop an integrated strategy for all TVNZ channels

TVNZ now delivers content across multiple platforms – TV ONE, TV2, TVNZ 6, TVNZ 7, TVNZ ondemand and tvnz.co.nz.

How these channels interact with each other and what programmes they have and their brand positions in the market place are critical to TVNZ's value as New Zealand's national broadcaster. TVNZ will integrate the strategies for all TVNZ channels to ensure complementary relationships and optimise performance across all platforms.

4.6 Implement a TVNZ multi-year brand strategy

In a fragmented media market and with TVNZ delivering content across multiple platforms, it's critical that TVNZ demonstrates a clear vision for positioning its brand to maximise value. In FY10 TVNZ will start to implement a brand strategy to achieve this aim and strengthen its position with all stakeholders.

4.7 Drive digital media business growth

In FY09 TVNZ's online and ondemand services became profitable for the first time since launching in early 2007. While traditional advertising revenues have been dropping in New Zealand and around the world, online revenues continue to grow even in the economic downturn. TVNZ's digital media business department is well placed to capitalise on this and has set ambitious growth targets for itself in FY10.

4.8 Complete digital play-out facility implementation

As part of TVNZ's journey to become a digital media company, the organisation is investing in the building of a digital play-out facility in the Auckland Television Centre.

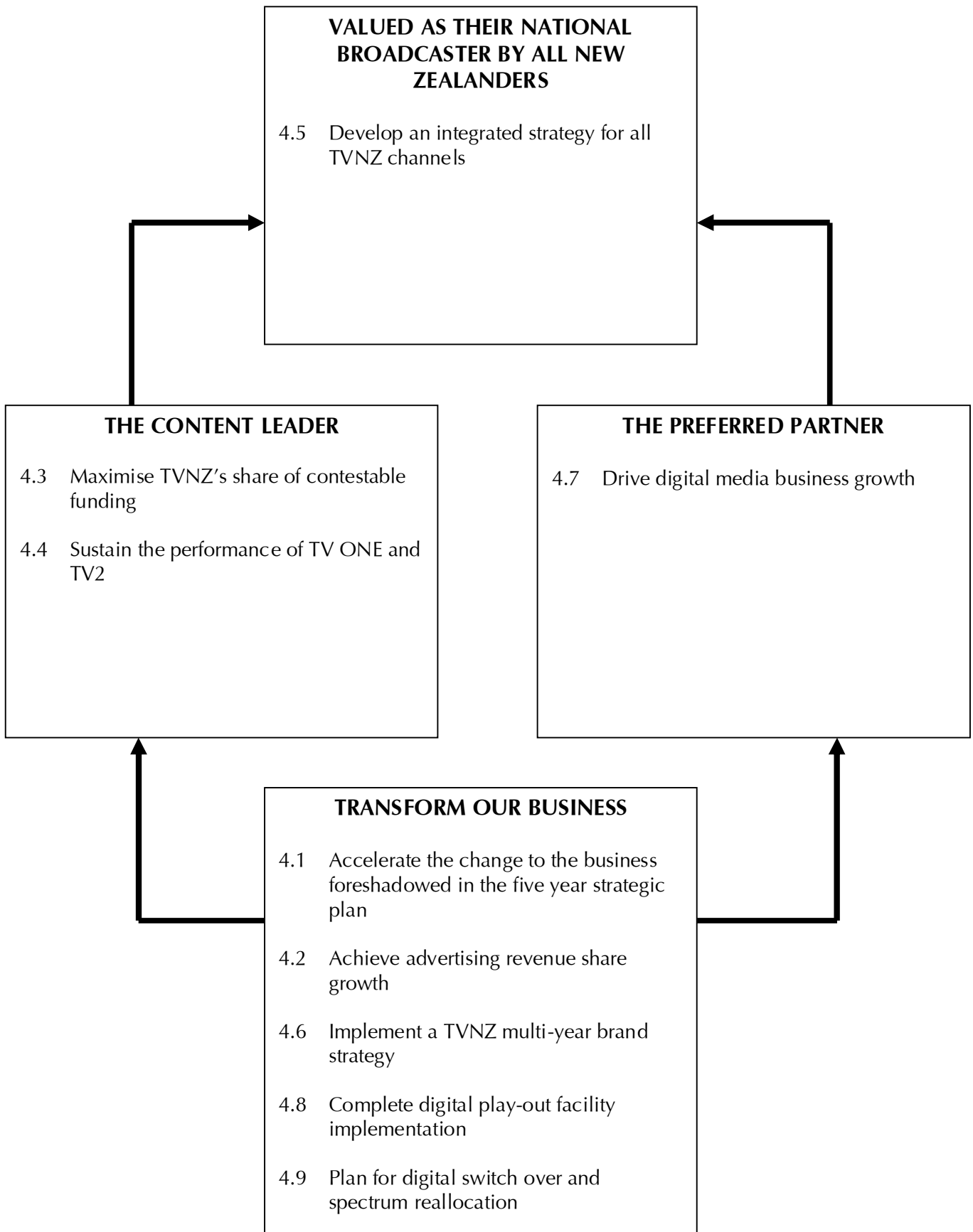
This play-out facility project will enable TVNZ to move away from its outdated tape based analogue processes and into a far more efficient and cost effective way of dealing with content. It will mean ingesting content once and then being able to automatically play it out across multiple digital platforms without the need to repurpose it.

4.9 Plan for digital switch over and spectrum reallocation

Like many other nations, New Zealand is planning to switch off its analogue transmission of television signals and move it totally into a digital environment.

This Digital Switch Over is a far more efficient and cost effective mode of transmission and frees up the spectrum for the Government to use for other economic and/or social purposes.

But getting New Zealanders to make the transition is an issue that TVNZ, others in the industry and the Government will need to plan for.



5. Capability

TVNZ's "Inspiring New Zealanders on every screen" strategic plan is based on the organisation having the right structure with the right people in those roles who are high performers and highly motivated.

In FY07 TVNZ undertook an organisational design process to create the right structures to implement the new strategic plan.

In FY10 TVNZ will revisit its structure to ensure the company has the right structures for the rapidly changing media world.

6. Good employer

TVNZ employed 1,044 FTEs in its Auckland, Hamilton, Wellington, Christchurch, Dunedin, Sydney and London offices as at 30 April 2009. Some 21% of employees at TVNZ are members of the joint Collective Agreement with the PSA and the EPMU. In addition to operating as a good employer, as defined in section 118 of the Crown Entities Act 2004, TVNZ will continue in FY10 to:

- Manage change with transparency, respect and support for individuals in order to meet the changing needs of the company;
- Ensure its recruitment process enables the impartial selection of suitable candidates;
- Remunerate fairly and consistently in relation to performance, position in salary bands and to the external market;
- In collective bargaining, achieve mutually satisfactory outcomes through good faith negotiation;
- Ensure a healthy and safe working environment;
- Provide appropriate learning and development opportunities;
- Recognise the needs and aspirations of Maori employees;
- Demonstrate equal opportunity practices which firmly discourage discrimination; and
- Operate a performance management appraisal system that allows employees full participation in their own performance reviews.

7. Corporate social responsibility

TVNZ and its predecessors have been around for close to 50 years as New Zealand's national television broadcaster. With that presence and status comes a responsibility to the wider community.

In 2008 TVNZ and New Zealand's other cultural institution Te Papa became "cultural partners" through a cooperation agreement that will allow the broadcaster's archival content to be played in the museum.

TVNZ and its channels sponsor and support a number of community organisations and initiatives, with the largest being the Community Support Foundation sponsorships.

Community Support Foundation recipients get \$50,000 worth of advertising at rate card value per month free of charge for two year periods. The two year period for recipients the National Heart Foundation, Surf Life Saving New Zealand, the Refugee and Migrant Service and the SPCA ended on 30 June 2009. The new charities are the Prostate Cancer Foundation, Special Olympics New Zealand, New Zealand Land Search and Rescue and the Save the Kiwi Trust.

The EFFIE Awards for the advertising industry and the Screen Producers and Directors Association of New Zealand conference also receive cash or advertising airtime contra sponsorship.

Additionally, TVNZ supports industry focussed awards and scholarships at the Manukau Institute of Technology, UNITEC and the New Zealand School of Broadcasting in Christchurch. Most notable among these is the TVNZ Diversity Scholarship for communications and media students at AUT University.

8. Measuring TVNZ's performance as a public broadcaster

The TVNZ Charter Performance Measurement Framework (APPENDIX I) was implemented for the first time in FY08. The measures in this framework are a combination of reach, output, impact and quality.

Reach is a measure of usage. For the framework cumulative audience (5+) of both TVNZ channels across a specified time frame are used. Where applicable, the number of people downloading TVNZ content online and unique visitors to its website are used. Mass-market programme appeal is also a measure of reach used in this framework.

Output is defined as the number of hours of content delivered across TVNZ services.

Impact is a measure of external effects such as awards and industry/peer recognition of achievement and the organisation's corporate social responsibility.

Quality is measured through an "Appreciation/Importance Index" which is based on qualitative and quantitative audience research and asks respondents to rank programmes from a viewer's point of view and that of a New Zealand citizen. While someone may, as a viewer, not like a particular programme they may, as a New Zealand citizen, appreciate that TVNZ shows such programmes. This index captures the commercial value and the public value of TVNZ programmes.

Also, quality is measured through empirical data such as outlining the number of upheld Broadcasting Standards Authority/Advertising Standards Authority complaints.

Depending on the future of the Charter, this measurement framework may or may not be reported on in the FY10 annual report.

9. Financial performance

Until the current economic downturn bit in early 2009, TVNZ was on track to fulfil its three year turnaround plan of having a 9.0% return on equity target on average over the FY08, FY09 and FY10 periods.

The new economic circumstances mean resetting the targets. For FY10 the financial performance targets are:

Measurement	FY10 Target
Profitability	
Return on average equity (%) (Note 1)	3.5%
EBITDA/Core television revenue	10.6%
Gearing	
Net interest-bearing debt/net interesting-bearing debt plus equity	Less than 40%
Financial Stability	
Total equity/total assets	More than 40%
Interest Cover	
EBITDA/Interest expense	More than 4 times

Reporting against these financial measures will be included in the annual report.

Note 1 – the calculation of Return on Average Equity will exclude the fair value changes on derivative financial instruments from the calculation of net profit after tax.

10. Dividends and capital structure

Funds surplus to TVNZ's investment and operating requirements will be distributed each year to the company's shareholders. This will occur on or about 30 September each year.

The dividend is subject to annual review by TVNZ's Directors and will take into account:

- Solvency requirements of the Companies Act 1993;
- Working capital requirements and the medium term capital investment programme;
- Funds required for investment in new business activities; and
- A sustainable financial structure having regard to the risks from predicted short and medium term changes to the forecast operating environment including economic conditions, competition, changing consumer behaviour and technology developments.

In accordance with Shareholder expectations, the dividend for FY2010 is expected to be 70% of net profit after tax (excluding fair value changes on derivative financial instruments).

11. Reporting and consultation

TVNZ's statutory reporting and consultation requirements are set out in APPENDICES IV and V.

TVNZ operates a "no surprises" policy with Shareholding Ministers and will communicate in advance any issues that are controversial or likely to be of wider public interest.

It is important to note, however, that this approach takes into account the Television New Zealand Act 2003's editorial independence provisions which guarantee News and Current Affairs, programming and complaints are dealt with free from political direction.

12. Statement of Forecast Service Performance

TVNZ is granted an exemption under section 143 of the Crown Entities Act from including in its Statement of Forecast Service Performance outputs which are not directly funded (in whole or in part) by the Crown.

TVNZ will list all Crown-funded outputs in its Annual Report and these will include:

- a) Contestable programme funding from NZ On Air;
- b) Programme funding from Te Mangai Paho;
- c) Funding for programme captioning from NZ On Air;
- d) Transmitting TVNZ programmes to Pacific nations with funding from the Ministry for Culture and Heritage;
- e) Maintaining non-commercial transmission coverage with funding from the Ministry for Culture and Heritage; and
- f) Funding for TVNZ's two digital channels for the Freeview platform.

a) Contestable programme funding from NZ On Air

As NZ On Air operates on a contestable programme by programme funding application basis, TVNZ cannot specify the level of revenue anticipated in FY10. TVNZ will report on each programme that has received NZ On Air funding, (excluding NZ On Air funding provided directly to independent production companies) as follows:

- (i) by programme title;
- (ii) by month of broadcast;
- (iii) hours broadcast by programme;
- (iv) level of funding received by programme; and
- (v) number of viewers (5+) by programme.

The forecast standards of output for each programme for which funding has been received from NZ On Air will be that TVNZ has produced and delivered each programme in accordance with the contractual conditions agreed with NZ On Air.

b) Programme funding from Te Mangai Paho

Te Mangai Paho funds TVNZ for the production and broadcast of Maori programmes. The funding for FY10 will be \$5.557 million (excluding GST). TVNZ will report on each programme that has received Te Mangai Paho funding by:

- (i) programme title;
- (ii) month of broadcast;
- (iii) hours broadcast by programme;
- (iv) level of funding received by programme; and
- (v) number of viewers (5+) by programme.

The forecast standard of output for each programme for which funding has been received from Te Mangai Paho will be that TVNZ has produced and delivered each programme in accordance with the contractual conditions agreed with Te Mangai Paho.

c) Funding for programme captioning from NZ On Air

NZ On Air funds TVNZ for captioning on TV ONE, TV2 and TV3 to be provided continuously during prime time (with any failure rate not to exceed a weekly rate of 10% of non-captioned hours) and at least on four children's programmes per week.

Daily news bulletins and current affairs shows *Midday*, *ONE News at 6pm*, *Close Up* and *Tonight* are also captioned. An English language subtitling service is provided for Maori language programmes *Te Karere* and *Waka Huia*. In FY10 live captioning will also occur for the first run of *Te Karere*.

The funding for the service is \$1.962 million (excluding GST). This is a 3% increase on FY09.

The forecast standard of output will be compliant with the terms of the contract with NZ On Air relating to the funding of programme captioning.

d) Transmitting TVNZ programmes to Pacific nations with funding from the Ministry for Culture and Heritage

TVNZ receives funding to transmit programmes by satellite to Pacific nations. The expected funding for FY10 is \$607,000 (excluding GST).

TVNZ will provide a minimum of seven and a half hours transmission of TVNZ programming to Pacific nations weekly in FY10, with programming to include:

- The daily transmission of *ONE News at 6pm*;
- The weekly transmission of *Tagata Pasifika*; and
- The transmission of other programmes relevant to Pacific nations within available funding.

TVNZ will report the:

- (i) List of programmes transmitted;
- (ii) Total hours transmitted;
- (iii) Actual costs of distribution;
- (iv) Costs of repair or replacement of Pacific nations' satellite transmission reception equipment damaged by natural elements (if any contribution is made); and
- (v) List of Pacific nations receiving the broadcasts.

e) Maintaining non-commercial transmission coverage with funding from the Ministry for Culture and Heritage

This funding is for the transmission of the TV ONE and TV2 signals to selected New Zealand communities that would not otherwise receive a commercially viable terrestrial signal. The funding for FY10 is \$1.15 million (excluding GST).

TVNZ undertakes, via a contract with transmission company Kordia, to meet certain performance standards including the quality of the signal, maintenance of the equipment and responses to faults, and to provide performance reports at six-monthly intervals.

The performance standards for this output will be compliant with the terms of the Memoranda of Understanding between the Minister of Broadcasting and TVNZ.

f) Funding for TVNZ’s two digital channels for the Freeview platform

In FY08 TVNZ launched the advertising-free digital channels TVNZ 6 and TVNZ 7 on the Freeview platform. The Shareholder has committed \$79 million funding for the operation of the channels. This funding is forecast to cover the operating costs of the channels for the first four years of their operation.

Four outputs will be measured in FY10:

- Levels of awareness and appreciation;
- Levels of financial investment in content production and acquisition and non-content related activities;
- Levels of financial investment in New Zealand-made productions & acquisitions; and
- Levels of scheduled exposure of New Zealand made productions & acquisitions.

Additionally, the following goals have been set for each output in FY10:

Crown-funded outputs	FY10 Goals
a) Contestable programme funding from NZ On Air	Minimum 320 hours per annum of local programming on TV ONE and TV2 (subject to success of applications for contestable funding)
b) Programme funding from Te Mangai Paho	Minimum 150 hours per annum of Maori programming on TV ONE and TV2 and replays of Maori programming on TVNZ 6 and TVNZ 7
c) Funding for programme captioning from NZ On Air	Minimum 150 hours per week of programming captioned on TV ONE, TV2 TVNZ 6 and TVNZ 7
d) Transmitting TVNZ programmes to Pacific Nations	Minimum 390 hours per annum of programming transmitted to the Pacific
e) Maintaining non-commercial transmission coverage	Minimum 100 % response to reported breakdowns in transmission within seven days (subject to winter weather constraints)
f) Funding for TVNZ’s two digital channels	Minimum 60 % local content on TVNZ 6 Minimum 70 % local content on TVNZ 7 <i>N.B. These figures are about to be renegotiated with MCH.</i>

N.B. All outputs are subject to appropriate levels of funding being received

APPENDIX I

TVNZ Charter Performance Measures Framework

Theme	Objective	Charter sub sections included	TVNZ's 5 year strategic plan – the strategic priorities below will advance the Charter objectives and outcomes.	Measures
An Informed Society	To provide impartial and comprehensive information and national and international programming that is essential to having an informed and educated society	(a) i, (a)ii (b)i, (b)ii, (b)xiv	<p><i>Valued As Their Public Broadcaster By All New Zealanders:</i> Achieve FTA leadership in all local content genres; Deliver the programmes and content that New Zealanders want and expect.</p> <p><i>The Content Leader:</i> Reach the maximum target audience(s) on viable platforms.</p>	<p>Reach: Reach of identified national and international programmes across all TVNZ services for “programming of an educational nature that support learning and the personal development of New Zealanders”</p> <p>- Reach measures are: Cumulative audience (5+) across identified series/programmes Number of people downloading the identified programmes from TVNZ ondemand/Podcasting over a fiscal year Unique visitors to tvnz.co.nz for content supporting the identified programmes over a fiscal year</p> <p>Number of identified programmes within the yearly Top Programmes list across 5+</p> <p>Output: Number of hours and hours of captioning of identified national and international programmes across all TVNZ services for “programming of an educational nature that support learning and the personal development of New Zealanders”</p>

				<p>Quality: Appreciation index (qualitative/quantitative) “Of the following list of national and international programmes, which are you glad that TVNZ shows or supports? Which do you expect to find on TVNZ even if you don’t often watch them?” “As an individual, which of these programmes do you watch? And as a citizen of NZ, which are you glad that TVNZ supports or shows?”</p> <p>Number of upheld BSA/ASA complaints</p> <p>% of agreement (on a 5 point scale) on “impartiality and editorial independence of News”</p> <p>Impact:</p> <p>Example Based Evidence – evidence of how content delivered by TVNZ has had a positive impact on society, culture or citizen activity. (recommended to only undertake this measure if collecting this information isn’t cost prohibitive)</p>
National Identity/ Citizenship	To provide entertaining and informative programming that reflects the diverse range of cultures and interests that contribute to an overall sense of who we are as New Zealanders	(a)iii (b)ii, (b)iv, (b)v, (b) vii, (b)viii, (b)ix; (b) xiii	<p><i>Valued As Their Public Broadcaster By All New Zealanders:</i> Be a valued contributor to New Zealand’s future by promoting national identity.</p> <p><i>The Content Leader:</i> Promote our national identity and national interests. Reach the maximum target</p>	<p>Reach:</p> <p>Reach of identified national and international programmes across all TVNZ services</p> <p>- applies to programming that “<i>promotes understanding of the diversity of cultures making up the NZ population</i>”,</p> <p>“<i>programming that reflects the regions to the nation as a whole</i>”;</p> <p>“<i>programming about NZ’s history and heritage, and natural environment</i>”,</p> <p>“<i>programmes that serve the interests and informational needs of Maori audiences, including programmes promoting the Maori language, and</i></p>

			<p>audience(s) on viable platforms</p>	<p><i>programmes addressing Maori history, culture and current issues”,</i></p> <p><i>“programming that reflects the role that sporting and other leisure interests play in NZ life and culture”</i></p> <p><i>“programming intended for mass audience material dealing with minority interests”</i></p> <p>Reach measures are: Cumulative audience (5+) across identified series/programmes Number of people downloading the identified programmes from TVNZ ondemand/Podcasting over a fiscal year Unique visitors to tvnz.co.nz for content supporting the identified programmes over a fiscal year</p> <p>Number of identified programmes within the yearly Top Programmes list across 5+</p> <p>Output: Number of <u>local hours</u> Hours of captioning for <u>local programming</u></p> <p>Number of hours and hours of captioning of identified national and international programmes across all TVNZ services - applies to programming that <i>“promote understanding of the diversity of cultures making up the NZ population”,</i></p> <p><i>“programming that reflects the regions to the nation as a whole”;</i></p> <p><i>“programming about NZ’s history and heritage, and natural environment”,</i></p> <p><i>“programmes that serve the interests and informational needs of Maori audiences, including programmes promoting the Maori language, and</i></p>
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				<p><i>programmes addressing Maori history, culture and current issues”,</i></p> <p><i>“programming that reflect the role that sporting and other leisure interest play in NZ life and culture”</i></p> <p><i>“programming intended for mass audience material dealing with minority interests”</i></p> <p>Quality: Appreciation Index as above</p> <p>Impact: Qualitative/Quantitative measures on “Place I’d turn to see coverage of events of national importance”</p> <p>PIBB (Community Support Foundation, other sponsorships, School usage, etc)</p> <p>Example Based Evidence – evidence of how content delivered by TVNZ has had a positive impact on society, culture or citizen activity. (recommended to only undertake this measure if collecting this information isn’t cost prohibitive)</p>
Maori	To provide entertaining and informative programming that reflects Maori interests, culture, and language and to convey these interests to a wider NZ audience.	(a)iv, (b)iii, (b) viii	<p><i>Valued As Their Public Broadcaster By All New Zealanders:</i> Deliver the programmes and content that New Zealanders want and expect.</p> <p><i>The Preferred Partner:</i> Create profitable and productive Partnerships</p>	<p>These measures relate to programming that:</p> <p><i>“serve the interests and informational needs of Maori audiences, including programmes promoting the Maori language, and programmes addressing Maori history, culture and current issues”,</i></p> <p>Reach: Cumulative audience (5+) and (Non-Maori 5+) across identified series/programmes</p>

			<p>with the right Broadcasters and Deliverers.</p> <p><i>The Content Leader:</i> Achieve FTA leadership in all local content genres; Drive local content creativity and innovation; Promote our national identity. Reach the maximum target audience(s) on viable platforms</p>	<p>Number of people downloading the identified programmes from TVNZ ondemand/Podcasting over a fiscal year Unique visitors to tvnz.co.nz for content supporting the identified programmes over a fiscal year</p> <p>Number of identified programmes within the yearly Top Programmes list across 5+</p> <p>Output: Number of hours of Maori programming across all TVNZ services Number of hours of captioning of identified programmes</p> <p>Quality: Appreciation Index as above</p> <p>Impact: PIBB – sponsorship, School Support/Usage/scholarships etc</p>
Diversity	To provide entertaining national and international programmes that service the interests and needs of different audiences, including cultures, lifestyles, age and regions, and particularly those that may not be provided for in a purely commercial	(a) i, (a) v, (a) vi, (b)iv, (b)v, (b)vi, (b)vii, (b)ix, (b)x, (b) xii, (b)xiii(b) xiv	<p><i>Valued As Their Public Broadcaster By All New Zealanders:</i> Deliver the programmes and content that New Zealanders want and expect; Strengthen our relationships with viewers, partners and other stakeholders.</p> <p><i>The Content Leader:</i> Achieve FTA leadership in</p>	<p>Reach:</p> <p>Reach of identified national and international programmes across all TVNZ services</p> <p>- applies to programming:</p> <p><i>“that promote understanding of the diversity of cultures making up the NZ population”,</i></p> <p><i>“that reflects the regions to the nation as a whole”;</i></p> <p><i>“about NZ’s history and heritage, and natural environment”,</i></p>

	broadcasting environment		all local content genres; Extend public broadcasting delivery by launching new digital channels. Reach the maximum target audience(s) on viable platforms	<p><i>“that reflect the role that sporting and other leisure interest play in NZ life and culture”</i></p> <p><i>“intended for mass audience material dealing with minority interests”</i></p> <p><i>“featuring NZ films, drama, comedy and documentary programmes”</i></p> <p><i>“that encourage and support the arts, including programmes featuring NZ and international artists and arts companies”</i></p> <p><i>“of an educational nature that support learning and the personal development of New Zealanders”</i></p> <p><i>“NZ and international programmes that provide for informational, entertainment and educational needs of children and young people and allow for the participation of children and young people”</i></p> <p>Reach measures are: Cumulative audience (5+) across identified series/programmes Number of people downloading the identified programmes from TVNZ ondemand/Podcasting over a fiscal year Unique visitors to tvnz.co.nz for content supporting the identified programmes over a fiscal year</p> <p>Number of identified programmes within the yearly Top Programmes list across 5+</p> <p>Output: Number of hours and hours of captioning of identified national and international programmes across all TVNZ services - applies to programming:</p>
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				<p><i>“that promote understanding of the diversity of cultures making up the NZ population”,</i></p> <p><i>“that reflects the regions to the nation as a whole”;</i></p> <p><i>“about NZ’s history and heritage, and natural environment”,</i></p> <p><i>“that reflect the role that sporting and other leisure interest play in NZ life and culture”</i></p> <p><i>“intended for mass audience material dealing with minority interests”</i></p> <p><i>“featuring NZ films, drama, comedy and documentary programmes”</i></p> <p><i>“that encourage and support the arts, including programmes featuring NZ and international artists and arts companies”</i></p> <p><i>“of an educational nature that support learning and the personal development of New Zealanders”</i></p> <p><i>“NZ and international programmes that provide for informational, entertainment and educational needs of children and young people and allow for the participation of children and young people”</i></p> <p>Quality:</p> <p>Appreciation Index as above</p> <p>Impact:</p> <p>PIBB – sponsorship, School Support/Usage</p>
High Standards	To promote high programming	(a) ii, (a)viii(a)	<i>The Content Leader:</i> Achieve FTA leadership in	Output:

	standards and editorial integrity	ix, (b) xi	all local content genres.	Hours of local shows/films TVNZ has funded/co-funded or commissioned Quality: Number of upheld BSA/ASA complaints Quantitative measure on “impartiality and editorial independence of News”
Innovation	To promote innovation, risk taking and creativity	(a)vii, (a)viii	<i>The Content Leader:</i> Drive local content creativity and innovation. Extend public broadcasting delivery by launching new digital channels	Output: Hours of non-derivative local/international programming Impact: Examples where we have been innovators in the industry, whether technically and in the delivery of content or via content
New Zealand Talent	To support and promote the talents and the creative resources of New Zealanders.	(a)x; (b)xii, (b)vi	<i>Valued As Their Public Broadcaster By All New Zealanders:</i> Strengthen our relationships with viewers and other stakeholders. <i>The Preferred Partner:</i> Create profitable and productive Partnerships with the right Broadcasters, Local content providers, Industry bodies, Educational institutions.	Reach: Reach of identified national and international programmes across all TVNZ services - applies to programming: “featuring NZ films, drama, comedy and documentary programmes” “that encourage and support the arts, including programmes featuring NZ and international artists and arts companies” Cumulative audience (5+) across identified series/programmes Number of people downloading the identified programmes from TVNZ ondemand/Podcasting over a fiscal year Unique visitors to tvnz.co.nz for content supporting the identified programmes over a fiscal year Number of identified programmes within the yearly Top Programmes list across 5+

				<p>Output: Hours of local shows/films TVNZ has supported</p> <p>Number of hours and hours of captioning of identified programmes across all TVNZ services - applies to programming: <i>“featuring NZ films, drama, comedy and documentary programmes”</i></p> <p><i>“that encourage and support the arts, including programmes featuring NZ and international artists and arts companies”</i></p> <p>Quality: Appreciation Index as above</p> <p>Impact: PIBB – Industry Support (including scholarships, training, support of industry bodies etc)</p>
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General Charter Measures

These measures highlight national and international programming across all genres that entertains, informs and educates NZ audiences.

General Output Measures

Number of hours per genre (across all TVNZ services)

- Entertainment
- Factual and Arts
- Kids
- Maori
- Lifestyle
- News and Current Affairs
- Sport

General Reach Measures

- Average monthly cumulative audience (5+) of TVNZ channels
- Number of people downloading TVNZ content from TVNZ ondemand/Podcasting over a fiscal year
- Unique visitors to tvnz.co.nz over a fiscal year
- Number of TVNZ programmes within the yearly Top Programmes list across 5+

APPENDIX II – Board of Directors – Governance and Committees

The Board operates under two Acts of Parliament – the Companies Act and the Crown Entities Act 2004. Under Section 92 of the latter the Board is obliged to ensure TVNZ acts in a manner consistent with this Statement of Intent.

These obligations and how it carries out its governance role and conducts its meetings are contained in the Board’s Governance and Policy Manual.

There are two standing committees, “Audit and Risk” and “Remuneration and Human Resources”.

The Audit and Risk Committee makes recommendations and gives counsel and information to the Board concerning its accounting and reporting responsibilities and evaluates risk management practices. It also oversees Internal Audit.

As well as assisting TVNZ’s Human Resources with strategic planning and practices, the Remuneration and Human Resources Committee monitors any movement in the remuneration of the company’s senior executives and presenters. The Chief Executive Officer’s remuneration and the structure and operation of the Executive Bonus Scheme are also recommended by the Committee to the Board for approval.

APPENDIX III – Forecast Financial Statements

The above forecast financial information is a forecast based on assumptions which TVNZ reasonably expects to occur. The significant assumptions underlying the forecast financial information including market shares and sales revenue are commercially sensitive. They are contained in the business plan provided to Shareholding Ministers. For this reason, strict compliance with FRS 42 (Prospective Financial Information) cannot be achieved. The assumptions used are considered to be reasonable, supportable and consistent with the business plan and applied consistently. The actual results achieved for the period covered are likely to vary from the information presented, and the variations may be material. The purpose of the forecast financial information is to enable compliance with the Crown Entities Act 2004 (section 142). The information as presented may not be appropriate for purposes other than that described.

a) **Statement of Forecast Financial Performance for the twelve months ending 30 June 2010**

	(\$m)
Operating Revenue	362.2
Operating Expenses	(331.5)
Depreciation	(17.5)
Amortisation	(0.8)
Total Operating Expenses	(349.9)
Operating Surplus before interest expense and income tax	12.4
Interest expense	(3.1)
Income Tax expense	(2.8)
Net surplus for the year	<u>6.5</u>

b) **Statement of Forecast Movements in Equity for the twelve months ending 30 June 2010**

	(\$m)
Net surplus for the year	6.5
Distributions to the shareholder	<u>(4.6)</u>
Movements in equity for the year	1.9
Equity at start of the year	183.0
Equity at end of the year	<u>184.9</u>

c) **Statement of Forecast Financial Position as at 30 June 2010**

	(\$m)
Share Capital	140.0
Retained Earnings	44.9
Total equity	184.9
Current liabilities	64.7
Non current liabilities	74.1
Total funds employed	323.7
Current assets	75.4
Non current assets	248.3
Total assets employed	323.7

d) **Statement of Forecast Cash Flows for the twelve months ending 30 June 2010**

Net cash flows from/(to):	(\$m)
Operating activities (excluding interest, tax and dividends)	19.8
Net Interest paid	(3.2)
Income Tax paid	0.5
Investing activities	(37.0)
Financing activities	18.9
Net increase in Cash held	(1.0)
Cash at start of the year	1.2
Cash at end of the year	0.2

Accounting Policies

The accounting policies recognised by the New Zealand Institute of Chartered Accounts (NZICA) for the measurement and reporting of profit, financial position and cash flows have been adopted by TVNZ. For the purposes of this Statement of Intent the accounting policies adopted are in accordance with New Zealand International Financial Reporting Standards (NZ IFRS).

Particular Accounting Policies

The financial statements prepared are for the consolidated entity TVNZ. The consolidated financial statements comprise TVNZ and its subsidiaries (the "Group") and the Group's interest in jointly controlled entities.

The financial statements have been prepared on a historical cost basis except for derivative financial instruments that have been measured at fair value.

The following particular accounting policies, which materially affect the measurement of profit, financial position and cash flows are, applied:

a) Basis of consolidation

The consolidated financial statements comprise the financial statements of TVNZ and its subsidiaries at 30 June each year.

Subsidiaries are those entities controlled, directly or indirectly, by the Group. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company transactions, balances and unrealised surpluses and deficits on transactions between Group companies are eliminated on consolidation. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

b) Interest in joint venture operations

The Group's interest in its joint venture operation is accounted for by recognising the Group's assets and liabilities from the joint venture, as well as expenses incurred by the Group and the Group's share of income earned from the joint venture operation, in the consolidated financial statements.

c) Foreign currency

The functional and presentational currency of TVNZ and its subsidiaries is the New Zealand dollar.

Transactions in foreign currencies are translated to the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at balance date.

Foreign currency differences arising on the translation of monetary assets and liabilities in foreign currencies are recognised in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

d) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost to acquire the asset and other directly attributable costs incurred to bring the asset to the location and condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is calculated on a straight-line basis to allocate the cost of assets over their estimated useful lives. Land is not depreciated.

The estimated useful lives for the current and comparable period are:

Buildings	40 years
Leasehold improvements	3 to 10 years
Studio and transmission equipment	5 to 10 years
Other plant and equipment	3 to 10 years
Motor vehicles	5 to 10 years

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit the asset belongs. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Where an item of property, plant and equipment is derecognised, the gain or loss (calculated as the difference between the net proceeds and the carrying value of the item) is included in the income statement in the period the item is derecognised.

e) Intangible assets

Programme Rights

Television programmes which are available for use, including those acquired overseas, are recorded at cost less amounts charged to the income statement based on management's assessment of the useful life, which is regularly reviewed and additional write downs are made as considered necessary.

Programmes produced internally for the purpose of broadcast are recognised as intangible assets at production cost.

Programme rights are amortised on the following basis:

- (i) Non-movie programme rights are amortised on a straight line basis such that all rights are amortised within a period not exceeding one year from the broadcast licence period start date.
- (ii) Movie programme rights are amortised on a straight line basis such that all rights are amortised within a period not exceeding three years from the broadcast licence period start date.

Frequency licences

Frequency licences are recorded at cost less amortisation and impairment losses. Amortisation is calculated on a diminishing value methodology using the sum of digits over the remaining life of the licence.

Other intangible assets

Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific asset. These costs are amortised on a straight line basis over their estimated useful economic lives of two to five years.

f) Cash and cash equivalents

Cash and short term deposits in the balance sheet comprise cash at the bank and in hand and short term deposits with an original maturity of three months or less.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash and cash equivalents as defined above, net of outstanding overdrafts.

g) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for uncollectible amounts.

An estimate for doubtful debts is made when the collection of the full amount is no longer probable. Bad debts are written off when identified.

h) Inventories

Inventories comprise technical stores and videotape. All inventories are recorded at the lower of cost or net realisable value.

i) Derecognition of financial instruments

The derecognition of financial instruments takes place when the Group no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

j) Derivative Financial Instruments

The Group uses derivative financial instruments, within predetermined policies and limits, to reduce its exposure to fluctuations in foreign currency exchange rates and interest rates.

Such derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative contract is designed to hedge a specific risk and qualifies for hedge accounting.

Each derivative that is designated as a hedge is classified as either: i) a fair value hedge when they hedge the exposure to changes in the fair value of a recognised asset or liability or a firm commitment; or ii) a cash flow hedge where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised in the income statement. Amounts accumulated are recycled in the income statement in the period when the hedged item affects profit or loss. When the hedged firm commitment results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses that had previously being recognised in equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, or when the hedge no longer meets the criteria for hedge accounting. At that point any cumulative gain or loss existing in equity remains in equity until the forecasted transaction occurs.

When a forecasted transaction is no longer expected to occur, the cumulative gain or loss is immediately transferred to the income statement.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are recognised immediately in the income statement. The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values of similar instruments.

In accordance with its treasury policy, the Group does not engage in speculative transactions or hold derivative financial instruments for trading purposes.

k) Interest bearing borrowings

Borrowings are initially recognised at fair value, net of transactions costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest method.

l) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

m) Employee Benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to balance date. The benefits include wages and salaries, incentives, compensated absences and retirement leave which are expensed in the income statement when services are provided or benefits vest with the employee. The provision for employee benefits is stated at the present value of the estimated future cash outflows to be incurred resulting from employees' services provided up to balance date.

n) Provisions

Provisions are recognised when the Group has present legal or constructive obligation as a result of a past event that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

o) Revenue recognition

Revenue is stated exclusive of GST and consists of sales of goods and services to third parties. Revenue from the sale of goods and services is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Key classes of revenue are recognised on the following basis:

i) Rendering of services

Revenue from advertising and sponsorship is recognised as income at the time of transmission.

ii) Government grants

Government grants are recognised initially as deferred income when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised as income on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised as income in the income statement on a systematic basis over the useful life of the asset.

iii) Other revenue

Other revenue is recognised when the product has been delivered or in the accounting period in which the actual service has been provided.

iv) Interest

Interest revenue is recognised as the interest accrues to the net carrying amount of the financial asset.

p) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and the amounts used for taxation purposes.

Future tax benefits are recognised where realisation of the asset is probable.

Deferred tax is measured at the tax rates that are expected to apply when the temporary differences reverse, based on tax rates (and tax law) that have been enacted or substantively enacted at the balance sheet date.

q) Leases

Operating lease payments, where the lessors substantially retain all the risks and benefits of ownership of the leased items, are recognised as an expense in the income statement on a straight-line basis over the lease term.

r) Dividends

Provision is made for the amount of dividend declared on or before balance date but not distributed at balance date.

APPENDIX IV – Reporting requirements

Within two months after the end of the first six months of each financial year, TVNZ must prepare financial statements on the business for that half-year in accordance with section 24 of the Television New Zealand Act 2003. This is in addition to the annual financial statements required to be prepared under section 154 of the Crown entities Act 2004.

TVNZ's Annual Report, which contains information required under Section 152 of the Crown Entities Act 2004, must include a statement of its performance against its Charter using the performance measures set out in its Statement of Intent. The interim report will include narrative about the company's financial situation and delivery on part of the Charter performance measurement framework.

TVNZ will also supply the Shareholding Ministers quarterly reports with provisional financial results and the information required under the Memoranda of Understanding with the Minister of Broadcasting.

Before the start of each financial year a Business Plan will be prepared for discussion with the shareholding Ministers.

APPENDIX V – Consultation, subsidiary and associated companies

TVNZ will in relation to any single or connected series of transactions, consult with Shareholding Ministers of TVNZ on substantial matters not contemplated in the business plan including:

1. Any substantial capital investment in activities to the value of more than \$25 million within the scope of its core business;
2. Any substantial expansion of activities outside the scope of its core business into new business areas;
3. The subscription for, or sale of, shares in any company or equity interests in any other organisation which are material, involve a significant overseas equity investment, or are outside the scope of its core business;
4. The sale or other disposal of the whole or any substantial part of the business or undertaking of TVNZ; and
5. Where TVNZ holds 20 percent or more of the shares in any company or other body corporate (not being a subsidiary of TVNZ), the sale or disposal of any shares in that company.

The terms “Shareholding Ministers” and “subsidiary” have the same meanings as Section 4 of the Television New Zealand Act 2003. TVNZ will ensure at all times that:

1. Control of the affairs of every subsidiary of TVNZ is exercised by a majority of Directors appointed by TVNZ; and
2. A majority of the Directors of every subsidiary of TVNZ are persons who are also Directors or employees of TVNZ, or who have been approved by the Board of TVNZ for appointment as Directors of the subsidiary.

In accordance with Section 100 of the Crown Entities Act 2004, TVNZ will ensure that it does not:

1. Acquire shares in a company that gives TVNZ substantial influence in or over that company; or
2. Acquire an interest in any partnership, joint venture, or other association of persons, or an interest in a company other than its shares; or
3. Settle, or be or appoint a trustee of, a trust, -

other than –

4. After written notice to its shareholding Ministers; and
5. In accordance with the consultation principles stated in the first paragraph above; and

6. For the purpose of TVNZ carrying out its functions, and acting consistently with its objectives under any Act and its constitution.