

Television New Zealand Limited
and subsidiaries

Statement of Intent

For 4 Years Ending 30 June 2021

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Introduction

This Statement of Intent outlines TVNZ's strategy for the forthcoming four years. It should be read in conjunction with each year's Statement of Performance Expectations.

Who we are and what we do

TVNZ is a Crown Owned Entity and has a Board of Directors appointed by the Minister for Communications and the Minister of Finance.

The Chief Executive has day to day management of the company.

The Television New Zealand Act 2003 provides the company editorial independence of which freedom from political influence is a fundamental principle. TVNZ's operations are governed by:

- Television New Zealand Act 2003.
- Broadcasting Act 1989.
- Companies Act 1993.
- Crown Entities Act 2004.
- Owner's Expectations Manual as published by the Crown Ownership Monitoring Unit.
- Business Planning 'Outlook Letter' sent to TVNZ in advance of the 1 July start to the financial year.
- Memorandum of Understanding between TVNZ and the Minister of Broadcasting (for the Pacific Service).
- Compliance with the current Free-to-Air Code of Broadcasting Practice regulated by the Broadcasting Standards Authority.
- Compliance with advertising codes promulgated through the Advertising Standards Authority.
- Compliance with Principles promulgated through the Press Council.

The policy objectives set out by shareholding Ministers is for TVNZ to continue its transition into a successful national television and digital media company providing a range of content and services on a choice of delivery platforms while maintaining a strong commercial performance.¹

¹ Section 12(1), Television New Zealand Act 2003

In carrying out its functions, TVNZ must provide high quality content that:

- (a) is relevant to, and enjoyed and valued by, New Zealand audiences; and
- (b) encompasses both New Zealand and international content and reflects Māori perspectives.²

The scope of functions and intended operations of TVNZ are:

- The commissioning, production, purchasing and archiving of video content, either independently or with others.
- The provision of video production facilities (field, studio and post production, outside broadcast facilities, design and set construction services).
- The programming and scheduling of video content for on-air and online distribution.
- The provision of advertising and sponsorship services and related marketing activities.
- The publishing and distribution of video content on a broad range of relevant platforms and devices.
- The provision of services to the broadcast industry, both domestically and internationally.
- The provision of audio-visual footage, programming, video and DVD rights, programme listing information, channel packaging and all other content related services and materials.
- To undertake other media related activities, as determined by the Board.

Challenges within the operating environment

Key risks and challenges confronting TVNZ include:

Revenue impact as a result of loss of viewers

Viewing audiences are fragmenting as the linear model is disrupted by online models and we expect audiences will continue to fragment across a growing number of video service offerings. This in turn has a negative impact on revenue, as digital audiences provide a smaller return.

Global scale competitors

Online content services are dominated by global scale players – both in the advertising funded and subscription funded market sectors. Competing effectively against the favourable audience reach,

² Section 12(2), Television New Zealand Act 2003

data insights, and content economics of global scale players will be challenging for local media players.

TVNZ Market Position

TVNZ has the strongest share of the New Zealand TV advertising market and is therefore most exposed to the secular industry decline. Other local media players are responding to changing market conditions and TVNZ is at risk of being re-positioned by the merger and acquisition initiatives of other players.

Significant shift in broadcasting policy expectations

A significant shift in broadcasting policy or change in shareholder expectations could prove disruptive to TVNZ business.

TVNZ's strategic objectives

TVNZ's primary reason for being is to provide compelling content to New Zealand audiences.

Consistent with the obligations detailed in the Television New Zealand Act 2003, TVNZ's strategic objectives are:

- **To provide content that is enjoyed and valued by New Zealanders;**
- **To ensure our content is readily accessible to viewers; and**
- **To maintain a sustainable commercial performance.**

These strategic priorities are outlined in more detail below.

To provide content that is enjoyed and valued by New Zealanders

Deeply understanding the needs of New Zealand viewers is fundamental to delivering on these obligations. We believe that by sharing the moments that matter to New Zealanders we can successfully transform TVNZ from a TV broadcaster to being **“New Zealand's leading video content provider”**. This is our vision for TVNZ.

Different moments matter to different New Zealanders and we need an appropriate breadth of content to meet the varied needs of specific viewer groups. Some of those moments will be relevant local stories and others international. Some moments will stimulate conversations, some elicit laughter, some tears, and others will provoke personal contemplation.

Reflecting Maori perspectives remains an important focus for TVNZ and the growing ethnic diversity of New Zealand is another input that shapes our selection of content.

To ensure our content is readily accessible to viewers

The ultimate measure of our success is viewer engagement, and we'll leverage the unique and powerful attributes of video content to drive emotional engagement with viewers. Maintaining a free-to-view service is a big contributor to maximising the accessibility of our content.

We're also excited about the advances in digital technology to make our content available on a growing number platforms and devices, especially mobile. To remain relevant we need to be available where viewers choose to watch and how they do this. We're less concerned about where people choose to access our content – what's more important is that they can, and do. The goal we use to track our success is how often we **“engage two million New Zealanders per day”**.

To maintain a sustainable commercial performance

Viewers are also the engine of our commercial success because advertising investment will follow eyeballs. We need to deliver audiences that are valued by advertisers and deliver competitive value for money in comparison with other media options. Maintaining alignment between our revenues and costs is central to our commercial performance, and we'll focus attention on driving cost efficiencies plus identifying future sources of revenue.

As we transform TVNZ, we'll adopt a dynamic approach to the allocation of business resources between investing to sustain our core TV business and accelerating the growth of our future online business. The stronger the commercial performance of our core business, the more actively we'll be able to invest in shaping our future.

Statement of Service Performance

TVNZ is not directly funded to provide any Government service, and all of TVNZ's revenue comes from advertising and non-Crown commercial sources. Consequently TVNZ does not have any reportable output classes under the Crown Entities Act 2004.

Capability

In response to the changing nature of the New Zealand media industry, TVNZ will continue to review all areas of its business to identify efficiencies and ensure a sustainable business.

As at 31 May 2017 TVNZ employed 645 FTEs in its Auckland, Wellington, Christchurch and Dunedin offices, and those working remotely in New Zealand and overseas.

In FY2018 TVNZ will continue to:

- Provide a healthy and safe work environment, and maintain policies in this area in line with new legislation and expectations.
- Manage change with clear communication, transparency, respect and support for individuals in order to meet the changing needs of the company.
- Ensure its recruitment process enables the selection of suitable candidates.
- Remunerate fairly and consistently in relation to performance, position in salary bands and to the external market.
- Conduct good faith collective bargaining with the PSA and E tu unions.
- Provide appropriate learning and development opportunities.
- Demonstrate equal opportunity practices which firmly discourage discrimination.
- Operate a fair, transparent and regular performance management appraisal system that allows employees full participation in their own performance reviews.

TVNZ takes seriously its commitment to treating people fairly and with respect, ensuring equality of access to opportunities and understanding, appreciating and realising the benefits of individual differences.

APPENDIX – 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:

- Any substantial capital investment where the value of the investment exceeds 5% of the book value of equity.
- Any substantial expansion of activities outside the scope of its core business into new business areas.
- 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.
- The sale or other disposal of the whole or any substantial part of the business or undertaking of TVNZ.
- 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.

TVNZ will ensure at all times that:

- Control of the affairs of every subsidiary of TVNZ is exercised by a majority of Directors appointed by TVNZ.
- 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.