

FINANCIAL YEAR 2019

Annual Report

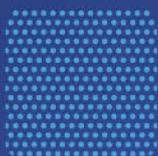




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FY19 Snapshot



EARNINGS (EBITDAF)

\$24.6m

EARNINGS FLAT YOY

NET PROFIT

\$2.9m

↓ 43.5%

REVENUE

\$310.7m

↓ 2.5%

COSTS

\$286.1m

↓ 2.7%





NEW ZEALAND'S MOST WATCHED



TVNZ REACHED

1.95m

New Zealanders daily



TVNZ ONDEMAND

184m

total streams



TVNZ SCREENED

19/20

of New Zealand's top shows



ONDEMAND REACHED

Supercharged weekly audience reach

360,000



AUDIENCE SHARE

Maintained all day TV audience share

43.2%

Chairman's Address



DAME THERESE WALSH

Kia ora koutou katoa.

The media landscape is continuing to change at an unprecedented rate. Against this backdrop, TVNZ has produced a strong result while keeping a strategic focus on the future.

We've reported stable earnings despite a softening media market. TVNZ OnDemand achieved spectacular growth in audience and revenue and our top rating local content has ensured we've maintained leadership of TV audiences.

TVNZ reported consistent and better than forecast operational earnings (EBITDAF) of \$24.6 million for the financial year ending 30 June 2019.

Net Profit After Tax (NPAT) reduced by \$2.2 million to \$2.9 million, due to a \$2.9 million unfavourable movement in unrealised foreign exchange.

TVNZ's online revenues outperformed expectations increasing 31% year-on-year. This helped to offset soft market demand for TV advertising in the second half of the financial year. Overall TVNZ's revenue declined \$7.8 million (2.5%) to \$310.7 million. Costs reduced by \$7.8 million (2.7%) to \$286.1 million.

Online accelerated with TVNZ OnDemand delivering a record 184 million video streams, a stunning 80% year-on-year increase that supported impressive 38% growth in audience reach and advertising revenue.

TVNZ's local and live focus also reaped rewards, led by the performance of our news and current affairs programming, the success of live events such as the *T20 Black Clash* (which attracted more than 1 million viewers) and our investment in must watch on-air and online cross platform programming commissions.

Looking ahead the Board has agreed with the shareholder to cease dividend payments in order to accelerate reinvestment in the business.

TVNZ plans to use its cash reserves over the next few years to future proof organisational capabilities and enable the business to compete more effectively with global competitors.

As I sign off from my three-year tenure as Chair of the TVNZ Board, I would like to acknowledge the team at TVNZ for their dedication and commitment to delivering the moments that matter to New Zealanders. Many of these moments are fun and entertaining and others reflect more sobering stories and events of significant public interest.

On this point, I would like to make special note of this year's coverage of the Christchurch terror attacks and subsequent *Nationwide Reflection* and *National Remembrance Service*. I wish to acknowledge the professionalism and dignity in which TVNZ's reporters and support teams operated throughout some of New Zealand's darkest days in order to tell the stories of the victims and their families.

I would also like to sincerely thank my fellow directors for their support and wish TVNZ the very best as it continues to deliver New Zealand's most important moments.

Nga Mihi



Dame Therese Walsh



CEO's Address




KEVIN KENRICK



Kia ora koutou katoa.

Positive momentum generated in FY2019 has set the business up well to take on the challenges and opportunities in the year ahead.



TV is still the biggest show in town and continues to attract the most viewers and represent the greatest amount of time spent viewing in New Zealand. At the same time, we're embracing changing viewing habits and investing in enhanced digital capabilities to enable audiences to watch TVNZ content how and when they want.

WINNING IN TV

Winning the daily TV viewership battle is central to TVNZ's audience and revenue outcomes. Our increased focus on live and local programming during the year enabled us to maintain our market leading audience reach and share of TV advertising.

TVNZ screened 19 of New Zealand's top 20 programmes from 1 July 2018 to 30 June 2019.*

Our news and current affairs shows continued to be the most watched and most trusted. 1 NEWS topped the top 20 list of New Zealand TV programmes. *Seven Sharp*, *Breakfast* and *Te Karere* strengthened audience share as the year progressed. *Sunday* reinforced its position as New Zealand's most watched current affairs show with multiple journalists deservedly acknowledged by their industry peers at the Voyager Media Awards.

TVNZ viewers enjoy watching local stories, hearing local voices and are keen to see our Kiwi identity reflected on screen. We remain committed to long running iconic shows like *Shortland Street*, *Country Calendar* and *Waka Huia*, combined with new formats and programmes such as *Anika Moa Unleashed* and *Fresh Eggs*. Other local highlights for the year included docudrama *The Casketeers* returning to TVNZ 1 for a second season, critically acclaimed drama *The Bad Seed* and break out comedy series *Wellington Paranormal*.

GROWING ONDEMAND

FY2019 was a year of increased investment in OnDemand and more importantly, a year of improved performance delivery as a result. Spectacular growth in video streaming, audience reach and advertising

revenue were a direct result of our investment to enhance user experiences and device availability and to strengthen our breadth and depth of 'must watch' content for online viewers.

Online video streaming consumption via connected TVs has doubled during the financial year and now represents a greater share of TVNZ OnDemand viewing than mobile and desktop devices. We expect *Rugby World Cup 2019* to drive increased market penetration of connected TVs in the year ahead and TVNZ OnDemand is well positioned to take advantage of this growth.

OnDemand's content offering has significantly expanded during the year, now exceeding 750 programme titles. We've acquired 'binge-worthy' programmes like BBC America's *Killing Eve* and Hulu's *Catch 22* featuring George Clooney. We've invested in classic favourites like *ER*, *The O.C* and *Friends*. Unique local programmes like *Alibi* and *House of Drag* made especially for TVNZ OnDemand have also driven huge audiences.

BUILDING CAPABILITY

In the lead up to our Rugby World Cup 2019 coverage in partnership with Spark Sport, TVNZ has upgraded studio facilities with 'state of the art' augmented reality and video wall capabilities adding to our sports production capability. These developments have expanded our studio capacity and enabled in-house production of the new weekly comedy panel show *Have You Been Paying Attention*.

We've also successfully and seamlessly replaced our playout distribution and online sales systems, strengthened disaster recovery and cyber security capabilities and launched a new website for Re: - TVNZ's youth focussed digital news service.

FUTURE INVESTMENT

TVNZ's point of difference to global competitors is our local content. We expect international content will be



increasingly distributed by studio owners, direct-to-consumers, and we plan to materially shift our content investment in favour local production. The transition from global to local will result in content cost inflation, but it is critical to the long-term sustainability of the business as well as the health of our local production industry.

Off the back of the positive momentum generated in the last year, TVNZ OnDemand is well placed to meet the growing consumer demand for online streaming video. Building deeper data capability will be key to our future growth aspirations, both to enhance viewer experiences and to enable more targeted communications for our advertising partners.

Audiences are the lead indicator of TVNZ's performance and maintaining critical mass reach is essential to the value we offer advertisers. Our goal is to engage 2 million New Zealanders per day irrespective of the platform consumers choose to access our content.

Over the next few years TVNZ needs to transform its operating model to maintain its financial viability. The initial focus will be on simplifying core business systems and processes and adopting contemporary ways of working to maximise productivity.

TVNZ is performing well relative to other local media and the future success of the business will depend on how effectively we compete with global players. At the heart of the business is a team of talented and committed people, who have high ambitions for the future of TVNZ and the role we play in the lives of New Zealanders. We finished FY2019 with positive momentum in key areas of the business and feel energised and optimistic about the opportunities ahead.

Kevin Kenrick



Financial Performance Measures

Each year TVNZ sets out financial targets and specific performance measures in its Statement of Performance Expectations. The financial measures table reports TVNZ performance against these metrics.

FINANCIAL MEASURES

Measurement	FY2019 Actual	FY2019 Target	FY2018 Actual
EBITDAF	\$24.6m	\$22.2m	\$24.6m
NPAT	\$2.9m	\$2.5m	\$5.1m
Return on average equity (%)	1.2%	1.0%	2.2%
Dividend Yield	2.1%	2.0%	5.4%
Dividend payout (% of free cash flow)	70.0%	80.0%	70.0%
ROE adjusted for IFRS fair value movements	2.1%	1.3%	2.1%
Return on Capital Employed	2.1%	1.4%	2.2%
Total Shareholder Return (TSR)	3.0%	2.2%	13.1%
Gearing Ratio	0.0%	0.0%	0.0%
Interest Cover (times)	190	205	234
Solvency	2.53	2.49	1.96
Return on Programme Investment (operating margin)	43.8%	41.9%	39.8%

BUSINESS EFFICIENCY - NON-PROGRAMME COSTS

Measurement	FY2019 Actual \$000	FY2019 Target \$000	FY2018 Actual \$000
Total revenue	310,673	312,315	318,509
Total non-programme costs (incl Depn & Amort)	136,654	132,779	127,566
% non-programme costs to revenue	44.0%	42.5%	40.1%

REVENUE PRODUCTIVITY - EMPLOYEES

Measurement	FY2019 Actual \$000	FY2019 Target \$000	FY2018 Actual \$000
Total revenue	310,673	312,315	318,509
Employee (FTE) Average	670	670	641
Revenue per FTE	464.0	466.3	497.1

LOCAL & LIVE

WHAT WE WATCHED



A. Hit local series, *Wellington Paranormal* secured cult status on debut.

B. Local murder mystery *Alibi* brought viewers a non-linear narrative OnDemand, giving ultimate control over how they consumed the series.

C. TVNZ's alternate news voice *Re:* celebrated its first anniversary with 18 million Facebook video views, alongside the launch of a dedicated website.

D. Former All Blacks and iconic Black Caps players delivered TVNZ 1 over 1 million viewers for the *T20 Black Clash*.

E. *The Casketeers* returned to TVNZ 1 for a second season coinciding with an international acquisition by Netflix.

F. Extended live news coverage of the Christchurch Terror Attacks was carried on TVNZ 1. TVNZ was the official broadcaster of the *Nationwide Reflection* and *National Remembrance Service*, distributing footage to local and international broadcasters.

G. *The Bad Seed* debuted to critical acclaim. Scheduled across five consecutive nights, the series replicated online binge-watching in the TV space.

H. Unscripted and improvised local comedy, *Educators* demonstrated New Zealanders appetite for experimental comedy on TVNZ OnDemand.

I. TVNZ and NZ On Air celebrated the first birthday of children's media platform *HEIHEI*.

J. TVNZ OnDemand exclusives *House of Drag*, *Zombody Save Me* and second seasons of *Baby Mama's Club* and *Anika Moa Unleashed* accelerated OnDemand viewership.

K. Reality programmes drove audiences with *Project Runway New Zealand* and *The Great Kiwi Bake Off* joining TVNZ 2.



NEW ZEALAND'S TOP 20 TV SHOWS

19/20 SHOWS ARE ON TVNZ 1





HIGHWAY COPS

476,000

#7

HER MAJESTY THE QUEEN'S CHRISTMAS MESSAGE

463,200

#8

BORDER PATROL

458,800

#9

BIG CATS

450,300

#10

SEVEN SHARP

431,600

#11

MANHUNT

429,800

#12

THE ROYAL VARIETY PERFORMANCE

429,500

#13

KIRSTIE & PHIL'S LOVE IT OR LIST IT UK

428,500

#14

QUEEN OF THE WORLD

427,600

#15

INTL RUGBY BLEDISLOE CUP

425,000

#16

SURVEILLANCE OZ DASHCAM

420,300

#17

HIGHWAY COPS

417,600

#18

SUNDAY

415,900

#19

WHO WANTS TO BE A MILLIONAIRE

410,400


#20

SUPERCHARGED ONDEMAND

NEW ZEALAND'S FAVOURITE TVNZ ONDEMAND SHOWS

🌐 VIDEO REACH 📶 STREAMS

#1



SHORTLAND STREET

🌐 273,745 📶 17,910,241

#2



1NEWS

🌐 174,026 📶 1,544,451

#3



ANIKA MOA UNLEASHED

🌐 164,984 📶 1,444,423

#4



KILLING EVE

🌐 161,261 📶 1,941,260

#5



THE BIG BANG THEORY

🌐 154,543 📶 6,894,940

#6



CATCH-22

🌐 149,318 📶 801,732

#7



WENT-WORTH

🌐 145,854 📶 2,479,754

#8



LEAVING NEVERLAND

🌐 140,009 📶 503,388

#9



MANIFEST

🌐 131,334 📶 1,884,087

#10



LOVE ISLAND UK

🌐 129,028 📶 4,594,060



Most Streamed Shows

- 1 **SHORTLAND STREET**
- 2 **FRIENDS**
- 3 **HOME & AWAY**
- 4 **THE BIG BANG THEORY**
- 5 **CORONATION STREET**



Highest Reaching Shows

- 1 **SHORTLAND STREET**
- 2 **ANIKA MOA UNLEASHED**
- 3 **KILLING EVE**
- 4 **THE BIG BANG THEORY**
- 5 **WENTWORTH**



Highest Reaching Shows per episode

- 1 **MANIFEST**
- 2 **MRS WILSON**
- 3 **LEAVING NEVERLAND**
- 4 **THE BAY**
- 5 **CATCH-22**



Highest Reaching Local Shows

- 1 **SHORTLAND STREET**
- 2 **ANIKA MOA UNLEASHED**
- 3 **WELLINGTON PARANORMAL**
- 4 **EDUCATORS**
- 5 **HEARTBREAK ISLAND**



North Island Faves*

- 1 **SURVIVING R.KELLY**
- 2 **LEGACIES**
- 3 **MY KITCHEN RULES AUS**
- 4 **ANIKA MOA UNLEASHED**
- 5 **WELLINGTON PARANORMAL**



South Island Faves*

- 1 **HYUNDAI COUNTRY CALENDAR**
- 2 **CORONATION STREET**
- 3 **THE BAY**
- 4 **NAKED ATTRACTION**
- 5 **THE CRY**



Top Live Stream Moments

- 1 **1 NEWS SPECIAL 15.3.19**
- 2 **THE CHASE**
- 3 **RUGBY WORLD CUP SEVENS**
- 4 **THE OSCARS**
- 5 **T20 BLACK CLASH**



Males Top Shows*

- 1 **CATCH-22**
- 2 **THE WALKING DEAD**
- 3 **NAKED ATTRACTION**
- 4 **1NEWS AT SIX**
- 5 **WELLINGTON PARANORMAL**

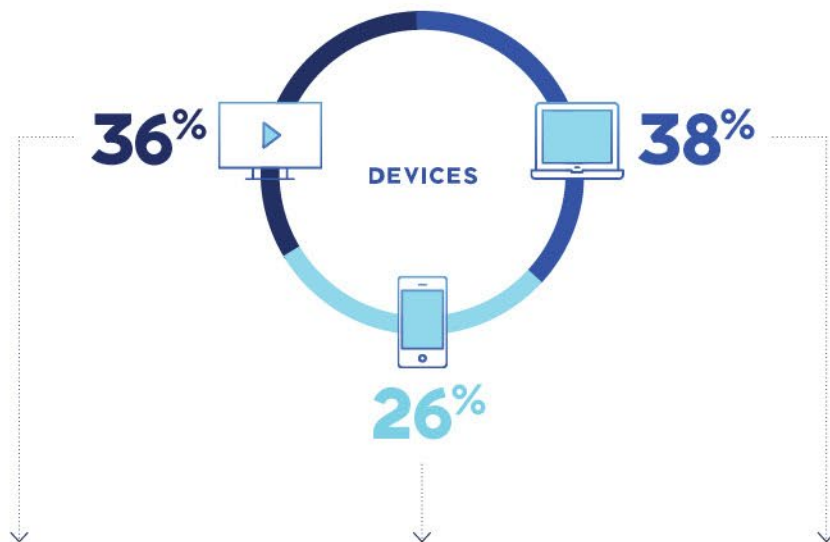


Females Top Shows*

- 1 **THE BACHELOR**
- 2 **GREY'S ANATOMY**
- 3 **CALL THE MIDWIFE**
- 4 **GLORIAVALE: THE RETURN**
- 5 **LOVE ISLAND UK**



SUPERCHARGED ONDEMAND



Shows We Watched Together

(on Connected TV)

- 1 THE BIG BANG THEORY
- 2 YOUNG SHELDON
- 3 CATCH-22
- 4 EDUCATORS
- 5 MY KITCHEN RULES AUS

Shows We Watched Up Close

(on Mobile)

- 1 SHORTLAND STREET
- 2 WENTWORTH
- 3 ANIKA MOA UNLEASHED
- 4 1NEWS AT SIX
- 5 HOME & AWAY

Shows We Watched Alone

(on Desktop)

- 1 LOVE ISLAND UK (SEASON 4)
- 2 KILLING EVE
- 3 LOVE ISLAND AUS (SEASON 1)
- 4 HEARTBREAK ISLAND
- 5 WELLINGTON PARANORMAL



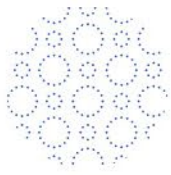
Biggest Streaming Month of the year

 18.1M STREAMS



Biggest Streaming Day of the year

DRIVEN BY THE BIG BANG THEORY, CATCH-22 & KILLING EVE



1,352
SHOWS WATCHED



27,754
EPISODES WATCHED



1.42m
PEOPLE REACHED

340K AVERAGE WEEKLY REACH +30% YOY



184m
STREAMS

3.7M AVERAGE WEEKLY STREAMS +80% YOY



Our People





TVNZ's people and talent focus continues to be on enhancing the experience of working here, while building confidence and capability and creating an environment that enables success. TVNZ strives to create a dynamic, vibrant and rewarding place to work.

Our annual engagement survey showed meaningful progress has been made with overall engagement improving seven points year-on-year. There was a significantly improved perception that TVNZ is a great place to work, that people are proud to work here and would recommend TVNZ to others. There was encouraging improvement in the perception of TVNZ's pace and approach to dealing with industry challenges, confidence in the leadership team and an overall improved workplace culture.

Based on feedback from TVNZ's first diversity and inclusion survey we introduced new flexible working guidelines, developed a diversity dashboard to track key metrics, expanded our te reo classes, and partnered with the Whaitiri Mentoring Programme which encourages Māori students into mainstream broadcasting.

Our external wellbeing and safety audit found that TVNZ displays a clear commitment to health and safety. From leaders across the business, there is a high level of engagement with workers on health and safety issues. Systems and processes are widely adopted, understood and used to effectively reduce critical risks.

Enhancing wellbeing was a priority for the year and we adopted the Ministry of Health's Te Whare Tapa Whā

model of health focused on Tinana (physical health), Hinengaro (psychological health), Wairua (spiritual health) and Whānau (family health). We focused on practical initiatives, with a particular emphasis on mental health. This included a new \$350 annual wellbeing allowance, a new wellbeing resource app, several mental health and wellbeing workshops, and making EAP counsellors available on site weekly in our Auckland office to supplement our existing external 24/7 on call support.

Developing front line leadership capability and confidence has been a priority. We rolled out a programme across the year which included regular leadership workshops and conferences and a 360-degree survey to identify individual development opportunities and succession potential.

We introduced LinkedIn Learning as an online resource to help with team and self-directed learning, to complement our ongoing functional skill-based training programmes and our regular external speaker sessions.

We also launched a new user-friendly cloud-based version of our performance management tool to enable real time performance feedback and both employee and manager-initiated feedback and coaching sessions.

OUR PEOPLE

FULL TIME EQUIVALENT EMPLOYEES

670

FY2018 Full time Equivalents: 642

52%
Male



48%
Female

WOMEN REPRESENT:



49%
of our workforce



54%
of our business leaders

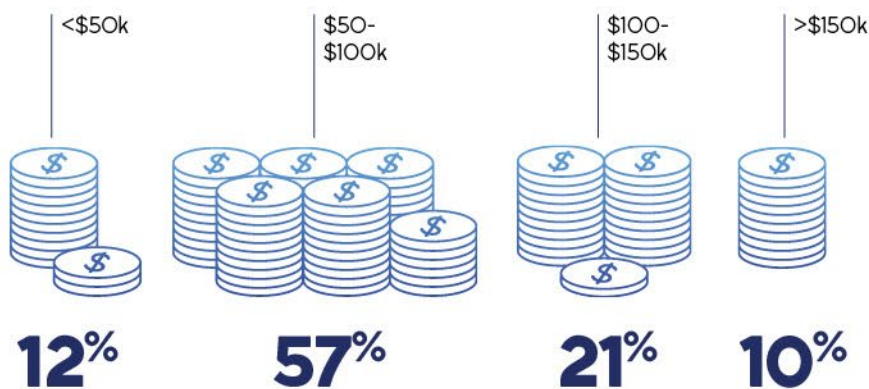


44%
of our executive team



43%
of our board

REMUNERATION PROFILES



Additional information on remuneration is disclosed on page 67.

AVERAGE PAY GAP

4.6%

Average male hourly rate compared with average female hourly rate across all permanent employees

LIVING WAGE

TVNZ continues to ensure all permanent and part time (excludes casual students) employees are paid a minimum of the living wage and has done since 2014.



TVNZ people
identify with at least

38
DIFFERENT
ETHNICITIES

and the most common are:

NZ European
/Pākehā 75%

NZ Māori 9%

Chinese 5%

& Indian 4%

Other ethnicities in the
top 10 list include:

Samoan
British/English
European
South African
Tongan
& Sri Lankan



AGE

Our people range in
age from

19-73

The average age is

39.6

TENURE

7.7yrs
average tenure

.....

24%

of our people have been
with TVNZ for over 10 years

=====

FROM PEOPLE SURVEY '19



92%

OF OUR PEOPLE ARE
PROUD TO WORK AT TVNZ



86%

OF OUR PEOPLE SAY
THEIR MANAGER
CARES ABOUT THEIR
WELLBEING



85%

OF OUR PEOPLE BELIEVE
THAT TVNZ DOES A GOOD
JOB OF KEEPING ITS
EMPLOYEES SAFE

FROM DIVERSITY & INCLUSION SURVEY '19



45%

OF OUR PEOPLE WORK
FLEXIBLY AT TVNZ



97%

OF OUR PEOPLE
SUPPORT DIVERSITY AND
INCLUSION WITHIN TVNZ



89%

OF OUR PEOPLE BELIEVE
TVNZ PEOPLE TREAT EACH
OTHER WITH RESPECT,
REGARDLESS OF AGE,
GENDER, DISABILITY,
SEXUAL ORIENTATION OR
OTHER DIFFERENCES

REFLECTING TE AO MĀORI



Te Reo Tātaki reaches more than two million New Zealanders every day and is well-placed to help lead the revitalisation, normalisation and growth of te reo Māori. Our rautaki Māori for content aligns with the overarching objective of the Government's Maihi Karauna – which is 'kia māhorahora te reo' or the normalisation of te reo Māori across all sectors of our society.

TVNZ produces the country's leading news and current affairs from a Māori perspective and commissions quality content that provides a window into te ao Māori. Legacy programmes such as *Te Karere*, *Marae* and *Waka Huia* as well as series such as *The Casketeers*, *Whānau Living* and *Waka Man* allow us to broadcast more than nine hours of dedicated Māori content each week.

We're committed to reflecting New Zealand's unique cultural identity across "mainstream" content too – including casting of reality series and story lines in te reo Māori on *Shortland Street*, to bilingual anchors on *Breakfast* and working with producers to develop language strategies for tamariki content across our platforms.

Te Reo Tātaki has deepened its commitment to reflecting Māori perspectives, language and culture onscreen and throughout the organisation. We're demonstrating there is real merit in building upon this bicultural approach and leveraging TVNZ's iconic brand, familiarity and trust with New Zealand audiences.

This has been headlined by two notable appointments. Firstly, that of long-time employee and *Te Karere* host Scotty Morrison (Te Arawa) to the position of Manukura Maori (leader/authority) as recognition of the kaitiaki (guardianship) role he plays in upholding the tikanga (protocols) and reo Māori at TVNZ.

In conjunction with Massey University, 400 people registered for Stacey and Scotty Morrison's weekly te reo Māori classes at TVNZ – we believe this initiative is helping to change the DNA of our organization and our content. Nowhere is that shift more apparent, than in our News and Current Affairs department which reaches more than one million New Zealanders every day.

Significantly TVNZ also welcomed and promoted experienced Māori broadcaster Nevak Rogers (Rongowhakaata / Tongan) to GM of Local Content. Nevak is playing a key role in driving TVNZ's local content rautaki (strategy) and helping bring a greater depth and richness of New Zealand voices and stories to viewers around the motu.

Nevak is a representative Te Pae Tawhiti, a national advisory body which provides high level direction and advice on matters that relate to the Māori media sector. She also helped shape TVNZ's submission for the Government's Māori Media Sector Shift Review.

The benefits of collaboration and coordination with other state-owned organisations were underlined in that submission. In the past year, TVNZ has driven collaborations with RNZ, Māori Television and Iwi Radio on everything from rangatahi drama and premium Māori documentary, to the co-commissioning of event coverage, factual and scripted series. We've



MY MAORI MIDWIFE

brokered archive access agreements and spear-headed successful tamariki content as well as piloting the gathering and sharing of news and current affairs content with MTS and iwi radio.

Significantly 2019 also marked the year Te Matatini content could once again be shared by TVNZ. Access to precious Te Matatini footage is an important milestone and indicator of the collaborative approach TVNZ is taking to drive better outcomes for Māori in and through the media.

In partnership with NZ on Air, TVNZ continues to commission and drive Māori focused content with our tamariki platform, HEIHEI and its offerings like *The Feijoa Club*, the *Ex Squad*, *Tamariki Takeover*, *Speak Māori for Kids* and *Young Ocean Explorers* being exceptional highlights.

TVNZ is proud that we are providing more local content with a Māori lens for audiences across all age demographics and across all our platforms. Our focus on te reo Māori me ona tikanga is entrenched into the fabric of the organisation and we're committed to reflecting Maori perspectives and New Zealand's unique cultural identity both on and off screen.



SCOTTY MORRISON



THE CASKETEERS





Screen Standards

TVNZ broadcasts 20,000 hours of content each year, some of it sparking lively discussion and debate. We think it's great our viewers share their views about what they see. Through the formal complaints process, our viewers play an influential part in the maintenance of screen standards.

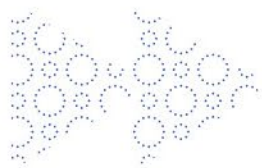
The Broadcasting Standards Authority (BSA) is responsible under the Broadcasting Act 1989 for programme standards. All formal complaints must be first made in writing to the broadcaster (with the exception of allegations of privacy). Complainants may refer their complaint to the BSA if they are not satisfied with the outcome of the TVNZ process.

In the period under review, TVNZ answered 1,665 BSA formal complaints.

- 416 more than in the previous year.
- Of these 1665 complaints, 25 complaints were upheld by the TVNZ Complaints Committee (1.5%).

Online news and entertainment content falls under the jurisdiction of the Media Council (formerly known as the Press Council). The TVNZ Complaints Committee responded to 33 complaints under Media Council Principles: none were upheld.





Complaints

2018 — 2019

BSA

- 1249 complaints
- 44 upheld

MEDIA COUNCIL

- 12 complaints
- None upheld

BSA

- 1665 complaints
- 25 upheld

MEDIA COUNCIL

- 33 complaints
- None upheld

Referrals

In FY2019 the BSA handled 30 referrals about TVNZ programming (referrals are counted per BSA decision). Of these none have been upheld by the BSA*.

TVNZ had one referral to the Media Council, not upheld.

2018 — 2019

BSA

- 37 referred
- 4 upheld

MEDIA COUNCIL

- 1 referred - not upheld

BSA

- 30 referred
- None upheld*

MEDIA COUNCIL

- 1 referred, not upheld

* At time of writing, some referrals are yet to be determined by the BSA

Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019



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Statement of Responsibility

FOR THE YEAR ENDED 30 JUNE 2019

The Board and management of Television New Zealand Limited are responsible for:

- The preparation of these financial statements and the judgements used in them.
- Establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Board and management these financial statements fairly reflect the financial position of Television New Zealand Limited as at 30 June 2019 and its financial performance and cash flows for the year ended on that date.

The Directors have pleasure in presenting the following financial statements for the year ended 30 June 2019.

For and on behalf of the Board,



Dame Therese Walsh, DNZM
Chairman



Abigail Foote
Chair, Audit and Risk Committee

28 August 2019

Consolidated Income Statement

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 \$000	2018 \$000
Operating revenue	4	310,673	318,509
Expenses			
Programming	5	(168,793)	(185,851)
Employee benefits	6	(49,533)	(46,140)
Transmission, technology and telecommunications		(22,169)	(20,268)
Premises and occupancy		(4,033)	(3,583)
Marketing		(14,414)	(12,822)
Other		(27,174)	(25,243)
		(286,116)	(293,907)
Earnings before interest, tax, depreciation and amortisation, financial instruments and joint venture (EBITDAF)		24,557	24,602
Depreciation and amortisation	6	(19,331)	(19,510)
Interest income		668	917
Interest expense		(129)	(105)
Financial instruments/foreign currency (losses)/gains	7	(1,628)	1,309
Share of results of joint venture	14	(33)	(43)
Profit before income tax		4,104	7,170
Income tax expense	8	(1,232)	(2,089)
Profit for the year		2,872	5,081

The accompanying notes form part of these financial statements.

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2019

		2019	2018
	Notes	\$000	\$000
Profit for the year		2,872	5,081
Other comprehensive income reclassifiable to profit or loss in subsequent periods			
Revaluation land and buildings	11	9,077	20,900
Income tax effect		(1,898)	(1,036)
Revaluation of land and buildings, net of tax		7,179	19,864
Total comprehensive income for the year		10,051	24,945

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2019

	Share capital \$000	Revaluation reserve \$000	Retained earnings \$000	Total \$000
At 1 July 2018	140,000	49,864	52,779	242,643
Profit for the year	0	0	2,872	2,872
Other comprehensive income net of income tax	0	7,179	0	7,179
Total comprehensive income for the year	0	7,179	2,872	10,051
Transactions with owners in their capacity as owners				
Dividend paid in the year	0	0	(3,749)	(3,749)
At 30 June 2019	140,000	57,043	51,902	248,945

At 1 July 2017	140,000	30,000	56,714	226,714
Profit for the year	0	0	5,081	5,081
Other comprehensive income net of income tax	0	19,864	0	19,864
Total comprehensive income for the year	0	19,864	5,081	24,945
Transactions with owners in their capacity as owners				
Dividend paid in the year	0	0	(9,016)	(9,016)
At 30 June 2018	140,000	49,864	52,779	242,643

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

AS AT 30 JUNE 2019

	Notes	2019 \$000	2018 \$000
ASSETS			
Current assets			
Cash and cash equivalents	9	35,800	39,268
Trade and other receivables	10	53,448	46,168
Programme rights	12	43,204	54,842
Derivatives	19	64	840
Total current assets		132,516	141,118
Non-current assets			
Property, plant and equipment	11	156,395	152,904
Other intangibles	12	14,090	18,470
Deferred tax	8	406	3,355
Derivatives	19	0	279
Investment in joint venture	14	52	85
Total non-current assets		170,943	175,093
Total assets		303,459	316,211
LIABILITIES			
Current liabilities			
Bank overdraft	15	1,640	0
Trade and other payables	16	42,790	64,097
Employee entitlements	16	3,959	3,794
Deferred income	17	3,247	3,493
Derivatives	19	835	111
Provisions	18	0	373
Total current liabilities		52,471	71,868
Non-current liabilities			
Employee entitlements	16	981	941
Derivatives	19	303	0
Provisions	18	759	759
Total non-current liabilities		2,043	1,700
Equity			
Share capital	21	140,000	140,000
Revaluation reserve	21	57,043	49,864
Retained earnings		51,902	52,779
Total equity		248,945	242,643
Total equity and liabilities		303,459	316,211

The accompanying notes form part of these financial statements.

For and on behalf of the Board, who authorised the issue of these financial statements on 28 August 2019.



Dame Therese Walsh, DNZM
Chairman



Abigail Foote
Chair, Audit and Risk Committee

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 \$000	2018 \$000
Cash flows from operating activities			
Receipts from customers		302,566	316,539
Receipt of programme funding		4,397	5,299
Interest received		691	914
Payments to suppliers and employees		(297,520)	(305,822)
Interest paid		(129)	(105)
Income tax paid	8	(1,977)	(1,611)
Net cash flows from operating activities	22	8,028	15,214
Cash flows used in investing activities			
Proceeds from sale of property, plant and equipment		4	0
Purchase of property, plant and equipment		(6,430)	(4,483)
Purchase of intangibles		(2,957)	(5,376)
Net cash flows used in investing activities		(9,383)	(9,859)
Cash flows used in financing activities			
Dividends paid		(3,749)	(9,016)
Net cash flows used in financing activities		(3,749)	(9,016)
Net decrease in cash and cash equivalents		(5,104)	(3,661)
Net foreign exchange differences		(4)	3
Cash and cash equivalents at the beginning of the year		39,268	42,926
Cash and cash equivalents at the end of the year	9	34,160	39,268

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

1. CORPORATE INFORMATION

Television New Zealand Limited and its subsidiaries (together, "TVNZ") operate as a multi channel television and digital media broadcasting and production company in New Zealand.

Television New Zealand Limited (the Company) is a limited liability company incorporated in New Zealand under the Companies Act 1993 and is wholly owned by the Crown. The Company is bound by the requirements of the Television New Zealand Act 2003. The Crown does not guarantee the liabilities of TVNZ in any way.

These consolidated financial statements were approved for issue by the Board of Directors on 28 August 2019.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. Where an accounting policy is specific to one note, the policy is described in the note to which it relates.

a) Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) and the requirements of the Television New Zealand Act 2003, Financial Reporting Act 2013, Crown Entities Act 2004 and the Companies Act 1993. For the purposes of complying with NZ GAAP the entity is a for-profit entity. The consolidated financial statements have been prepared on a historical cost basis except for derivative financial instruments that have been measured at fair value, assets and liabilities that are designated in a fair value hedge relationship and land and buildings measured at fair value.

The consolidated financial statements are presented in New Zealand dollars (\$), which is TVNZ's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest thousand unless otherwise stated.

The consolidated financial statements provide comparative information in respect of the previous period.

b) Statement of compliance

The consolidated financial statements of TVNZ comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable Financial Reporting Standards, as appropriate for profit orientated entities. The consolidated financial statements comply with International Financial Reporting Standards (IFRS).

The accounting policies set out in these notes to the financial statements have been applied consistently to all periods presented in these financial statements, unless otherwise stated.

c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Television New Zealand Limited and its subsidiaries at 30 June.

Subsidiaries are those entities controlled, directly or indirectly, by TVNZ. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intercompany transactions, balances and unrealised surpluses and deficits on transactions between TVNZ companies are eliminated on consolidation.

Subsidiaries are fully consolidated from the date on which control is obtained by TVNZ and cease to be consolidated from the date on which control is transferred out of TVNZ. The acquisition of subsidiaries is accounted for using the acquisition method of accounting.

Notes to the Consolidated Financial Statements *(continued)*

FOR THE YEAR ENDED 30 JUNE 2019

d) Changes in accounting policies and disclosures

Accounting standards and interpretations adopted in the current period

TVNZ adopted NZ IFRS 15 *Revenue from Contracts with Customers* and NZ IFRS 9 *Financial Instruments* for the first time on 1 July 2018. Neither standard has a material effect on TVNZ's financial statements.

TVNZ applied NZ IFRS 15 using the modified retrospective approach with the cumulative effect of applying the standard for the first time recognised at the date of initial application (1 July 2018). Comparative figures for the period ended 30 June 2018 have therefore not been restated. TVNZ did not identify any significant changes in the timing of revenue recognition as a result of the adoption of NZ IFRS 15 and accordingly there was no adjustment for the cumulative effect against opening retained earnings at 1 July 2018.

Effective 1 July 2018, TVNZ adopted NZ IFRS 9 *Financial Instruments*. NZ IFRS 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The adoption of NZ IFRS 9 did not result in a material adjustment to previously reported results.

Accounting standards and interpretations issued but not yet effective

Standards and Interpretations that have been issued or amended but are not yet effective have not been adopted by TVNZ for the annual reporting period ending 30 June 2019. These are noted below.

NZ IFRS 16 – Leases

NZ IFRS 16 *Leases* removes the classification of leases as either operating or finance leases for the lessee effectively treating all leases as finance leases.

The application date for this standard is for accounting periods beginning on or after 1 January 2019, the application date for TVNZ is 1 July 2019. An assessment of lease commitments of TVNZ has been undertaken to determine the impact NZ IFRS 16 will have on the TVNZ assets and liabilities. TVNZ estimates that it will recognise a rights of use asset of approximately \$1.6m and lease liabilities of approximately \$1.6m. The impact on EBITDAF is estimated to increase by approximately \$0.6m as the leased assets are transferred to the balance sheet and interest and depreciation replaces the current operating lease expense.

TVNZ will adopt the NZ IFRS 16 using the modified retrospective approach. Certain practical expedients are expected to be applied. The cumulative effect of adopting NZ IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information.

There are no other new standards or amendments to existing standards which have or are expected to have a material impact on the Group.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Estimates and assumptions are reviewed by management on an ongoing basis. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the period in which the estimates are revised and in any future periods affected.

Management has identified the following accounting policies for which significant judgements, estimates and assumptions are made:

Note 5 - Onerous contract

Note 8 - Income taxes and deferred taxes

Note 11 - Fair value of land and buildings

Note 11 and 12 - Estimation of useful lives of property, plant and equipment and finite-lived intangible assets

Notes to the Consolidated Financial Statements *(continued)*

FOR THE YEAR ENDED 30 JUNE 2019

4) OPERATING REVENUE

Accounting policy

TVNZ derives revenue from the transfer of goods and services. Revenue recognition is based on the delivery of performance obligations and an assessment of when control is transferred to the customer at an amount that reflects the consideration to which TVNZ expects to be entitled in exchange for those services.

Revenue is stated exclusive of goods and services tax (GST). Key classes of revenue are recognised on the following basis:

Advertising

TVNZ is in the business of providing advertising services on its free to air television and OnDemand digital streaming channels. Advertising revenue is recognised as income at the time the performance obligation has been met. Advertising revenue includes revenue from advertising, sponsorship and programme production funding on TVNZ 1, TVNZ 2, TVNZ DUKE, TVNZ OnDemand and tvnz.co.nz. Where TVNZ provides advertising for non-cash consideration, revenue is recognised at the fair value of the consideration received, unless TVNZ cannot reasonably estimate the fair value of the non-cash consideration; in which case revenue is recognised by reference to the stand-alone selling price of the advertising promised to the customer. When advertising is exchanged for advertising, revenue is recognised on a gross basis.

TVNZ provides retrospective volume rebates to certain customers once the quantity of advertising services purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, TVNZ applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. TVNZ then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

Programme funding

Programme funding is recognised initially as deferred income when there is reasonable assurance that it will be received, and that TVNZ will comply with the conditions associated with the funding. Funding that compensates TVNZ for expenses incurred are recognised as income on a systematic basis in the same periods in which the expenses are recognised.

Other trading revenue

Other trading revenue is recognised when the service has been delivered or in the accounting period in which the actual service has been provided. Other trading revenue includes revenue from production facilities, programme sales and multi feed service.

Significant financing component

TVNZ does not expect, at contract inception, that the period between the transfer of the promised goods or services from contracts with customers and when the customer pays for those goods and services to be more than one year. TVNZ applies the practical expedient in NZ IFRS 15 to not adjust the promised amount of consideration for the effects of a significant financing component.

Incremental cost of obtaining a contract

TVNZ has elected to apply the optional practical expedient in NZ IFRS 15 for costs to obtain a contract which allows TVNZ to immediately expense sales commissions (included under employee benefits) because the amortisation period of the asset that TVNZ otherwise would have used is one year or less.

Notes to the Consolidated Financial Statements *(continued)*

FOR THE YEAR ENDED 30 JUNE 2019

4) OPERATING REVENUE *(continued)*

	2019 \$000	2018 \$000
Advertising revenue	293,237	301,001
Programme funding	5,443	5,524
Other trading revenue	11,993	11,984
	310,673	318,509

5) PROGRAMMING

Programme utilisation (Note 12)	168,793	180,808
Programme rights impairment	0	9,400
Onerous contract	0	(4,357)
	168,793	185,851

Impairment on programme rights for expected future losses on a loss making International contract was made in previous years. At 30 June 2019 the total onerous programme rights impairment is nil (2018: \$9.4m). Management has assessed whether any further impairment is required and have determined that no further impairment is required.

6) EXPENSES

Additional information in respect of expenses included within the Statement of Financial Performance is as follows:

	2019 \$000	2018 \$000
Employee benefits expense		
Wages and salaries and other short term benefits	73,426	69,244
Superannuation contribution expense	2,855	2,522
Less employee benefits charged to programmes/capitalised	(26,748)	(25,626)
	49,533	46,140
Depreciation and amortisation		
Depreciation	13,836	14,492
Amortisation - software	5,363	4,885
Amortisation - licences	132	133
	19,331	19,510
Auditor's remuneration		
Audit of financial statements	303	286
Other assurance engagements	16	16
Other non audit services	9	76
	328	378

Other non audit services consist of remuneration benchmarking services.

Notes to the Consolidated Financial Statements *(continued)*

FOR THE YEAR ENDED 30 JUNE 2019

6) EXPENSES *(continued)*

	2019 \$000	2018 \$000
Reorganisation costs		
Reorganisation costs	295	1,130

Costs associated with the reorganisation of parts of TVNZ have been fully recognised in the current financial year. These costs include redundancy, outplacement and other costs associated with changes in operational areas of the business to align with TVNZ's strategy and technology changes.

Rental and operating lease costs

Rental and operating lease costs	858	929
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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.

7) FINANCIAL INSTRUMENTS & FOREIGN CURRENCY (LOSSES) / GAIN

Accounting policy

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.

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.

	2019 \$000	2018 \$000
Foreign currency realised gains/(losses)	(305)	52
Fair value changes of derivative financial instruments	(2,082)	1,646
Foreign currency unrealised gains/(losses)	454	(337)
	(1,628)	1,309

Notes to the Consolidated Financial Statements *(continued)*

FOR THE YEAR ENDED 30 JUNE 2019

8) INCOME TAX

Accounting policy

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. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

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.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in Other Comprehensive Income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Judgements and estimates

TVNZ's accounting policy for taxation requires management to make estimates as to, amongst other things, the amount of tax that will be payable, the availability of losses to be carried forward and the recovery of deferred tax assets.

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

Notes to the Consolidated Financial Statements *(continued)*

FOR THE YEAR ENDED 30 JUNE 2019

8) INCOME TAX *(continued)*

	2019 \$000	2018 \$000
a) Income Tax		
The major components of income tax expense are:		
Income statement		
<i>Current income tax</i>		
Current period	187	2,141
Adjustments for prior year	(6)	0
	181	2,141
<i>Deferred income tax</i>		
Origination and reversal of temporary differences	1,051	(52)
Total income tax expense	1,232	2,089

	2019 \$000	2018 \$000
b) Reconciliation of income tax expense		
Profit before income tax for the year	4,104	7,170
Taxation at 28%	1,149	2,008
Adjusted for the tax effect of:		
Non deductible expenditure	80	69
Share of results and impairment of joint venture	9	12
Income tax (over)/under provided in prior years	(6)	0
Total tax expense	1,232	2,089

c) Recognised deferred tax assets/(liabilities)

	2019	
	Current income tax \$000	Deferred income tax \$000
Opening balance	(1,720)	3,355
Charged to income statement - tax expense	(181)	(1,051)
Charged to revaluation reserve	0	(1,898)
Other payments	1,977	0
Closing balance	76	406

Tax expense in income statement (1,232)

Amounts recognised in the balance sheet:

Deferred tax asset 406

Notes to the Consolidated Financial Statements *(continued)*

FOR THE YEAR ENDED 30 JUNE 2019

8) INCOME TAX *(continued)*

c) Recognised deferred tax assets/(liabilities) *(continued)*

	2018	
	Current income tax	Deferred income tax
	\$000	\$000
Opening balance	(1,190)	4,339
Charged to income statement - tax expense	(2,141)	52
Charged to revaluation reserve	0	(1,036)
Other payments	1,611	0
Closing balance	(1,720)	3,355

Tax expense in income statement (2,089)

Amounts recognised in the balance sheet:

Deferred tax asset 3,355

	Balance Sheet	
	2019	2018
	\$000	\$000
Deferred income tax at 30 June relates to the following:		
<i>Deferred tax assets/(liabilities)</i>		
Programme rights	8,175	11,183
Employee entitlements	1,940	2,047
Property, plant and equipment and software	(10,912)	(10,244)
Provisions	212	300
Other	35	69
Tax Losses	956	0
	406	3,355

	2019	2018
	\$000	\$000
d) Imputation credit account		
The amount of imputation credits available for use in subsequent reporting periods	28,957	30,256

The subsidiaries of Television New Zealand Limited form part of the same consolidated tax group.

9) CASH & CASH EQUIVALENTS

Accounting policy

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

Notes to the Consolidated Financial Statements *(continued)*

FOR THE YEAR ENDED 30 JUNE 2019

9) CASH & CASH EQUIVALENTS *(continued)*

	2019 \$000	2018 \$000
Cash at bank and in hand	25,800	19,268
Short term deposits	10,000	20,000
Cash and cash equivalents in the statement of financial position	35,800	39,268
Bank overdrafts used for cash management purposes	(1,640)	0
Cash and cash equivalents in the statement of cash flows	34,160	39,268

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

10) TRADE AND OTHER RECEIVABLES

Accounting policy

Trade receivables are recognised and carried at original invoice amount (including GST) and subsequently measured at amortised cost, less an allowance for impairment. Trade receivables are classified as subsequently measured at amortised cost on the basis of the assets contractual cash flow characteristics and TVNZ's business model for managing them. Trade receivables are held to collect the contractual cash flows.

Collectability of trade receivables is reviewed on an ongoing basis and debts that are known to be uncollectible are written off immediately. The allowance for impairment is based on the difference between the contractual cash flows and those that the company expects to receive. The allowance for impairment considers historical loss experience adjusted for forward looking adjustments specific to the debtors and the economic environment and is recognised on the initial recognition of the receivable.

	2019 \$000	2018 \$000
Trade receivables	36,344	32,904
Less provision for receivables impairment	(10)	(6)
Prepaid programme rights	13,671	10,108
Prepayments - other	3,367	3,162
Tax receivable	76	0
	53,448	46,168

At 30 June, the ageing analysis of trade receivables is as follows:

Current	33,357	32,574
Up to 30 days overdue	2,875	299
Between 30 and 90 days	100	25
Over 90 days overdue	12	6
	36,344	32,904

Fair value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value (refer note 20 for details of credit risk).

Notes to the Consolidated Financial Statements *(continued)*

FOR THE YEAR ENDED 30 JUNE 2019

11) PROPERTY, PLANT AND EQUIPMENT

Accounting policy

Items of property, plant and equipment (except for land and buildings) 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. Items of work in progress are transferred to the appropriate class of property, plant and equipment on completion. 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.

Land and buildings are measured at fair value less accumulated depreciation for buildings and impairments losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in other comprehensive income (OCI) and credited to the revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in the income statement, the increase is recognised in the income statement. A revaluation deficit is recognised in the consolidated income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the assets revaluation reserve.

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

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

Buildings	up to 40 years
Plant and equipment	2 to 20 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 to. 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.

Judgements and estimates

The land and buildings fair values are based on market valuations prepared by CBRE, an independent valuer who has valuation experience for similar land and buildings in New Zealand. The valuations completed by the valuer for land are based on Floor Area Ratio (FAR) method and buildings are based on the discounted cash flow method. The significant input for the FAR method is the rate per square metre and the discounted cash flow inputs are the discount rate, terminal yield, the growth rate and market rental. A net gain from the revaluation of land and buildings of \$9,077,000 was recognised in Other Comprehensive Income during the year.

Notes to the Consolidated Financial Statements *(continued)*

FOR THE YEAR ENDED 30 JUNE 2019

11) PROPERTY, PLANT AND EQUIPMENT *(continued)*

The estimated useful life of a particular asset is based on historical experience, the expected service potential of the asset and technological advances. Adjustments to useful lives are made when considered necessary.

	Land & Buildings \$000	Plant & Equipment \$000	Motor Vehicles \$000	Work in Progress \$000	Total \$000
Year ended 30 June 2019					
At 1 July 2018 net of accumulated depreciation and impairment	131,065	20,033	1,000	806	152,904
Revaluation	9,077	0	0	0	9,077
Additions	674	4,717	113	926	6,430
Transfers from WIP	14	668	3	(685)	0
Reclassification from Software WIP	0	1,842	0	0	1,842
Disposals	0	(22)	0	0	(22)
Depreciation charge	(6,195)	(7,406)	(235)	0	(13,836)
Closing net book amount	134,635	19,832	881	1,047	156,395
At 30 June 2019					
Cost and valuation	135,812	109,343	1,391	1,047	247,593
Accumulated depreciation and impairment	(1,177)	(89,511)	(510)	0	(91,198)
	134,635	19,832	881	1,047	156,395
Year ended 30 June 2018					
At 1 July 2017 net of accumulated depreciation and impairment	117,139	21,544	86	2,708	141,477
Revaluation	20,900	0	0	0	20,900
Additions	136	3,452	626	269	4,483
Transfers from WIP	418	1,321	432	(2,171)	0
Reclassification from Software WIP	0	537	0	0	537
Disposals	0	(1)	0	0	(1)
Depreciation charge	(7,528)	(6,820)	(144)	0	(14,492)
Closing net book amount	131,065	20,033	1,000	806	152,904
At 30 June 2018					
Cost	132,608	141,551	1,474	806	276,439
Accumulated depreciation	(1,543)	(121,518)	(474)	0	(123,535)
	131,065	20,033	1,000	806	152,904

Notes to the Consolidated Financial Statements *(continued)*

FOR THE YEAR ENDED 30 JUNE 2019

12) INTANGIBLE ASSETS

Accounting policy

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 initially recognised as intangible assets at production cost. Production costs only include direct costs associated with the programme.

Programme rights are amortised on the following basis:

- (i) Certain programme rights including news and current affairs, sports and locally commissioned programmes are amortised on transmission.
- (ii) All other programme rights (movie and 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.

Software

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 ten years.

Frequency licences

Frequency licences are recorded at cost less amortisation and impairment losses. Amortisation is calculated on a straight line basis over the period of the licence, 20 years.

Development costs

Development costs on internal projects are only capitalised by TVNZ when the following can be demonstrated:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- its intention to complete and use or sell the asset
- how the asset will generate future economic benefits
- the availability of resources to complete the asset
- the ability to measure reliably the expenditure during development.

Any development costs capitalised are amortised over the period of the estimated economic life of the asset to which they relate.

Where an intangible asset 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.

Judgements and estimates

Development costs are only capitalised by TVNZ when it can be demonstrated that the technical feasibility of completing the intangible asset is valid so that the asset will be available for use. Actual results may differ from these estimates as a result of reassessment by management or taxation authorities.

Notes to the Consolidated Financial Statements *(continued)*

FOR THE YEAR ENDED 30 JUNE 2019

12) INTANGIBLE ASSETS *(continued)*

	Programme Rights \$000	Software \$000	Licences \$000	Total \$000
Year ended 30 June 2019				
At 1 July 2018 net of accumulated amortisation and impairment	54,842	16,960	1,510	73,312
Additions (internally generated)	43,607	0	0	43,607
Additions (externally purchased)	113,548	2,957	0	116,505
Reclassifications	0	(1,842)	0	(1,842)
Disposals	0	0	0	0
Amortisation charge	(168,793)	(5,363)	(132)	(174,288)
Closing net book amount	43,204	12,712	1,378	57,294
At 30 June 2019				
Cost	210,223	36,567*	3,109	249,899
Accumulated amortisation and impairment	(167,019)	(23,855)	(1,731)	(192,605)
	43,204	12,712	1,378	57,294
Current asset	43,204	0	0	43,204
Non-current asset	0	12,712	1,378	14,090
	43,204	12,712	1,378	57,294
Year ended 30 June 2018				
At 1 July 2017 net of accumulated amortisation and impairment	37,997	17,333	1,643	56,973
Additions (internally generated)	47,887	0	0	47,887
Additions (externally purchased)	159,166	5,376	0	164,542
Reclassifications	0	(537)	0	(537)
Disposals	0	(327)	0	(327)
Amortisation charge	(180,808)	(4,885)	(133)	(185,826)
Impairment	(9,400)	0	0	(9,400)
Closing net book amount	54,842	16,960	1,510	73,312
At 30 June 2018				
Cost	228,070	82,420*	3,109	313,599
Accumulated amortisation and impairment	(173,228)	(65,460)	(1,599)	(240,287)
	54,842	16,960	1,510	73,312
Current asset	54,842	0	0	54,842
Non-current asset	0	16,960	1,510	18,470
	54,842	16,960	1,510	73,312

*Included in software are assets under development of \$757,000 (2019: \$3,445,000).

Notes to the Consolidated Financial Statements *(continued)*

FOR THE YEAR ENDED 30 JUNE 2019

13) GROUP COMPANIES

The Group (TVNZ) consists of Television New Zealand Limited and its subsidiaries.

Subsidiaries of Television New Zealand Limited comprise:

Name	Principal activity	% holding	
		2019	2018
Freeview Television Limited	Non trading	100%	100%
nzoom Limited	Non trading	100%	100%
TVNZ International Limited	Non trading	100%	100%
TVNZ Investments Limited	Non trading	100%	100%

All companies are incorporated in New Zealand. All have balance dates of 30 June.

14) INTEREST IN JOINT VENTURES

Accounting policy

TVNZ's interest in a joint venture is accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, TVNZ's share of the profits or losses of the joint venture is recognised in the income statement and the share of movements in other comprehensive income is recognised in the statement of other comprehensive income. The cumulative movements are adjusted against the carrying amount of the investment.

Name	Balance Date	Principal activity	% holding	
			2019	2018
Freeview Limited	30 June	Free to air digital platform	44.9%	44.9%
KPEX Limited	31 March	Advertising services	25.0%	25.0%

	2019	2018
	\$000	\$000
Movement in carrying amount of the Group's investment in joint ventures		
At 1 July	85	128
Share of profits/(losses) after income tax	(33)	(43)
At 30 June	52	85

To the knowledge of the Directors, there are no contingent liabilities relating to TVNZ's interest in the joint venture and no contingent liabilities of the ventures themselves.

In July 2019 the Shareholders of KPEX Limited voted unanimously to place the company into voluntary liquidation. Initial estimates indicate that the liquidation costs will exceed the net assets of the company. Any shortfall will be funded by the current shareholders and is not expected to be material.

Notes to the Consolidated Financial Statements *(continued)*

FOR THE YEAR ENDED 30 JUNE 2019

15) BANK OVERDRAFT AND BORROWINGS

Accounting policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest method. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur.

	2019 \$000	2018 \$000
Current		
Bank overdraft (unsecured)	1,640	0

TVNZ has a revolving cash advance facility committed to a maximum amount of \$20 million (June 2018: \$20 million); these facilities expire in December 2021. Refer Note 20 for details on management of interest rate risk related to borrowings.

a) Fair values

As at 30 June the carrying amount of TVNZ's current and non-current borrowings approximate their fair value.

b) Defaults and breaches

During the current and prior years, there were no defaults or breaches of any loan covenants.

16) TRADE AND OTHER PAYABLES

Accounting policy

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. Trade and other payables are recognised when TVNZ becomes obliged to make future payments resulting from the purchases of goods and services.

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.

	2019 \$000	2018 \$000
Current		
Trade payables and accruals	42,790	62,377
Tax payable	0	1,720
	42,790	64,097
Employee entitlements		
Current	3,959	3,794
Non-current	981	941
	4,940	4,735

The carrying value of trade and other payables is assumed to approximate their fair value.

Notes to the Consolidated Financial Statements *(continued)*

FOR THE YEAR ENDED 30 JUNE 2019

17) DEFERRED INCOME

	2019 \$000	2018 \$000
Programme funding (NZOA/TMP)	543	823
Other	2,704	2,670
	3,247	3,493

Programme funding received during the year was in the form of cash and has been recorded at fair value. New Zealand On Air (NZOA) and Te Mangai Paho (TMP) provide funding for the production and broadcast of specific programmes.

The funding is recognised in the income statement to match the expenditure associated with this funding.

18) PROVISIONS

Accounting policy

Provisions are recognised when TVNZ has a present legal or constructive obligations 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.

Movement in provisions

	Reorganisation \$000	Make good \$000	Total \$000
At 1 July 2018	373	759	1,132
Raised during the year	0	0	0
Utilised during the year	(373)	0	(373)
Reversed during the year	0	0	0
At 30 June 2019	0	759	759
Current	0	0	0
Non-current	0	759	759
At 30 June 2019	0	759	759
Current 2018	373	0	373
Non-current 2018	0	759	759
At 30 June 2018	373	759	1,132

Nature and timing of provision

Reorganisation

The prior year reorganisation provision related to the costs of redundancy, outplacement and other costs associated with changes in operational areas of the business to align with TVNZ's strategy and technology changes.

Make good

At the expiration of property leases TVNZ is required to restore the property to a standard as specified in the lease agreement. The estimated costs to restore the property have been prepared by independent advisors.

Notes to the Consolidated Financial Statements *(continued)*

FOR THE YEAR ENDED 30 JUNE 2019

19) DERIVATIVES

Accounting policy

TVNZ uses derivative financial instruments, within predetermined policies and limits, to manage its exposure to foreign currency exchange rate risk. TVNZ also enters into programme supply contracts that contain a foreign currency embedded derivative.

Such derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured 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 a fair value hedge when it hedges the exposure to changes in the fair value of a recognised asset or liability or a firm commitment.

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.

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 forecast 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 and embedded derivatives are calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

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

Notes to the Consolidated Financial Statements *(continued)*

FOR THE YEAR ENDED 30 JUNE 2019

19) DERIVATIVES *(continued)*

	2019 \$000	2018 \$000
Current assets		
Forward currency contracts	0	808
Forward currency contracts - fair value hedge	0	32
Foreign currency embedded derivative contracts	64	0
	64	840
Non-current assets		
Forward currency contracts	0	279
	0	279
Current liabilities		
Forward currency contracts	835	0
Forward currency contracts - fair value hedge	0	32
Foreign currency embedded derivative contracts	0	79
	835	111
Non-current liabilities		
Forward currency contracts	303	0
	303	0

a) Instruments used by TVNZ

Derivative financial instruments are used by TVNZ in the normal course of business in order to hedge exposures to fluctuations in foreign exchange.

i) Forward currency contracts

TVNZ has entered into forward exchange rate contracts which are economic hedges but do not satisfy the requirements for hedge accounting. The following table details the notional amounts of these derivative financial instruments at balance date.

	2019 NZD \$000	2018 NZD \$000
Buy AUD/Sell NZD - Maturity 0 - 12 months	33,440	53,641
Buy AUD/Sell NZD - Maturity 13 - 24 months	15,000	19,427
Buy AUD/Sell NZD - Maturity 25 - 36 months	4,221	6,472

ii) Forward currency contracts - fair value hedge

TVNZ has entered into forward exchange rate contracts which are economic hedges against the purchase of certain capital, programme rights and production expenditure. The fair value gains/(losses) on the hedged item are equal to the fair value gains/(losses) of the hedging instrument. The following table details the notional amounts of these derivative financial instruments at balance date.

Notes to the Consolidated Financial Statements *(continued)*

FOR THE YEAR ENDED 30 JUNE 2019

19) DERIVATIVES *(continued)*

	2019 NZD \$000	2018 NZD \$000
Forward currency contracts – fair value hedge		
Buy AUD/Sell NZD - Maturity 0 - 12 months	0	434
iii) Foreign currency embedded derivative contracts		
TVNZ has entered into programme supply contracts that contain a foreign currency embedded derivative. The following table details the notional amounts of these embedded derivatives at balance date.		
Embedded derivatives		
Sell AUD/Buy NZD - Maturity 0-12 months	7,072	5,654
Sell AUD/Buy NZD - Maturity 13-36 months	134	18

20) FINANCIAL RISK FACTORS

TVNZ's activities expose it to a variety of financial risks including currency risk, credit risk and liquidity risk. TVNZ's overall risk management policy seeks to minimise potential adverse effects on TVNZ's financial performance.

Treasury policies have been approved by the Board for managing each of these risks including levels of authority on the type and use of financial instruments. TVNZ enters into derivative transactions, principally forward currency contracts, only if they relate to underlying exposures.

TVNZ has the following categories of financial instruments:

Held for trading financial assets (including derivative financial instruments); loans and receivables (including cash and cash equivalents and trade receivables); held for trading financial liabilities (including derivative financial instruments); and financial liabilities measured at amortised cost (including trade and other payables and loans and borrowings).

The carrying amounts of these financial instruments are disclosed on the face of the statement of financial position or in each of the applicable notes.

Currency risk

TVNZ undertakes transactions denominated in foreign currencies, predominately Australian dollars, for programme rights' purchases. As a result of these transactions TVNZ has exposure to foreign exchange risk. TVNZ's foreign exchange policy is to hedge a portion of material foreign currency denominated costs at the time of the commitment on a rolling 36 month basis. TVNZ ensures that its net exposure to foreign denominated cash balances is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short term imbalances.

Notes to the Consolidated Financial Statements *(continued)*

FOR THE YEAR ENDED 30 JUNE 2019

20) FINANCIAL RISK FACTORS *(continued)*

At 30 June TVNZ had the following foreign currency exposures.

	2019 \$000	2018 \$000
Financial assets		
Cash and cash equivalents	159	194
Trade and other receivables	57	22
	216	216
Financial liabilities		
Trade and other payables	(14,782)	(26,019)
	(14,782)	(26,019)
Foreign currency derivatives		
Forward contracts	52,661	79,974
Embedded derivatives	(7,206)	(5,672)
	45,455	74,302
Total net exposure	30,889	48,499

At 30 June, had the New Zealand dollar strengthened/(weakened) by 10% against foreign currencies with all other variables held constant, post tax profit and equity would have been (lower)/higher as follows:

	Post tax profit		Equity	
	+10%	(10%)	+10%	(10%)
	\$000	\$000	\$000	\$000
2019	(2,136)	2,136	(2,136)	2,136
2018	(3,581)	3,581	(3,581)	3,581

Interest rate risk

TVNZ's exposure to interest rate risk relates primarily to cash equivalents.

At 30 June, TVNZ had the following mix of financial assets and liabilities exposed to variable interest rate risk.

	2019 \$000	2018 \$000
Financial assets		
Cash and cash equivalents	35,800	39,268
Financial liabilities		
Bank overdrafts	(1,640)	0
Net exposure	34,160	39,268

TVNZ's interest rate policy is to have between 0% and 100% of its borrowings at fixed rates over the medium term. TVNZ uses interest rate swaps in order to achieve the desired mix between fixed and floating rates. These swaps are designated to hedge underlying debt obligations. No interest rate swaps are held at 30 June 2019 (30 June 2018: nil).

Notes to the Consolidated Financial Statements *(continued)*

FOR THE YEAR ENDED 30 JUNE 2019

20) FINANCIAL RISK FACTORS *(continued)*

Credit risk

Credit risk is the risk of financial loss to TVNZ if a customer or counterparty to a financial instrument fails to meet its obligations. In the normal course of business TVNZ incurs credit risk with financial institutions and trade receivables. TVNZ has a credit policy which is used to limit counterparty risk through restrictions on the amount of short-term investments that may be placed with any one approved financial institution.

The maximum exposure at balance date equals the carrying value of cash, derivative financial instruments (assets) and trade receivables as shown in the statement of financial position and specified in applicable notes.

The major concentration of credit risk within trade receivables is the extension of credit to advertisers through accredited advertising agencies. These agencies are required to comply with a formal accreditation process, which includes the regular review of their financial position. Each accredited agency is required to meet a certain financial ratio or alternatively provide other forms of financial reassurance to TVNZ. TVNZ has a credit insurance policy for a selected range of agencies, to protect against loss through default. TVNZ does not have any other significant concentrations of credit risk.

TVNZ does not require collateral or security to support financial instruments due to the quality of the counterparties with which it deals.

Liquidity risk

Liquidity risk is the risk that TVNZ may be unable to meet its financial obligations as they fall due. It is TVNZ's policy to ensure that adequate funding is available at all times to meet future commitments as they arise. Management monitors rolling forecasts of TVNZ's liquidity reserve on the basis of expected cash flows.

At 30 June 2019 TVNZ has available \$20,000,000 (2018: \$20,000,000) of undrawn committed facilities. These bank facilities expire in December 2021.

The table below analyses the contractual cash flows for all financial liabilities and derivatives. The forward exchange contracts inflow and outflow are notional values.

Group	2019			
	Within one year	One to two years	Two to five years	Total
	\$000	\$000	\$000	\$000
Bank overdraft	1,640	0	0	1,640
Trade and other payables	42,790	0	0	42,790
Employee benefits	3,959	196	785	4,940
Forward exchange contracts - outflow	33,440	15,000	4,221	52,661
Forward exchange contracts - inflow	(32,605)	(14,697)	(4,221)	(51,523)
	49,224	499	785	50,508

Notes to the Consolidated Financial Statements *(continued)*

FOR THE YEAR ENDED 30 JUNE 2019

20) FINANCIAL RISK FACTORS *(continued)*

Group	2018			
	Within one year \$000	One to two years \$000	Two to five years \$000	Total \$000
Bank overdraft	0	0	0	0
Trade and other payables	64,097	0	0	64,097
Employee benefits	3,794	188	753	4,735
Forward exchange contracts - outflow	54,075	19,427	6,472	79,974
Forward exchange contracts - inflow	(54,883)	(19,626)	(6,552)	(81,061)
	67,083	(11)	673	67,745

Fair value

TVNZ uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets.

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the financial instruments is estimated using Level 2 criteria such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. The fair value of land and buildings is estimated using level 3 criteria. refer to Note 11 for valuation details. The fair values of these Level 2 and Level 3 valuations are presented in the following table.

	2019 \$000	2018 \$000
Financial assets		
Derivative instruments		
Foreign currency contracts	0	1,119
Foreign currency embedded derivative contracts	64	0
	64	1,119
Financial liabilities		
Derivative instruments		
Foreign currency contracts	1,138	32
Foreign currency embedded derivative contracts	0	79
	1,138	111

Capital management

TVNZ's capital includes share capital, reserves and retained earnings.

The Crown has a general preference for state-owned enterprises and Crown-entity companies (including TVNZ) to manage their balance sheets to a BBB credit rating. TVNZ targets a gearing ratio of less than 40% (refer note 27e).

There have been no material changes to TVNZ's management of capital during the year.

Notes to the Consolidated Financial Statements *(continued)*

FOR THE YEAR ENDED 30 JUNE 2019

21) SHARE CAPITAL AND RESERVES

For movements in share capital and reserves refer to the Statement of Changes in Equity.

Share capital

As at 30 June 2019 there were 140,000,000 shares (\$1 each) issued and fully paid (2018: 140,000,000). All ordinary shares rank equally with one vote per share and carry rights to dividends.

Upon winding up, shareholders rank equally with regard to TVNZ's residual assets.

Revaluation reserve

	2019 \$000	2018 \$000
Movement in Revaluation reserve:		
Opening balance	49,864	30,000
Charged to other comprehensive income (net of tax)	7,179	19,864
Closing balance at 30 June	57,043	49,864

22) CASH FLOW STATEMENT RECONCILIATION

	2019 \$000	2018 \$000
Reconciliation of net profit after tax to net cash flows from operations		
Net profit	2,872	5,081
Adjustments for:		
Depreciation and amortisation (excluding programme rights)	19,331	19,510
Loss/(gain) on disposal of property, plant and equipment	18	328
Unrealised foreign currency losses/(gains)	1,628	(1,309)
Share of associate net results and provisions	33	43
Impairment of programme rights	0	5,043
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(7,205)	3,260
(Increase)/decrease deferred tax asset	1,051	(52)
(Increase)/decrease programme rights	11,638	(21,888)
Increase/(decrease) trade and other payables	(18,923)	11,094
Increase/(decrease) deferred income	(246)	555
Increase/(decrease) income tax payable	(1,796)	530
Increase/(decrease) provisions	(373)	(6,981)
Net cash from operating activities	8,028	15,214

Notes to the Consolidated Financial Statements *(continued)*

FOR THE YEAR ENDED 30 JUNE 2019

23) RELATED PARTY DISCLOSURES

a) Subsidiaries

The consolidated financial statements include the financial statements of Television New Zealand Limited and its subsidiaries, listed in note 13.

b) Joint venture

The following table provides the total amount of transactions that were entered into with Joint Ventures.

	2019 \$000	2018 \$000
Joint venture		
Revenue from Freeview Limited	1,069	914
Purchases from Freeview Limited	893	417
Amounts owed by Freeview Limited	773	1,365
Amounts owed by KPEX Limited	24	43

All transactions with the joint venture arise in the normal course of business on an arm's length basis. None of the balances are secured.

c) Government entities

	2019 \$000	2018 \$000
Funding from NZOA and TMP	5,443	5,524
Revenue from crown entities	1,410	1,473
Purchases from crown entities	7,310	8,109
Amounts owed by crown entities	404	160
Amounts owed to crown entities	81	258
Revenue in advance from NZOA and TMP	543	823

All sales and purchases with government owned entities arise in the normal course of business on an arm's length basis. None of the balances are secured.

d) Key management personnel

Key management consists of TVNZ's Directors, Chief Executive Officer and the members of the executive team (current and former during the year). Key management personnel compensation is as follows:

Salary and other short term benefits (including termination benefits)	5,428	5,674
Defined contribution superannuation expense	265	261
	5,693	5,935
Directors' Fees	369	406

Certain Directors are also non-executive directors of companies with which TVNZ has transactions in the normal course of business. Any transactions undertaken with these entities have been entered into on an arm's length commercial basis.

Notes to the Consolidated Financial Statements *(continued)*

FOR THE YEAR ENDED 30 JUNE 2019

24) COMMITMENTS

	2019 \$000	2018 \$000
a) Programme rights		
Within one year	38,388	84,404
One to five years	66,009	102,436
	104,397	186,840

Commitments for programme rights are primarily denominated in Australian dollars and are converted at the exchange rate ruling at the date of transaction and revalued at year end. The commitments are determined with reference to the licence period start dates.

b) Operating leases		
Within one year	923	961
One to five years	957	841
	1,880	1,802
c) Property, plant and equipment and software		
Within one year	420	697

25) CONTINGENT LIABILITIES

In the normal course of business various defamation claims have been made against TVNZ. Given the absence of quantified claims in these proceedings, and uncertainty as to the outcomes of these claims, no estimate of the financial effect can be made and no provision for any potential liability has been made in the financial statements.

26) EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events occurring since balance date requiring disclosure.

Notes to the Consolidated Financial Statements *(continued)*

FOR THE YEAR ENDED 30 JUNE 2019

27) COMPARISON OF FORECAST TO ACTUAL RESULTS

	Actual \$000	Forecast \$000
a) Financial performance		
Revenue	310,673	312,315
Operating expenses	(286,116)	(290,148)
EBITDAF	24,557	22,167
Interest income	668	500
Interest expense	(129)	(108)
Depreciation and amortisation	(19,331)	(19,049)
Financial instruments/foreign currency gains/(losses)	(1,628)	0
Share of results of joint venture	(33)	0
Income tax expense	(1,232)	(983)
Net profit for the year	2,872	2,527
b) Movements in equity		
Net profit for the year	2,872	2,527
Distributions to the shareholder	(3,749)	(3,521)
Other comprehensive income	7,179	0
Movements in equity for the year	6,302	(994)
Equity at start of the year	242,643	244,847
Equity at end of the year	248,945	243,853

The FY19 television advertising market declined faster than expected resulting in lower revenues than forecasted, the lower revenues were offset by expenditure savings. Depreciation was higher than forecast due to the timing of capital expenditure. Fair value changes in financial instruments are not forecasted due to the inherent volatility in exchange rates; there was a loss for the year. The income tax variance is primarily due to higher profits.

c) Financial position		
Current assets	132,516	134,933
Non-current assets	170,943	163,045
Total assets employed	303,459	297,978
Current liabilities	52,471	52,302
Non-current liabilities	2,043	1,823
Total liabilities	54,514	54,125
Share capital	140,000	140,000
Revaluation reserve	57,043	49,600
Retained earnings	51,902	54,253
Total equity	248,945	243,853
Total equity and liabilities	303,459	297,978

Notes to the Consolidated Financial Statements *(continued)*

FOR THE YEAR ENDED 30 JUNE 2019

27) COMPARISON OF FORECAST TO ACTUAL RESULTS *(continued)*

Certain balance sheet forecasted amounts have been reclassified to give a direct comparison to actual results.

Current assets are below forecast due to lower cash on hand. Non-current assets are above forecast and reflect the current years revaluation of land and buildings. Current liabilities are in line with forecast. Non current liabilities are above forecast due to deferred tax movements and unrealised losses on long term financial derivatives.

	Actual \$000	Forecast \$000
d) Cash flows		
Net cash flows from/(to):		
Operating activities	8,028	14,667
Investing activities	(9,383)	(10,000)
Financing activities	(3,749)	(3,521)
Net (decrease)/increase in cash held	(5,104)	1,146
Add opening cash brought forward	39,268	38,311
Net foreign exchange differences	(4)	0
Ending cash carried forward	34,160	39,457

Lower revenues, timing of receipts from customers and higher tax payments have resulted in below forecast cash flows from operating activities. Cash flows to investing activities are below forecast and reflect timing changes in capital expenditure. The dividend from the FY2018 operating result was higher than forecast.

e) Performance targets

Profitability

Return on average equity	1.2%	1.0%
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Gearing

Net interest bearing debt/net interest bearing debt plus equity	0.0%	< 40%
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Financial stability

Total equity/total assets	82.0%	> 40%
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Interest cover

EBITDAF/interest expense	190 times	> 4 times
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EBITDAF – Earnings before interest, tax, depreciation and amortisation, financial instruments and joint venture

Forecast amounts

The forecast amounts are those approved by the Board before the beginning of the 2019 financial year. They have been prepared using the same accounting policies as those used in the preparation of these financial statements. The forecast amounts have not been audited.

Report of the Auditor-General



To the shareholders of Television New Zealand Limited for the year ended 30 June 2019.

The Auditor-General is the auditor of Television New Zealand Limited (the Group). The Auditor-General has appointed me, Susan Jones, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements of the Group on his behalf.

OPINION

We have audited:

the financial statements of the Group on pages 31 to 62, that comprise the statement of financial position as at 30 June 2019, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements including a summary of significant accounting policies.

In our opinion:

- the financial statements of the Group on pages 31 to 62
 - present fairly, in all material respects:
 - its financial position as at 30 June 2019; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with International Financial Reporting Standards and NZ equivalents to International Financial Reporting Standards.

Our audit was completed on 28 August 2019. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board and our

responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

BASIS FOR OUR OPINION

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF THE BOARD FOR THE FINANCIAL STATEMENTS

The Board is responsible on behalf of the entity for preparing financial statements that are fairly presented and comply with generally accepted accounting practice in New Zealand. The Board is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible on behalf of the entity for assessing the Group's ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention

Report of the Auditor-General



to merge or to terminate the activities of the Group, or there is no realistic alternative but to do so.

The Board's responsibilities arise from the Crown Entities Act 2004, Television New Zealand Act 2003 and the Public Finance Act 1989

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE FINANCIAL STATEMENTS.

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements.

For the forecast budget information reported in the financial statements, our procedures were limited to checking that the information agreed to the Group's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional

judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or,

Report of the Auditor-General



if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

OTHER INFORMATION

The Board is responsible for the other information. The other information comprises the information included on pages 3 to 71, but does not include the financial statements, and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENCE

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

We have provided other assurance, agreed upon procedure services and remuneration benchmarking services to the Group. Other than the audit and these other services, we have no relationship with or interests in the Group.

A handwritten signature in black ink, reading 'Susan Jones'.

Susan Jones
Ernst & Young
Chartered Accountants
On behalf of the Auditor-General
Auckland, New Zealand

Additional Information

PRINCIPAL ACTIVITY

TVNZ's principal activity during the year was television (programme content supply and delivery, production, acquisition of television programmes, and online services).

SHAREHOLDING

TVNZ is wholly owned by the Crown.

The Shareholding Ministers at balance date were:

Hon Grant Robertson	Minister of Finance
Hon Kris Faafoi	Minister of Broadcasting, Communications & Digital Media

DIRECTORS

There were no changes to the Board membership during the year.

AUDITOR

The Auditor-General is the auditor of TVNZ in accordance with Section 14 (1) of the Public Audit Act 2001 and has appointed Susan Jones of Ernst & Young to act for and on his behalf as auditor in 2019.

GENERAL DISCLOSURES

The following disclosure of interests were made to the Board:

DIRECTORS' DISCLOSURES

General disclosures of interest given by Television New Zealand Limited pursuant to Section 211 of the Companies Act 1993 as at 30 June 2019:

Dame Therese Walsh (Chairman)

Air New Zealand Limited	Director
Antarctica New Zealand	Director
ASB Bank Limited	Director
Contact Energy Limited	Director
On Being Bold Limited	Director
Therese Walsh Consulting Limited	Director
Victoria University of Wellington	Pro-Chancellor
Wellington Homeless Women's Trust	Ambassador
Wellington Regional Stadium Trust	Trustee

R Andrew Coupe

Barramundi Limited	Director
Briscoe Group Limited	Director
Coupe Consulting Limited	Director
Gentrack Group Limited	Director
Kingfish Limited	Director
Marlin Global Limited	Director
NZ Takeovers Panel	Chair

Abigail Foote

Freightways Limited	Director
Museum of New Zealand Te Papa Tongarewa	Director
Sanford Limited	Director
Z Energy Limited and subsidiaries	Chair

Cameron Harland

CricHQ Holdings Limited	Chief Executive Officer
Weta Workshop Limited	Director

Tokorangi Kapea

Bathurst Resources Limited	Chair
Colabanz 2 Kitchener Limited	Director
Duke Exploration Pty Limited	Director
Te Runanga o NgaiTakoto Custodian Trustee Limited	Director
Tuia Group Limited and subsidiaries	Director/Partner

Kevin Malloy

Dingle Foundation	Trustee
Halberg Foundation	Trustee
Kiwibank Limited	Director
km54 Limited	Director
MBIE	Tourism NZ Review Panel Member
NZ Cricket	Board Observer
NZTE	Beachheads Advisor
New Zealand Tourism	Consultant
The Social Club	Director

Julia Raue

Jade Software Corporation Limited	Director
Jeeps Investments Limited	Director
Rowdy Consulting Limited	Director
Southern Cross Health Society	Director
The Warehouse Group Limited	Director
Z Energy Limited and subsidiaries	Director

SPECIFIC DISCLOSURES

No specific disclosures were given pursuant to Section 211 of the Companies Act 1993.

USE OF COMPANY INFORMATION

No notices have been given to the Board under Section 145 of the Companies Act 1993 with regard to the use of Company information received by Directors in their capacity as a Director.

DIRECTORS' REMUNERATION & BENEFITS

The following persons held the office of Director of the Company during the year and received the total amount of remuneration and other benefits shown.

Director	\$
Dame Therese Walsh	89,350
Andrew Coupe	51,190
Abigail Foote	49,329
Cameron Harland	44,675
Tokorangi Kapea	44,675
Kevin Malloy	44,675
Julia Raue	44,675
	<u>368,569</u>

Additional Information

DIRECTORS' INDEMNITY INSURANCE

TVNZ arranged Directors' and Officers' liability insurance cover with QBE Insurance (International) Limited for \$30 million. This cover was effected for all Directors and Officers of TVNZ. In addition TVNZ holds Statutory Liability cover with QBE for the benefit of directors and officers which provided \$6 million total cover.

CHIEF EXECUTIVE REMUNERATION

The TVNZ Board receives executive remuneration market reports from two independent specialist remuneration advisers as input to determining the Chief Executive's remuneration.

The Chief Executive's remuneration is evaluated annually against market rates provided by the remuneration advisers. The short term incentive component is awarded based on performance against a range of financial and non-financial key performance indicators which are set at the commencement of the financial year.

The Chief Executive's remuneration paid during the year is detailed below:

	2019	2018
	\$	\$
Base Salary	840,857	840,857
Holiday Pay	49,567	60,155
Fixed Remuneration	890,424	901,012
Short Term Performance Incentive	584,736	460,054
Superannuation	73,569	67,841
Total	1,548,729	1,428,907

Note:

- Short Term Performance Incentive
The FY2019 short term performance incentive paid to the Chief Executive in September 2018 related to his performance against the criteria set for FY2018.
- Superannuation
The Chief Executive is a member of Superlife Millennium Super scheme. As a member of this scheme, the Chief Executive is eligible to contribute and receive a matching company contribution of 5% of gross taxable earnings

EMPLOYEE REMUNERATION

Employee remuneration includes salary, at risk remuneration, payments for projects, programme production, presentation, motor vehicles, employer's contributions to superannuation and health schemes, redundancy, other compensation on termination of employment and other sundry benefits received in their capacity as employees.

Employees include executives and staff involved in programme production and presentation where applicable. Employee remuneration in overseas locations has been converted to New Zealand dollars at current exchange rates.

TVNZ is committed to paying its permanent employees the living wage as a minimum and has done so since 2014.

	Current employees	Former employees
\$100,000 to \$110,000	54	1
\$110,001 to \$120,000	35	5
\$120,001 to \$130,000	31	2
\$130,001 to \$140,000	24	3
\$140,001 to \$150,000	21	1
\$150,001 to \$160,000	12	0
\$160,001 to \$170,000	5	0
\$170,001 to \$180,000	7	0
\$180,001 to \$190,000	4	0
\$190,001 to \$200,000	7	0
\$200,001 to \$210,000	9	1
\$210,001 to \$220,000	4	1
\$220,001 to \$230,000	2	0
\$230,001 to \$240,000	5	1
\$240,001 to \$250,000	4	0
\$250,001 to \$260,000	5	0
\$270,001 to \$280,000	2	0
\$290,001 to \$300,000	2	0
\$320,001 to \$330,000	1	0
\$330,001 to \$340,000	0	1
\$350,001 to \$360,000	1	1
\$370,001 to \$380,000	1	0
\$380,001 to \$390,000	2	0
\$390,001 to \$400,000	1	0
\$400,001 to \$410,000	1	0
\$420,001 to \$430,000	1	0
\$460,001 to \$470,000	2	0
\$470,001 to \$480,000	1	0
\$480,001 to \$490,000	1	0
\$500,001 to \$510,000	2	0
\$540,001 to \$550,000	1	0
\$550,001 to \$560,000	1	0
\$580,001 to \$590,000	0	1
\$1,540,001 to \$1,550,000	1	0
	250	18

EMPLOYEE COMPENSATION ON TERMINATION OF EMPLOYMENT

During the year \$618,237 compensation was paid in total to 13 employees whose employment was terminated. Compensation includes redundancy entitlements, payment in lieu of notice and any payments in settlement of disputes.

Corporate Governance

The Board

ROLE OF THE BOARD

In addition to its duties under the Television New Zealand Act 2003 and the Companies Act 1993, the Board, under Section 92 of the Crown Entities Act 2004, must ensure that the Company acts in a manner consistent with its objectives, functions, Statement of Intent and Statement of Performance Expectations.

The Board negotiates the Statement of Intent and Statement of Performance Expectations with its shareholding Ministers. It includes the Company's objectives, nature and scope of the activities to be undertaken and the performance targets and other measures by which its performance may be judged for the current year and following two years. The Board monitors management's performance relative to these objectives and targets.

The full Board met formally ten times during the 2019 financial year. The Board has delegated day-to-day management to the Chief Executive Officer. Policies are in place which define the individual and collective responsibilities of the Board and management. In particular, the Board has approved specific delegated authorities to enable management to incur expenditure and create binding obligations.

APPOINTMENT OF DIRECTORS

Shareholding Ministers, being the Minister of Broadcasting, Communications and Digital Media, and the Minister of Finance, make all appointments to the Board, including that of the Chair. Appointments are for fixed terms not exceeding three years, which may be renewed.

The Board comprises individuals with a wide range of experiences and skills to ensure that all governance responsibilities are completed in a manner consistent

with best possible management practice. Profiles of each of the Directors who were serving at year end are set out on page 70 of this report.

FUTURE DIRECTOR

In June 2019, the Board appointed Aliesha Staples as the Company's first Future Director. Her first meeting was in July 2019.

BOARD COMMITTEES

The Board has two standing committees:

Audit and Risk Committee

The Audit and Risk Committee met four times during the year.

The Committee assists the Board in fulfilling its responsibilities by providing recommendations, counsel and information concerning its accounting and reporting responsibilities under the Companies Act 1993 and related legislation, and evaluating risk management practices.

At year end, membership of the Committee was comprised of Abby Foote (Chair), Andy Coupe, Kevin Malloy, Julia Raue and Dame Therese Walsh.

Remuneration and HR Committee

The Remuneration and HR Committee met four times during the year.

Its work is consistent with TVNZ's obligations to be a good employer under the Crown Entities Act 2004. In addition to its role of adding value to TVNZ People and Talent plans and practices at a strategic level, the Committee approves any movement to the remuneration of the Company's senior executives and presenters. The Committee also approves the level of any 'at risk' payments to be awarded to executives, based on the Company's business performance.

TVNZ operates a remuneration system designed to ensure that employees are rewarded for individual performance, for the responsibilities and skills required in their jobs, benchmarked against both external and internal relativities.

At year end, membership of the Committee was comprised of Andy Coupe (Chair), Cameron Harland, Toko Kapea and Dame Therese Walsh.

Key Governance Statements

OCCUPATIONAL WELL-BEING AND SAFETY

TVNZ's health and safety policy is to promote excellence in health, safety and wellness by implementing best practice health and safety systems while seeking continuous improvement.

BUSINESS CONTINUITY, INSURANCE AND RISK MANAGEMENT

TVNZ has developed business continuity plans for use in any emergency situation facing the Company.

TVNZ maintains a number of insurance policies designed to support the philosophy that, in the event of a disaster, the Company would not be materially affected and could continue to operate in line with its statutory obligations.

The Company has in place policies and procedures to identify and manage risks. Exposure to foreign exchange and interest rate risk is managed in accordance with a comprehensive Board-approved Treasury policy, which sets limits of management authority. Derivative instruments are used by the Company to manage specific business risk; they are not used for speculative purposes.

EDITORIAL INDEPENDENCE

TVNZ has in place an editorial protocol that details the duties and responsibilities of TVNZ, its Board and its executives on editorial matters. The principle of editorial independence recognises the importance of isolating control of editorial content from commercial or political influence. This principle is reflected in the Television New Zealand Act 2003.

EXTERNAL AUDITOR

The Auditor-General is the Company's auditor pursuant to Section 14 of the Public Audit Act 2001. The Auditor-General has appointed Susan Jones of Ernst & Young to act as external auditor on his behalf in the current financial year.

LEGISLATIVE COMPLIANCE

The Company has in place a legislative compliance programme to ensure the Company's compliance with its various statutory obligations. A bi-annual review is undertaken, the results of which are reported to the Audit and Risk Committee.

Media Standards

The Broadcasting Act 1989 places an obligation on the Company for the broadcasting of programmes to comply with the requirements of that Act and with codes of practice approved by the Broadcasting Standards Authority. TVNZ as a broadcaster is required to receive and consider formal complaints and to have procedures for investigating them.

In addition, the Company's online news and entertainment output of the Company's websites was subject to the jurisdiction of the New Zealand Media Council (formerly known as the Press Council).

Director Profiles



Pictured back row, left to right:
Cameron Harland, Andy Coupe,
Abby Foote, Toko Kapea,
Dame Therese Walsh (Chairman),
Kevin Malloy, Julia Raue,
Aliesha Staples (Future Director).

Dame Therese Walsh

CHAIRMAN—WELLINGTON

Therese is a Director of ASB Bank Limited, Antarctica NZ, Air NZ Limited and Contact Energy Limited, a Trustee of the Wellington Regional Stadium Trust, and Pro-Chancellor of Victoria University. Previously she was the Chief Operating Officer for Rugby New Zealand 2011 Limited, the company established by the NZRU and the New Zealand Government to deliver the Rugby World Cup Tournament in 2011. She is also a previous Director of NZX Limited, NZ Cricket and Save the Children NZ, and held a senior role with KPMG. Most recently she held the role of Head of NZ for the ICC Cricket World Cup 2015 Limited. She is a Fellow of Chartered Accountants Australia and NZ.

Andy Coupe, LLB

DEPUTY CHAIR—HAMILTON

Andy is a professional director who has had more than 30 years' experience in investment banking. He is a director Gentrack Group Ltd, Briscoe Group Ltd, Kingfish Ltd, Barramundi Ltd, and Marlin Global Ltd. He is also Chair of the New Zealand Takeovers Panel. Andy is a chartered member of the Institute of Directors.

Abby Foote

CHRISTCHURCH

Abby is a professional director with experience as a director of both NZX and Crown companies. With qualifications in both law and accounting, Abby's career has covered both disciplines, focusing on corporate finance, treasury and commercial transactions. She has a breadth of experience in a number of diverse areas including mergers and acquisitions, treasury and structured finance transactions, telecommunications, management of large projects and strategic development and implementation.

Abby is Chair of Z Energy Limited and a director of Sanford Limited and Freightways Limited. She is also a board member of Museum of New Zealand Te Papa Tongarewa. Abby's previous governance experience includes Transpower New Zealand Limited, Livestock Improvement Corporation Limited (LIC) and the New Zealand Local Government Funding Agency Limited (LGFA).

Julia Raue

AUCKLAND

Julia is an Independent Director for Z Energy Limited, The Warehouse Group, Southern Cross Medical Care Society, and Jade Software Corporation. She has extensive experience in information technology, business transformation and strategic planning across the airline, telecommunications, local government and not-for-profit sectors. Previously Julia was the Chief Information Officer of Air New Zealand (2007-2015) and was awarded the New Zealand CIO of the Year award in 2009. She is a member of the NZ Institute of Directors, a graduate of the Australian Institute of Company Directors, and a member of Global Women New Zealand. Passionate about growing the number of females working in technology, Julia works with a number of institutions to drive awareness of IT as a career.

Cameron Harland

WELLINGTON

Cameron is Chief Executive of My Action Sport, a holding company that owns CricHQ and My Action Replay, two complementary businesses built to grow global player and fan engagement in cricket and other sports. Prior to this he ran a number of businesses within the broader Weta creative group including Park Road Post Production, a high-end post production facility, Portsmouth Rentals, and Stone Street Studios. Cameron is also a director of Weta Workshop. He has a strong advertising and media background having held roles at Saatchi & Saatchi Wellington and London, and sports management at New Zealand Rugby. Cameron was educated at Victoria University of Wellington where he graduated with an LLB and BA.

Toko Kapea

WELLINGTON

Toko is a Wellington-based commercial lawyer and director. He's currently director of Tuia Group Ltd and a partner in Tuia Legal. Tuia Group provides business consulting, commercial law and economic development services. He's previously worked for Chapman Tripp, BNZ, Meridian Energy, St George Bank NZ, ANZ and Powershop.

Toko has developed his governance skills through appointments to a number of Māori Trusts and incorporations including Parininihi ki Waitotara Incorporation and Ngati Apa Developments Ltd. He is also on the board of Bathurst Resources Ltd and Duke Exploration Limited..

Kevin Malloy

AUCKLAND

Kevin has extensive experience in advertising and marketing in New Zealand, New York, Hong Kong and London.

He was with the global media agency Starcom for 29 years, including the role of Global Client Director on both Coca-Cola and P&G. Kevin also held the role of Chair for Australia/New Zealand for Vivaki (the trading arm for Publicis Groupe, who own Starcom and Zenith Optimedia).

Kevin is currently on the Board of Kiwibank, the Halberg Trust, the Graeme Dingle Foundation and The Social Club. He also has a role as an Observer on the NZ Cricket Board, is a Beachheads Advisor for NZTE, and has a consulting role with Tourism NZ on their global media and digital strategy.



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AUSTRALIA



UNITED KINGDOM



UNITED STATES OF AMERICA



OUR BOARD

Dame Therese Walsh, *Chairman*
Andy Coupe, *Deputy Chair*
Abby Foote
Cameron Harland
Toko Kapea
Kevin Malloy
Julia Raue
Aliesha Staples (*future Director*)

OUR EXECUTIVE

Kevin Kenrick, *Chief Executive Officer*
Ciara McGuigan, *Chief Financial Officer*
John Gillespie, *Head of News & Current Affairs*
Anna Lissaman, *Director of People & Talent*
Brent McNulty, *General Counsel & Corporate Affairs Director*
Paul Maher, *Commercial Director*
Kym Niblock, *Chief Product & Information Officer*
Cate Slater, *Director of Content*
Jonathan Symons, *Marketing Director*





TE REO TĀTAKI