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Annual Report

FINANCIAL YEAR 2022

Contents

FY22 Snapshot

EARNINGS (EBITDAF)
$26.1m
↓ YOY
FY21 $86.7m

NET PROFIT (NPAT)
$7.9m
↓ YOY
FY21 $59.2m

REVENUE
$341.7m
↑ YOY
FY21 $340.0m

COSTS
$315.6m
↑ YOY
FY21 $253.3m

EMISSIONS
1,700.52 tCO_2e
↑ YOY
FY21 1,639.37tCO_2e
Emissions reduction target of 38% by 2030

New Zealand's MOST WATCHED

TVNZ SCREENED
20/20
of New Zealand's top shows on TV

TVNZ STREAMED
355m
Pieces of content on TVNZ+

TVNZ REACHED
1.76m
New Zealanders daily on broadcast TV

AUDIENCE SHARE
44.5%
All day TV audience share

TVNZ+ REACHED
585,000
Weekly audience reach

Chair's Address

ANDY COUPE

FY22 has been a remarkable year of change and opportunity for TVNZ, Te Reo Tātaki. TVNZ started the financial year strongly, delivering Tokyo 2020 Olympic Games coverage free-to-air in partnership with Sky. 1 NEWS continued its winning form, with record audiences choosing to stay informed via our newsroom throughout a period of global economic and political change.

The top 20 television shows broadcast across networks in FY22 all aired on TVNZ 1, and TVNZ OnDemand's successful rebrand to TVNZ+ repositioned the platform for inevitable and increased competition from global streaming giants in the years ahead.

TVNZ's vital role in informing and entertaining New Zealanders continued to drive its revenue performance in FY22, and its stated purpose of 'inspiring the conversations of Aotearoa' has positively prepared the organisation for joining a newly created public media entity in 2023.

Despite operational pressures due to sustained periods of lockdown, supply chain issues and a tight labour market, TVNZ delivered a solid financial performance in FY22. Advertising revenues remained strong, retaining the growth seen in FY21.

TVNZ chose to uplift its investment in FY22, pursuing an aggressive digital strategy alongside an increased local content slate to secure a sustainable future for the organisation.

Operational earnings (EBITDAF) of $26.1 million for the financial year ending 30 June 2022 were down $60.6 million year-on-year. Net Profit After Tax (NPAT) of $7.9 million for the period was a decrease of $51.3 million from the year prior.

Total revenue of $341.7 million was up $1.7 million on FY21. Total advertising revenue was stable at $321.0 million, $1.3 million lower than the previous year. The 22% year-on-year growth in digital revenue demonstrates that TVNZ can continue to migrate audiences from broadcast viewing to digital streaming over time in a financially sustainable way.

Total operating expenses increased by $62.3 million to $315.6 million, with content costs increasing 33.6% year-on-year to $189.5 million. TVNZ achieved a record financial result in FY21 largely due to a lack of content availability and cost constraints designed to preserve cash. FY22 has seen a return to pre-pandemic levels of expenditure which has in turn informed the full year result.

TVNZ remains focused on ensuring digital growth outpaces any declines in broadcast. TVNZ's market leading share of TV combined with accelerating digital audiences and revenues provides confidence this momentum will be sustained long term.

While TVNZ's direction is clear, like many businesses, we faced continued uncertainty in FY22 prompted by the ongoing Covid-19 pandemic and global supply chain issues. These external factors disrupted the local advertising market and challenged TVNZ's ability to optimise its revenues. The Board wishes to acknowledge the skill and perseverance of TVNZers in delivering a comprehensive and premium service to all New Zealanders in what is a fast-moving and competitive media landscape.

Notably, FY22 also saw the Government formally announce its intention to create a new public media entity delivered by the expertise of TVNZ and RNZ. This decision has brought some certainty for our people, with an indication given for how the new organisation might be structured and funded.

The Board and senior executives will be active participants in transitioning TVNZ to the new entity, working constructively with the Establishment Board and the Establishment Unit to help them achieve the Government's objectives. My fellow Director, Aliesha Staples and I are sitting on both the Establishment Board and the TVNZ Board, ensuring that our capabilities and thorough understanding of TVNZ's operations contribute to a successful transition to the new public media entity.

Ultimately, the core drivers of value for our viewers are common irrespective of future public media changes. TVNZ's focus on creating and sourcing compelling content, ensuring that content is accessible where viewers choose to watch, and working with local advertising partners to create brand building opportunities and generate commercial revenue has formed the foundation of this business. These key ingredients will serve a new public media entity well in the future also.

Finally, FY22 saw a number of changes to the TVNZ Board. We welcomed Meg Matthews as a Director. She brings considerable experience across a wide range of sectors to our table. Additionally, Aliesha Staples moved from her Future Director position into a Director role. We continue to benefit from her significant expertise in emerging technology. In her place, Ben Forman has joined us as a Future Director.

As well as formally welcoming our new CEO Simon Power, whose passion for TVNZ, its future and its people has been evident since joining, I also want to acknowledge the departure of former CEO Kevin Kenrick. Kevin was an outstanding CEO who led TVNZ through many challenges, most notably the emergence of global media competitors and the impact of the Covid pandemic, and who initiated the organisation's transformation towards its digital future.

Assuming the Aotearoa New Zealand Public Media Bill is passed into legislation, the TVNZ board will be dissolved on 1st March next year. Until that time the Board will continue to work hard to achieve TVNZ's goal to become a world-class digital media organisation.

Andy Coupe

CEO's Address

SIMON POWER

Kia ora koutou katoa

This financial year has seen momentum continue in all business areas, helping TVNZ to achieve short-term goals while making significant progress towards long-term ones. This puts TVNZ in a strong position as it moves toward the creation of the new public media entity, and the future, more broadly.

PREPARING FOR THE NEW PUBLIC MEDIA ENTITY

TVNZ finds itself on the precipice of change. Industry wide, audience viewing habits are evolving rapidly, and advertisers must navigate the ever-expanding range of options for reaching those audiences. Technology is developing at lightning pace. Global media giants are merging and strengthening their offerings.

Perhaps the biggest change on TVNZ's horizon is the upcoming creation of the new public media entity, comprising TVNZ and Radio New Zealand. Robust local media, with a strong and independent editorial remit, is a cornerstone of every healthy democracy. It is also a vital tool for protecting, promoting and enhancing unique local culture. This is particularly true in the context of a small country like New Zealand.

While this past financial year has seen solid results in the strategic priorities of TVNZ's current state, preparing for this new entity has also been a sharp focus. These two bodies of work do not distract from one another, but are complementary. Live programming, News and Current Affairs and a strong slate of local content are some of TVNZ's strongest competitive advantages, and will be the advantages of the new entity also. In this past financial year, the 20 most watched shows on TV were all on TVNZ. Eight of the top 10 were locally made productions.

Kiwis have shown they are intrigued to see a wide array of stories featuring our people and culture. *Good Sorts: Great Kiwi Stories* was a favourite amongst viewers this year, as were classics such as *Hyundai Country Calendar* and new formats like *Moving Houses*.

Viewers also remain loyal to News and Current Affairs programming, with *1 NEWS at 6, Seven Sharp, Fair Go* and *Sunday* some of the country's most watched shows. The editorial independence of the newsroom, and the trust New Zealanders have in the News and Current Affairs team, has always been a cornerstone of TVNZ and must be for the new public media entity also.

Another key strategic advantage is TVNZ's people, who have always been at the heart of the organisation. While the recruitment market is tight across all industries, TVNZ has worked hard this past year to provide compelling reasons for people to join the organisation, and to stay. This includes enhancing employee benefits, such as adding monthly broadband and mobile allowances, providing the opportunity to take a fifth week of leave annually, and a new approach to parental leave which includes full salary top ups for the first six months for the primary caregiver. TVNZ has also embraced hybrid working, with around three quarters of staff now working flexibly.

These enhancements have been with the wellbeing and safety of TVNZers front of mind. TVNZ is committed to ongoing support and training in this area. I was pleased to see the FY22 People Survey found 90% of TVNZers believe the organisation does a good job of keeping its employees safe. 87% say their manager cares about their wellbeing. The legislation for the new public entity makes clear that all TVNZ employees will transition to the new entity when it comes into effect (with the exception of the CEOs of each organisation). In FY22, focus has been given to ensuring this incredible team of people are motivated and supported to give their best to TVNZ, while getting ready for the opportunities ahead.

MEETING AUDIENCE NEEDS TODAY, AND TOMORROW

The complex environment TVNZ currently operates in only makes the progress of the past financial year more significant. Now well into the third year of Covid, TVNZers have become adept at navigating these waters. In FY22, TVNZ delivered its first virtual Showcase, its first virtual session of the Forecast series, and continued to deliver exceptional content under split News teams. Industry insights suggest that the ongoing pandemic has accelerated the migration of audiences from broadcast to streaming platforms. While this migration is inevitable, TV is still the most effective and efficient way to reach audiences.

As such, broadcast TV revenues are declining at a much slower rate than initially forecast, while innovative digital ad offerings helped to deliver an impressive growth in online revenue. This resulted in TVNZ seeing YoY revenue growth in FY22, off an already strong FY21. TVNZ has continued to champion local businesses in the commercial space, earning Media Business of the Year at the Beacon Awards, and creating innovative partnerships including the *Shortland Street 30 Years* collaboration, and programming such as *ASB Gamechanger*.

TVNZ will continue to leverage broadcast audiences, while ensuring a strong digital offering to accompany those audiences as they migrate, and to meet them on the other side. To this end, FY22 saw the rebrand of TVNZ OnDemand to TVNZ+. This rebrand informs audiences that TVNZ+ is much more than just a catch-up service, and signals to the wider commercial market that TVNZ has a clear direction and vision for the future of content viewing.

Familiar offerings such as *1 NEWS* and *Shortland Street* have performed well online as viewers move to TVNZ+, while streaming-led content like The *Tourist* and *Halo* have brought in new audiences. An impressive catalogue of over 300 movies has also helped to make TVNZ+ New Zealand's BVOD (Broadcast Video on Demand) platform of choice, delivering 585,000 weekly viewers (a 15% YoY growth), and over 355 million total streams in FY22 (up 32% YoY).

TVNZ's ongoing investment in its digital future displays a sharp focus on meeting audience needs today, and tomorrow. A strong focus was placed on enhancing our digital news offering, an area in which TVNZ continues to make gains. Key discovery work for the IP Platform was also completed in FY22, ensuring that the digital backbone of TVNZ will support the ambitions of the future, while being agile enough to incorporate the needs of any new public media entity.

LEADING SUSTAINABLY

Having joined TVNZ in March of this year, I have been delighted to see the significant progress the team had already made in the area of sustainability. Like much of the organisation, I am inspired by the sustainability roadmap that is shaping up for the next few years.

TVNZ is committed to becoming New Zealand's most sustainable media business. It connects to our purpose and builds trust with our audiences. As such, sustainability has been integrated into the business as a priority, and this report represents the first steps toward a more holistic and sustainability-focused approach to reporting. There is a long road ahead, but it is a road TVNZ is excited to be on.

TVNZ's sustainability strategy has been developed around three key pillars - Green Broadcasting, Responsible Broadcasting, and Representative Broadcasting. This approach sits alongside and complements our Rautaki Māori, or Māori strategy. It includes TVNZ's commitment to uphold Te Tiriti o Waitangi and to communicate Māori perspectives in a meaningful way.

Green Broadcasting represents the commitment to reducing TVNZ's environmental footprint, and inspiring conversations on the environmental issues that matter to New Zealanders. Responsible Broadcasting covers the importance of being an independent media platform, contributing to Aotearoa New Zealand's democracy, identity, and economy. Representative Broadcasting focuses on building a culture of inclusion at TVNZ, and representing diversity in local programming.

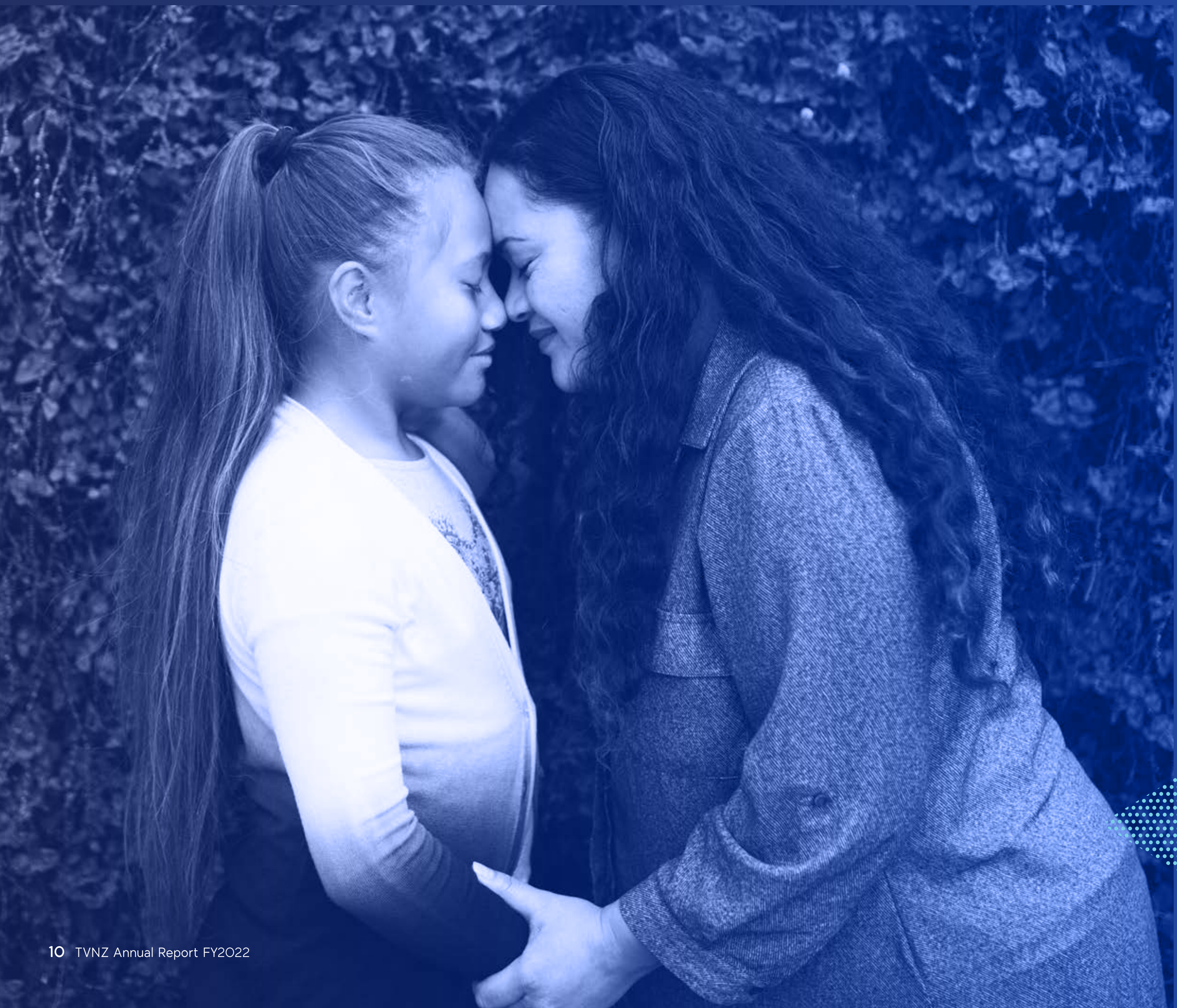
In summary, FY22 has been a year of delivering strongly on the day-to-day objectives of being a leading media organisation, while looking forward to the future and ensuring match readiness for opportunities on the horizon. During the short time I have been with TVNZ, I have been struck by the immense talent that exists within this organisation. I have been especially impressed with the unfailing commitment to New Zealand, from all areas of the business. That commitment to New Zealand has served TVNZ well, and I feel confident will also serve any new public media entity well.

Simon Power

Our Purpose

INSPIRING THE CONVERSATIONS OF AOTEAROA

Our commitment to inspiring the conversations of Aotearoa unites us, challenges us to be at our best in tough times, and drives us to find new and better ways of working together to make a difference. Our overarching purpose connects with our Rautaki Māori and is aligned with our Sustainability Strategy. At Te Reo Tātaki three key values enable us to deliver this Kaupapa:



Aotearoatanga

NEW ZEALANDNESS

We are proud of where we've come from and who we are. We take our role as a Kaitiaki (guardian) of our national identity seriously. We embrace Treaty partnership as part of what makes us unique. We're passionate about unleashing the potential of our nation.

In FY22 this was exemplified by TVNZ's commitment to local content - eight out of the top ten TV programmes were homegrown hits broadcast on TVNZ 1. Programming from *Shortland Street* to *Celebrity Treasure Island*, *Carlos' Reno Rescue* to *The Casketeers* showcased te reo Māori in primetime. We celebrated our national heroes on the sports field – both at home and abroad – with coverage of the *Tokyo 2020 Olympic Games*, a summer of cricket and our Silver Ferns on the netball court.

Mana Reo

GIVING VOICE

We amplify different voices and perspectives. We celebrate the rich diversity of our people and communities. We share stories that bring people together. We encourage and support understanding, respect and a sense of belonging for all New Zealanders.

In FY22, 1 NEWS coverage led the way, with journalists around the country reflecting important issues from different communities and their people. Our local content slate elevated new voices – from a uniquely Kiwi Jewish story in *Kid Sister* to Māori and Pasifika horror in *Beyond the Veil*, the untold story of *Scribe: Return of the Crusader* and our history brought to life in *The Panthers*. Internally, a newly created Inclusion and Diversity Committee promoted our people and informed what appeared on screen.

Kia Māia

BEING BRAVE

We are courageous and bold in what we say and do. We're prepared to take risks and make a stand for what's important. We ask the hard questions and hold ourselves and others to account. We do what it takes to earn the trust of New Zealanders every day.

In FY22, our Matariki coverage and commitment to te reo Māori content directed viewers to a bilingual and multicultural Aotearoa. Our Sustainability Committee charted a new path for the organisation, placing people and planet at the absolute forefront of our decision making. Our pursuit of a digital future through the reimaging of TVNZ+ showed our willingness to embrace changing viewer preferences, regardless of its impact on our traditional broadcast model.

Rautaki Māori: THE VOICE OF AOTEAROA

Te Reo Tātaki is the country's leading free-to-air broadcaster, reaching two million New Zealanders every day. Our responsibility to reflect Māori perspectives is enshrined in legislation, but we're committed to going further to normalise Māori language and culture onscreen and help reach the goal of one million speakers in Aotearoa by 2040.

Underpinning our ambitions is our Rautaki Māori, which aspires to unleash the pūmanawa of Aotearoa – its people, its places and its potential. Finalised in late FY21, TVNZ's strategy provides a framework for embedding te ao Māori authentically throughout our organisation. It ensures the overarching tenets of Te Tiriti o Waitangi are upheld and embodied by our business, informing our activities internally and providing guidance for how our content is produced and shows up on screen for our viewers.

Ultimately, we're committed to developing a workplace where te reo Māori is heard and spoken, and where tikanga Māori is embraced. We have developed opportunities for our workforce to gain new skills and experiences – from our internally held speaker series with guests like Professor Rangi Mātāmua, to Matariki and Mahuru Māori celebrations; from pōwhiri and customary practices to keep our people culturally safe to weekly te reo classes, bespoke coaching and Treaty training on offer. In addition to increasing our knowledge base, we have created roles within the organisation which enable us to implement our strategy.

AHIKĀROA

This includes the roles of our Manukura Māori (Scotty Morrison) and positions within our content and news teams to help inform our content and provide cultural and reo Māori support to our kaimahi and production partners.

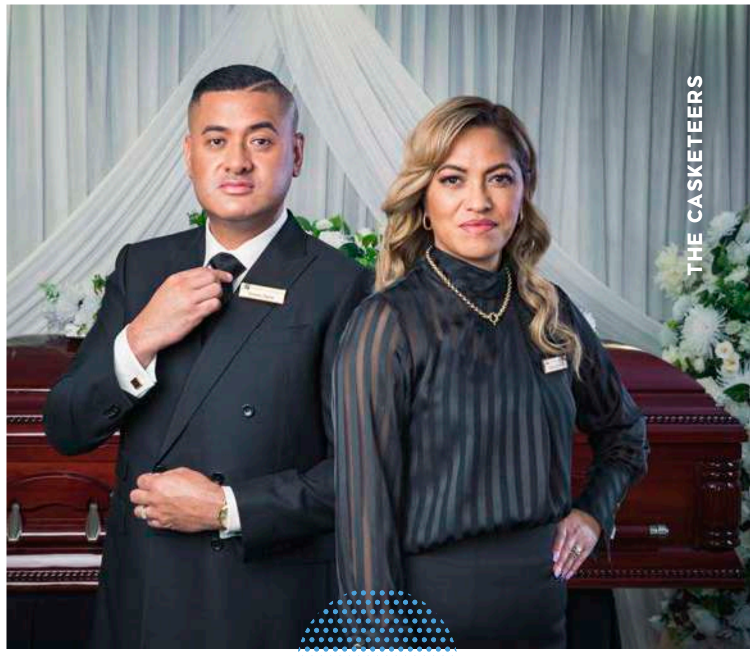
From the correct pronunciation and normalisation of te reo Māori in our programming; to the integration of a bi-cultural lens in our newsroom; and working with our production partners to ensure cultural integrity across our local content slate, TVNZ is committed to promoting New Zealand's unique identity on air and online. Dedicated te reo content featured prominently in FY22, reaching more than 700,000 viewers, an increase on FY21's available audience. The country's leading news and current affairs programmes from a Māori perspective, *Te Karere* and *Marae* formed the backbone of our offering. Prominent primetime content on our channels and streamed on TVNZ+ featured too, with shows like *The Casketeers*, *Beyond The Veil*, *The Walkers*, *Gowns and Geysers*, *Hongi to Hāngī* and *Waiata Anthems* well-received by New Zealanders.

Māori content produced specifically for rangatahi and tamariki audiences continues to be focus for our organisation. Shows like *Birds' Eye View*, *News2Me*, *Kiwi and Cat – Mānawatia a Matariki* and *The Feed* delivered te reo to our youngest viewers, and content designed specifically for rangatahi streaming audiences, such as *Kura*, *Anika Moa Reunited*, *Ōhinga* and *Ahikāroa* ensured ongoing connection. Funding from Te Māngai Pāho and NZ On Air supported the wide range of Māori content aired in FY22.

Matariki provided a new opportunity for Te Reo Tātaki to champion our purpose and values and celebrate Aotearoatanga. Channels and platforms were rebranded to mark Matariki and the Māori New Year and special content included *Shortland Street* storylines, a *Give Us a Clue* takeover, a Stan Walker concert and a live TikTok partnership showcasing waiata Māori performances for a social media and TVNZ+ audience. Together with Te Māngai Pāhō, Te Reo Tātaki also spearheaded a special four-hour live broadcast of the Hautapu Ceremony from Te Papa, panels and documentary content – *Celebrate Matariki* was the first collaboration of its kind with RNZ, Whakaata Māori, Prime, Discovery and iwi radio.

Te Reo Tātaki is uniquely placed to revitalise and normalise te reo Māori across Aotearoa. Our aim is to promote te reo Māori as a dynamic and living spoken language, which in turn will help the government achieve its goal of one million speakers by 2040. 1 NEWS provides visible leadership, with presenters and journalists utilising te reo Māori throughout daily bulletins and current affairs programming. Every show that TVNZ commissions requires a cultural integrity strategy to ensure accuracy, authenticity, capacity building and cultural safety across the production. Popular shows with mass appeal, such as *Shortland Street* and *Celebrity Treasure Island* reach broad audiences as well as integration into our live sports' coverage, encourages viewers to learn new words and embrace the language on an ongoing basis.

While we are proud of the progress we have made, TVNZ's strategy is future-focused and evolving. It recognises a fast-changing society and the increasing Māori diaspora with whānau shifting across urban and rural settings in Aotearoa. Through building our internal and production partner capabilities and developing content and delivery models that recognise Tāngata Tiriti and Tāngata Whenua, the organisation is well placed to meet these challenges while delivering for viewers.



THE CASKETEERS

BEYOND THE VEIL

A Sustainable Future: Our Materiality Assessment

TVNZ is committed to becoming New Zealand's most sustainable media business. Our purpose is to inspire the conversations of Aotearoa, and we'll do that by informing and engaging audiences on the environmental, social, and economic issues that matter to them.

This approach to sustainability is complemented by our Rautaki Māori. This includes our commitment to uphold Te Tiriti o Waitangi and communicating Māori perspectives in a meaningful way.

The development of a materiality assessment to identify our sustainability priorities was undertaken in early FY22. This was led by TVNZ's Sustainability Committee and external advice was sought to contribute to the process.

The materiality process involved:

- A series of workshops with the TVNZ Sustainability Committee
- A workshop with the Executive leadership team
- Engagement with the Board
- An all-organisation employee survey
- In depth interviews with 13 key external stakeholders
- A research report into audience attitudes and perceptions on sustainability
- A research report into best practice news and editorial coverage of climate change
- Research into the sustainability activity of leading international broadcasters

The materiality process identified three key pillars for our sustainability direction:

- Green Broadcaster: TVNZ's own environmental footprint and the use of its platforms to inform and engage New Zealanders on environmental issues.
- Representative Broadcaster: TVNZ's focus on the safety, wellbeing and inclusion of its own people, and the use of its content to represent New Zealand's diverse people and cultures.
- Responsible Broadcaster: TVNZ's contribution to society and the economy through responsible news, programming, and advertising.

It also determined that our framework should be grounded in TVNZ's purpose and values and reflect TVNZ's commitment to Treaty partnership by incorporating Te Ao Māori perspectives and values.

CABEL BAY, NEW ZEALAND

A Sustainable Future: Our Materiality Assessment *(continued)*

The materiality assessment identified the following topics as the most material to the organisation.

GREEN BROADCASTING

1. Environmental impact of TVNZ operations (extending into the value chain over time).
2. Informing and engaging New Zealanders on environmental sustainability, prioritising climate change and biodiversity.
3. Identifying new commercial, community and partnership opportunities around environmental sustainability (e.g. in advertising, production, content and procurement).

REPRESENTATIVE BROADCASTING

1. Normalising te reo Māori and culture onscreen.
2. Wellbeing and safety of TVNZ people (including mental health).
3. Representation, inclusion and diversity practice at TVNZ.
4. Representation in programming and content.

RESPONSIBLE BROADCASTING

1. Local content and programming, including being free-to-air.
2. Fair, balanced and trusted editorial.
3. Responsible platform for local advertising (including a new sustainability focus).
4. Governance, compliance and transparency (including transparent reporting on sustainability performance).
5. Industry partnership on sustainability.

The materiality assessment was then used to prepare a sustainability framework, which outlines our priorities under each of the topics. This framework is included below.

This framework is considered our founding framework for integrating sustainability into the business. We anticipate this will continue to evolve. We are using this framework for the basis of reporting sustainability in this annual report

Te Reo Tātaki's Rautaki Māori ensures that the overarching principles of Te Tititi o Waitangi are upheld and embodied throughout our organisation. Our commitment to active Treaty partnership informs our strategy for sustainable broadcasting.

GREEN BROADCASTING PRIORITIES

1. Reducing the environmental footprint of broadcasting
2. Informing and engaging New Zealanders on climate change and sustainability
3. Collaborating with commercial, industry and community partners for sustainable outcomes

REPRESENTATIVE BROADCASTING PRIORITIES

1. Treaty Partnership, te reo Māori, and communicating Māori perspectives
2. Enhancing the wellbeing and safety of TVNZ people
3. Enhancing inclusion and diversity at TVNZ
4. Representing New Zealand and New Zealanders authentically on screen through local content

RESPONSIBLE BROADCASTING PRIORITIES

1. Bringing free-to-air content to all New Zealanders
2. Independent, fair and trusted editorial
3. A platform for responsible advertising and communication

Representative BROADCASTER

Building a culture of inclusion at TVNZ and representing Aotearoa's diversity across our local programming is at the core of being a representative broadcaster.

TVNZ is committed to having a strong mix of different voices represented both onscreen and behind the scenes. The implementation of a robust inclusion and diversity practice alongside a comprehensive People and Culture plan that looks after TVNZers' wellbeing and fosters their potential helps us to achieve this.

In FY22, TVNZers identified with at least 52 different ethnicities, with 39 different languages spoken. There was an even split of men and women working across the business and the age range of our people spanned from 19 to 72 years old. The diversity of our workforce was reflected in our mahi. It informed the content that appeared on air and online and gave us the opportunity to connect with a wide range of New Zealanders across the year.

PEOPLE

At Te Reo Tātaki we remain focused on providing an inclusive culture that attracts, retains and enables great talent to reach their potential.

We've invested in enhancing the range of benefits we offer our people this year. We launched new monthly broadband and mobile allowances which support our people's ability to work flexibly, and to be able to watch all the fantastic content on TVNZ+ and 1 NEWS online. We introduced a new fifth week of leave available annually called Hauora Leave. We also updated our Parental Leave approach to include a top up to full salary for the first six months for primary caregivers, four weeks paid and two unpaid for secondary caregivers, and a six week return to work period that provides full pay, with work hours reduced to 80%.

Our annual engagement survey showed that people rate TVNZ highly as a great place to work and take great pride in working here. TVNZ also placed second overall in the 2022 Kantar Corporate Reputation Index. The annual survey now assesses which organisations demonstrate leadership in diversity and inclusion. Pleasingly, TVNZ ranked sixth equal in this new category.

The development of our people remains a priority. This year we've focused on leadership development, with the creation of new programmes for senior and emerging leaders. Te Reo Māori classes were also continued on site as an important element of our development plan.

The core focus for our safety planning is to ensure we proactively and effectively manage risks to our newsgathering, operations and productions. The risk to news media working in the field has been heightened over the last 12 months as social unrest has been more prevalent. Thorough risk assessments and de-escalation training for our people have been effective in minimising and managing this risk.

Throughout the operational challenges of the Covid-19 pandemic TVNZers have shown great resilience and adaptability, ensuring we have continued to deliver for both our viewers and advertising partners.

We've supported the wellbeing of our people through ongoing support and training, and through embracing the benefits of hybrid working. Almost three quarters of our people now work flexibly, and we continue to support our people's wellbeing with an annual $350 allowance.

We strive to ensure that TVNZ is a place where all our people can feel that they belong and are empowered to reach their potential. Our cross-functional Inclusion and Diversity Group have made good progress in expanding the range of significant dates we celebrate, and with a range of awareness training to help broaden our collective understanding and inclusiveness.


TĀMATI RIMENE-SPROAT

CONTENT

Our Aotearoatanga, or "New Zealandness" sets us apart from other broadcasters and global streamers. Celebrating the biculturalism of Aotearoa enriches our content offering and helps us engage more viewers. Daily ratings data shows us that audiences love local programming. Local content was well represented in the most watched television shows of the year (12 out of the top 20) and the most streamed programmes on TVNZ+ (seven out of the top 20).

Putting diverse local content at the heart of our offering continues to be our point of difference in a highly competitive market and it sets us up for future success. It helps us to connect with New Zealanders around the motu, irrespective of their backgrounds, because they can see their stories and experiences reflected on screen.

We work with a range of talented individuals from established and emerging local production companies. If a story is predominately Māori, Pasifika, Asian or other tauiwi, we ensure we have the right expertise at the table to tell the story with care and respect. In FY22, Māori voices were celebrated across TVNZ's slate and highlights included *The Casketeers*, *Hongi to Hāngī*, *Te Karere*, *Marae*, *Waka Huia*, *Scribe: Return of the Crusader*, *The Walkers* and *Matariki* coverage. Pasifika stories were heroed with *Tagata Pasifika*, *The Panthers* and Anthology series, *Beyond The Veil*. Disability was also seen on screen and viewers enjoyed programming such as *Attitude*, *the Paralympic Summer and Winter Games and Down for Love*.

Gender representation is a primary consideration when casting for our all our shows. 1 NEWS led the way in FY22, employing a broad range of presenters and journalists ensuring different genders, ethnicities and sexualities were visible on our screens across daily news and current affairs programming. 1 NEWS also committed to the 50:50 project across its programmes, ensuring equal gender representation of experts interviewed.

Our PEOPLE

FULL TIME EQUIVALENT EMPLOYEES

737

FY21 Full time Equivalents: 690

52% Male

48% Female

2 staff identified as non-specific

WOMEN REPRESENT:

48% of our workforce

57% of our business leaders

60% of our executive team

57% of our board

REMUNERATION PROFILES

Includes casual, part time and entry level roles

<$50k	4.11%
$50–$100k	56.04%
$100–$150k	26.03%
>$150k	13.82%

PAY BY GENDER

Pay Parity: TVNZ reviews pay annually to ensure parity for equivalent roles

LIVING WAGE

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

AVERAGE PAY GAP

FY22 **1.6%**

FY21 3.2%

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

AGE

Our people range in age from **19-71**

The average age is **39.3**

TENURE

6.8yrs average tenure

24% of our people have been with TVNZ for over 10 years

39 DIFFERENT LANGUAGES SPOKEN

TVNZ people identify with at least **52** DIFFERENT ETHNICITIES

The most common are:

NZ European /Pākehā 72%

NZ Māori 9%

Indian 6%

Other ethnicities in the top 10 list include:

English
Chinese
Samoan
Irish
Australian
Filipino
Scottish

23% OF TVNZ PEOPLE IDENTIFY WITH MORE THAN ONE ETHNIC GROUP

FROM OUR 2022 PEOPLE SURVEY

88% of our people are PROUD TO WORK AT TVNZ

87% of our people say THEIR MANAGER CARES ABOUT THEIR WELLBEING

90% of our people believe THAT TVNZ DOES A GOOD JOB OF KEEPING ITS EMPLOYEES SAFE

FROM OUR 2022 DIVERSITY & INCLUSION SURVEY

74% of our people WORK FLEXIBLY AT TVNZ

97% of our people SUPPORT DIVERSITY AND INCLUSION WITHIN TVNZ

88% of our people believe TVNZ PEOPLE TREAT EACH OTHER WITH RESPECT, REGARDLESS OF AGE, GENDER, DISABILITY, SEXUAL ORIENTATION OR OTHER DIFFERENCES

New Zealand's
MOST WATCHED CONTENT

20 OUT OF 20 OF THE MOST WATCHED PROGRAMMES IN FY22 APPEARED ON TVNZ 1.
12 OF THE TOP 20 MOST WATCHED SHOWS WERE LOCAL WITH DIVERSE STORIES RESONATING WITH VIEWERS.

#7 THE REPAIR SHOP
430,800

#8 HIGHWAY COPS
428,600

#9 BORDER PATROL
422,000

#10 SUNDAY(PM)
417,500

#11 BEAT THE CHASERS
415,200

#12 THE CELEBRITY CHASE
407,500

#13 HAPPY BIRTHDAY MR BEAN
404,800

#14 GOOD SORTS: GREAT KIWI STORIES
397,500

#15 CRICKET: T20 BLACK CLASH
396,000

#16 TIPPING POINT LUCKY STARS
389,700

#17 THE ROYAL VARIETY PERFORMANCE
388,400

#18 ELIZABETH: THE UNSEEN QUEEN
375,800

#19 UNDER THE VINES
371,400

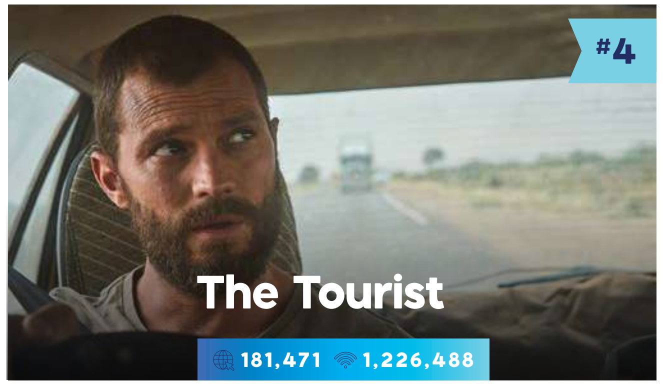
#20 BRADLEY WALSH & SON: BREAKING DAD
367,000

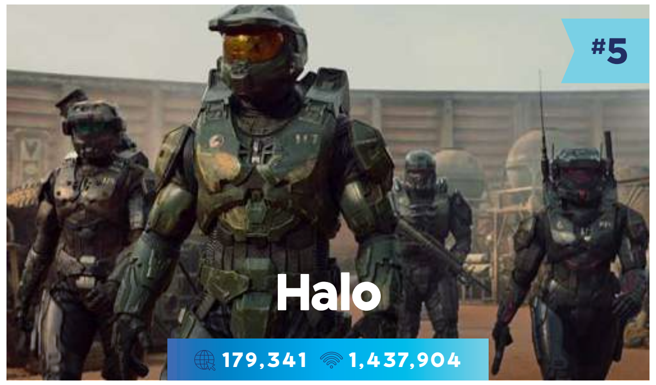
Source: Nielsen TAM Consolidated, AP5+ FY22 - 1/07/2021 - 30/06/2022, All Channels, ranked on Average Audience.

TVNZ+ STREAMS AHEAD

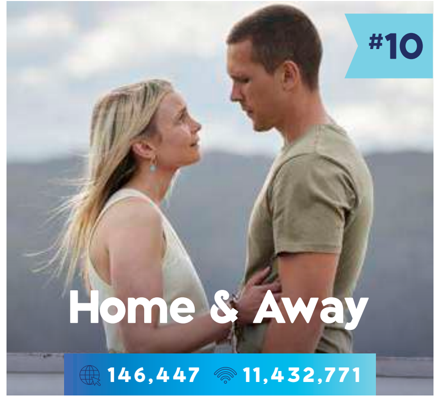
WITH THE BEST OF LOCAL AND INTERNATIONAL FOR KIWI VIEWERS. SEVEN OUT OF THE TOP 20 MOST STREAMED SHOWS WERE LOCAL.

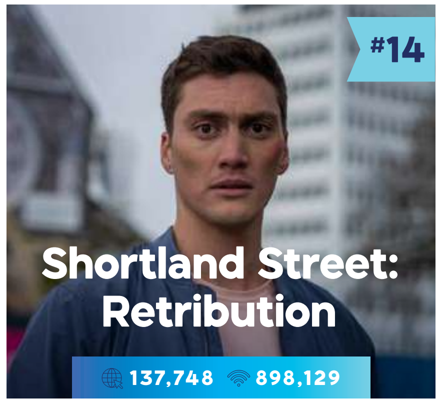
VIDEO REACH | STREAMS

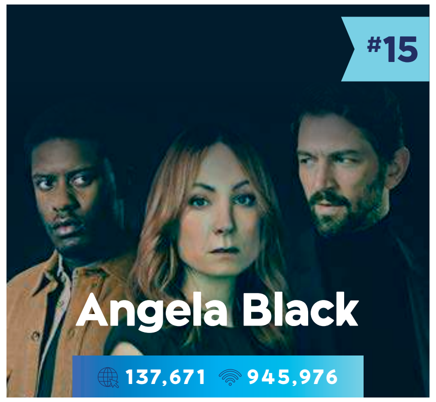


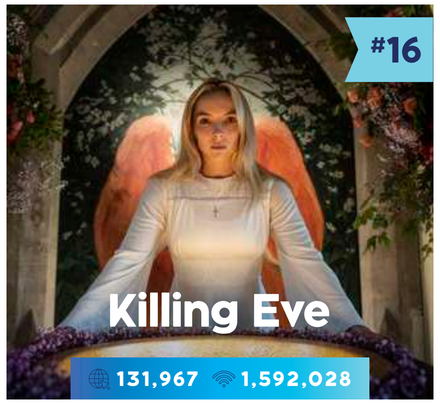


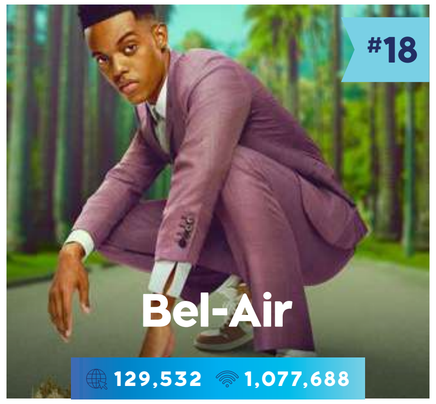
Source: Google Analytics, All People, 1 Jul 21-30 Jun 22











Green BROADCASTER

We're committed to reducing our environmental footprint and inspiring conversations on environmental issues that matter to New Zealanders. As a high-profile media organisation with the ability to inform and engage audiences, we have a responsibility and opportunity to support our audiences to understand and navigate environmental sustainability.

Aotearoa has set a national target of net zero carbon emissions by 2050 and TVNZ will be an active participant in helping the country reach this target.

Our aspiration is to become the most sustainable media business in Aotearoa. Led by a Sustainability Committee under our Chief Financial Officer, we have developed three key priorities:

- Reduce the environmental footprint of broadcasting and digital
- Inform and engage New Zealanders on climate change and sustainability
- Collaborate with industry partners for sustainability outcomes

TVNZ's greenhouse gas emissions received Toitū Carbon Reduce certification in FY22. We defined our organisational boundary to include direct emissions from our operations and select indirect emissions.

Our gross emissions for FY21 were certified at 1,639.37 tCO_2 e. This provided a baseline measurement for our organisation. With a return to our regular working patterns, our gross emissions for FY22 were certified at 1,700.52 tCO_2 e, an increase of 3.7% YOY.

While both FY21 and FY22 were impacted by Covid-19, this year on year increase was driven by greater electricity use in our buildings and the resumption of travel, both locally and internationally across the year. Despite total emissions seeing an uplift, emissions per full time employee reduced from 2.48 tCO_2 e in FY21 to 2.37 tCO_2 e in FY22. This can be attributed to a growing headcount with total emissions not increasing at the same pace, resulting in a 4% reduction YOY.

TVNZ has set a science-based emissions reduction target of 38% by 2030 from a FY21-23 baseline average. We will aim to reduce our emissions by at least 10% by 2025 on our pathway to that target. We also intend to become carbon neutral by the end of FY23.

In FY22 TVNZ engaged Total Utilities to undertake an energy study and we have identified projects that will enable future emissions reductions, along with our move to zero emissions vehicles. The Total Utilities sensors will be used across a further 12-month period to capture seasonality data and to measure output as we make efficiency changes.

A carbon neutral commitment provides a foundation for us to use our platforms to engage audiences and partners on sustainability. For our Content team, our focus is on enhancing the environmental performance of local productions and ensuring more environmental and social content appears on our screens. TVNZ is involved in the establishment of Greenlit, an industry body focused on implementing a sustainability strategy for film and television production in Aotearoa.

Our intention is to proactively support our production partners to transition to more green ways of creating content by providing practical tools and support for waste, energy and total carbon reduction. TVNZ's commissioning and acquisitions teams are also focused on the types of content we make and buy. Audiences in FY22 gravitated to programming such as *Country Calendar*, *Eat Well For Less NZ* and *Origins*. International content like the BBC's Natural History slate supplemented our local offering. In FY23 our sustainability strategy will help inform the stories we choose to tell.

For our News and Current Affairs team, our focus is on improving our coverage of environmental news, with a focus on climate change and biodiversity.

In FY22, *Sunday* investigated the retreat of two of New Zealand's most famous glaciers, Ka Roimata o Hine Hukatere/Franz Josef Glacier and Te Moeka o Tuawe/Fox Glacier.

1 NEWS Pacific correspondent Barbara Dreaver examined the impact of climate change on low-lying island nations, Q+A conducted a Climate Change special and posed questions on sustainability and the environment to our politicians, and the newsroom reported on significant weather events from flooding to fires, at home and abroad.

In FY23 a new style guide will be implemented to provide our journalists with a unified approach for reporting on these important subject matters.

A digital-led approach will also be adopted to promote our coverage and extend its impact with hard-to-reach audiences.

Commercially, our focus is on supporting advertisers to communicate their own sustainability messages authentically and credibly on our platforms. Increasing the volume of advertising promoting sustainable products, services and messages helps to normalise and encourage this behaviour with consumers. It supports the news and entertainment content we broadcast and ensures our viewers can see our sustainability commitment throughout their viewing experience.

TVNZ Emissions FY21 v FY22	**2021**	**2022**
Direct emissions	304.02	286.81
Indirect emissions from imported energy	704.76	672.63
Indirect emissions from transportation	618.12	604.61
Indirect emissions from products used by organisation	73.62	75.32
Indirect emissions associated with products use by organisation	0	0
Indirect emissions from other sources	0	0
Total direct emissions	304.02	286.81
Total indirect emissions	1,396.50	1,352.56
Total gross emissions	1,700.52	1,639.37
Direct removals	0	0
Certified renewable electricty certificates	0	0
Purchased emission reductions	0	0
Total net emissions	1,700.52	1,639.37

Responsible BROADCASTER

TVNZ is committed to behaving as a responsible broadcaster. This means maintaining our position as an independent, trusted media business contributing to the democracy, identity and economy of Aotearoa.

We do this through the provision of news, entertainment, and advertising content across our channels and platforms. In FY22, TVNZ ranked second in the annual Kantar Corporate Reputation Survey. Underpinning this result were high scores in trust and fairness. TVNZ was the only media company to appear in the top 20, further recognition that New Zealanders value what we do and the role we play in their daily lives.

Open access to local content forms the basis of our responsible broadcasting obligations. TVNZ broadcasts its content free-to-air and streams without a paid subscription, ensuring all New Zealanders can watch their favourite shows on a range of devices. All primetime content on TVNZ 1, 2 and DUKE carries closed captions and approximately 70 hours of television content each week airs with audio descriptions. Provided by our partner Able and funded by NZ on Air, this service ensures our content is accessible for all viewers.

TOKYO 2020 OLYMPICS

Furthermore, a considerable amount of TVNZ content is now captioned for TVNZ+. Reusing television closed captioning for our online platform extends our accessibility reach. Audio descriptions are not currently available on TVNZ+, due to an inability to easily layer different audio files on the current video player. Work is now underway on TVNZ's future IP Platform This new platform will have more flexibility to support accessibility features, including audio description. An 'accessibility by design' approach for the large-scale upgrade will meet the changing needs of different communities.

TVNZ's strong New Zealand identity is a core part of what defines and sets us apart from other broadcasters. Viewers enjoy seeing their stories reflected on screen and we are continuing to increase our local content slate year-on-year. Investing in local content and supporting a thriving local production community is fundamental to our role as a responsible broadcaster.

In FY22 we increased our content investment 33.6% to $189.5 million, demonstrating our deep commitment. Not only did TVNZ support a wide variety of local content across genres, premium storytelling was pursued also. TVNZ secured 13 wins at the 2021 TV Awards held in the FY22 period, including Best Drama Series for *Creamerie* and Best Comedy Series for *Wellington Paranormal*.

1 NEWS is New Zealand's most watched and most trusted news source, it forms the backbone of our content offering. NZ on Air's annual 'Where are the Audiences?' survey found that 50% of New Zealanders used 1 NEWS as their news source, ahead of Stuff in second place with 42% respondents. 22% named 1 NEWS as their most trusted news source, a figure almost double that of the next highest local news source (NZ Herald with 12% and Stuff with 10%). Underpinning this result is 1 NEWS' commitment to bringing viewers robust and independent news every day of the year.

In FY22 this included breaking Covid-19 coverage, reliable and consistent political polling, investigative reporting by *Sunday*, *Fair Go* and *Q+A* and profile interviews across our news and current affairs output. 1 NEWS was also acknowledged by industry peers with wins at the Voyager Media Awards in FY22. *Sunday's* Mark Crysell was awarded Broadcast Journalist of the Year, and Thomas Mead and Jared McCulloch securing Breaking News Video of the Year for their story on the Southland Floods.

TVNZ is focused on enhancing our digital offering to ensure our news is available and engaging, however viewers wish to consume it, as well as pursuing innovation in our storytelling. In FY22 TVNZ invested in growing its digital news operations, gaining additional expertise in audience, digital content and design, and increased technology and development capabilities.

Viewers depend on TVNZ to provide them with high quality news and entertainment content. To meet this benchmark, we abide by the standards set by the Broadcasting Standards Authority (BSA) and the Media Council for television and digital content respectively. Formal complaints from our viewers are welcomed, they ensure the proper checks and balances are in place.

Finally, as an ad-funded business, TVNZ makes an economic contribution to Aotearoa through its provision of premium programming. TVNZ generated $321 million in advertising revenue in FY22 and the relationship we have with our advertisers is reciprocal.

Their investment means we can provide great content for our viewers, and in turn we give advertisers a comprehensive platform to showcase their products and services. In FY22, TVNZ supported 900 advertisers in growing their brands, playing a vital role in the economic health of New Zealand.

JOHN CAMPBELL

Screen Standards

TVNZ broadcasts over 20,000 hours of content each year, some of it sparking lively discussion and debate. We welcome feedback from our viewers and through the formal complaints process, they 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 1,866 BSA formal complaints.

- 76 more than in the previous year.
- Of these 1,866 complaints, 28 complaints (1.5%) were upheld by the TVNZ Complaints Committee.

Online news and entertainment content falls under the jurisdiction of the Media Council. The TVNZ Complaints Committee responded to 59 complaints under Media Council Principles; none were upheld by the TVNZ Complaints Committee.

COMPLAINTS

2021 → 2022

2021

BSA COMPLAINTS RECEIVED BY TVNZ

- 1,790 complaints
- 53 upheld

MEDIA COUNCIL COMPLAINTS RECEIVED BY TVNZ

- 47 complaints
- 3 upheld

2022

BSA COMPLAINTS RECEIVED BY TVNZ

- 1,866 complaints
- 28 upheld

MEDIA COUNCIL COMPLAINTS RECEIVED BY TVNZ

- 59 complaints
- 0 upheld

REFERRALS

In FY2022 the BSA handled 55 referrals about TVNZ programming (referrals are counted per BSA decision, three were withdrawn). Of these none have been upheld by the BSA*.

TVNZ had two referrals to the Media Council, neither of which were upheld

2021 → 2022

2021

BSA

- 58 referred
- 0 upheld**

MEDIA COUNCIL

- 3 referred, none upheld

2022

BSA

- 55 referred
- 0 upheld*

MEDIA COUNCIL

- 3 referred, none upheld*

*At time of writing, some referrals are yet to be determined by the BSA
**One upheld decision was overturned on appeal

Strong Public Media
& TVNZ'S FUTURE

The Government's intentions for the future of public media were announced earlier this year, and work on an entity formed from TVNZ and RNZ has since proceeded at pace.

On 10 March, the then Broadcasting Minister Hon Kris Faafoi announced the Government's response to a report by a Business Case Governance Group charged with considering the viability of an entity to tackle the challenges of the rapidly changing ways New Zealanders are watching and listening to entertainment and news.

The group had concluded a new public media entity was critical if New Zealanders were to continue to see and hear ourselves, have trust in our media, and have a well-performing democracy. It confirmed the pressures our public media is facing retaining audiences and attracting new ones, particularly young people, in the face of access to global platforms. An entity formed from TVNZ and RNZ, with a consistent public media focus and greater scale, was key to this.

CABINET AND LEGISLATION

In February, Cabinet ordered work to proceed. It said the entity would have editorial independence, and receive commercial and Crown funding for operations. It would also:

- be built on the best of TVNZ and RNZ to provide public media content to all New Zealanders, including groups who are currently under-served or under-represented
- use a range of platforms, including current radio and linear TV and those of third parties
- operate under a charter
- deliver on the Crown's Te Tiriti obligations and provide Māori stories and perspectives
- carry advertising, while ensuring services currently commercial-free will remain so
- collaborate with and support the wider media sector where appropriate.

TVNZ welcomed the announcement. Chief Executive Simon Power said it was an exciting opportunity for a structure that would set new standards for public service media to inform, educate, and entertain Kiwis in a rapidly evolving digital environment.

The legislation to establish the new entity – Aotearoa New Zealand Public Media (ANZPM) – was introduced to Parliament on 23 June by new Minister for Broadcasting and Media, Hon Willie Jackson. It would have a mixed funding model – receiving money from the Government and commercial revenue from advertising and other income streams. Though it is not-for-profit, its commercial revenue will supplement Crown funding and allow it to better deliver on its public media outcomes.

Though the exact mix is being worked through, this is of great importance to TVNZ and our 900 or so commercial partner companies who are keen for reassurance our platforms will still be available to them to advertise on. Simon Power reassured them commercially funded content across the TVNZ network will need to be supported by advertising. He similarly assured the 90-plus production companies TVNZ works with that whatever shape ANZPM takes, telling New Zealand stories will continue to be our focus, and partnering with them to continue to produce that content will be as important as ever.

TVNZ welcomed the Bill's stipulation that all existing jobs in both organisations (with the exception of the CEOs of RNZ and TVNZ) will be transferred to ANZPM.

The Bill is now in the select committee and legislative process. TVNZ will participate in the select committee process. Final decisions on the structure and operating model will be made once ANZPM is established in legislation and its Board and executive is formed. It is expected to be legally established on 1 March 2023, and begin operating with its new funding and charter from 1 July.

1 NEWS | SIMON DALLOW

PROCESS AND STRUCTURE

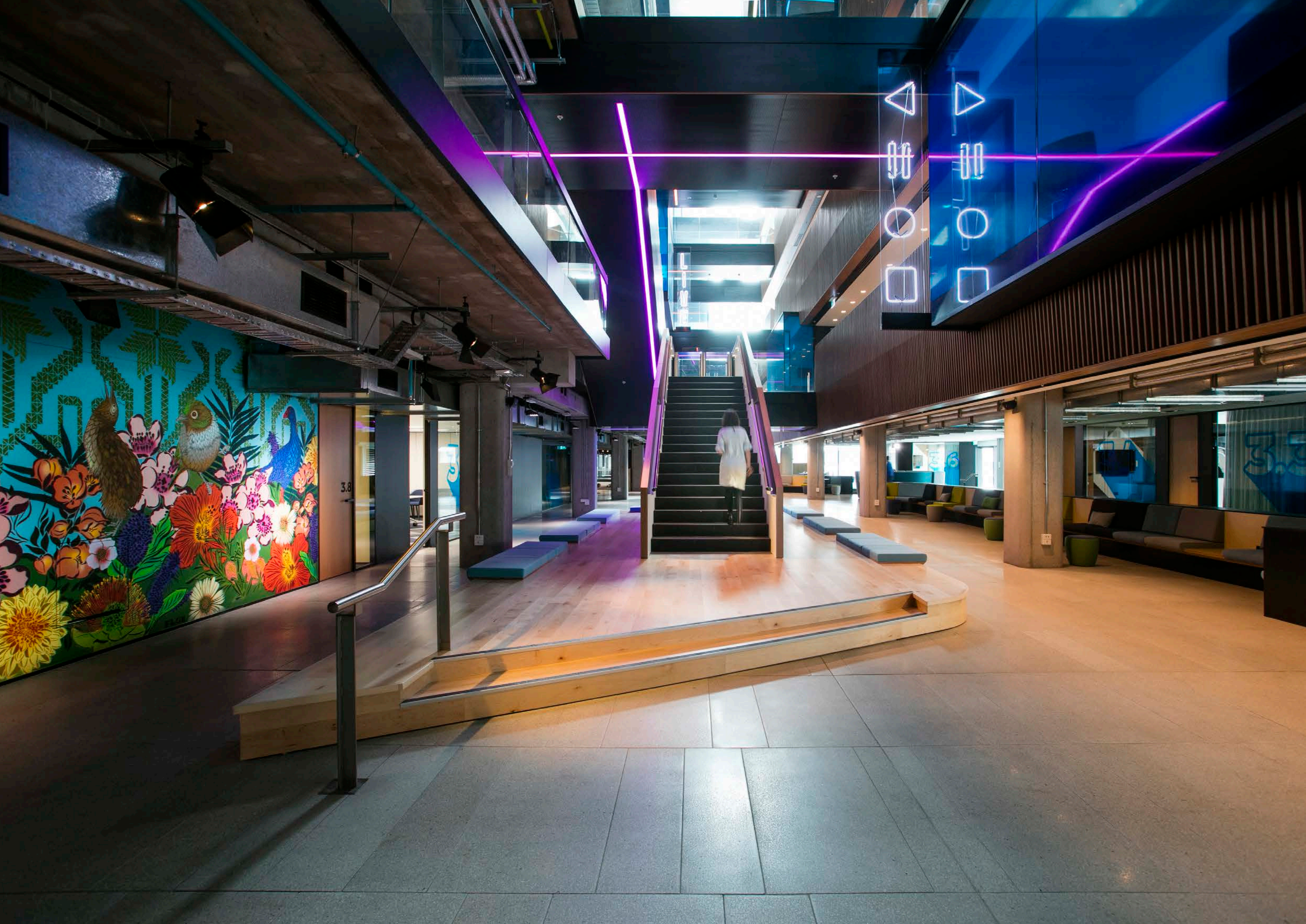
An Establishment Board oversees ANZPM's design and the change process. TVNZ Chair Andy Coupe, Board member Aliesha Staples, and TVNZ's Pacific Correspondent Barbara Dreaver have joined Tracey Martin (Establishment Board Chair), Dr Jim Mather (Chair, RNZ), Peter Parussini (RNZ Board), and independents Michael Anderson, Bailey Mackey, and John Quirk.

The Board is looking at how ANZPM can be designed to operate most effectively, including its structure and organisational strategy. It oversees the development and implementation of a change management plan to enable a smooth transition for TVNZ's and RNZ's operations and staff. Its work is split into four: legislation, funding and monitoring, target operating model design, and TVNZ/RNZ staff and operations transition. Members have consulted with the Executive Teams from TVNZ and RNZ to understand present setup and operations to help guide them forward.

A Programme Steering Group provides advice and guidance on progress, shares insights on operational issues that might that affect the programme, helps identify and mitigate risks and issues, and advises on design and implementation. TVNZ is represented on this group by General Counsel and Director of Corporate Affairs Brent McAnulty.

Both groups meet regularly within the framework set down by the Ministry for Culture and Heritage. There is regular collaboration between TVNZ and RNZ officials, including both CEOs, and Establishment Board Chair Tracey Martin has briefed the TVNZ Board and TVNZ staff.

We look now forward to seeing the final design. The creation of Aotearoa New Zealand Public Media will be the biggest change ever in public and private media in New Zealand, and TVNZ remains fully committed to and focused on helping deliver the transformation for the public good.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Financial Summary

FOR THE YEAR ENDED 30 JUNE 2022

The financial results for the year reflect solid EBITDAF performance as revenue slightly increased in a challenging advertising market, whilst expenditure was impacted by a significant investment in Content spend, as well as the re-sizing of teams back to pre-Covid-19 levels and an increased investment in strategic initiatives.

Expenses of $315.6m are $62.3m higher year on year due to:

- Content costs increased year on year by $47.7 million as overseas content become more readily available following the prior year shortages impacted by Covid-19. At the same time, strategic investments were also made in local and digital news content.
- A write down of $5.3m for two contracts which became loss making during the year. See below and refer to Note 5 in the financial statements.
- Increased investment in people and capabilities to drive strategic initiatives.

EBITDAF of $26.1m includes one-off items that should be excluded to understand true underlying performance as illustrated in the table below.

	2022		
	Reported $M	Adjustments $M	Underlying $M
Operating Revenue	341.7	0	341.7
		0	
Expenses	(315.6)	5.3	(310.3)
Onerous Contract Writedown		5.3	
EBITDAF per Income Statement	26.1	5.3	31.4

Reported operational expenditure of $315.6m includes a $5.3m write down for two content contracts that have been assessed as loss making due to declines in forecast future revenue from this content.

Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

Contents

Statement of Responsibility

FOR THE YEAR ENDED 30 JUNE 2022

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 2022 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 2022.

For and on behalf of the Board,

Andy Coupe
Chair

Keiran Horne
Chair, Audit and Risk Committee

30 August 2022

Consolidated Income Statement

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 $000	2021 $000
Operating revenue	4	341,689	339,957
Expenses			
Programming	5	(189,481)	(141,832)
Employee benefits	6	(58,513)	(54,236)
Transmission, technology and telecommunications		(22,206)	(22,108)
Premises and occupancy		(3,458)	(3,067)
Marketing		(15,290)	(11,027)
Other		(26,562)	(21,032)
		(315,600)	(253,302)
Earnings before interest, tax, depreciation and amortisation, financial instruments and joint venture (EBITDAF)		26,089	86,655
Depreciation and amortisation	6	(15,986)	(17,795)
Interest income		1,244	667
Interest expense		(198)	(133)
Financial instruments/foreign currency (losses)/gains	7	(72)	125
Profit before income tax		11,077	69,519
Income tax expense	8	(3,161)	(10,327)
Profit after income tax		7,916	59,192

The accompanying notes form part of these financial statements.

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 $000	2021 $000
Profit for the year		7,916	59,192
Other comprehensive income that are not reclassified to profit or loss in subsequent periods			
Revaluation land and buildings	11	5,958	11,320
Income tax effect		(1,332)	(2,526)
Revaluation of land and buildings, net of tax		4,626	8,794
Total comprehensive income for the year		12,542	67,986

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

AS AT 30 JUNE 2022

	Notes	2022 $000	2021 $000
ASSETS			
Current assets			
Cash and cash equivalents	9	24,389	23,539
Short term investments	9	75,000	85,000
Trade and other receivables	10	72,021	64,902
Programme rights	12	30,863	36,957
Derivatives	20	453	421
Total current assets		202,726	210,819
Non-current assets			
Property, plant and equipment	11	157,158	159,393
Right-of-use assets	13	1,821	453
Other intangibles	12	2,932	5,395
Derivatives	20	105	54
Total non-current assets		162,016	165,295
Total assets		364,742	376,114
LIABILITIES			
Current liabilities			
Trade and other payables	17	51,635	55,359
Employee entitlements	17	4,802	4,357
Deferred income	18	2,887	2,638
Lease liabilities	13	163	412
Provisions	19	0	1,233
Tax payable	8	5,488	11,129
Total current liabilities		64,975	75,128
Non-current liabilities			
Employee entitlements	17	834	929
Derivatives	20	1	1
Lease liabilities	13	1,693	55
Provisions	19	794	0
Deferred tax liability	8	626	1,724
Total non-current liabilities		3,948	2,709
Equity			
Share capital	22	140,000	140,000
Revaluation reserve	22	77,625	72,999
Retained earnings		78,194	85,278
Total equity		295,819	298,277
Total equity and liabilities		364,742	376,114

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 30 August 2022.

Andy Coupe
Chair

Keiran Horne
Chair, Audit and Risk Committee

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2022

	Share capital $000	Revaluation reserve $000	Retained earnings $000	Total $000
At 1 July 2021	140,000	72,999	85,278	298,277
Profit for the year	0	0	7,916	7,916
Other comprehensive income net of income tax	0	4,626	0	4,626
Total comprehensive income for the year	0	4,626	7,916	12,542
Transaction with owners in their capacity as owners				
Dividend paid in the year	0	0	(15,000)	(15,000)
At 30 June 2022	140,000	77,625	78,194	295,819

	Share capital $000	Revaluation reserve $000	Retained earnings $000	Total $000
At 1 July 2020	140,000	64,205	26,086	230,291
Profit for the year	0	0	59,192	59,192
Other comprehensive income net of income tax	0	8,794	0	8,794
Total comprehensive income for the year	0	8,794	59,192	67,986
Transaction with owners in their capacity as owners				
Dividend paid in the year	0	0	0	0
At 30 June 2021	140,000	72,999	85,278	298,277

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 $000	2021 $000
Cash flows from operating activities			
Receipts from customers		337,542	318,032
Receipt of programme funding		5,400	6,602
Interest received		1,036	530
Payments to suppliers and employees		(321,724)	(263,219)
Interest paid		(198)	(133)
Income tax paid	8	(11,233)	0
Net cash flows from operating activities	23	10,823	61,812
Cash flows used in investing activities			
Proceeds from sale of property, plant and equipment		9	9
Purchase of property, plant and equipment	11	(3,997)	(5,030)
Purchase of intangibles	12	(804)	(304)
Sale/(purchase) of short term investments	9	10,000	(85,000)
Net cash flows used in investing activities		5,209	(90,325)
Cash flows used in financing activities			
Lease liability payments		(563)	(568)
Dividends paid		(15,000)	0
Net cash flows used in financing activities		(15,563)	(568)
Net increase/(decrease) in cash and cash equivalents		468	(29,081)
Net foreign exchange differences		381	79
Cash and cash equivalents at the beginning of the year		23,539	52,541
Cash and cash equivalents at the end of the year	9	24,389	23,539

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

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.

TVNZ Limited is a limited liability company incorporated in New Zealand under the Companies Act 1993 and is wholly owned by the Crown. TVNZ 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 30 August 2022.

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) Aotearoa New Zealand Public Media

On 10 March 2022 the Minister of Broadcasting and Media announced the Government's intention to establish a new public media entity to ensure that New Zealanders continue to have access to reliable, trusted, independent information, with local content at its heart. The new public media entity will be built on the best of both TVNZ and Radio New Zealand (RNZ), which will initially become subsidiaries of the new organisation.

On 26 July 2022 the Bill to create a new public media entity, Aotearoa New Zealand Public Media (ANZPM), passed its first reading in Parliament. The Bill includes transitional arrangements that will see TVNZ and RNZ's staff, assets, and operations transfer to the new entity on 1 March 2023. An Establishment Board has been appointed to oversee the detailed design of the new entity and the change required to create it, with the aim of it being operational by 1 July 2023.

b) Disestablishment basis

The operations and activities of TVNZ will continue uninterrupted during the transitional phase. After which, the new public media entity will assume responsibility for continuing to perform these duties.

As a result of the proposed reforms, these consolidated financial statements have been prepared on a disestablishment basis. No changes have been made to the recognition and measurement, or presentation in these financial statements, because all assets, liabilities, and operations of TVNZ are expected to transfer to the new public media entity.

c) 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.

d) Statement of compliance

TThe 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. 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.

2) SIGNIFICANT ACCOUNTING POLICIES *(continued)*

e) 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.

f) Changes in accounting policies and disclosures

There are no new standards or amendments to existing standards which have or are expected to have a material impact on TVNZ in the current or future reporting periods.

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, with revisions recognised in the period in which the estimates are revised and in any future periods affected. Actual results may differ from these estimates.

a) Impact on Policies

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

- Note 5 – Onerous contract impairment
- Note 11 – Fair value of land and buildings

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+ 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.

TVNZ provides retrospective volume bonuses to certain customers once the quantity of advertising services purchased during the period exceeds a threshold specified in the contract. Volume bonuses are offset against amounts payable by the customer. To estimate the variable consideration for the expected future bonuses, 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 bonuses.

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 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 2022

4) OPERATING REVENUE *(continued)*

	2022 $000	2021 $000
Advertising revenue	321,037	322,283
Programme funding	6,811	6,228
Other trading revenue	13,841	11,446
	341,689	339,957

5) PROGRAMMING

	2022 $000	2021 $000
Programme utilisation (Note 12)	184,210	157,081
Programme rights impairment (Note 12)	4,612	0
Prepaid programme rights impairment (Note 10)	658	0
Onerous contract (Note 19)	0	(15,249)
	189,481	141,832

Programme utilisation returned to normal activity levels after the prior year was impacted by restricted availability of content, primarily due to easing of production constraints for international content.

During the year, changes in market conditions triggered a review of programme rights contracts. Two programme rights contracts became loss making due to the forecast revenue from the contracts being assessed as lower than the cost for which TVNZ was obligated under the contracts. The net obligation under the contracts has been provided for in the current year.

This was calculated as the net of estimated revenue and the estimate of programme purchase commitments discounted to present values. This presents as an impairment of programme rights on hand and prepaid programme rights totalling $5.3m.

6) EXPENSES

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

	2022 $000	2021 $000
Employee benefits expense		
Wages and salaries and other short term benefits	84,345	77,165
Superannuation contribution expense	3,214	3,132
Less employee benefits charged to programmes/capitalised	(29,046)	(26,061)
	58,513	54,236

Employee benefits increased in the year due to the resizing of teams and an investment in capabilities to drive strategic initiatives.

6) EXPENSES *(continued)*

	2022 $000	2021 $000
Depreciation and amortisation		
Depreciation – PPE	12,140	13,029
Depreciation – right to use assets	579	567
Amortisation – software	3,163	4,081
Amortisation – licences	104	118
	15,986	17,795
Auditor's remuneration		
Audit of financial statements	340	310
Other assurance engagements	22	11
Other non audit services	0	0
	362	321
Reorganisation costs		
Reorganisation costs	508	(160)

Reorganisation costs relate to the costs of redundancy, outplacement and other costs associated with changes in operational areas of the business. The prior year recognised a credit as the actual costs were lower than the accrual carried forward. See Note 19 for further details.

7) FOREIGN CURRENCY

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.

	2022 $000	2021 $000
Fair value changes of derivative financial instruments gains	83	15
Foreign currency realised losses	(205)	(7)
Foreign currency unrealised gains	50	117
	(72)	125

Notes to the Consolidated Financial Statements *(continued)*

FOR THE YEAR ENDED 30 JUNE 2022

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.

8) INCOME TAX *(continued)*

	2022 $000	2021 $000
a) Income tax		
The major components of income tax expense are:		
Income statement		
Current income tax		
Current period	5,581	12,201
Income tax under/(over) provided in prior years	10	(1,072)
	5,591	11,129
Deferred income tax		
Origination and reversal of temporary differences	(2,430)	8,394
Utilisation of previously unrecognised deferred tax asset	0	(9,196)
	(2,430)	(802)
Total income tax expense	3,161	10,327
b) Reconciliation of income tax expense		
Profit before income tax for the year	11,077	69,519
Taxation at 28%	3,102	19,465
Adjusted for the tax effect of:		
Non deductible expenditure	49	1,130
Income tax under/(over) provided in prior years	10	(1,072)
Deferred tax asset not recognised/(recognised)	0	(9,196)
Total tax expense	3,161	10,327

c) Recognised deferred tax assets/(liabilities)

	2022	
	Current income tax $000	Deferred income tax $000
Opening balance	(11,129)	(1,724)
Charged to income statement – tax expense	(5,591)	2,430
Charged to revaluation reserve	0	(1,332)
Other receipts	11,232	0
Closing balance	(5,488)	(626)
Tax expense in income statement		(3,161)
Amounts recognised in the balance sheet:		
Deferred tax liability		(626)

Notes to the Consolidated Financial Statements *(continued)*
FOR THE YEAR ENDED 30 JUNE 2022

8) INCOME TAX *(continued)*

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

	2021	
	Current income tax $000	Deferred income tax $000
Opening balance	0	0
Charged to income statement – tax expense	(11,129)	(8,394)
Charged to revaluation reserve	0	(2,526)
Re-recognition of prior year deferred tax asset	0	9,196
Closing balance	(11,129)	(1,724)
Tax expense in income statement		(10,327)
Amounts recognised in the balance sheet:		
Deferred tax liability		(1,724)

	Balance Sheet	
	2022 $000	2021 $000
Deferred income tax at 30 June relates to the following:		
Deferred tax liability		
Programme rights	5,384	4,089
Employee entitlements	2,238	2,641
Property, plant and equipment and software	(8,542)	(8,855)
Provisions	222	333
Other	72	68
	(626)	(1,724)

	2022 $000	2021 $000
d) Imputation credit account		
The amount of imputation credits available for use in subsequent reporting periods	39,856	39,580

The subsidiaries of TVNZ form part of the same consolidated tax group.

9) CASH AND CASH EQUIVALENTS AND SHORT TERM INVESTMENTS

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.

Short term investments comprise bank deposits with an original maturity greater than 3 months and less than 12 months.

	2022 $000	2021 $000
Cash at bank and in hand	24,389	23,539
Cash and cash equivalents	24,389	23,539
Short term investments	75,000	85,000

Short term investments are term deposits, held with major banks, with a maturity of greater than three months. These are generally for a six-month to twelve-month term.

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 TVNZ expects to receive. The allowance for impairment considers historical loss experience adjusted for forward looking adjustments specific to the debtors and the economic environment.

	2022 $000	2021 $000
Trade receivables	43,792	43,287
Less provision for receivables impairment	(4)	(3)
Prepaid programme rights	23,934	16,233
Prepayments – other	3,727	3,512
Other receivables	572	1,873
	72,021	64,902

10) TRADE AND OTHER RECEIVABLES *(CONTINUED)*

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

	2022 $000	2021 $000
Current	40,527	42,369
Up to 30 days overdue	2,904	891
Between 30 and 90 days	350	24
Over 90 days overdue	11	3
	43,792	43,287

Prepaid programme rights include an impairment of $659,000 (FY21: nil) relating to the write down of an onerous contract. See Note 5 for further details.

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 21 for details of credit risk).

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 asset's 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

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

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 (2021: CBRE) on 30 June 2022, a registered independent valuer who has valuation experience for similar land and buildings in New Zealand, in accordance with Level 3 of the fair value hierarchy.

The valuations completed by the valuer for land and buildings are based on the market capitalisation and discounted cash flow methods. The significant input for the market capitalisation method is the market capitalisation rate. The significant inputs for the discounted cash flow method are the discount rate, terminal yield, and average market growth rate.

The key assumptions used in determining the fair value of land and buildings are:

100 Victoria Street West, Auckland	**2022**	**2021**
Adopted market capitalisation rate	5.13%	5.00%
Adopted discount rate	6.50%	6.38%
Terminal yield	5.50%	5.38%
Average market growth rate (p.a.)	2.15%	1.95%

Changes in key assumptions would have an impact on the value of land and buildings. Significant decreases (increases) in market capitalisation rate, discount rate, or terminal yield would result in a significantly higher (lower) fair value. Significant increases (decreases) in average market growth rate would result in a higher (lower) fair value.

A net gain from the revaluation of land and buildings of $4,626,000 was recognised in Other Comprehensive Income during the year (2021: $8,794,000).

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.

Notes to the Consolidated Financial Statements *(continued)*

FOR THE YEAR ENDED 30 JUNE 2022

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

	Land & Buildings $000	**Plant & Equipment** $000	**Motor Vehicles** $000	**Work in Progress** $000	**Total** $000
Year ended 30 June 2022					
At 1 July 2021 net of accumulated depreciation and impairment	144,419	10,504	1,101	3,369	159,393
Revaluation	5,958	0	0	0	5,958
Additions	0	0	0	4,436	4,436
Transfers from WIP	371	4,246	108	(4,725)	0
Reclassification to Software WIP	0	0	0	(439)	(439)
Disposals	(10)	(30)	(10)	0	(50)
Depreciation charge	(6,409)	(5,246)	(485)	0	(12,140)
Closing net book amount	144,329	9,474	714	2,641	157,158
At 30 June 2022					
Cost and valuation	145,949	72,295	2,388	2,461	223,273
Accumulated depreciation and impairment	(1,620)	(62,821)	(1,674)	0	(66,115)
	144,329	9,474	714	2,641	157,158
Year ended 30 June 2021					
At 1 July 2020 net of accumulated depreciation and impairment	139,120	14,997	1,528	429	156,074
Revaluation	11,320	0	0	0	11,320
Additions	12	0	0	5,018	5,030
Transfers from WIP	249	1,815	14	(2,078)	0
Reclassification from Software WIP	0	0	0	0	0
Disposals	0	(2)	0	0	(2)
Depreciation charge	(6,282)	(6,306)	(441)	0	(13,029)
Closing net book amount	144,419	10,504	1,101	3,369	159,393
At 30 June 2021					
Cost	144,750	112,084	2,307	3,369	262,510
Accumulated depreciation and impairment	(331)	(101,580)	(1,206)	0	(103,117)
	144,419	10,504	1,101	3,369	159,393

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.

Notes to the Consolidated Financial Statements *(continued)*

FOR THE YEAR ENDED 30 JUNE 2022

12) INTANGIBLE ASSETS *(continued)*

	Programme Rights $000	Software $000	Licences $000	Total $000
Year ended 30 June 2022				
At 1 July 2021 net of accumulated amortisation and impairment	36,957	4,268	1,127	42,352
Additions (internally generated)	52,270	0	0	52,270
Additions (externally purchased)	130,459	365	0	130,824
Reclassification from PPE WIP	0	439	0	439
Amortisation charge	(184,210)	(3,163)	(104)	(187,477)
Impairment	(4,612)	0	0	(4,612)
Closing net book amount	30,863	1,909	1,023	33,795
At 30 June 2022				
Cost	153,069	38,702*	3,109	194,880
Accumulated amortisation and impairment	(122,206)	(36,793)	(2,086)	(161,085)
	30,863	1,909	1,023	33,795
Current asset	30,863	0	0	30,863
Non-current asset	0	1,909	1,023	2,932
	30,863	1,909	1,023	33,795
Year ended 30 June 2021				
At 1 July 2020 net of accumulated amortisation and impairment	30,062	8,045	1,245	39,352
Additions (internally generated)	49,544	0	0	49,544
Additions (externally purchased)	114,432	304	0	114,736
Reclassifications	0	0	0	0
Amortisation charge	(157,081)	(4,081)	(118)	(161,280)
Impairment	0	0	0	0
Closing net book amount	36,957	4,268	1,127	42,352
At 30 June 2021				
Cost	163,359	37,898*	3,109	204,366
Accumulated amortisation and impairment	(126,402)	(33,630)	(1,982)	(162,014)
	36,957	4,268	1,127	42,352
Current asset	36,957	0	0	36,957
Non-current asset	0	4,268	1,127	5,395
	36,957	4,268	1,127	42,352

*Included in software are assets under development of $373,000 (2021: $8,000).

Notes to the Consolidated Financial Statements *(continued)*

FOR THE YEAR ENDED 30 JUNE 2022

13) LEASES

Accounting policy
Right of use assets and lease liabilities arising from a lease are initially measured on a present value basis.

TVNZ recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. In considering the lease term, TVNZ applies judgement in determining whether it is reasonably certain that an extension or termination option will be exercised.

In calculating the present value of lease payments, TVNZ uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments.

	2022	2021
	$000	$000
Right of use assets		
At 1 July	453	1,113
Additions	1,993	0
Depreciation for the period	(579)	(567)
Disposal (early termination of lease)	(46)	(93)
Closing net book amount	1,821	453
Lease liabilities		
At 1 July	467	1,131
Additions	2,000	0
Interest for the period	71	25
Lease payments made	(634)	(593)
Disposal (early termination of lease)	(48)	(96)
Lease liabilities at 30 June	1,856	467
Lease Liability – current	163	412
Lease Liability – non-current	1,693	55
	1,856	467
Lease related expenses included in the income statement		
Depreciation	579	567
Interest on leases	71	25
	650	592

During the year TVNZ entered into a new lease agreement for the offices in Christchurch.

Notes to the Consolidated Financial Statements *(continued)*

FOR THE YEAR ENDED 30 JUNE 2022

14) GROUP COMPANIES

The Group consists of TVNZ and its subsidiaries. The subsidiaries of TVNZ comprise:

		% holding	
Name	Principal activity	**2022**	**2021**
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.

15) 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.

			% holding	
Name	Balance Date	Principal activity	**2022**	**2021**
Freeview Limited	30 June	Free to air digital platform	44.9%	44.9%

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 joint venture itself.

16) BANK OVERDRAFT AND BORROWING

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.

TVNZ has a revolving cash advance facility committed to a maximum amount of $20.0 million (2021: $20.0 million); this facility expires in December 2024. This facility is undrawn at 30 June 2022 (2021: undrawn). Refer Note 21 for details on management of interest rate risk related to borrowings.

17) 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.

	2022	2021
	$000	$000
Current		
Trade payables and accruals	51,635	55,359
	51,635	55,359
Employee entitlements		
Current	4,802	4,357
Non-current	834	929
	5,636	5,286

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

18) DEFERRED INCOME

	2022	2021
	$000	$000
Programme funding (NZOA/TMP)	276	642
Other	2611	1,996
	2,887	2,638

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

Other deferred income includes advertising revenue and production funding received in advance. $2,602,000 of the prior year balance was recognised as revenue in profit and loss and the current year.

Notes to the Consolidated Financial Statements *(continued)*

FOR THE YEAR ENDED 30 JUNE 2022

19) PROVISIONS

Accounting policy

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

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

Judgements and estimates

Contracts are considered onerous when the costs of fulfilling the contract outweigh the economic benefits. Contracts are assessed based on revenue forecasts and certain and estimated costs over their remaining life.

When assessing the provision for onerous contracts, the appropriateness and reliability of revenue forecasts are reviewed, taking into consideration changes in market forces, competitive pressures, and sensitivity to key variables.

Movement in provisions

	Reorganisation	Make good	Total
	$000	$000	$000
At 1 July 2021	474	759	1,233
Raised during the year	0	35	35
Utilised during the year	(474)	0	(474)
At 30 June 2022	0	794	794
At 30 June 2022			
Current	0	0	0
Non-current	0	794	794
	0	794	794
At 30 June 2021			
Current	474	759	1,233
Non-current	0	0	0
	474	759	1,233

19) PROVISIONS *(continued)*

Nature and timing of provision

Reorganisation
The reorganisation provision balance relates to the costs of redundancy, outplacement and other costs associated with changes in operational areas of the business to align with TVNZ 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.

20) 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 2022

20) DERIVATIVES *(continued)*

	2022 $000	2021 $000
Current assets		
Forward currency contracts	453	420
Foreign currency embedded derivative contracts	0	1
	453	421
Non-current assets		
Forward currency contracts	105	54
Foreign currency embedded derivative contracts	0	0
	105	54
Current liabilities		
Forward currency contracts	0	0
Foreign currency embedded derivative contracts	0	0
	0	0
Non-current liabilities		
Forward currency contracts	0	0
Foreign currency embedded derivative contracts	1	1
	1	1

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.

	2022 NZD $000	2021 NZD $000
Buy AUD/Sell NZD – Maturity 0 - 12 months	14,280	19,483
Buy AUD/Sell NZD – Maturity 13 - 24 months	3,781	4,262
Buy AUD/Sell NZD – Maturity 25 - 36 months	0	0

ii) 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.

20) DERIVATIVES *(continued)*

	2022 NZD $000	2021 NZD $000
Embedded derivatives		
Sell AUD/Buy NZD – Maturity 0-12 months	0	336
Sell AUD/Buy NZD – Maturity 13-36 months	22	0

21) FINANCIAL RISK FACTORS

TVNZ's activities expose it to a variety of financial risks including currency risk, credit risk, liquidity risk, and interest rate 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.

At 30 June TVNZ had the following foreign currency exposures:

	2022 $000	2021 $000
Financial assets		
Cash and cash equivalents	1,081	628
Trade and other receivables	297	24
	1,378	652
Financial liabilities		
Trade and other payables	(22,177)	(9,523)
	(22,177)	(9,523)
Foreign currency derivatives		
Forward contracts	18,061	23,745
Embedded derivatives	(22)	(336)
	18,039	23,409
Total net exposure	(2,760)	14,538

Notes to the Consolidated Financial Statements *(continued)*

FOR THE YEAR ENDED 30 JUNE 2022

21) FINANCIAL RISK FACTORS *(continued)*

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% $000	(10%) $000	+10% $000	(10%) $000
2022	628	(628)	628	(628)
2021	(689)	689	(689)	689

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

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

	2022 $000	2021 $000
Financial assets		
Cash and cash equivalents	24,389	23,539
Short term investments	75,000	85,000
Financial liabilities		
Bank overdrafts	0	0
Net exposure	99,389	108,539

TVNZ uses interest rate swaps to hedge any underlying debt obligations. No interest rate swaps are held at 30 June 2022 (2021: nil).

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.

21) FINANCIAL RISK FACTORS *(continued)*

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 2022 TVNZ has available $20.0m (2021: $20.0m) of undrawn committed facilities. These bank facilities expire in December 2024.

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

	2022			
Group	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	51,635	0	0	51,635
Forward exchange contracts – outflow	14,280	3,781	0	18,061
Forward exchange contracts – inflow	(14,733)	(3,886)	0	(18,619)
	51,182	(105)	0	51,077

	2021			
Group	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	55,359	0	0	55,359
Forward exchange contracts – outflow	19,483	4,262	0	23,745
Forward exchange contracts – inflow	(19,903)	(4,316)	0	(24,219)
	55,939	(54)	0	54,885

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.

Notes to the Consolidated Financial Statements *(continued)*

FOR THE YEAR ENDED 30 JUNE 2022

21) FINANCIAL RISK FACTORS *(continued)*

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.

There were no transfers between Level 1 and Level 2 during the year (2021: none).

The fair values of these Level 2 valuations are presented in the following table.

	2022 $000	2021 $000
Financial assets		
Derivative instruments		
Foreign currency contracts	558	474
Foreign currency embedded derivative contracts	0	1
	558	475
Financial liabilities		
Derivative instruments		
Foreign currency contracts	0	0
Foreign currency embedded derivative contracts	1	1
	1	1

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 28e).

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

22) 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 2022 there were 140,000,000 shares issued and fully paid (2021: 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

	2022 $000	2021 $000
Movement in Revaluation reserve:		
Opening balance	72,999	64,205
Charged to other comprehensive income (net of tax)	4,626	8,794
Closing balance at 30 June	77,625	72,999

The revaluation reserve records the cumulative change in value, net of tax, of Land & Buildings held by TVNZ.

Notes to the Consolidated Financial Statements *(continued)*

FOR THE YEAR ENDED 30 JUNE 2022

23) CASH FLOW STATEMENT RECONCILIATION

	Notes	2022 $000	2021 $000
Reconciliation of net profit after tax to net cash flows from operations			
Net profit		7,916	59,192
Adjustments for:			
Depreciation and amortisation (excluding programme rights)	6	15,986	17,795
Loss/(gain) on disposal of property, plant and equipment		49	(7)
Unrealised foreign currency gains	7	(132)	(132)
Impairment of Programme rights	5,10	658	0
Changes in assets and liabilities			
(Increase)/decrease in trade and other receivables		(7,777)	(19,883)
(Increase)/decrease deferred tax		(2,430)	(802)
(Increase)/decrease programme rights		6,094	(6,895)
Increase/(decrease) trade and other payables		(3,710)	18,942
Increase/(decrease) deferred income		249	554
Increase/(decrease) income tax payable		(5,641)	11,129
Increase/(decrease) provisions		(439)	(18,081)
Net cash from operating activities		10,823	61,812

24) RELATED PARTY DISCLOSURES

a) Subsidiaries

The consolidated financial statements include the financial statements of TVNZ and its subsidiaries, listed in note 14.

b) Joint venture

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

	2022 $000	2021 $000
Joint venture		
Revenue from Freeview Limited	949	1,160
Purchases from Freeview Limited	322	615
Amounts owed by Freeview Limited	216	102

All transactions with the joint venture arise in the normal course of business.
None of the balances are secured.

Notes to the Consolidated Financial Statements *(continued)*

FOR THE YEAR ENDED 30 JUNE 2022

24) RELATED PARTY DISCLOSURES *(continued)*

c) Government entities

	2022 $000	2021 $000
Funding from NZOA and TMP	6,728	6,228
Revenue from crown entities	914	1,530
Revenue from crown departments (wage subsidy)	0	(4,909)
Revenue from crown departments (excluding wage subsidy)	1,447	2,588
Purchases from crown entities	7,458	6,037
Amounts owed by crown entities	1,006	639
Amounts owed to crown entities	142	131

All sales and purchases with government owned entities arise in the normal course of business. None of the balances are secured. Revenue from crown departments includes revenue from the Ministry of Education for production services and Kordia transmission relief.

In the prior year, TVNZ repaid the $4.9m Covid-19 wage subsidy received in FY20.
This is included in revenue from crown departments (wage subsidy).

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:

	2022	2021
Key Management		
Salary and other short term benefits (incl termination benefits)	7,254	3,774
Defined contribution superannuation expense	354	184
	7,608	3,958

Compensation paid in FY21 reflects that Key Management agreed with the Board that they would not be paid an STI for FY20 in response to the economic impact of Covid-19 on the business.

Directors' Fees	344	319

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 in the normal course of business.

25) COMMITMENTS

	2022 $000	2021 $000
a) Programme rights		
Within one year	98,424	93,822
One to five years	35,766	41,205
Later than five years	0	621
	134,190	135,648

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.

	2022 $000	2021 $000
b) Operating leases		
Within one year	0	2
One to five years	0	0
	0	2
c) Property, plant and equipment and software		
Within one year	505	910

26) CONTINGENT LIABILITIES

In the normal course of business various legal claims have been made against TVNZ. Given the absence of formal 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.

27) EVENTS AFTER THE BALANCE SHEET DATE

On 28 July 2022 Paul Yurisich, a member of the executive team, resigned from the role of Head of News & Current Affairs.

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

28) COMPARISON OF FORECAST TO ACTUAL RESULTS

Forecast amounts

The forecast amounts are those approved by the Board before the beginning of the 2022 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.

EBITDAF – Earnings before interest, tax, depreciation, amortisation, financial instruments, and joint ventures.

	Actual $000	Forecast $000
a) Financial performance		
Revenue	341,689	335,863
Operating expenses	(315,600)	(327,673)
EBITDAF	26,089	8,190
Interest income	1,244	480
Interest expense	(198)	(132)
Depreciation and amortisation	(15,986)	(16,706)
Financial instruments/foreign currency gains/(losses)	(72)	0
Income tax expense	(3,161)	0
Net profit/(loss) for the year	7,916	(8,168)
b) Movements in equity		
Net profit/(loss) for the year	7,916	(8,168)
Distributions to the shareholder	(15,000)	0
Other comprehensive income	4,626	0
Movements in equity for the year	(2,458)	(8,168)
Equity at start of the year	298,277	287,300
Equity at end of the year	295,819	279,132

Operating revenue of $341.7 million was $5.8m above forecast as advertising revenue performed better than expected with the forecast anticipating a small decline.

TVNZ reported an EBITDAF of $26.1 million for the financial year ending 30 June 2022, $17.9m higher than forecast. This was driven by the revenue performance noted above, as well as $6.9m lower content spend, (including onerous contract impairment), and savings in non-content costs of $5.2m during the year.

Notes to the Consolidated Financial Statements *(continued)*

FOR THE YEAR ENDED 30 JUNE 2022

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

c) Financial position		
Current assets	202,726	198,838
Non-current assets	162,016	146,326
Total assets employed	364,742	345,164
Current liabilities	64,975	64,023
Non-current liabilities	3,948	2,009
Total liabilities	68,923	66,032
Share capital	140,000	140,000
Revaluation reserve	77,625	64,200
Retained earnings	78,194	74,932
Total equity	295,819	279,132
Total equity and liabilities	364,742	345,164

Current assets are in line with forecast as strong EBITDAF performance more than offset the dividend payment in the year. Non-current assets are above forecast by $15.7m, predominantly due to the revaluation of land and buildings in the current & prior year. Liabilities are slightly above forecast, driven by an increase in lease liabilities from a new lease for the Christchurch office.

	Actual $000	Forecast $000
d) Cash flows		
Net cash flows from/(to):		
Operating activities	10,823	378
Investing activities	5,209	(8,900)
Financing activities	(15,563)	(630)
Net increase/(decrease) in cash held	468	(9,152)
Add opening cash brought forward	23,539	20,590
Net foreign exchange differences	381	0
Ending cash carried forward	24,389	11,438

Stronger than expected EBITDAF performance has resulted in cash flows from operating activities being $10.4m above forecast. The difference in cash flows to investing activities is due to changes in funds on term deposit. Cash flow on finance activities is the payment of a dividend in the year which was not included in the forecast.

e) Performance targets		
Profitability		
Return on average equity	2.7%	2.9%
Gearing		
Net interest bearing debt/net interest bearing debt plus equity	0.0%	0.0%
Financial stability		
Total equity/total assets	81.1%	80.9%
Interest cover		
EBITDAF/interest expense	132 times	62 times

Report of the Auditor-General

INDEPENDENT AUDITORS REPORT

TO THE READERS OF TELEVISION NEW ZEALAND LIMITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

The Auditor-General is the auditor of Television New Zealand Limited and its subsidiaries (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 39 to 71, that comprise the consolidated statement of financial position as at 30 June 2022, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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 and other explanatory information.

In our opinion:

- the financial statements of the Group on pages 39 to 71:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2022; 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 Financing Reporting Standards and NZ equivalent to International Financial Reporting Standards.

Our audit was completed on 30 August 2022. This is the date at which our opinion is expressed.

The basis for our opinion is explained below and we draw attention to the matter that the financial statements are prepared on disestablishment basis. 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.

THE FINANCIAL STATEMENTS ARE APPROPRIATELY PREPARED ON DISESTABLISHMENT BASIS

Without modifying our opinion, we draw attention to note 2b on page 44 which outlines the draft legislation to disestablish TVNZ and establish a new Crown entity. The bill is expected to come into effect on 1 March 2023. TVNZ, therefore appropriately prepared its financial statements on a disestablishment basis. No changes have been made to the recognition and measurement, or presentation in these financial statements, because all assets, liabilities and operations of TVNZ are expected to transfer to the new public media entity at their book value.

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.

Report of the Auditor-General

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 responsible on behalf of the Group for preparing financial statements that are fairly presented and comply with generally accepted accounting practice in New Zealand. The Board are responsible for such internal control as they determine is necessary to enable them 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 Group 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 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, Companies Act 1993 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.

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

Report of the Auditor-General

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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, 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 4 to 38 and pages 76 to 80, 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: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit we have provided other assurance and agreed upon procedures to the Group.

Other than the audit, and these services, we have no relationship with or interests in the Group.

Susan E Jones

Susan Jones
Ernst & Young 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 Willie Jackson	Minister of Broadcasting & Media

DIRECTORS

Meg Matthews and Aliesha Staples were appointed to the TVNZ Board on 11 October 2021. Ben Forman joined the Board as a Future Director on 1 October 2021.

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 2022.

GENERAL DISCLOSURES

The following disclosure of interests were made to the Board:

DIRECTORS' DISCLOSURES

General disclosures of interest given by TVNZ pursuant to Section 211 of the Companies Act 1993 as at 31 May 2022:

R A Coupe (Chair)

Barramundi Limited	Director
Briscoe Group Limited	Director
Coupe Consulting Limited	Director
Kingfish Limited	Director
Marlin Global Limited	Director
SPM Establishment Board	Director

P M Carter

Asia New Zealand Foundation	Editorial Advisor
Empire Foods (NZ) Limited	Director

K A Horne

CEC Charitable Trust	Trustee/Treasurer
Conductive Education Canterbury	Treasurer
Hamilton City Council	Chair, Audit and Risk Comittee
New Zealand Lotteries Commission	Commissioner
Quayside Holdings Limited	Director
Quayside Properties Limited	Director
Quayside Securities Limited	Director
ScreenSouth Limited	Chair
University of Canterbury	Council Member

T T Kapea

Colabanz 2 Kitchener Limited	Director
Duke Exploration Pty Limited	Director
Te Ara Pounamu Limited	CEO
Tuia Group Limited and subsidiaries	Director / Partner

K M Malloy

Blues Rugby	Consultant
Halberg Foundation	Trustee
Kiwibank Limited	Director
kM54 Limited	Director
NZ Cricket	Director
NZTE	Beachheads Advisor
Sport New Zealand	Consultant
Super Rugby Governance Board	Chair
Tourisim New Zealand	Consultant

M R Matthews

Cawthron Institute	Chair
Halberg Foundation	Trustee
Kono NZ LP	Director
Nelson Regional Development Agency	Chair
Port Nelson	Director

A N E Staples

Click Foundation	Trustee
Creative Coworking Ltd	Director
New Zealand Football Foundation	Trustee
Scanmonster Ltd	Director
Sphere Interactive	Director
SPM Establishment Board	Director
Staples Productions Ltd	CEO
StaplesVR Ltd (UK)	Director
Toi Mai Workforce Development Council	Director

B J F Forman (Future Director)

Aether Limited	Director/CEO
Realise Retreats Limited	Director
Wrestler Ltd	Director/Co-owner

SPECIFIC DISCLOSURES

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

Additional Information

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 TVNZ during the year and received the total amount of remuneration and other benefits shown.

Director	$
Andy Coupe (Chair)	89,350
Trish Carter	44,675
Keiran Horne	50,259
Toko Kapea	44,675
Kevin Malloy (Deputy Chair)	50,259
Meg Matthews (Appointed 11 October 2021)	32,575
Aliesha Staples (Appointed 11 October 2021)	32,443
	344,236

DIRECTORS' INDEMNITY INSURANCE

TVNZ arranged Directors' and Officers' liability insurance cover with QBE Insurance (International) Limited for $30 million. This cover includes 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.

TVNZ'S APPROACH TO EXECUTIVE REMUNERATION

TVNZ's executive remuneration policy is to pay for performance. The Company's policy line is market median for total remuneration package and upper quartile as required for critical roles where there is high market demand, and for employees identified as key talent.

Total remuneration is made up of fixed remuneration and short-term performance incentives (STI). Short term incentives are deemed 'at risk' as the outcome is determined by performance against a combination of predetermined financial and non financial objectives.

The TVNZ Board receives executive remuneration market reports from two independent specialist remuneration advisers as input to determining executive remuneration.

FIXED TERM REMUNERATION

Fixed remuneration consists of base salary and benefits (superannuation).

TVNZ executives are eligible to select between or contribute to both KiwiSaver and the Superlife Millennium super scheme. TVNZ will match employee contributions up to a maximum of 5% of gross taxable earnings.

SHORT-TERM PERFORMANCE INCENTIVES

Short-term incentives (STIs) are at-risk payments designed to motivate and reward for performance in that financial year.

The purpose of an 'at risk' element of total remuneration is to drive a strong performance culture and to differentiate between levels of achievement. The TVNZ framework links annual remuneration outcomes to individual and company performance.

The scheme has been designed to ensure an appropriate balance between fixed and "at risk" performance based pay. The target value of an STI payment is set as a percentage of the executive's base salary. For FY22 the target for the previous Chief Executive was 62.5% and for the current Chief Executive was 45% and for other executives it was 40%. These percentage targets take into account that there is no long-term at risk performance incentive (LTI) component to remuneration at TVNZ.

The STI targets specify a performance 'floor' and 'ceiling'. Below the 'floor' results in an achievement rating of 0%. The 'floor' results in a minimum achievement rating of 20%. Achieving 'target' results in an achievement rating of 100%. Achieving the 'ceiling' or above results in a maximum achievement rating of 150%. A linear scale is used to assess performance between floor and ceiling targets.

Additional Information

SHORT-TERM PERFORMANCE INCENTIVES *(continued)*

The targets, hurdles and weighting for the STI scheme are set annually by the Board. The Board may agree a change to the targets, hurdles and weighting during a financial year and from year to year at its sole discretion. Such changes could result from shifts in market environment, changes to strategy and business direction, and business financial circumstances.

The incentive scheme for FY22 was split into two parts:

1. Financial Performance Assessment – 30%

The financial performance measure of EBITDAF is assessed at the end of the year against targets and a multiplier between 0-150% ascribed to the outcome.

2. Non-financial Assessment – 70%

The non-financial performance framework is made up of three business outcomes and leadership performance weighted as follows:

a) Business outcomes – 60%
a) Leadership – 10%

CHIEF EXECUTIVE REMUNERATION

Kevin Kenrick was the CEO of TVNZ for the first eight months of the year to 28 February 2022. Simon Power was appointed to replace Kevin from 1 March 2022.

The CEO's remuneration paid for the years ending 30 June 2022 and 30 June 2021, for both Kevin Kenrick and Simon Power, is illustrated in the two tables below:

Kevin Kenrick from 1 July 2021 to 28 February 2022:

	2022 $	2021 $
Base Salary	560,571	840,857
Holiday Pay	195,154	14,198
Fixed Remuneration	755,725	855,055
Short Term Performance Incentive	1,231,944	0
Superannuation	99,365	42,573
Total	2,087,034	897,628

Simon Power from 1 March 2022 to 30 June 2022:

	2022 $	2021 $
Base Salary	250,000	0
Holiday Pay	0	0
Fixed Remuneration	250,000	0
Short Term Performance Incentive	0	0
Superannuation	12,440	0
Total	262,440	0

Note:

- The annual short-term performance incentive paid to the CEO in September of each year relates to performance against the criteria set for the previous financial year.
- In the current year, the former CEO was paid an STI relating to FY21 performance, as well as an STI for FY22 performance to the date of departure. This was agreed with the Board as part of an agreement to extend his notice period until a replacement was appointed.
- The actual payments received in FY21 reflect that the former CEO agreed with the Board that he would not be paid an STI for FY20 in response to the economic impact of Covid-19 on the business.
- Holiday pay is paid as per New Zealand legislation.
- Both Chief Executives are members of the 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.

FIVE-YEAR SUMMARY – CHIEF EXECUTIVE'S REMUNERATION

	Base salary $	Total remuneration paid $*	Percentage STI against maximum %^
FY22	810,571	2,349,474	136% & 144%
FY21	840,857	897,628	0%
FY20	840,857	1,599,930	81%
FY19	840,857	1,548,729	81%
FY18	840,857	1,428,908	75%

*Total remuneration paid including salary, benefits and STI payments

^STI payments are related to performance for the previous financial year. The FY18-19 targets were 57.5% of base salary, the FY20-22 target was 62.5%. FY22 includes an award for current and previous financial year.

Additional Information

BREAKDOWN OF CHIEF EXECUTIVE'S PAY FOR PERFORMANCE FOR FY22

Current CEO (To be paid in September 2022 for FY22 performance)

Short Term Incentive	Performance Measures	Percentage achieved %
Set at 45.0% of base salary. Based on a combination of key financial and non-financial performance measures.	30% based on TVNZ earnings performance	150%
	30% based on business targets	81%
	40% based on leadership performance	125%
	Total Award	**120%**

Previous CEO (paid in April 2022 for FY22 performance)

Short Term Incentive	Performance Measures	Percentage achieved %
Set at 62.5% of base salary. Based on a combination of key financial and non-financial performance measures.	30% based on TVNZ earnings performance	150%
	45% based on business targets	118%
	25% based on leadership performance	150%
	Total Award	**136%**

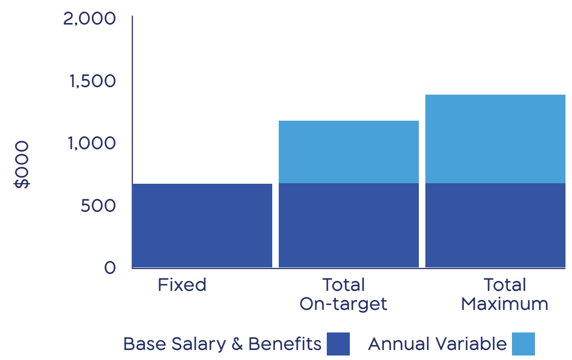
FY23 CHIEF EXECUTIVE'S REMUNERATION STRUCTURE

The Board has elected, in the interests of transparency, to disclose in advance the structure and package that will apply for FY23.

FY2023	$
Base Salary	776,250
Benefits	38,813
Subtotal	815,063
STI On Target	349,313
Benefits On Target	17,466
Total On Target	1,181,841

Benefits include superannuation only

CHIEF EXECUTIVE'S REMUNERATION PERFORMANCE PAY FOR FY2023



Fixed = Base salary and superannuation
Annual variable = STI and superannuation on target

Additional Information

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
$100,001 - $110,000	45	7
$110,001 - $120,000	50	3
$120,001 - $130,000	43	2
$130,001 - $140,000	28	0
$140,001 - $150,000	21	5
$150,001 - $160,000	16	0
$160,001 - $170,000	13	0
$170,001 - $180,000	13	2
$180,001 - $190,000	10	0
$190,001 - $200,000	6	1
$200,001 - $210,000	7	1
$210,001 - $220,000	6	1
$220,001 - $230,000	4	0
$230,001 - $240,000	2	0
$250,001 - $260,000	6	0
$260,001 - $270,000	2	0
$270,001 - $280,000	5	0
$280,001 - $290,000	2	0
$300,001 - $310,000	3	0
$310,001 - $320,000	1	1
$320,001 - $330,000	2	0
$340,001 - $350,000	1	0
$350,001 - $360,000	1	0
$360,001 - $370,000	1	0
$380,001 - $390,000	1	0
$460,001 - $470,000	1	0
$500,001 - $510,000	2	0
$520,001 - $530,000	1	0
$620,001 - $630,000	1	0
$630,001 - $640,000	0	1
$640,000 - $650,000	1	0
$650,001 - $660,000	1	0
$680,001 - $690,000	1	0
$720,001 - $730,000	1	0
$730,001 - $740,000	1	0
$2,000,001 - $2,010,000	0	1
	299	25

EMPLOYEE COMPENSATION ON TERMINATION OF EMPLOYMENT

During the year $882,873 compensation was paid in total to 12 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 12 times during the financial year, as it monitored the Company's response to Covid-19 and prepared for TVNZ's transition to Aotearoa New Zealand Public Media (ANZPM)

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 for Broadcasting and 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 84 of this report.

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 Keiran Horne (Chair), Meg Matthews and Andy Coupe.

Remuneration, People & Culture Committee
The Remuneration, People & Culture 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 Culture 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 Kevin Malloy (Chair), Trish Carter, Toko Kapea, Aliesha Staples and Andy Coupe.

A new committee was established during the year:

Technology Committee
A Technology Committee was formed at the end of the 2022 financial year to oversee the Company's future investment in technology. The Technology Committee held its first meeting in July 2022.

Membership of the Committee comprises Aliesha Staples (Chair), Keiran Horne, Toko Kapea and Andy Coupe.

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 and audience expectations.

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 content is subject to the jurisdiction of the New Zealand Media Council.

Director Profiles

ANDY COUPE

CHAIR – HAMILTON

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

KEVIN MALLOY

DEPUTY CHAIR – 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, NZ Cricket and the Halberg Trust. He is a Beachheads Advisor for NZTE and has a consulting role working with a number of organisations. .

TRISH CARTER

AUCKLAND

Trish Carter has worked internationally and in New Zealand radio and television broadcasting for over 30 years. She has expertise in configuring and managing complex media projects and has specialised knowledge in competitive news formats and team management. She is a former Trustee of the Asia New Zealand Foundation and a former UNESCO national commissioner.

KEIRAN HORNE

CHRISTCHURCH

Keiran is a full-time professional director with experience in both the public and private sectors. With over 20 years of experience in accountancy, business rescue and insolvency, she has led countless companies through challenging times. Keiran has particular experience in strategic planning, change management and commercial transactions. She also specialises in strategic risk management and assurance, having chaired numerous Audit and Risk Committees. Keiran is on the board of New Zealand Lotteries Commission, University of Canterbury, Quayside Holdings Ltd and provides independent audit and risk governance expertise to various Councils. Keiran is a chartered accountant and chartered member of the Institute of Directors.

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 Duke Exploration Limited, an Australian ASX listed copper and gold explorer.

MEG MATTHEWS

NELSON

Meg is a qualified accountant with more than 20 years' senior management experience across key business disciplines of finance, human resource management, strategic planning and marketing. Meg held the position of Head of Marketing (Australasia) for Air New Zealand and then Chief Executive of World of Wearable Art. She started at the national airline in Corporate Finance after beginning her career with Deloitte. A Member of the Institute of Directors, Meg is currently the Chair of Cawthron Institute, Nelson Regional Development Agency, and director of Kono, Port Nelson and the Halberg Foundation. Meg is of Ngāi Tahu descent.

ALIESHA STAPLES

AUCKLAND

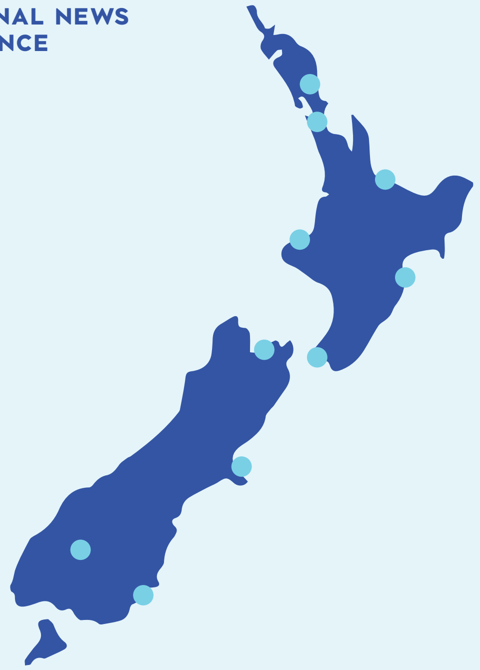
Aliesha comes from a 15-year film industry and VR/AR/tech creation background, she is the founder of Staples VR an emerging tech consultancy and development company and the co-founder of Click Studios. Aliesha is currently the CEO of StaplesVR and working as a director who specialises in innovation and digital disruption. She sits on the board for New Zealand Football Foundation, Institute of Directors and Strong Public Media.

BEN FORMAN

FUTURE DIRECTOR – WELLINGTON

Ben Forman is the co-founder of Wrestler and Wrestler Studios, a creative agency and original content studio telling stories across all digital mediums. As the CEO of Wrestler, Ben's goal is to produce values-led stories that push the collective consciousness further, through the use of creativity and technology. Ben is also passionate about entrepreneurship and personal wellness, sharing regularly through speaking gigs and writing, and also hosting regular CEO retreats to foster a greater culture of wellness amongst NZ's up and coming business community. In 2019 Ben was named in the Forbes 30 under 30 list for Asia Pacific. Ben sits on the board of TVNZ as a Future Director and as an advisor on the board of FTN Electric Motorcycles.

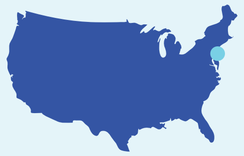
NATIONAL NEWS PRESENCE



AUSTRALIA

UNITED KINGDOM

UNITED STATES OF AMERICA



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TE REO TĀTAKI