TE TAI ŌHANGA
THE TREASURY

Reference: 20220093

27 July 2022

[redacted]

Dear [redacted]

Thank you for your Official Information Act (OIA) request, received on 22 March 2022. You requested the following:

> *copies of all correspondence, advice, reports, briefings in whatever form that it holds concerning the Government's proposal, recently approved by the Cabinet, to establish a New Public Media Entity along with information about advice etc on related matters such as the proposed "merger" between TVNZ and Radio New Zealand and the establishment and operation of the Public Interest Journalism Fund that is managed by the Broadcasting Commission (NZ on Air).*

On 30 March 2022, your request was clarified to:

- *Treasury advice (formal briefings, emails and other forms of advice) sent to Ministers and/or their offices (excluding administrative matters) in relation to the establishment of a new public media entity.*
- *Joint Ministry for Culture and Heritage/Treasury advice sent to Ministers and/or their offices (excluding administrative matters) in relation to the establishment of a new public media entity.*
- *The timeframe for this information is 12 August 2019 to 28 February 2022.*

The time limit for deciding on the request was extended by an additional 60 working days due to the volume of material and consultation necessary to make a decision.

On 13 April 2022, you submitted a second OIA request. You requested the following:

> *so, in order to have some information before the legislation establishing the new "public media entity" is introduced to Parliament and is referred to a select committee, I am submitting a fresh OIA request for the advice supplied by Treasury as one of the 15 departments consulted in the preparation of the Cabinet Paper titled "Establishment of a new public media entity" that was published by the Office of the Minister of Broadcasting and Media and the Cabinet Economic Development Committee in February 2022. As this request is*

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for specific document(s), I hope it can be met within the usual response period of 20 working days if not sooner.

I wrote to you on 5 May 2022 and identified briefings that could be rerouted from your 30 March 2022 request and processed on a shorter timeframe in response to your 13 April 2022 request. I provided my final decision to you on your 13 April 2022 request on 15 June 2022. This letter addresses your 30 March 2022 request.

Information being released

Please find enclosed the following documents:

Item	Date	Document Description	Proposed Action
1.	24 September 2019	Aide Memoire T2019/3005: Briefing for meeting with the TVNZ Board	Release in part
2.	15 October 2019	Aide Memoire T2019/3248: Meeting with TVNZ on Wednesday 16 October 2019	Release in part
3.	1 November 2019	Aide Memoire T2019/3458: Progressing policy initiative to strengthen Public Media	Release in part
4.	4 November 2019	Aide Memoire T2019/3522: Discussion with the Minister of Broadcasting, Communications and Digital Media	Release in part
5.	16 December 2019	Draft PreCab briefing 16 December 2019	Release extract in part
6.	28 January 2020	Draft PreCab briefing 28 January 2020	Release extract in part
7.	27 February 2020	Joint Report T2020/354: 2020_21 Letters of Expectations for TVNZ and RNZ	Release in part
8.	3 September 2020	Treasury Report T2020/2767: Crown Company Performance Report for the Year Ended 30 June 2020	Release extract in part
9.	15 September 2020	Treasury Report T2020/3093: Crown Companies and Entities Performance Report for the Year Ended 30 June 2020	Release extract in part
10.	November 2020	2020 Briefing to the Incoming Minister for State Owned Enterprises	Release extract in full
11.	16 December 2020	Treasury Report T2020/3234: Radio New Zealand Ltd and TVNZ Ltd Commencement of 2021 Appointment Process	Release extract in full
12.	9 March 2021	Joint Report T2020/3441: TVNZ and RNZ Letters of Expectations 2021_22	Release in part
13.	7 April 2021	T2021/249: Annex 1 Individual Company Performance and Result Summaries	Release extract in part
14.	11 May 2021	Joint Report T2021/858: Television New Zealand and Radio New Zealand Statements of Performance Expectations 2021_22	Release in part

15.	2 June 2021	Aide Memoire T2021/1334: Commercial Performance State of Play as at 2 June 2021	Release extract in part
16.	16 June 2021	Aide Memoire T2021/1474: Commercial Performance State of Play as at 16 June 2021	Release extract in full
17.		Various emails	Release in part

I have decided to release the relevant parts of the documents listed above, subject to information being withheld under one or more of the following sections of the OIA, as applicable:

- personal contact details of officials, under section 9(2)(a) – to protect the privacy of natural persons, including that of deceased natural persons
- commercially sensitive information, under section 9(2)(b)(ii) – to protect the commercial position of the person who supplied the information, or who is the subject of the information
- advice still under consideration, under section 9(2)(f)(iv) – to maintain the current constitutional conventions protecting the confidentiality of advice tendered by Ministers and officials
- certain sensitive advice, under section 9(2)(g)(i) – to maintain the effective conduct of public affairs through the free and frank expression of opinions
- names and contact details of officials, under section 9(2)(g)(ii) – to maintain the effective conduct of public affairs through protecting Ministers, members of government organisations, officers and employees from improper pressure or harassment, and
- direct dial phone numbers of officials, under section 9(2)(k) – to reduce the possibility of staff being exposed to phishing and other scams. This is because information released under the OIA may end up in the public domain, for example, on websites, including the Treasury's website.

Some information has been redacted because it is not covered by the scope of your request.

Information publicly available

The following documents also include information that is covered by your request and is publicly available on the Treasury's or the COVID-19 website:

Item	Date	Document Description	Website Address
18.	27 February 2020	RNZ Letter of Expectations – attachment to Joint Report T2020/354: 2020_21 Letters of Expectations for TVNZ and RNZ	Letter of Expectations 2020/21 from the Shareholding Minister - Radio New Zealand Limited - 11 March 2020 - New Zealand Government (treasury.govt.nz)
19.	27 February 2020	TVNZ Letter of	Letter of Expectations 2020/21

		Expectations – attachment to Joint Report T2020/354: 2020_21 Letters of Expectations for TVNZ and RNZ	from the Shareholding Minister - Television New Zealand Limited - 11 March 2020 - New Zealand Government (treasury.govt.nz)
20.	6 April 2020	Treasury Report T2020/863: Radio New Zealand: Time-Limited Funding	Official Information Act Response 20200389 - Request for 23 Treasury documents April 2020 - Received 9 Nov 2020 - Published 22 Apr 2021 - The Treasury
21.	28 April 2020	Treasury Report T2020/862: Television New Zealand Ltd COVID-19 Support	Treasury Report T2020/862: Television New Zealand Ltd COVID-19 Support - 28 April 2020 - COVID-19 Information Release - The Treasury (covid19.govt.nz)
22.	3 May 2020	Aide Memoire T2020/1302: Further advice on TVNZ	https://covid19.govt.nz/assets/Proactive-Releases/proactive-release-2020-october/SE01-Further-advice-on-TVNZ-4-May-2020.pdf
23.	2 June 2020	Treasury Report T2020/1709: TVNZ: COVID-19 Equity Support	https://covid19.govt.nz/assets/Proactive-Releases/proactive-release-2020-october/SE07-Treasury-Report-TVNZ-COVID-19-Equity-Support-2-June-2020.pdf
24.	22 June 2020	Treasury Report T2020/1843: TVNZ: Update on Equity Support	https://covid19.govt.nz/assets/Proactive-Releases/proactive-release-2020-october/SE04-Treasury-Report-Update-on-Equity-Support-for-TVNZ-22-June-2020.pdf
25.	25 June 2020	Treasury Report T2020/2081: TVNZ: Updated Equity Support Cabinet Paper	https://covid19.govt.nz/assets/Proactive-Releases/proactive-release-2020-october/SE05-Treasury-Report-TVNZ-Updated-Equity-Support-Cabinet-Paper-25-June-2020.pdf
26.	15 July 2020	Cabinet Paper T2020/2350: TVNZ Uncalled Capital Support	https://covid19.govt.nz/assets/Proactive-Releases/proactive-release-2020-october/SE06-Treasury-Report-Cabinet-paper-Television-New-Zealand-Uncalled-Capital-Support-15-July-2020.pdf
27.	27 July 2020	Treasury Report T2020/1675: TVNZ	https://covid19.govt.nz/assets/Proactive-Releases/proactive-

		Uncalled Capital Support Documentation	release-2020-october/SE09-Treasury-Report-TVNZ-Uncalled-Capital-Support-Documentation-27-July-2020.pdf
28.	12 August 2020	Joint Report T2020/2666: TVNZ and RNZ: Draft accountability documents FY20/21	https://www.treasury.govt.nz/sites/default/files/2022-03/oia-20210035_1.pdf
29.	9 March 2021	RNZ Letter of Expectations – attachment to Joint Report T2020-3441 TVNZ and RNZ Letters of Expectations 2021_22	https://www.treasury.govt.nz/sites/default/files/2021-07/loe-rnz-jul21.pdf
30.	9 March 2021	TVNZ Letter of Expectations – attachment to Joint Report T2020-3441 TVNZ and RNZ Letters of Expectations 2021_22	https://www.treasury.govt.nz/sites/default/files/2021-07/loe-tvnz-jul21.pdf

Accordingly, I have refused your request for the documents listed in the above table under section 18(d) of the OIA – the information requested is or will soon be publicly available.

In making my decision, I have considered the public interest considerations in section 9(1) of the OIA.

Please note that this letter (with your personal details removed) and enclosed documents may be published on the Treasury's website.

This reply addresses the information you requested. You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely

Ann Webster
Manager, Commercial and Institutional Performance

OIA 20220093
Information for release

1.	Aide Memoire T2019-3005 Briefing for meeting with the TVNZ Board	1
2.	Aide Memoire T2019-3248 Meeting with TVNZ on Wednesday 16 October 2019	6
3.	Aide Memoire T2019-3458 Progressing policy initiative to strengthen Public Media	8
4.	Aide Memoire T2019-3522 Discussion with the Minister of Broadcasting, Communications and Digital Media	14
5.	Extract Draft PreCab briefing 16 December 2019	16
6.	Extract Draft PreCab briefing 28 January 2020	17
7.	Joint Report T2020-354 2020_21 Letters of Expectations for TVNZ and RNZ	19
8.	Extract Treasury Report T2020-2767 Crown Company Performance Report for the Year Ended 30 June 2020	22
9.	Extract Treasury Report T2020-3093 Crown Companies and Entities Performance Report for the Year Ended 30 June 2020	26
10.	Extract 2020 Briefing to the Incoming Minister for State Owned Enterprises	28
11.	Extract Treasury Report T2020-3234 Radio New Zealand Ltd and TVNZ Ltd Commencement of 2021 Appointment Process	30
12.	Joint Report T2020-3441 TVNZ and RNZ Letters of Expectations 2021_22	32
13.	Extract T2021-249 Annex 1 Individual Company Performance and Result Summaries	35
14.	Joint Report T2021-858 Television New Zealand and Radio New Zealand Statements of Performance Expectations 2021_22	37
15.	Extract Aide Memoire T2021-1334 Commercial Performance State of Play as at 2 June 2021	45
16.	Extract Aide Memoire T2021-1474 Commercial Performance State of Play as at 16 June 2021	47
17.	Various Emails	48

TE TAI ŌHANGA
THE TREASURY

Reference: T2019/3005 CM-1-3-78-2 (Planning and Monitoring)

Date: 24 September 2019

To: Minister of Broadcasting, Communications and Digital Media (Hon Kris Faafoi)

cc: Minister of Finance (Hon Grant Robertson)

Deadline: Before you meet on 26 September 2019

Aide Memoire: Briefing for meeting with the TVNZ Board

You are meeting with the Television New Zealand (TVNZ) Board on Thursday 26 September 2019 at 9.30am. Aaron Gill from the Treasury will also be attending the meeting. Board members profiles are attached at Appendix 1.

This aide memoire provides details on Not in scope of request and the Strengthening Public Media Project. Not in scope of request

Not in scope of request

Not in scope of request

Not in scope of request

Not in scope of request

Not in scope of request

Not in scope of request

Strengthening Public Media Project

The financial viability of media in New Zealand is being challenged by declining advertising revenue, changing technology and consumer expectations. As a result, the Government is looking at options to strengthen public media by changing the way it funds, mandates and structures publicly owned media organisations.

Based on the advice of the Ministerial Advisory Group on Public Media, and additional work by the Ministry and Treasury, officials have been tasked with investigating three options:

- establishing a new public media organisation by combining TVNZ and RNZ
- consolidating the news services of TVNZ and RNZ, and
- substantially increasing funding for NZ On Air.

Cabinet has tasked the Chief Executive of the Ministry of Culture and Heritage (MCH) to provide advice on how to most effectively strengthen public media. The advice is scheduled by the end of November 2019.

A Chief Executive's Advisory Group, including the chief executives from RNZ, TVNZ and NZ On Air has been established as a result. A Working Group with membership from RNZ, TVNZ, NZ On Air, Central Agencies and MCH has been created to develop the options.

To inform this work the Government has approved public media goals to guide policy work on public media and the wider New Zealand media system and to support decisions on the allocation of funding. They are to:

- Support more quality New Zealand content in all genres across a variety of platforms.
- Support an appropriate quantity of New Zealand content.
- Better cater for Māori, Pacific and other under-served audiences.
- Enhance national identity.
- Promote an informed democracy.
- Safeguard the media's independence.
- Support the plurality in the provision of quality news and current affairs across New Zealand.
- Support the sustainability of the media sector.
- Improve access to New Zealand content.

Talking Points

The following questions and comment could be used for your discussion with the Board:

Not in scope of request

- As you are aware work is currently underway looking at Strengthening Public Media. I see this as a significant opportunity for TVNZ and other Public Media agencies to contribute to the design of a new Public Media, one which is future focussed. I encourage TVNZ to take as active role as possible in this process.

Not in scope of request

Aaron Gill, Senior Analyst, Commercial Performance, s9(2)(k)
Maureena van der Lem, Manager, Commercial Performance, s9(2)(k)

Appendix 1: TVNZ Board Membership

Dame Therese Walsh, Chairman (Wellington)

Dame Therese is Chair of Air New Zealand Ltd (to be confirmed at the Annual Shareholder Meeting on 25 September 2019), a Director of ASB Bank Ltd, and Antarctica NZ, a Trustee of the Wellington Regional Stadium Trust, and Pro-Chancellor of Victoria University.

Previously Dame Therese was the Chief Operating Officer for Rugby New Zealand 2011 Ltd. She is also a previous Director of NZX Ltd, NZ Cricket and Save the Children NZ, and held a senior role with KPMG. Most recently she held the role of Head of NZ for the ICC Cricket World Cup 2015 Ltd. She is a Fellow of Chartered Accountants Australia and NZ.

Andy Coupe, Deputy Chair (Hamilton)

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

Abby Foote (Christchurch)

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

Abby is a director of Z Energy Ltd where she chairs the Health, Safety, Security & Environment Committee, Sanford Ltd and Freightways Ltd. She is also a board member and the chair of the Audit and Risk Committees of Museum of New Zealand Te Papa Tongarewa. Abby's previous governance experience includes Transpower New Zealand Ltd and the New Zealand Local Government Funding Agency Ltd.

Cameron Harland (Wellington)

Cameron is Chief Executive of CricHQ a fan engagement platform established for cricket and used throughout the world. Prior to this he ran a number of businesses within the broader Weta creative group including Park Road Post Production, a high-end post production facility, Portmouth Rentals, a lighting and camera rental business and Camperdown Ltd, which owns the Stone Street Studios operation. Cameron a director of Weta Workshop.

Cameron has a strong advertising and media background having held roles at Saatchi & Saatchi Wellington and London, and sports management at New Zealand Rugby. Cameron was educated at Victoria University of Wellington where he graduated with an LLB and BA.

Toko Kapea (Wellington)

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

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

Kevin Malloy (Auckland)

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

Kevin is currently on the Board of Kiwibank, the Halberg Foundation, the Graeme Dingle Foundation and The Social Club. Kevin also has a consulting role with Tourism NZ on their global media and digital strategy.

Julia Raue (Auckland)

Julia is an Independent Director for Z Energy Ltd, Television New Zealand Ltd, The Warehouse Group, Southern Cross Medical Care Society, Jade Software Corporation, and is a Member of the Risk & Audit Committee for the Treasury.

Previously Julia was the Chief Information Officer of Air New Zealand (2007-2015). She was awarded the New Zealand CIO of the Year award in 2009. Passionate about growing the number of females working in technology, Julia works with a number of institutions to drive awareness of IT as a career.

TE TAI ŌHANGA
THE TREASURY

Reference: T2019/3248 CM-1-3-78-2 (Planning and Monitoring)

Date: 15 October 2019

To: Minister of Broadcasting, Communications and Digital Media (Hon Kris Faafoi)

cc: Minister of Finance (Hon Grant Robertson)

Deadline: None

Meeting with TVNZ on Wednesday 16 October 2019

The Minister of Broadcasting, Communications and Digital Media is meeting with Andy Coupe (Acting Chair), Kevin Kenrick (CEO) and Brent McAnulty (General Counsel and Corporate Affairs Director) from TVNZ at 6pm on Wednesday 16 October 2019.

Not in scope of request

Other matters that might come up

Strengthening Public Media Advisory Group

The acting Chair and management are unlikely to raise any matters regarding the group. However, if they do, we suggest you say you look forward to receiving the group's report back, which will incorporate TVNZ's views.

s9(2)(g)(i)

Not in scope of request

Juston Anderson, Principal Advisor, Commercial Performance, s9(2)(k)
Maureena van der Lem, Manager, Commercial Performance, s9(2)(k)

TE TAI ŌHANGA
THE TREASURY

Manatū Taonga Ministry for Culture & Heritage

Hon Grant Robertson

Minister of Finance

Hon Kris Faafoi

Minister of Broadcasting, Communications and Digital Media

AIDE MEMOIRE: Progressing policy initiative to strengthen public media

Date:	1 November 2019	**Priority:**	Medium
Security classification:		**Reference MCH:** **Reference TSY:**	AM2019/540 T2019/3458
Contact	Colin Holden, Deputy Chief Executive, Policy and Sector Performance, Ministry for Culture and Heritage, s 9(2)(g)(ii) Maureena van der Lem, Manager Commercial Performance, The Treasury, s 9(2)(g)(ii)		

Purpose

1 This aide memoire supports your meeting on 6 November 2019 at 7.45pm to discuss the best approach to ensure that decisions taken by Cabinet to strengthen public media can be progressed in a timely way. The key issues for discussion are funding and interim arrangements ahead of the establishment of a new public media entity.

2 The Cabinet Business Committee will consider a paper on the preferred approach to strengthening public media on 25 November 2019. The Minister of Broadcasting, Communications and Digital Media intends to make an announcement shortly after Cabinet consideration of the paper on 2 December.

3 Bernadette Cavanagh, Chief Executive, Ministry for Culture and Heritage, and Maureena van der Lem, Manager Commercial Performance, The Treasury, will also attend the meeting.

Context

4 In August Cabinet recognised the challenges facing the media sector and agreed on the Government's goals for public media. It also identified three possible options to strengthen public media and invited a report back on a preferred option. The Chief Executive of the Ministry for Culture and Heritage (the Ministry) convened an Advisory Group[1] to support her to develop advice on a preferred option.

[1] The Advisory Group consists of representatives from the Ministry for Culture and Heritage, The Treasury, the State Services Commission, the Department of Prime Minister and Cabinet, Te Puni Kōkiri, the Ministry for Pacific Peoples, RNZ, TVNZ, NZ On Air and an independent media expert.

5 The Advisory Group has confirmed that the status quo is unsustainable. It has collectively recommended that Government agree to disestablish TVNZ and RNZ and to establish a new public media entity that:

- has a clearly defined public media mandate and purpose, with the core functions of a globally recognised public media entity
- provides public media services across a variety of platforms, some of which may be advertising free
- has a mixed funding model that derives revenue directly from the Crown and from a range of non-Crown sources such as advertising, subscription or sponsorship
- operates as a not-for-profit entity
- has statutory protection for editorial and operational independence.

6 s9(2)(f)(iv)

7 Cabinet Business Committee will consider a paper on the preferred approach on 25 November 2019. The paper will recommend that Cabinet agree to a strategic approach to ensuring a strong public media in the future and a multi-year process by which Government can optimise the return on its investment in public media.

8 The paper will also note that the scale and magnitude of change proposed means it falls within the scope of Cabinet Office circular CO (19) 6 and that the level of investment required means it is rated as a high-risk project.

9 The paper accordingly invites Cabinet to agree to the preferred approach subject to the completion of a business case that will allow the option to be tested and to provide assurance that the proposed approach provides the best value solution to the challenges facing public media entities.

Issues for discussion

10 The purpose of this meeting is to discuss the best approach to ensuring that decisions taken by Cabinet on 2 December 2019 can be progressed in a timely way. The preferred approach is a complex piece of work that will require a multi-year process to implement in a dynamic operating environment. Two issues are central to building and maintaining momentum in relation to establishing a new public media entity:

- funding for the next phases of work
- arrangements to support the current entities to operate in the interim period before the new entity is established.

Funding for the next phases of work

11 There are three main sources of costs that would be incurred to implement a Cabinet decision to establish a new entity:

- progressing the business case
- establishing the new entity and managing the change process
- operating the new entity.

12 This meeting is an opportunity for you to discuss the best means of securing the necessary funding to progress decisions without delay.

13 s9(2)(f)(iv)

Business case and associated policy work

14 As a small agency, the Ministry does not have all the in-house skills or expertise required to develop what will be a complex business case, and would not be able to progress the next phase of work without additional resource.

15 Funding is needed to contract provision of the business case and to undertake the associated policy work required before Cabinet can make final decisions on the preferred approach in 2020. The Ministry is seeking proposals from potential suppliers of the business case to assess the quantum of funding required, and we will have this information prior to the Cabinet paper being submitted. We estimate the business case will cost approximately $500,000, and additional funding will be needed to support the policy, legal and financial work required.

16 While the Ministry will be able to contribute to funding the business case work, it will not be able to meet all the costs. Officials propose that the Cabinet paper seek agreement to provide the balance of funding required across 2019/20 and 2020/21 from the between-Budget contingency.

17 While it is possible to defer a funding decision to Budget 2020, funding is required within the 2019/20 financial year to avoid any delays in advancing this work. Waiting until Budget 2020 decisions have been taken (around mid-April) would effectively delay the project by around four months, as the business case is the prerequisite for all the subsequent phases of work.

Establishment and multi-year operational costs for the new public media entity

18 The process of completing a satisfactory and robust business case cannot be completed in time and to the level of detail to meet the requirements and timeframes for Budget 2020. However, once announcements on policy decisions have been made, the sector will scrutinise the Government's commitment to fund those decisions.

19 The Ministry has contracted PWC to provide cost estimates for the one-off costs of change, and the ongoing costs of operating the new entity once established. Officials have identified two mechanisms by which this funding could be secured:

- a tagged contingency in Budget 2020, submitted through the standard Budget process, or
- a pre-commitment against Budget 2021 that would be agreed by Cabinet outside of the standard Budget cycle.

20 The standard approach for these circumstances is to provision for the costs through a tagged contingency, with draw-down subject to the completion of a satisfactory business case. A bid for a tagged contingency would allow for the initiative to be considered with appropriate rigour through the standard Budget process. It would provide the greatest level of certainty that Government decisions would be implemented once Cabinet has taken final decisions. However, the costings that would inform the bid would be high level and indicative only as the business case will not have been completed.

21 An alternative, but not preferred, approach would be to pre-commit against Budget 2021. Under this approach funding would similarly be available for draw-down subject to satisfactory completion of a business case. However, this approach would limit the Government's ability to make trade-offs in Budget 2021 against competing priorities. This approach would also potentially have other challenges given proximity to the general election.

s9(2)(f)(iv)

Arrangements to support the current entities to operate in the interim period

23 The media environment is dynamic and changing at pace. The sector will be looking for the Government's commitment to securing public media outcomes for future generations.

24 Establishing a new public media entity will be a multi-year process that will be undertaken in this operating environment. Recent announcements from private sector media demonstrate the uncertainty about the longer-term viability of advertising-funded media in New Zealand and the likelihood that continued change will further compound existing challenges.

25 Interim arrangements are therefore required to support TVNZ, RNZ and NZ On Air to contribute fully to the successful establishment of the new public media entity while continuing to deliver on their current legislative mandates. These arrangements would help the entities to manage any conflicts between their primary legislation and the direction of travel to establish the new entity, and to provide certainty to key stakeholders (e.g. boards, employees, commercial partners) on the Government's commitment to this policy.

26 Officials have identified a range of potential legislative and non-legislative mechanisms that could be used to support interim arrangements. Different mechanisms would create varying levels of obligations on the entities, ranging from having regard to a direction to being required to follow a direction. The Ministry for Culture and Heritage is doing further work on the scope and what would be required to implement each potential mechanism. The mechanisms include:

- interim legislation to be passed before the election
- a Ministerial direction under section 107 of the Crown Entities Act 2004 (direction would be issued by the Minister of Finance and Minister of State Services)
- amending the company constitutions of TVNZ and RNZ
- letters of expectations to the boards, which could be amended to reflect successive decisions and phases of work
- joint board appointments
- alternative interim governance arrangements.

27 If interim legislation were desired, we propose that the legislation would be time limited and its focus confined to the following:

- confirm the Government's intention to establish a new public media entity and disestablish RNZ and TVNZ
- establish timeframes for this process (e.g. the current entities would be disestablished no later than 30 June 2023, or sooner upon establishment of the new entity)
- mandate the current entities to collaborate and cooperate in a way that is consistent with the establishment and successful operation of the new public media entity
- clarify that entities are expected to optimise their contribution to the achievement of the public media outcomes.

28 The ability to proceed with either a proposal to pass interim legislation or to introduce a section 107 Ministerial direction would require a Cabinet mandate that would need to be secured in the current paper. Interim legislation would likely need to be passed under urgency and would be dependent on the availability of time in the House.

29 As shareholding Ministers for TVNZ and RNZ, this meeting is an opportunity for you to discuss which option(s) you would like to progress and provide direction to officials so that appropriate processes can be undertaken, and an approach can be reflected in the Cabinet paper.

Next steps

30 This meeting will allow you to provide direction to officials on the above issues to inform:

- the Cabinet paper (to be lodged on 21 November 2019)
- the announcement of Cabinet's decisions (after 2 December 2019)
- the Budget 2020 process (initiatives must be submitted by 29 November 2019)
- the procurement of resources for the business case
- the timetable and resources for urgent legislation, if required.

Colin Holden
Deputy Chief Executive,
Policy and Sector Performance,
Ministry for Culture and Heritage

Maureena van der Lem
Manager, Commercial Performance,
The Treasury

TE TAI ŌHANGA
THE TREASURY

Reference: T2019/3522 CM-1-3-78-2 (Planning and Monitoring)

Date: 4 November 2019

To: Minister of Finance (Hon Grant Robertson)

Cc: Minister of Broadcasting, Communications and Digital Media (Hon Kris Faafoi)

Deadline: Before your meeting on 6 November 2019

Aide Memoire: Discussion with the Minister of Broadcasting, Communications and Digital Media

The Minister of Finance and the Minister of Broadcasting, Communications and Digital Media were provided a joint aide memoire to support your meeting on 6 November 2019 at 7.45pm (T2019/540 refers). The purpose of the meeting is to discuss the best approach to ensure that decisions taken by Cabinet to strengthen public media can be progressed.

Subsequent to providing the joint aide memoire, and based on feedback on the draft Cabinet paper from some members of the Public Media Advisory Group, an amendment has been made to the draft Cabinet paper.

Previously the Cabinet paper noted that the new Public Media entity "may" include advertising free platforms. We understand the Minister of Broadcasting, Communications and Digital Media's current preference is to communicate in the Cabinet paper that "some of these services will be advertising free to meet audience expectations of what a public media service should provide."

This aide memoire is intended to provide further background information regarding potential advertising on the proposed new public media entity. The Ministry for Culture and Heritage has been provided a copy of this aide memoire for its information.

Overly focussed on existing platform and entities

At the last Public Media Advisory Group meeting there was discussion concerning the inclusion of advertising on Radio New Zealand (RNZ). Unfortunately, rather than focussing on the new entity which has multiple platforms, the discussion was focused on the current entities service delivery under a new structure.

The Treasury perceives that the view put forward was based on linear platforms – advertising in general is much easier to skip/avoid in other platforms. Consequently, we believe that being platform neutral regarding policy is important as we do not want one platform to be favoured over another for policy reasons.

Instead, the audience should be able to choose how it wishes to engage. However, much of the feedback from the Public Media Advisory Group has focussed on RNZ remaining advertising free rather than what might be appropriate advertising restrictions for a new public media entity.

Decisions for Ministers

The Treasury believes that options should be tested through the business case process, whereby Ministers can make an informed decision with respect to their benefits and the associated potential cost. The options for advertising on the new public media entity could include:

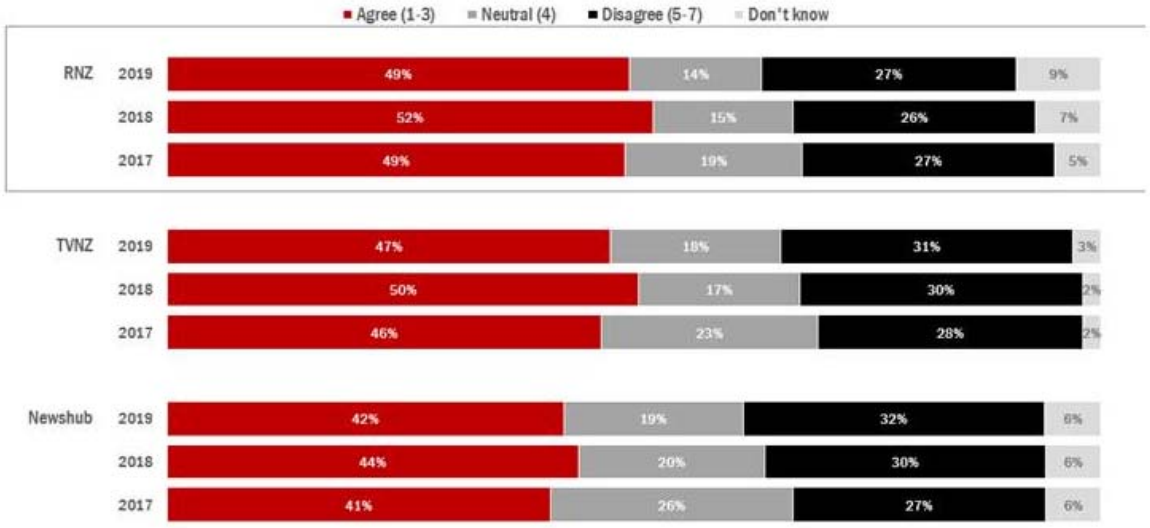
- whether to have advertising free platforms or channels
- whether to have advertising free content, i.e. news services not including any advertising or lower than normal commercial levels of advertising across all platforms
- online subscription, where all content is free to access but there is an option to pay to access content without advertising, and
- sponsorship, whether shows are advertising free but have an overall sponsor.

Independence of Media Entities

Editorial independence is currently protected legislatively through the RNZ Act and TVNZ Act. We assume that such protections will continue with the new entity's legislation.

It has been argued that commercial revenues can impact on independence. RNZ's recent analysis (shown below) on the public's perception of entity trust, provided when the RNZ Board met with the Broadcasting Minister, offers an alternative view.

Table 1: Public perceptions of entity trust



There does not appear to be a significant difference between the level of trust in RNZ and TVNZ, i.e. 49% for RNZ and 47% for TVNZ and this has not changed in recent years. However, the analysis appears to support the premise that Crown owned media companies (RNZ and TVNZ) are more trusted in New Zealand.

Ultimately all entities are dependent on revenues to operate, be that Crown or commercial revenue. s9(2)(g)(i)

s9(2)(g)(i)

Aaron Gill, Senior Analyst, Commercial Performance, s9(2)(k)
Maureena van der Lem, Manager, Commercial Performance, s9(2)(k)

DRAFT Pre-Cab 16 December 2019

- The Treasury will brief the Minister of Finance, and Associate Ministers of Finance on Monday, 16 December 2019.
- A final Pre-Cab Briefing will be forwarded on Monday morning.

Papers for Cabinet consideration

Comments	Fiscal implications	Treasury Recommendation
Strengthening Public Media: Report Back **Hon Kris Faafoi, Minister of Broadcasting, Communications and Digital Media** Contact: Tim Roper, Eva Parker		
Description: This paper seeks agreement, subject to a detailed business case and securing necessary funding, to establish a new public media entity replacing Radio New Zealand (RNZ) and TVNZ, s9(2)(f)(iv) .		
The Treasury has been engaged in the CE Advisory Group and Working Group for this topic. We provided feedback through the drafting process, not all of which was factored in to the final paper – as a result of which we added a Treasury comment emphasising the risks associated with the following: • Business case timeline: The proposed July 2020 report-back date for the detailed business case will require its completion by the end of May 2020. This is an extremely compressed timeframe for such a complex initiative, and there are significant risks which, if unaddressed during the process, may jeopardise the successful implementation of the change initiative. • Business case scope: Due to the compressed business case process, the Treasury believes further information needs to be identified in the paper about what will be tested by the detailed business case, to provide Ministers with a clear sense of the trade-offs involved in meeting public media objectives while ensuring affordability. We will continue to work with Ministry for Culture and Heritage (MCH) through the detailed business case process to ensure risks from the above factors are minimised and the end product is fit-for-purpose.	**Nil immediate**: the $0.965 million cost of preparing the proposed detailed business case and related activities will be met through a combination of re-prioritisation of existing MCH baseline funding ($0.600 million) and retention of anticipated 2019/20 departmental underspends. [So no impact on contingencies or allowances.] The paper also (i) invites the Minister to submit a Budget 2020 initiative for tagged contingency funding in advance of the completion of the detailed business case, to ensure that timely progress on implementation can be made upon Cabinet satisfaction with and approval of the business case, and (ii) s9(2)(f)(iv) Both of these have been submitted as non-priority aligning new spending initiatives. The tagged contingency initiative seeks $370 million over four years for establishment and operating costs for the new entity (indicative estimates only, and covering establishment of the new entity and an allowance for one-third additional content based on current entity structures). s9(2)(f)(iv) We are currently assessing both of these.	**Support**

DRAFT Pre-Cab 28 January 2020

- The Treasury will brief the Minister of Finance, and Associate Ministers of Finance on Tuesday, 28 January 2020.
- A final Pre-Cab Briefing will be forwarded on Tuesday morning.

Papers for Cabinet consideration

Comments	Fiscal implications	Treasury Recommendation
Strengthening Public Media: Report Back **Hon Kris Faafoi, Minister of Broadcasting, Communications and Digital Media** Contact: Tim Roper, Eva Parker		
Description: This paper seeks agreement, subject to a Detailed Business Case and securing necessary funding, to establish a new public media entity replacing RNZ and TVNZ, [redacted].		
The Treasury has been engaged in the CE Advisory Group and Working Group for this topic. We provided feedback through the drafting process, not all of which was addressed – as a result of which we added a Treasury comment emphasising the risks associated with the following: • Business case timeline: The proposed August 2020 report-back date for the detailed business case will require its completion by the end of June 2020. This is an extremely compressed timeframe for such a complex initiative, and there are significant risks which, if unaddressed during the process, may jeopardise the successful implementation of the change initiative. • Business case scope: Due to the compressed business case process, the Treasury believes further information needs to be identified in the paper about what will be tested by the detailed business case, to provide Ministers with a clear sense of the trade-offs involved in meeting public media objectives while ensuring affordability. We will continue to work with the Ministry of Culture and Heritage (MCH) through the detailed business case process to ensure risks from the above factors are minimised and the end product is fit-for-purpose.	No immediate fiscal implications**:** the $0.965 million cost of preparing the proposed detailed business case and related activities will be met through a combination of re-prioritisation of existing MCH baseline funding ($0.600 million) and retention of anticipated 2019/20 departmental underspends. [So no impact on contingencies or allowances.] The paper also (i) invites the Minister to submit a Budget 2020 initiative for tagged contingency funding in advance of the completion of the detailed business case, to ensure that timely progress on implementation can be made upon Cabinet satisfaction with and approval of the business case, and (ii) s9(2)(f)(iv) [redacted] Both of these have been submitted as non-priority aligning new spending initiatives. The tagged contingency initiative seeks $370 million over four years for establishment and operating costs for the new entity (indicative estimates only, and covering	Support.

Comments	Fiscal implications	Treasury Recommendation
	establishment of the new entity and an allowance for one-third additional content based on current entity structures). s9(2)(f)(iv) . These are both currently going through the assessment process.	

Manatū Taonga Ministry for Culture & Heritage

TE TAI ŌHANGA THE TREASURY

Joint Report: 2020/21 Letters of Expectations for TVNZ and RNZ

Date:	27 February 2020	**Report No:**	TSY: T2020/354 MCH: BR2020/91
		File Number:	CM-1-3-66-1

Action sought

	Action sought	Deadline
Minister of Finance (Hon Grant Robertson)	**Agree** the recommendations	Friday 6 March 2020
Minister of Broadcasting, Communications and Digital Media (Hon Kris Faafoi)	**Sign** and **send** the attached Letters of Expectations to the Chairs of TVNZ and RNZ	Friday 6 March 2020

Contact for telephone discussion (if required)

Name	Position	Telephone		1st Contact
Eva Parker	Graduate Analyst, Commercial Performance, The Treasury	s9(2)(k)	N/A (mob)	✓
Maureena van der Lem	Manager, Commercial Performance, The Treasury		N/A (mob)	
Louise Lennard	Manager, Sector Performance, Ministry for Culture and Heritage	N/A (wk)	s 9(2)(g)(ii) (mob)	

Minister's Office actions

Minister of Finance's office:

Forward the signed report to the office of the Minister of Broadcasting, Communications and Digital Media.

Minister of Broadcasting, Communications and Digital Media's office:

Once the signed report is received from the Minister of Finance's office, and your Minister has signed the report and Letters of Expectations, **email** a signed copy of the letters to the relevant Chair.

Enclosure: Yes (attached)

Attachments are publicly available
https://www.treasury.govt.nz/sites/default/files/2020-09/loe-rnz-14sep20.pdf and
https://www.treasury.govt.nz/sites/default/files/2020-09/loe-tvnz-14sep20.pdf

Joint Report: 2020/21 Letters of Expectations for TVNZ and RNZ

Purpose of Report

1. This report contains the Letters of Expectations (LOEs) for Television New Zealand (TVNZ) and Radio New Zealand (RNZ) for the 2020/21 financial year.

Content of the Letters of Expectations

2. The LOEs for TVNZ and RNZ were drafted following Cabinet's consideration of *Strengthening Public Media: Report Back* in January 2020 to ensure they reflected the Government's expectations. The LOE for NZ On Air has been drafted at the same time and incorporates similar messaging (MCH report BR2020/92).

3. The LOE is the primary vehicle for Ministers to set their expectations for TVNZ and RNZ for the upcoming financial year, and receipt of the LOE marks the beginning of the companies' business planning cycle.

4. RNZ and TVNZ can formally respond to the LOE through their Strategic Issues letter, which are now due at the end of March 2020.

5. The LOEs comprise:

   - Ministers' specific expectations for the companies
   - general expectations for the Crown's Commercial Portfolio, and
   - timeline for the 2020/21 business planning process and governance information.

6. The company specific expectations include expectations that TVNZ and RNZ:

   - continue to support the production of more and diverse local content and boost reach to under-served audiences, in particular Māori, Pacific, regional, children and young audiences
   - collaborate with the sector to maximise their contribution to the public media outcomes
   - maintain and grow organisational capability, in particular capability which will support the companies to be fit-for-purpose in a dynamic operating environment
   - demonstrate strategic and organisational leadership while managing through a period of change;
   - support officials to progress the next phases of the work to strengthen public media, including contributing resources when required, and
   - consult with shareholding Ministers on a timely basis regarding transactions, initiatives and projects with a value greater than $5 million, as well as any significant strategic shifts.

7. The LOEs should be reviewed following Cabinet's consideration of the *Strong Public Media* detailed business case in July 2020 to ensure they continue to reflect Government's expectations.

Recommended Action

We recommend that you **agree** that the Minister of Broadcasting, Communications and Digital Media signs and sends the attached Letters of Expectations to the Chairs of TVNZ and RNZ.

Agree/disagree
Minister of Finance

Agree/disagree
Minister of Broadcasting, Communications and Digital Media

Maureena van der Lem
Manager, Commercial Performance, The Treasury

Louise Lennard
Manager, Sector Performance, Ministry for Culture and Heritage

Hon Grant Robertson
Minister of Finance

Hon Kris Faafoi
Minister of Broadcasting, Communications and Digital Media

TE TAI ŌHANGA
THE TREASURY

Treasury Report: Crown Companies and Entities: Performance Report for the Year Ended 30 June 2020

Date:	3 September 2020	**Report No:**	T2020/2767
		File Number:	SE-1-2-3

Action sought

	Action sought	Deadline
Rt Hon Winston Peters **Minister for State Owned Enterprises** Hon Grant Robertson **Minister of Finance** Hon David Parker **Associate Minister of Finance** Hon Shane Jones **Associate Minister for State Owned Enterprises**	**Note** the contents of this performance report for the year end 30 June 2020 **Agree** with the actions proposed by the Treasury to support the performance of companies and entities **Indicate** if you wish to discuss any matters on overall performance, or of specific companies and entities	15 September 2020

Contact for telephone discussion (if required)

Name	Position	Telephone		1st Contact
Ann Webster	Principal Advisor, Commercial Performance	s9(2)(k)	s 9(2)(g)(ii) (mob)	✓
Juston Anderson	Acting Manager, Commercial Performance		N/A (mob)	

Actions for Ministers' offices (if required)

Return the signed report to Treasury

Note any feedback on the quality of the report

Treasury Report: Crown Companies and Entities: Performance Report for the Year Ended 30 June 2020

Purpose

1. This report summarises the performance for the year to 30 June 2020 of the CCEs for which the Treasury provides ownership, performance, and governance advice, and outlines the actions we are taking to support their performance.

Table 4: CCEs facing disruption

Disruption pipeline

Future disruptive threats that may or may not eventuate. Material but often overlooked in strategic planning. Opportunity to respond early.	Disruption in motion, but the full impacts are yet to be felt. Some opportunity to respond.	Disruption that has been well-documented for a long time and its full breadth is starting to be felt. Risk needing Crown support if cannot adapt.
		Radio NZ & TVNZ Accelerating Strong Public Media work programme. Long-standing shift to online streaming / advertising.

Key:
Disruption accelerated by COVID-19
Disruption accelerating due to other factors

TVNZ | FY'20

3% of Commercial Entities' Value

s9(2)(g)(i)

Key Performance Issues

1. TVNZ's traditional free-to-air revenues have been declining in real terms, reflecting rapid technology change and shifting consumer preferences. It needs to respond to these trends while satisfying its mandate under the TVNZ Act 2003.
2. Although TVNZ invests heavily in New Zealand content as its point of difference, in the long-run, commercial revenues may not be sufficient to support the investment in this content.
3. TVNZ requested Crown financial support to ensure it remains a going concern in 2020/21, on the basis of material uncertainties to the company's financial position and the downside risk of its forecasts due to COVID-19.

What are we doing?

1. The Treasury (in an advisory capacity) and TVNZ have been involved in the Strong Public Media (SPM) programme. The SPM programme was paused as a result of COVID-19. Options to progress this work are being considered.
2. Commented on TVNZ's draft business plan strategy, operating and capital expenditure plans.
3. We consider there is a low likelihood that TVNZ will access the 2020/21 $30 million uncalled capital facility Cabinet has agreed to provide to TVNZ, provided unforeseen downside scenarios do not occur and the company operates within budget.

Results

	Actual			Budget	Variance
NZDm	FY'18	FY'19	FY'20	FY'20	%
Revenue	318.5	310.7	310.8	310.6	0%
Operating expenses	8.6	9.9	11.3	12.2	-7%
EBITDA (underlying)	**30.7**	**25.2**	**16.8**	**2.9**	479%
Net profit after tax	5.1	2.9	-27.6	-17.1	61%
Capital expenditure	9.9	9.4	4.4	8.0	-45%
Closing cash	39.3	35.8	52.5	31.1	69%

- FY20 net loss of -$27.6m includes a $21.6m non-cash onerous contract write-down.
- FY20 revenue of $310.8m was 0.1% above budget attributed to New Zealand entering lower Alert Levels earlier than anticipated.
- To mitigate forecast COVID-19-related revenue reductions, TVNZ implemented an operating and capital expenditure reduction programme, which generated $26m cash saving.
- Audience shares for peak-time and all-day viewing increased year-on-year to 49.9% and 44.9%, respectively, during Q4 FY20.

Radio NZ | FY'20

2% of Multiple-Objective Entities' Total Assets

s9(2)(g)(i)

Key Performance Issues

1. The media is undergoing rapid technology change and shifting consumer preferences. RNZ needs to develop with these trends while satisfying the principles set out in its charter.
2. RNZ is attempting to navigate the fallout following the announcement of an RNZ Concert restructure (now retracted).
3. RNZ's large asset base is subject to high wear and/or obsolescence. Several AM transmission sites will be decommission in the upcoming years.
4. Output targets may not be challenging enough; they are consistently achieved and have not been extended substantially year on year.

What are we doing?

1. Both the Treasury (in an advisory capacity) and RNZ have been involved in the Strong Public Media (SPM) programme. The SPM programme was paused as a result of COVID-19. Options to progress this work are being considered.
2. The Treasury and the Ministry for Culture and Heritage (MCH) are engaging with RNZ to determine the impacts of decommissioning AM transmission sites and the treatment of any sale proceeds.
3. The Treasury and MCH have provided comments on RNZ's draft business plan strategy, operating and capital expenditure plans, and output targets.

Results

	Actual			Budget	Variance
NZDm	FY'18	FY'19	FY'20	FY'20	%
Revenue	41.2	45.5	49.5	48.5	2%
Operating expenses	38.8	43.1	46.0	45.3	2%
EBITDA (underlying)	**2.4**	**2.4**	**3.5**	**3.2**	9%
Net surplus (deficit)	-0.4	-0.5	0.0	0.0	-26%
Capital expenditure	2.5	5.0	3.6	4.0	-10%
Number utilising services at least weekly (000)	846	1017	988	1000	**2%**

- FY20 EBITDA of $3.5m was 9.4% above budget.
- Record audience performance (approximately 988,000 at least weekly) seen on all platforms during HY2 FY20 as a result of COVID-19, which improved on HY1 FY20 audience performance (approximately 880,000 at least weekly).
- The Titahi Bay mast instalment is now complete. RNZ continues to assess all AM transmission masts, buildings and equipment to inform its plans for the eventual retirement of the AM network.
- Editorial content provided to 58 outlets (including all of New Zealand's major newsrooms) through partnerships and content-sharing initiatives.
- NZ On Air is funding a second year of the Local Democracy Reporting service.

TE TAI ŌHANGA
THE TREASURY

Treasury Report: Crown Companies and Entities: Performance Report for the Year Ended 30 June 2020

Date:	15 September 2020	**Report No:**	T2020/3093
		File Number:	SE-1-2-3

Action sought

	Action sought	Deadline
Hon Dr Megan Woods **Minister for Greater Christchurch Regeneration** Hon Chris Hipkins **Minister of Education** Hon Damien O'Connor **Minister of Agriculture** Hon Kris Faafoi **Minister of Broadcasting, Communications and Digital Media** Hon Tracey Martin **Minister of Internal Affairs** Hon Aupito William Sio **Associate Minister of Justice**	**Agree** with the actions proposed by the Treasury to support the performance of companies and entities for which you have responsibility **Indicate** if you wish to discuss any matters on the performance of the companies and entities for which you have responsibility	30 September 2020

Contact for telephone discussion (if required)

Name	Position	Telephone		1st Contact
Ann Webster	Principal Advisor, Commercial Performance	s9(2)(k)	s 9(2)(g)(ii) (mob)	✓
Juston Anderson	Acting Manager, Commercial Performance		N/A (mob)	

Minister's Office actions (if required)

Return the signed report to Treasury

Note any feedback on the quality of the report

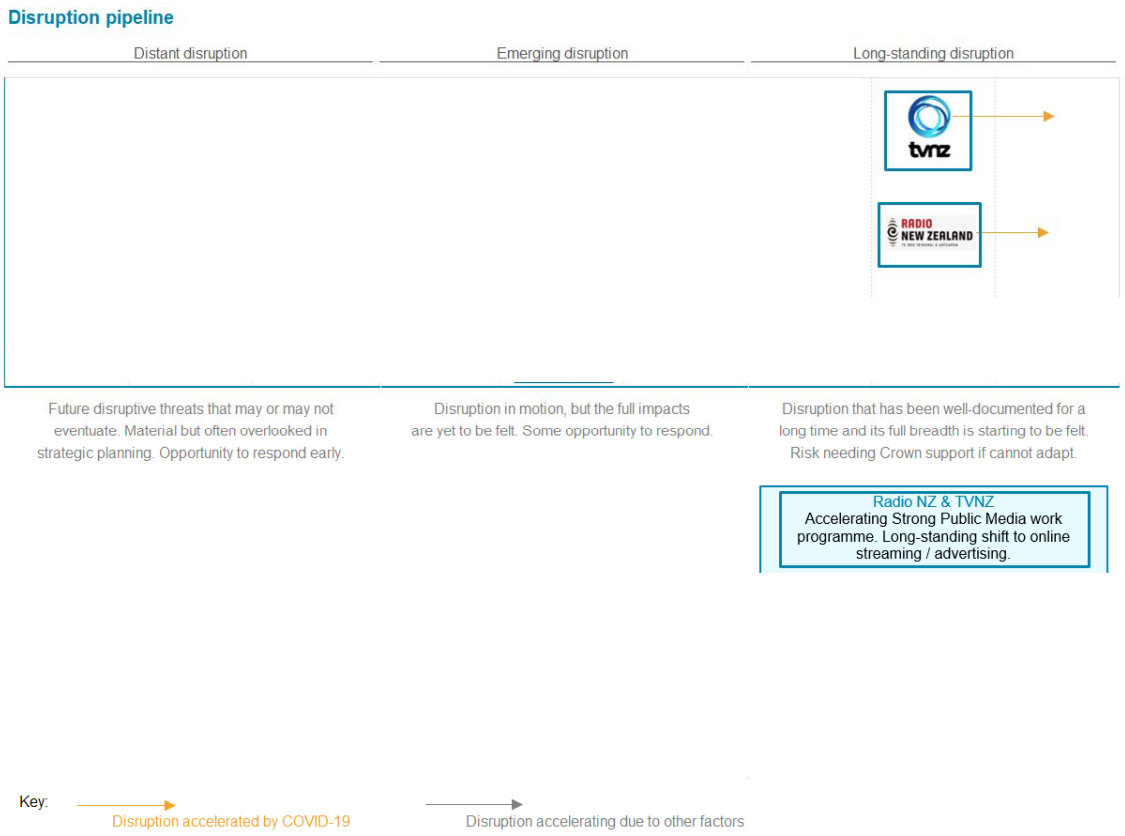
Treasury Report: Crown Companies and Entities: Performance Report for the Year Ended 30 June 2020

Executive Summary

This report summarises the performance for the year to 30 June 2020 of selected Crown companies and entities (CCEs), which includes CCEs for which you are shareholding Ministers. It draws content about your entities from a recent report prepared for Ministers and Associate Ministers for State Owned Enterprises and the Minister of Finance.

29. Table 3 provides our assessment of CCEs' exposure to disruption risk.

Table 2: CCEs facing disruption



TE TAI ŌHANGA
THE TREASURY

Briefing to Incoming Shareholding and Responsible Ministers

November 2020

New Zealand Government

New public media entity

We wish to provide an update on work under way on the Strong Public Media business case on the viability of establishing a new public media entity. Currently the Ministry for Culture and Heritage is working towards a report-back to Cabinet on a new public media entity. A new entity would draw on the existing capacity and capability at Radio New Zealand (RNZ) and Television New Zealand (TVNZ). RNZ and TVNZ would ultimately be disestablished.

The Treasury would like to engage with the shareholding Minister of TVNZ and RNZ on significant policy choices and trade-offs that would likely need to be made and on opportunities to progress this work more quickly. TVNZ's current commercial model has been under pressure with free-to-air television revenues declining since FY12 and this may need to be addressed before decisions are taken on the Strong Public Media business case.

TE TAI ŌHANGA
THE TREASURY

Treasury Report: Radio New Zealand Ltd and TVNZ Ltd: Commencement of 2021 Appointment Process

Date:	16 December 2020	**Report No:**	T2020/3234
		File Number:	CM-0-2-7-2021

Action sought

	Action sought	**Deadline**
Minister of Finance (Hon Grant Robertson)	For your information	None
Minister for Broadcasting and Media (Hon Kris Faafoi)	**Agree** recommendations	As soon as practicable

Contact for telephone discussion (if required)

Name	**Position**	**Telephone**		**1st Contact**
Murray Costello	Senior Advisor, Governance and Appointments	s9(2)(k)	s 9(2)(g)(ii)	✓
Gael Webster	Manager, Governance and Appointments			

Minister's Office actions (if required)

Return the signed report to Treasury.

Note any feedback on the quality of the report

Enclosure: **No**

Treasury Report: Radio New Zealand Ltd and TVNZ Ltd: Commencement of 2021 Appointment Process

Executive Summary

This report addresses the term expiries in 2021 on the boards of Radio New Zealand Ltd (RNZ) and Television New Zealand Ltd (TVNZ).

We recommend that new appointments and reappointments are made to April 2023, with the expectation that work on a new public media entity, if approved by Cabinet, will mean establishing a single organisation with a new board by that time. The new board could include current RNZ and TVNZ directors, so it is preferable that new appointees include directors who can support the Strong Public Media programme from appointment and go on to contribute to the future entity. For new appointments we consider that more diverse membership, and adding more perspectives from outside Auckland, would be desirable.

Priorities for Appointments

Strong Public Media

5. We recommend that new appointments and reappointments are made to April 2023, with the expectation that work on a new public media entity, if approved by Cabinet, will mean establishing a single organisation with a new board by that time.
6. The prospective new board could include sitting RNZ and TVNZ directors, so it is preferable that new appointees include directors who can contribute to the Strong Public Media programme from appointment and into the future entity.

Manatū Taonga Ministry for Culture & Heritage

TE TAI ŌHANGA THE TREASURY

Joint Report: TVNZ and RNZ Letters of Expectations 2021/22

Date:	9 March 2021	**Report No:**	TSY: T2020/3441 MCH: BR2021/074
		File Number:	CM-1-3-66-1

Action sought

	Action sought	Deadline
Minister of Finance (Hon Grant Robertson)	**Agree** to the proposed Letters of Expectations to the media companies for 2021/22.	18 March 2021
Minister for Broadcasting and Media (Hon Kris Faafoi)	**Sign** and **send** the attached Letters of Expectations to the chairs of TVNZ and RNZ.	18 March 2021

Contact for telephone discussion (if required)

Name	Position	Telephone		1st Contact
Tamzin Linnell	Senior Analyst, Commercial Performance, The Treasury	s9(2)(k)	N/A (mob)	✓
Maureena van der Lem	Manager, Commercial Performance, The Treasury		s 9(2)(g)(ii)	
Sheryl Pinckney	Manager, Media Policy, Ministry for Culture and Heritage	N/A (wk)		

Minister's Office actions

Minister of Finance's office:

Forward the signed report to the office of the Minister for Broadcasting and Media

Minister for Broadcasting and Media's office:

Once the signed report is received from the Minister of Finance's office, and your Minister has signed the report and Letters of Expectations, **email** a signed copy of the letters to the relevant chair

Enclosure: Yes (attached)

Attachments publicly available https://www.treasury.govt.nz/sites/default/files/2021-07/loe-tvnz-jul21.pdf and https://www.treasury.govt.nz/sites/default/files/2021-07/loe-rnz-jul21.pdf

Joint Report: TVNZ and RNZ Letters of Expectations 2021/22

Purpose of Report

1. This report contains draft Letters of Expectations (LOEs) for Television New Zealand Limited (TVNZ) and Radio New Zealand Limited (RNZ) for the 2021/22 financial year.

Content of the Letters of Expectations

2. The LOE is the primary vehicle for Ministers to set their expectations for TVNZ and RNZ for the upcoming financial year, and receipt of the LOE marks the beginning of the companies' business planning cycle.

3. TVNZ and RNZ can formally respond to the LOE through their Strategic Issues Letter, which are due at the end of March 2021.

4. The attached draft LOEs comprise:

    - Ministers' specific expectations for the companies;
    - general expectations for the Crown's commercial portfolio; and
    - timeline for the 2021/22 business planning process and governance information.

5. The company-specific expectations re-states the Government's commitment to the public media outcomes. It also includes expectations that, despite challenges that may result from the changing public media landscape, TVNZ and RNZ:

    - continue to deliver services, retain capability and collaborate with other public media entities as much as possible, within current mandates;
    - actively engage with officials to progress the Strong Public Media programme;
    - demonstrate strategic and organisational leadership while managing though a period of change; and
    - consult with shareholding Ministers on a timely basis regarding major transactions and significant strategic shifts.

6. The RNZ LOE also notes the importance of specific, measurable and appropriate performance indicators, and sets an expectation that they are sufficiently challenging to drive the company to build on prior years' performance. These expectations reiterate Ministers' feedback on the draft FY20 Statement of Intent and Statement of Performance Expectations [T2020/2666 refers]. Given its dependence on Crown funding, the RNZ letter also states the expectation that it demonstrate a focus on delivering value for money.

7. The LOEs should be reviewed following Cabinet's consideration of the *Strong Public Media* detailed business case later in 2021, to ensure they continue to reflect Ministers' expectations.

Recommended Action

We recommend that you **agree** that the Minister for Broadcasting and Media signs and sends the attached Letters of Expectations to the chairs of Television New Zealand Limited and Radio New Zealand Limited.

Agree/disagree.
Minister of Finance

Agree/disagree.
Minister for Broadcasting and Media

Maureena van der Lem
Manager, Commercial Performance, The Treasury

Sheryl Pinckney
Manager, Media Policy, Ministry for Culture and Heritage

Hon Grant Robertson
Minister of Finance

Hon Kris Faafoi
Minister for Broadcasting and Media

TVNZ | HY'21

3% of Total Commercial Value (COEs)

s9(2)(g)(i)

Key Performance Issues

1. TVNZ's free-to-air (FTA) television advertising revenues are declining in real terms, reflecting shifts in technology and customer preferences. TVNZ must respond to these trends while satisfying its mandate under the TVNZ Act 2003. Significant growth in OnDemand FTA online advertising revenues is offsetting FTA television advertising revenues losses.
2. The Ministry for Culture and Heritage's (MCH's) Strong Public Media (SPM) programme is considering the creation of a new public media entity and the associated disestablishment of TVNZ and RNZ. Ministers' preference is that TVNZ preserve capabilities benefitting public media outcomes.
3. s 9(2)(b)(ii)

What are we Doing?

1. Involved (in an advisory capacity) with TVNZ in the SPM programme. The Treasury is engaging with MCH weekly to provide ownership input and to facilitate early understanding of policy developments by TVNZ that help it manage its operational challenges.
2. Engaging with TVNZ on its year-end financial outlook and any ongoing financial requirements, noting that the $30 million Crown uncalled capital facility (provided to TVNZ due to COVID-19 impacts) was terminated by TVNZ in advance of the 30 June 2021 expiry date following its stronger-than-expected HY21 results.

Results

	Actual			Budget	Variance
NZDm	HY19	HY20	HY21	HY21	%
Revenue	173	179	176	147	*19%*
Opex	148	153	124	131	*(5%)*
EBITDA (underlying)	**26**	**26**	**52**	**17**	*209%*
NPAT	11	16	43	8	*463%*
Dividends	4	–	–	–	*NA*
Capex	5	2	1	2	*(67%)*
Revenue: TV advert.	151	155	144	123	*17%*
Revenue: Digital advert.	12	15	19	15	*33%*
Revenue: Other	10	9	13	10	*31%*

- *TVNZ's HY21 results are stronger than the forecast, given the initial impacts of COVID-19 on advertising revenues which have largely recovered, with the company now in a strong cash position (closing $100.7m).*
- *This reflects improved television market revenue share (advertising revenue: 67.1%, audience: 45.2%, OnDemand streams: 119m) and strong digital advertising demand, alongside delayed international content spend and cost-reduction initiatives.*
- *TVNZ is making its most significant investment in local entertainment content in over a decade, which aligns with the Government's public media objectives.*
- *TVNZ's positive audience and revenue momentum indicates it is on track to significantly exceed its SPE FY21 projections.*

RNZ | HY'21

1% of Total Assets (PBOEs)

s9(2)(g)(i)

Key Performance Issues

1. RNZ must respond to shifts in technology and consumer preferences while satisfying the principles set out in its charter, which is due for renewal from 2021.
2. The Ministry for Culture and Heritage's (MCH's) Strong Public Media (SPM) programme is considering the creation of a new public media entity, and the associated disestablishment of RNZ and TVNZ.
3. Output targets may not be challenging enough; targets are consistently achieved and have not been extended substantially year-on-year. RNZ's Budget 2021 bid also highlighted potential cost structure issues.
4. RNZ has updated its AM transmission strategy, reconfirming its commitment to national interest sites and identifying sites for closure.

What are we Doing?

1. Involved (in an advisory capacity) with RNZ in the SPM programme. The Treasury is engaging with MCH weekly to provide ownership input and to facilitate early understanding of policy developments by RNZ that help it manage its operational challenges.
2. We have discussed with MCH the expectation that RNZ reviews its output measures and targets included in its upcoming draft accountability documents, and will advise Ministers in due course. We intend to engage with RNZ on the appropriateness and management of its cost structure.
3. Engaging with RNZ as it delivers its AM transmission strategy to understand the pipeline of transmission site decisions, impacts of decommissioning and the treatment of any sale proceeds.

Results

	Actual			Budget	Variance
NZDm	HY19	HY20	HY21	HY21	%
Revenue	23	24	24	24	*0%*
Opex	20	22	21	23	*(5%)*
EBITDA (underlying)	**2**	**2**	**3**	**2**	*75%*
NPAT	1	1	1	0	*9254%*
Dividends	–	–	–	–	*NA*
Capex	2	2	2	2	*(22%)*
Radio listnrs. ('000/mo)	680	676	769	650	*18%*
Unique users ('000/mo)	2,304	3,529	3,337	3,250	*3%*
Maori broadcast hrs	44	37	27	50	*(46%)*

- *HY21 financial results are stronger than expected reflecting activity phasing and financial relief through the Government's media support package.*
- *Q2 FY21 audiences across all RNZ's platforms increased year-on-year, with at least ~768,000 RNZ radio listeners weekly.*
- *The old Titahi Bay and Taranaki AM transmission masts were felled during HY21, RNZ is reviewing land requirements at these locations.*
- *Lower Māori broadcast hours are due to inconsistent content tagging systems (being rectified) and two Māori journalist vacancies.*
- *Editorial content was provided to 60 outlets (including all of New Zealand's major newsrooms) through content-sharing initiatives.*
- *The Local Democracy Reporting programme's pilot phase ended in December 2020, and will be expanded during 2021.*

Joint Report: Television New Zealand and Radio New Zealand Statements of Performance Expectations 2021/22

Date:	11 May 2021	**Report No:**	TSY: T2021/858 MCH: BR2021/285
		File Number:	CM-1-3-66-1

Action sought

	Action sought	Deadline
Minister of Finance (Hon Grant Robertson)	**Agree** to the recommendations	21 May 2021
Minister for Broadcasting and Media (Hon Kris Faafoi)	**Agree** to the recommendations **Sign** the attached letters to the Chairs of TVNZ and RNZ	21 May 2021

Contact for telephone discussion (if required)

Name	Position	Telephone		1st Contact
Tamzin Linnell	Senior Analyst, Commercial Performance, The Treasury	s9(2)(k)	N/A (mob)	✓
Maureena van der Lem	Manager, Commercial Performance, The Treasury		N/A (mob)	
Louise Lennard	Manager, Sector Performance, Ministry for Culture and Heritage	N/A (wk)	s 9(2)(g)(ii) (mob)	

Minister's Office actions

Both offices: Return the signed report and attached letters to the Treasury and the Ministry for Culture and Heritage

Minister of Finance's office: Forward the signed report to the Minister for Broadcasting and Media's office

Minister for Broadcasting and Media's office: Once the signed report is received from the Minister of Finance's office, and your Minister has signed the report and attached letters, **email** a signed copy of the letters to the relevant Chair

Enclosure: Yes (attached)

Annex one: TVNZ draft Statement of Performance Expectations FY22 and draft Business Plan FY22-24 one-pager (Treasury:4456094v1)
TVNZ draft Statement of Performance Expectations FY22 (Treasury:4455721v1)
RNZ Draft SPE 21-22 - Minister's release (Treasury:4455738v1)

Annex two and three withheld s9(2)(g)(i)

Joint Report: Television New Zealand and Radio New Zealand Statements of Performance Expectations 2021/22

Purpose of Report

1. Under the Crown Entities Act 2004 (the Act), Television New Zealand Limited (TVNZ) and Radio New Zealand Limited (RNZ) are required to publish a Statement of Intent (SOI) once every three years and a Statement of Performance Expectations (SPE) each year.

2. Under the Act, shareholding Ministers are able to provide feedback on these draft accountability documents within fifteen working days of receiving them – in this case, by 21 May 2021.

3. This report provides shareholding Ministers with:

   - TVNZ's draft SPE for the period ending 30 June 2022 and an analysis of TVNZ's Business Plan for the period ending 30 June 2024; and
   - RNZ's draft SPE for the period ending 30 June 2022.

4. Draft letters to the Chairs of TVNZ and RNZ are attached for shareholding Ministers' consideration.

Television New Zealand Limited's Statement of Performance Expectations

5. TVNZ submitted its draft SPE to shareholding Ministers on 30 April 2021. TVNZ also submitted its draft Business Plan, which underpins the content in the draft SPE. Shareholding Ministers are not required to provide comments on the Business Plan, nor is it presented to the House of Representatives. TVNZ's SOI is valid until 30 June 2024.

6. An analysis of TVNZ's draft SPE and Business Plan is attached for shareholding Ministers' information (refer Annex one). The one-page template is designed for entities with commercial objectives, and provides commentary on TVNZ's scope and strategy, financial outlook, capital expenditure and structure, dividends, challenges and governance. Please note that the template has not been completed for RNZ as it is a multiple objective entity.

7. In summary:

   - TVNZ adopted a three-phased COVID-19 response: Refocus (FY20), Recover (FY21) and Reimagine (FY22 onward). After successfully implementing the Refocus and Recovery phases, the Reimagine phase aims to "define the future content services demanded by viewers and advertisers, and accelerate the migration to this digital future".
   - TVNZ's digital revenue growth is increasingly offsetting declines in television advertising revenue.
   - Forecast local content investment continues at over $100 million per annum, and forecast international content investment is materially higher over the planning period.

- TVNZ intends to invest in its current digital platform over the planning period to maintain user experience while it creates a future IP platform to "create the future digital version of TVNZ". TVNZ is budgeting s 9(2)(b)(ii) TVNZ would aim to reduce redundant and duplicate spend and retain optionality for the proposed new public media entity.

- s 9(2)(b)(ii) The Treasury s9(2)(g)(i) and has suggested TVNZ prepares a proposal to support the investment, so it may also be considered in the context of the Strong Public Media programme.

- Contrary to recent media reports, TVNZ advises it has not confirmed it will progress with an ad-free paid subscription service, however this is an option that could be considered through such a proposal. Due to TVNZ's strong financial position and outlook, the board will review its ability to declare a dividend at the end of FY21. The Treasury would expect the board to consider TVNZ's financing, investment and operating requirements in considering the resumption of dividends.

8. The Treasury has discussed the Business Plan with TVNZ and provided minor comments to TVNZ on its SPE, including a request that TVNZ shares its key financial ratios with the Treasury prior to its final SPE submission. However, the Treasury considers the document to be suitable for presenting to the House of Representatives.

Radio New Zealand Limited's Statement of Performance Expectations

9. RNZ submitted its draft SPE to shareholding Ministers on 30 April 2021. RNZ's SOI is valid until 30 June 2023.

10. Overall, officials consider RNZ's SPE meets the requirements of the document under sections 149E and 149G of the Act.

11. The SPE acknowledges the importance of RNZ's role with respect to providing trusted information in response to COVID-19 and supporting the wider Strong Public Media programme.

Performance indicators

12. In your FY22 Letter of Expectations to the RNZ board, you specifically noted the value of specific, measurable and appropriate performance indicators in accountability documents, highlighting your expectation that RNZ's performance indicators should be sufficiently challenging to build on previous years' experience. You also noted your expectation that RNZ work with officials to ensure performance indicators were clear and useful for tracking performance.

13. In response to these expectations, RNZ has increased its ambition in a range of objectives, for example:

    a an increase in the target cumulative weekly live radio audience from 650,000 to 680,000 people;

    b an increase in the average monthly website users from 3.25 million to 3.8 million people;

    c measures relating to the reach of its Pacific service; and

d the amount of audio content available online increased from an average of 48,000 hours to 75,000 hours.

14. RNZ has also introduced a new objective around extending its audience reach as well as target implementation indicators for its new strategy for reaching underserved audiences, including younger New Zealanders, Māori and Pasifika. RNZ plans to launch this multimedia content service in FY22 and spend $100,000, or half its commissioning budget, on content for the identified audience segments. RNZ has identified that throughout the year it will be launching a new brand for the strategy. As the work becomes established, we would expect RNZ to consider ways to measure the success of the programme.

15. It is also pleasing to see RNZ's People Strategy and Sustainability Programme included in the SPE.

16. However, most of RNZ's performance indicators have not changed since the previous year and some targets do not extend previous years' performance levels, but only maintain current levels.

17. We remain concerned that some of the performance indicators in RNZ's SPE do not effectively tell a performance story. An example is the measure for RNZ's fourth key focus area "Making our services available and accessible where, when, and how New Zealanders want" (page 18), which appears to simply describe where services are currently available but does not communicate targets, improvement over time or links to audience need.

18. RNZ's performance indicators for its broadcast services are also currently focused on the quantity of broadcast hours achieved; additional objectives and targets relating to the quality for each service would provide a more complete picture of performance.

19. Ideally, these issues should be addressed, but we acknowledge there are certain constraints. Firstly, with respect to the performance targets which are static, RNZ has stated that due to funding constraints, increasing personnel expenditure and the requirement to create more content for different audiences, simply maintaining current service levels in some areas is sufficiently challenging for the organisation. Secondly, the challenges arising from COVID-19, the rapidly changing media landscape and the uncertainties from the ongoing Strong Public Media programme have likely limited RNZ's appetite to engage in a significant reconsideration of its performance measurement framework.

20. While some of RNZ's performance indicators are not compelling, the Treasury and the Ministry for Culture and Heritage (MCH) accept that RNZ has introduced more challenging new targets in some areas and accurate assessment and prediction of audience engagement is challenging due to the impact of the COVID-19 on audience behaviours. On balance, we believe that maintaining service levels in some areas is acceptable. However, we would expect to see more proactive and timely engagement with officials on performance measurement in the coming year and we will encourage RNZ to engage with you regularly on the delivery of its new strategies.

Financial performance

21. While RNZ is forecasting a small operating surplus of $0.15 million in the current financial year, it is budgeting a deficit of $1.5 million for 2021/22. To support the priorities stated within this SPE, RNZ intends on using a portion of its equity in the next two financial years, returning to a balanced budget position in 2024. This appears to be affordable, given RNZ has forecast $4.3 million cash and equivalents at June 2021, reducing to $3.9 million by June 2022.

22. The draft SPE budget does not take into account the $0.9 million allocated through Budget 2021, which will reduce the impact on equity once applied. This additional funding will support RNZ to absorb cost pressures and retain public media expertise ahead of decisions in relation to the Strong Public Media programme.

23. The Treasury and MCH will work with RNZ throughout the period to understand any emerging cost pressures, cost saving measures, and how the company is tracking to budget.

Next Steps

24. We recommend shareholding Ministers agree that the Minister of Broadcasting and Media signs and sends the attached letters to the Chairs of TVNZ and RNZ by Friday 31 May 2021.

25. TVNZ and RNZ will then provide a final digital copy of their SPEs, as well as two printed copies, to shareholding Ministers' offices. TVNZ and RNZ will also provide five copies of the documents to the House Office for presentation in the House of Representatives.

Recommended Action

We recommend that you:

a **note** that the Treasury considers that Television New Zealand Limited's (TVNZ's) Statement of Performance Expectations (SPE) is suitable for tabling to the House of Representatives

b **note** that the Treasury and the Ministry for Culture and Heritage consider that Radio New Zealand Limited's (RNZ's) SPE is suitable for tabling to the House of Representatives

c **agree** that the Minister for Broadcasting and Media signs the attached letters to the Chairs of TVNZ and RNZ by Friday 21 May 2021

Agree/disagree.	*Agree/disagree.*
Minister of Finance	Minister for Broadcasting and Media

Maureena van der Lem
Manager, Commercial Performance, The Treasury

Louise Lennard
Manager, Sector Performance, Ministry for Culture and Heritage

Hon Grant Robertson	Hon Kris Faafoi
Minister of Finance	**Minister for Broadcasting and Media**

Mr Andy Coupe
Chair
TVNZ
s9(2)(a)

Dear Andy

TELEVISION NEW ZEALAND LIMITED'S DRAFT STATEMENT OF PERFORMANCE EXPECTATIONS

I am writing on behalf of shareholding Ministers to thank you for providing copies of Television New Zealand Limited's (TVNZ's) draft Statement of Performance Expectations (SPE) for the period ending 30 June 2022, and draft Business Plan for the period ending 30 June 2024.

I appreciate the time and effort the board, management and staff have put into these documents along with your efforts to keep shareholding Ministers informed about TVNZ's performance.

I understand the Treasury has provided comments to TVNZ management for consideration, including a request that TVNZ shares its key financial ratios with the Treasury prior to its final SPE submission. I also ask that TVNZ continues to keep officials well-informed as it develops its future IP platform proposal.

Please provide my office with two printed copies and one soft copy of the final SPE on 30 June 2021, and publish the final SPE on the TVNZ website as soon as practicable after that date, as required under section 149L(1) of the Crown Entities Act 2004. Please also provide five printed copies and one soft copy of the final SPE to the House Office at house.office@parliament.govt.nz for publishing to the Parliament website.

I wish you every success for the year ahead.

Yours sincerely

Hon Kris Faafoi
Minister for Broadcasting and Media
on behalf of shareholding Ministers

cc Kevin Kenrick, Chief Executive, TVNZ, s9(2)(a)

Dr Jim Mather
Chair
RNZ
s9(2)(a)

Dear Jim

RADIO NEW ZEALAND LIMITED'S DRAFT STATEMENT OF PERFORMANCE EXPECTATIONS

I am writing on behalf of shareholding Ministers to thank you for providing copies of Radio New Zealand Limited's (RNZ's) draft Statement of Performance Expectations (SPE) for the period ending 30 June 2022.

I appreciate the time and effort the board, management and staff have put into these documents along with your efforts to keep shareholding Ministers informed about RNZ's performance.

I would like to acknowledge the work RNZ has done to begin giving effect to a new strategy for reaching underserved audiences. I also note that RNZ has introduced new, more robust performance targets in some areas. However, the performance indicators across a range of outcome areas could be improved in the future, to better communicate RNZ's progress over time. I encourage RNZ to proactively engage with officials at the Ministry for Culture and Heritage and the Treasury in a timely way to ensure measures are developed to adequately convey RNZ's performance.

Given RNZ's ongoing cost pressures and forecast FY22 deficit, I also ask that you continue to keep officials well-informed on cost reduction measures and your ability to maintain capability.

Please provide my office with two printed copies and one soft copy of the final SPE on 30 June 2021, and publish the final SPE on the RNZ website as soon as practicable after that date, as required under section 149L(1) of the Crown Entities Act 2004. Please also provide five printed copies and one soft copy of the final SPE to the House Office at house.office@parliament.govt.nz for publishing to the Parliament website.

I wish you every success for the year ahead.

Yours sincerely

Hon Kris Faafoi
Minister for Broadcasting and Media
on behalf of shareholding Ministers

cc Paul Thompson, Chief Executive, RNZ, s9(2)(a)

Annex one: TVNZ draft Statement of Performance Expectations FY22 and draft Business Plan FY22-24 one-pager

EXTRACT

TVNZ

TVNZ has restated its commitment to contribute to the Strong Public Media programme to the extent possible and is productively engaging with officials.

Commentary

Financial outlook

Although TVNZ has made no specific financial provision for advancing the Strong Public Media programme, it advises it allocates resources to preserve services and capabilities expected to be of benefit to the proposed new public media entity.

Capital expenditure and structure

s 9(2)(b)(ii)

TVNZ intends to invest in its current digital platform over the planning period to maintain user experience while it creates a future IP platform to "create the future digital version of TVNZ". TVNZ is budgeting towards the IP platform over the planning period and s 9(2)(b)(ii) TVNZ would aim to reduce redundant and duplicate spend and retain optionality for the proposed new public media entity. s 9(2)(b)(ii)

The Treasury s9(2)(g)(i) and has suggested TVNZ prepares a proposal to support the investment, so it may also be considered in the context of the Strong Public Media programme.

Challenges

Challenges to TVNZ include the:

- strategic uncertainty due to the Strong Public Media programme and impacts on employee recruitment and retention, and contracts with and sentiment of advertisers - TVNZ remains focused on its commercial mandate and will retain core business capabilities

T2021/1334 Commercial Performance State of Play as at 2 June 2021

To: Minister of Finance (Hon Grant Robertson)

Associate Minister of Finance (Hon Dr Megan Woods)

Associate Minister of Finance (Hon David Parker)

Minister for State Owned Enterprises, Minister Responsible for the Earthquake Commission (Hon Dr David Clark)

From: Shelley Hollingsworth, Manager, Commercial Performance

Maureena van der Lem, Manager, Commercial Performance

This report provides an update on current issues in relation to commercial entities and public benefit entities within the Crown portfolio. Please tick a box if you would like more information on a topic.

1. New and notable issues

Crown portfolio – Public benefit entities

More info?	Entity / Issue	Update
☐	**RNZ and TVNZ – Strong Public Media programme** *(Aaron Gill)*	The Ministry for Culture and Heritage (MCH) is leading the Strong Public Media (SPM) programme to examine the viability of creating a new, fit-for-purpose public media entity. The associated SPM business case is underway – we understand that the Strategic case has been completed, the Economic case is being considered by the SPM Business Case Governance Group (BCGG), and work has commenced on the Financial and Management cases. We note that the structure of the SPM programme is currently "under review" and inter-agency meetings appear to have been subsequently paused. In addition, s9(2)(g)(i) . We will continue to engage with MCH on the SPM programme as appropriate.

Annex Two: Addressing performance issues in business planning processes and documents

TVNZ (COE) Status update Addressed in draft letter *(Eva Parker)*	In March 2021, TVNZ terminated its $30 million uncalled capital facility due to stronger-than-expected performance, with digital advertising revenue growth increasingly offsetting declines in television advertising revenue. The draft Statement of Performance Expectations (SPE) letter to the Chair notes its intention to invest in a future IP platform. TVNZ is mindful of the need to reduce redundant and duplicate spend and retain optionality for the proposed new public media entity. We have suggested TVNZ prepares a proposal to support this investment, so it can be considered in the context of the Strong Public Media (SPM) programme.

RNZ (PBOE) Addressed in draft letter Status update *(Tamzin Linnell)*	The draft SPE letter to the Chair has acknowledged that RNZ has increased the level of ambition in a number of its FY22 performance measures and introduced new objectives for connecting with hard-to-reach audiences. It asks that RNZ continues to improve its performance measures to better communicate progress over time. RNZ is undertaking financial modelling for its AM Strategy and continues to engage with us and MCH on its property sales. MCH is now engaging regularly with RNZ and TVNZ on the SPM programme.

T2021/1474 Commercial Performance State of Play as at 16 June 2021

To: Minister of Finance (Hon Grant Robertson)

Associate Minister of Finance, Acting Minister for State Owned Enterprises (Hon Dr Megan Woods)

Associate Minister of Finance (Hon David Parker)

Minister for State Owned Enterprises, Minister Responsible for the Earthquake Commission (Hon Dr David Clark)

From: Shelley Hollingsworth, Manager, Commercial Performance

Maureena van der Lem, Manager, Commercial Performance

This report provides an update on current issues in relation to commercial entities and public benefit entities within the Crown portfolio. Please tick a box if you would like more information on a topic.

1. New and notable issues

Crown portfolio – Public benefit entities

More info?	Entity / Issue	Update
☐	**RNZ and TVNZ – Strong Public Media programme** *(Eva Parker)*	The Ministry for Culture and Heritage (MCH) is leading the Strong Public Media (SPM) programme to examine the viability of creating a new public media entity. The associated SPM business case is underway, and we understand that the SPM Business Case Governance Group (BCGG) has recently considered the first consolidated draft business case. A Memorandum of Understanding (MOU) exists between MCH and the BCGG to outline how the parties will work together to support the progression of the SPM programme. MCH's roles include providing advice to the BCGG on media policy issues relevant to the development of the business case, and providing advice to the Minister for Broadcasting and Media on wider media policy issues and the implications arising from options identified within the SPM programme. We note that the extent to which broadcasting policy issues are being considered through, or alongside, the business case remains unclear at this stage. In particular, we would expect MCH to undertake policy analysis to provide Ministers with a sense of the trade-offs involved in putting forward an option that meets the Government's Public Media Objectives while being affordable, particularly where options may require additional investment beyond current levels. Should trade-offs not be resolved through the business case, and a new entity be approved, there is risk that pre-existing issues (such as inconsistent mandates) continue and result in sub-optimal outcomes being achieved from the Crown's investment. The Treasury will continue to raise these matters with MCH to encourage the development of robust policy analysis and recommendations for Ministers' consideration.

From: ^EXT: Angus Hodgson
Sent: Friday, 1 November 2019 2:25 pm
To: Maureena van der Lem [TSY]
Cc: Timothy Roper [TSY]; Aaron Gill [TSY]; Eva Parker [TSY]; Miriam Richdale [TSY]; Regina Meyer [TSY]
Subject: RE: Cabinet oral items - 4 November

Thanks Maureena. We're aware of the oral item. I will be on annual leave on Monday but have ensured the Minister is appraised.

Hei konā

Angus Hodgson, Finance and State Owned Enterprises Advisor
Office of Hon Grant Robertson | Office of Rt Hon Winston Peters
Minister of Finance | Minister for State Owned Enterprises

Level 7.6 Executive Wing, Parliament Buildings, PO Box 18041, Wellington 6160, New Zealand
T: s9(2)(k) | M: s 9(2)(g)(ii)
E: angus.hodgson@parliament.govt.nz

From: Maureena van der Lem [TSY] [mailto:Maureena.Vanderlem@treasury.govt.nz]
Sent: Friday, 1 November 2019 1:58 PM
To: Angus Hodgson <Angus.Hodgson@parliament.govt.nz>
Cc: Timothy Roper [TSY] <Timothy.Roper@treasury.govt.nz>; Aaron Gill [TSY] <Aaron.Gill@treasury.govt.nz>; Eva Parker [TSY] <Eva.Parker@treasury.govt.nz>; Miriam Richdale [TSY] <Miriam.Richdale@treasury.govt.nz>; Regina Meyer [TSY] <Regina.Meyer@treasury.govt.nz>
Subject: FW: Cabinet oral items - 4 November

FYI Angus – Minister Faafoi will be taking an oral item to Cabinet on Monday outlining his proposed process for Strengthening Public Media.

The aide memoire (for the joint Ministers meeting) is being revised from MCH as per your request re incorporating the indicative business case costs (and were omitted because MCH is discussing the costs with potential bidders on Wednesday afternoon and wanted to talk to informed costing post discussion on Wednesday evening) – but the revised version may not make its way to you until Monday as it requires joint agency sign out (from a process perspective needs both signatures).

Just a heads up in case you wanted to brief the MOF pre Cabinet meeting on Monday.

Regards
Maureena

TE TAI ŌHANGA
THE TREASURY

Maureena van der Lem | Manager, Commercial Performance | Te Tai Ōhanga – The Treasury
Mobile: s 9(2)(g)(ii) | Maureena.vanderLem@treasury.govt.nz

Visit us online at https://treasury.govt.nz/

From: Timothy Roper [TSY] <Timothy.Roper@treasury.govt.nz>
Sent: Friday, 1 November 2019 1:40 PM
To: Craig Watkin [TSY] <Craig.Watkin@treasury.govt.nz>
Cc: Simon Duncan [TSY] <Simon.Duncan@treasury.govt.nz>; Aaron Gill [TSY] <Aaron.Gill@treasury.govt.nz>; Eva Parker [TSY] <Eva.Parker@treasury.govt.nz>; Maureena van der Lem [TSY] <Maureena.Vanderlem@treasury.govt.nz>; Lisa King [TSY] <Lisa.King@treasury.govt.nz>
Subject: RE: Cabinet oral items - 4 November

Hi Craig

We understand the Minister of Broadcasting, Communications and Digital Media will be taking the opportunity to:

- update Ministers on the strengthening public media work, prior to formal consultation, and
- test options to manage the interim period prior to establishment of a potential new entity, should Cabinet agree in December to this as the preferred option, subject to a satisfactory business case and availability of funding through Budget 2020.

We are continuing to work with MCH on this topic, and expect to receive a draft of the Cabinet paper for agency consultation early next week. The main concern from a Treasury perspective is ensuring a rigorous business case process informs any final decision.

MoF will have recently received (along with the Minister) a joint report from MCH and Treasury that covers much of what is likely to be discussed on Monday, so will already be well briefed on the topic.

Regards,
Tim

From: Gerald Lee [TSY] <Gerald.Lee@treasury.govt.nz>
Sent: Friday, 1 November 2019 10:56 AM
To: Timothy Roper [TSY] <Timothy.Roper@treasury.govt.nz>
Cc: Craig Watkin [TSY] <Craig.Watkin@treasury.govt.nz>; David Taylor [TSY] <David.Taylor@treasury.govt.nz>
Subject: FW: Cabinet oral items - 4 November

Hi Tim

Think the Faafoi item is for you.

Cheers
Gerald

From: Craig Watkin [TSY] <Craig.Watkin@treasury.govt.nz>
Sent: Friday, 1 November 2019 10:55 AM
To: Gerald Lee [TSY] <Gerald.Lee@treasury.govt.nz>; David Taylor [TSY] <David.Taylor@treasury.govt.nz>; Alice Ansley [TSY] <Alice.Ansley@treasury.govt.nz>; Hugo Van Dyke [TSY] <Hugo.VanDyke@treasury.govt.nz>
Cc: @Precab <precab@treasury.govt.nz>; @FiscalCalculator [TSY] <FiscalCalculator@treasury.govt.nz>; @OE analysts [TSY] <OEanalysts@treasury.govt.nz>
Subject: Cabinet oral items - 4 November

[ ]

Hi team,

Happy Friday!

We've just been informed the following oral items on Monday's Cabinet agenda:

Not in scope of request

Faafoi: Strengthening Public Media

Not in scope of request

Could you please let us know by 2pm today if there's any background Caralee should be aware of, and if the item might require a discussion at PrePreCab. Bullet points are fine; we don't generally provide substantive briefings for oral items.

Many thanks
Craig

TE TAI ŌHANGA
THE TREASURY

Craig Watkin | Team Assistant, Office of the Executive and Communications | Te Tai Ōhanga – The Treasury
Tel: s9(2)(k) | Email/IM: craig.watkin@treasury.govt.nz
Visit us online at https://treasury.govt.nz/ and follow us on Twitter, LinkedIn and Instagram

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From: Timothy Roper [TSY]
Sent: Wednesday, 20 November 2019 11:07 am
To: ^EXT: Angus Hodgson; ^Parliament: Keiran Kennedy; ^Parliament: Talei Pasikale; Alasdair Gardiner [TSY]
Cc: @AMoFSecondees; Simon Duncan [TSY]; Eva Parker [TSY]; Aaron Gill [TSY]; Juston Anderson [TSY]; Maureena van der Lem [TSY]
Subject: Ministerial Consultation: Strengthening Public Media: Report Back
Attachments: Cabinet paper - Strengthening Public Media Report Back.DOCX

[ ]

Hi all

Please see below some text for Ministerial consultation on the above CBC paper.

Regards,
Tim

Title of paper	**Strengthening Public Media: Report Back**
Minister and agency	**Minister of Broadcasting, Communications and Digital Media** **Ministry for Culture and Heritage**
Description	*This paper seeks agreement, subject to a Detailed Business Case and securing necessary funding, to establish a new public media entity replacing RNZ and TVNZ, and* s9(2)(f)(iv)
Comments	*Treasury has been engaged in the CE Advisory Group and Working Group for this topic. We have provided feedback through the drafting process, however not all of this has been factored in to the final paper. As a result we have added a Treasury comment to the paper emphasising the risks associated with the following:* • *Business case timeline: The proposed July 2020 report-back date for the detailed business case will require its completion by the end of May 2020. This is an extremely compressed timeframe for such a complex initiative, and there are significant risks which, if unaddressed during the process, may jeopardise the successful implementation of the change initiative.* • *Business case scope: Due to the compressed business case process, Treasury believes further information needs to be identified in the paper about what will be tested by the detailed business case, to provide Ministers with a clear sense of the trade-offs involved in meeting public media objectives while ensuring affordability.*
Fiscal implications	*Nil immediate: the $0.965 million cost of preparing the proposed Detailed Business Case will be met through a combination of re-prioritisation of existing MCH baseline funding ($0.600 million) and retention of anticipated departmental underspends at 2019/20 year-end.* *The paper also (i) invites the Minister to submit a Budget 2020 initiative for tagged contingency funding in advance of the completion of the Detailed Business Case, to ensure that timely progress on implementation can be made upon Cabinet satisfaction with and approval of the business case, and (ii)* s9(2)(f)(iv) *We have not yet seen either of these initiatives. We understand the tagged contingency initiative will seek $367 million over four years for establishment and*

	operating costs for the new entity. These costs are estimates provided by PwC and cover establishment of the new entity and an allowance for one-third additional content based on current entity structures. The tagged contingency is an indicative estimate only and as such is highly scalable.
Recommended action	*We recommend you provide the following feedback to the Minister of Broadcasting, Communications and Digital Media:* • *If the new public media entity is going to have "advertising free" elements, then consistent with a platform neutral future (where we do not make a distinction between Broadcast TV, Radio or Online content – but rather the focus is on audiences), the focus should be on "advertisement free content" rather than "advertisement free platforms", i.e. certain times and content on platforms might be advertisement free rather than having an advertisement free platform.* • *The focus should be on making quality content and diverse content available across platforms rather the specific content being available at specific times.*

From: Olivia Cross <Olivia.Cross@parliament.govt.nz>
Sent: Tuesday, 14 January 2020 1:51 pm
To: Aaron Gill [TSY]; ^EXT: Louise Lennard; Juston Anderson [TSY]
Cc: E-Lyn Tan; Leigh Huffine; Eva Parker [TSY]
Subject: RE: Letters of expectation

Hi all

Happy to progress BSA. Given the level of involvement NZ On Air has with the public media work my preference would be for NZ On Air's letter to progress in line with TVNZ and RNZ but I'm happy to take advice on that if there is a consensus that it isn't so much of an issue.

It makes sense to me to wait given that it would only be a couple of weeks and it would save potentially having to provide a new letter. If the timing is a concern, letters could be drafted that align with the public media paper, provided to the Minister for initial feedback and then held until the Cabinet decision is made. This could shorten the timeline post Cabinet.

From: Aaron Gill [TSY] [mailto:Aaron.Gill@treasury.govt.nz]
Sent: Tuesday, 14 January 2020 1:47 PM
To: ^EXT: Louise Lennard <louise.lennard@mch.govt.nz>; Juston Anderson [TSY] <Juston.Anderson@treasury.govt.nz>; Olivia Cross <Olivia.Cross@parliament.govt.nz>
Cc: E-Lyn Tan <E-Lyn.Tan@mch.govt.nz>; Leigh Huffine <Leigh.Huffine@mch.govt.nz>; Eva Parker [TSY] <Eva.Parker@treasury.govt.nz>
Subject: RE: Letters of expectation

Happy to progress the letters for BSA and NZ on Air.

You can include the generic point although it might provide little charity if the policy options don't align with NZ on Air's and BSA's functions under their Acts. This issue is more likely to be a problem for TVNZ and RNZ.

From: Louise Lennard <louise.lennard@mch.govt.nz>
Sent: Tuesday, 14 January 2020 1:41 PM
To: Aaron Gill [TSY] <Aaron.Gill@treasury.govt.nz>; Juston Anderson [TSY] <Juston.Anderson@treasury.govt.nz>; Olivia Cross <Olivia.Cross@parliament.govt.nz>
Cc: E-Lyn Tan <E-Lyn.Tan@mch.govt.nz>; Leigh Huffine <Leigh.Huffine@mch.govt.nz>; Eva Parker [TSY] <Eva.Parker@treasury.govt.nz>
Subject: RE: Letters of expectation

Kia ora koutou

I think it would be helpful to progress BSA and NZ On Air's letters. Happy to delay RNZ letter as last year's letter can stand for now.

We can include a generic point to work on implementation of policy decisions and support of policy decision-making. Does this address the Treasury's concerns.

Ngā mihi, nā Louise

Louise Lennard | Manager – Sector Performance
Manatū Taonga | Ministry for Culture & Heritage

He ngākau titikaha, he hononga tangata
Promoting a confident and connected culture
Public Trust Building, 131 Lambton Quay, Wellington
PO Box 5364, Wellington 6140
Mobile s 9(2)(g)(ii)
Email louise.lennard@mch.govt.nz

From: Aaron Gill [TSY] <Aaron.Gill@treasury.govt.nz>
Sent: Tuesday, 14 January 2020 1:38 PM
To: Juston Anderson [TSY] <Juston.Anderson@treasury.govt.nz>; Olivia Cross <Olivia.Cross@parliament.govt.nz>; Louise Lennard <louise.lennard@mch.govt.nz>
Cc: E-Lyn Tan <E-Lyn.Tan@mch.govt.nz>; Leigh Huffine <Leigh.Huffine@mch.govt.nz>; Eva Parker [TSY] <Eva.Parker@treasury.govt.nz>
Subject: RE: Letters of expectation

A couple of other points which might be helpful:

- Letters of Expectation are not a statutory requirement. Hence they don't have to be provided and equally an expectations letter could be provided at any time.
- Minister's specific expectations are enduring i.e. unless a new letter is provided then existing expectations remain.

Aaron Gill | Senior Advisor | Te Tai Ōhanga – The Treasury
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Visit us online at https://treasury.govt.nz/ and follow us on Twitter, LinkedIn and Instagram

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From: Juston Anderson [TSY] <Juston.Anderson@treasury.govt.nz>
Sent: Tuesday, 14 January 2020 1:08 PM
To: Olivia Cross <Olivia.Cross@parliament.govt.nz>; ^EXT: Louise Lennard <louise.lennard@mch.govt.nz>
Cc: E-Lyn Tan <E-Lyn.Tan@mch.govt.nz>; Leigh Huffine <Leigh.Huffine@mch.govt.nz>; Aaron Gill [TSY] <Aaron.Gill@treasury.govt.nz>; Eva Parker [TSY] <Eva.Parker@treasury.govt.nz>
Subject: RE: Letters of expectation

Hi

Wouldn't it make sense to wait a couple of weeks, if that's when the Cabinet decision is going to be made? I don't think anything is lost if the letters are held till then, and if they are not held till then we will just have to send updated ones anyway.

Juston Anderson | Principal Advisor | **Te Tai Ōhanga – The Treasury**
s9(2)(k) | s 9(2)(g)(ii) | Juston.Anderson@treasury.govt.nz

From: Olivia Cross <Olivia.Cross@parliament.govt.nz>
Sent: Monday, 13 January 2020 2:25 PM
To: ^EXT: Louise Lennard <louise.lennard@mch.govt.nz>; Juston Anderson [TSY] <Juston.Anderson@treasury.govt.nz>
Cc: E-Lyn Tan <E-Lyn.Tan@mch.govt.nz>; Leigh Huffine <Leigh.Huffine@mch.govt.nz>
Subject: RE: Letters of expectation

Hi all

If letters were to come up next week what level of impact is that going to have on the strengthening public media work? I'm mindful that we are anticipating the letters being an important mechanism for setting the expectations through the next phase of work for TVNZ, RNZ and NZ On Air. If they were to be provided before a final Cabinet decision is made would we be losing this opportunity?

Is there a significant risk if they were to be delayed for a few more weeks?

Happy to discuss.

Thanks
Olivia

From: Louise Lennard [mailto:louise.lennard@mch.govt.nz]
Sent: Monday, 13 January 2020 1:58 PM
To: Olivia Cross <Olivia.Cross@parliament.govt.nz>; Juston Anderson [TSY] <Juston.Anderson@treasury.govt.nz>
Cc: E-Lyn Tan <E-Lyn.Tan@mch.govt.nz>
Subject: RE: Letters of expectation

Kia ora Olivia,

No there isn't. I think we might need to progress these before the decision on public media is taken. I will work with E-Lyn and Treasury to get these up to the Minister next week.

Ngā mihi, nā Louise

Louise Lennard | Manager – Sector Performance
Manatū Taonga | Ministry for Culture & Heritage

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From: Olivia Cross <Olivia.Cross@parliament.govt.nz>
Sent: Monday, 13 January 2020 11:30 AM
To: Juston Anderson [TSY] <Juston.Anderson@treasury.govt.nz>; Louise Lennard <louise.lennard@mch.govt.nz>
Subject: Letters of expectation

Hi Juston and Louise

We are starting to get questions around timing for letters of expectation from broadcasting entities. My understanding is that there isn't a definite timeframe yet as we are waiting for Cabinet's decision on strengthening public media but is there anything else I should be aware of before I respond?

Cheers
Olivia

Olivia Cross | Private Secretary – Broadcasting
Office of Hon Kris Faafoi | Minister of Broadcasting, Communications and Digital Media
Email: olivia.cross@parliament.govt.nz | DDI: s9(2)(k) | Mobile: s 9(2)(g)(ii)

From: Timothy Roper [TSY]
Sent: Thursday, 23 January 2020 1:06 pm
To: Angus White [TSY]; ^Parliament: Talei Pasikale
Cc: @AMoFSecondees; Eva Parker [TSY]; Aaron Gill [TSY]; Simon Duncan [TSY]
Subject: Consultation Paper: Strengthening Public Media: Report Back
Attachments: FW: Strengthening Public Media for lodgement for Cabinet 28/1

[ ]

Hi all

Please see below Treasury feedback re this consultation item. Note that this paper is a revised version of the paper that was considered at the last Cabinet of 2019 and referred to next week's Cabinet with some requested changes.

Title of paper	**Strengthening Public Media: Report Back**
Minister and agency	**Minister of Broadcasting, Communications and Digital Media** **Ministry for Culture and Heritage**
Description	This paper seeks agreement, subject to a Detailed Business Case and securing necessary funding, to establish a new public media entity replacing RNZ and TVNZ, and s9(2)(f)(iv)
Comments	Treasury has been engaged in the CE Advisory Group and Working Group for this topic. We provided feedback through the drafting process, not all of which was factored in to the final paper – as a result of which we added a Treasury comment emphasising the risks associated with the following: • Business case timeline: The proposed August 2020 report-back date for the detailed business case will require its completion by the end of June 2020. This is an extremely compressed timeframe for such a complex initiative, and there are significant risks which, if unaddressed during the process, may jeopardise the successful implementation of the change initiative. • Business case scope: Due to the compressed business case process, Treasury believes further information needs to be identified in the paper about what will be tested by the detailed business case, to provide Ministers with a clear sense of the trade-offs involved in meeting public media objectives while ensuring affordability. We will continue to work with MCH through the detailed business case process to ensure risks from the above factors are minimised and the end product is fit-for-purpose.
Fiscal implications	**Nil immediate**: the $0.965 million cost of preparing the proposed detailed business case and related activities will be met through a combination of re-prioritisation of existing MCH baseline funding ($0.600 million) and retention of anticipated 2019/20 departmental underspends. [So no impact on contingencies or allowances.] The paper also (i) invites the Minister to submit a Budget 2020 initiative for tagged contingency funding in advance of the completion of the detailed business case, to ensure that timely progress on implementation can be made upon Cabinet satisfaction with and approval of the business case, and (ii) s9(2)(f)(iv)

	Both of these have been submitted as non-priority aligning new spending initiatives. The tagged contingency initiative seeks $370 million over four years for establishment and operating costs for the new entity (indicative estimates only, and covering establishment of the new entity and an allowance for one-third additional content based on current entity structures). s9(2)(f)(iv) . These are both currently going through the assessment process.
Recommended action	We support the paper, however please note the following concerns: • s9(2)(g)(i) • If the new public media entity is going to have "advertising free" elements, then consistent with a platform neutral future (where we do not make a distinction between Broadcast TV, Radio or Online content – but rather the focus is on audiences), the focus should be on "advertisement free content" rather than "advertisement free platforms", i.e. certain times and content on platforms might be advertisement free rather than having an advertisement free platform. • The focus should be on making quality content and diverse content available across platforms rather the specific content being available at specific times.

Regards,
Tim

From: Aaron Gill [TSY]
Sent: Friday, 12 June 2020 1:11 pm
To: 'Avril.Gillan@parliament.govt.nz'
Cc: ^EXT: Angus Hodgson; Juston Anderson [TSY]; Eva Parker [TSY]; Ben Gill [TSY]
Subject: FW: TVNZ Update
Attachments: Fwd: TVNZ

Follow Up Flag: Follow up
Flag Status: Completed

[ ]

Good afternoon Avril

On a no surprises bases the following email details some changes TVNZ are proposing to make. Kevin Kendrick, CEO of TVNZ, has conformed "that following discussions with Ministers and officials, we have reviewed the proposed cost reduction initiatives and are confident they will not inhibit TVNZ's ability to support the Government's future public media aspirations."

From a commercial perspective I am comfortable with what TVNZ is proposing to do. However from a policy perspective I understand that Ministers do not want to see TVNZ taking actions which might undermine or be detrimental to the wider public media objectives including the potential future merger of TVNZ and RNZ. From the public media policy perspective (content and capability) MCH which has not raised any particular concern (see below) and note the operational nature of the decisions.

We understand that Oliva Cross from Minister Faafoi's office may be in touch.

Kind regards

Aaron Gill | Senior Advisor | Te Tai Ōhanga – The Treasury
Tel: s9(2)(k) | Mobile: s 9(2)(g)(ii) | Email/IM: Aaron.gill@treasury.govt.nz
Visit us online at https://treasury.govt.nz/ and follow us on Twitter, LinkedIn and Instagram

---

From: Bernadette Cavanagh <Bernadette.Cavanagh@mch.govt.nz>
Sent: Thursday, 11 June 2020 9:40 PM
To: Olivia Cross <Olivia.Cross@parliament.govt.nz>
Cc: Anna Butler <Anna.Butler@mch.govt.nz>; Jeff Gibson <Jeff.Gibson@mch.govt.nz>; Leigh Huffine <Leigh.Huffine@mch.govt.nz>; Liz Stewart <Liz.Stewart@mch.govt.nz>; Aaron Gill [TSY] <Aaron.Gill@treasury.govt.nz>; Eva Parker [TSY] <Eva.Parker@treasury.govt.nz>; Ben Gill [TSY] <Ben.Gill@treasury.govt.nz>; Juston Anderson [TSY] <Juston.Anderson@treasury.govt.nz>
Subject: CIC: TVNZ Update

Kia ora Olivia

FYI, TVNZ has provided further information on decisions it has taken to respond to the challenges it is experiencing due to COVID-19. This follows the briefing to Ministers on 4 June. That information is below, and in the attached email.

The plan has been signed off by TVNZ's Board.

Strengthening Public Media

Programming and structure decisions are clearly operational and for TVNZ to make. When I spoke to Kevin today, I reiterated that we hoped that decisions taken by TVNZ would bear in mind the outcomes that the government was seeking through the Strengthening Public Media policy programme. Kevin confirmed that was the case and noted that "within the fiscal constraints resulting from Covid-19, we will continue to prioritise the delivery of news; investment in local content; and maintaining TVNZ's operational media capabilities".

Not in scope of request

Next steps

TVNZ will be briefing union representatives tomorrow (Friday 12 June) and consulting staff on Monday (15 June). These discussions are planned to be confidential to participants.

TVNZ will make a public announcement on Tuesday 16 June.

It would be useful for the Minister to be provided with TVNZ's decisions and additional background information on a no surprises basis.

[Treasury colleagues – could we leave you to update MoF?]

Let me know if you have any questions.

Ngā mihi
B

From: Kevin Kenrick <Kevin.Kenrick@tvnz.co.nz>
Sent: Thursday, 11 June 2020 7:54 PM
To: Bernadette Cavanagh <Bernadette.Cavanagh@mch.govt.nz>
Cc: Jeff Gibson <Jeff.Gibson@mch.govt.nz>; Brent McAnulty <Brent.McAnulty@tvnz.co.nz>
Subject: RE: TVNZ

Thanks Bernadette

I can confirm that following discussions with Ministers and officials, we have reviewed the proposed cost reduction initiatives and are confident they will not inhibit TVNZ's ability to support the Government's future public media aspirations.

Within the fiscal constraints resulting from Covid-19, we will continue to prioritise the delivery of news; investment in local content; and maintaining TVNZ's operational media capabilities.

Regards
Kevin

PS. The briefings scheduled for Friday 12 June and Monday 15 June are planned to be confidential to participants, and we don't intend to make a public announcement until Tuesday 16 June.

Kevin Kenrick
Chief Executive Officer
ph. s 9(2)(g)(ii)

From: Bernadette Cavanagh <Bernadette.Cavanagh@mch.govt.nz>
Sent: Thursday, 11 June 2020 7:37 PM
To: Kevin Kenrick <Kevin.Kenrick@tvnz.co.nz>
Cc: Jeff Gibson <Jeff.Gibson@mch.govt.nz>; Brent McAnulty <Brent.McAnulty@tvnz.co.nz>
Subject: RE: TVNZ

Kia ora Kevin

Many thanks for sharing information on TVNZ's plans to respond to the significant challenges posed by COVID-19.

Timeline

Thank you for the confirmation of the timeline, that is, the Board has signed off on the plan below, that you intend to consult with union representatives tomorrow (Friday) and will consult with staff on Monday (15 June).

Strengthening Public Media

As you know, we have been keen to ensure that decisions taken by TVNZ bear in mind the outcomes that the government is seeking through the Strengthening Public Media policy programme. For ease of reference, the outcomes agreed by Cabinet in January 2020 are:

New Zealand audiences choose to access mainstream and targeted content and services that support:

- *their needs and interests as people living in Aotearoa, and which in particular reflect the language and experiences of Māori and Pacific peoples, and other under-served audiences*
- *their ability as new Zealanders to be informed and engaged members of our participative democracy and open civic society*
- *their access to a range and diversity of content that they value and trust.*

Public media in New Zealand are:

- *operationally and editorially independent*
- *securely and sustainably funded*
- *able to respond effectively to an evolving operating environment and relevant to changing consumer preferences, in particular younger audiences*
- *complementary to and collaborative with private media.*

Public media play an integral role in contributing to New Zealand being:

- *a connected, informed, cohesive and independent nation*

- *a healthy, participative democracy*
- *confident in, and aware of our unique identity, cultures, and languages.*

Thank you for your confirmation that these outcomes were considered by TVNZ as it made its decisions. From the conversation today, I have a better understanding of the operational decisions that were made by the Board.

Ngā mihi
B

Bernadette Cavanagh
Tumu Whakarae | Chief Executive
Manatū Taonga | Ministry for Culture & Heritage
Mobile s 9(2)(g)(ii)

Not in scope of request

From: Olivia Cross <Olivia.Cross@parliament.govt.nz>
Sent: Wednesday, 15 July 2020 11:55 am
To: Eva Parker [TSY]
Cc: Juston Anderson [TSY]; Carolyn Risk; Leigh Huffine; Aaron Gill [TSY]
Subject: RE: Feedback on TVNZ paper

Thanks Eva.

I'll let you know if there is any further issues but otherwise will look out for the finalised paper this afternoon.

Cheers,
Olivia

From: Eva Parker [TSY] [mailto:Eva.Parker@treasury.govt.nz]
Sent: Wednesday, 15 July 2020 10:49 AM
To: Olivia Cross <Olivia.Cross@parliament.govt.nz>
Cc: Juston Anderson [TSY] <Juston.Anderson@treasury.govt.nz>; Carolyn Risk <Carolyn.Risk@mch.govt.nz>; Leigh Huffine <Leigh.Huffine@mch.govt.nz>; Aaron Gill [TSY] <Aaron.Gill@treasury.govt.nz>
Subject: RE: Feedback on TVNZ paper

[ ]

Hi Olivia,

As discussed, lines from TSY/MCH as follows.

> *This Cabinet paper seeks Crown support for TVNZ during 2020/21, should it be required as a result of the negative financial impacts of COVID-19, and is not intended to* Not in scope of request *, nor opportunities for public media collaboration.*

Not in scope of request

> *The Ministry for Culture and Heritage has proposed the development of a strategic framework for a sustainable media sector, and has provided advice to the Minister of Broadcasting, Communications and Digital Media regarding the progression of the Strong Public Media programme. Both workstreams will need to align strongly with the Māori Media Sector Shift, and will allow for collaboration opportunities to be discussed. In addition, we understand from officials that Minister Mahuta is interested in identifying collaboration opportunities as part of the Māori Media Sector Shift.*

Many thanks,
Eva

TE TAI ŌHANGA
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Eva Parker | Analyst, Commercial Performance | Te Tai Ōhanga – The Treasury
Tel: s9(2)(k) | Email/IM: eva.parker@treasury.govt.nz
Visit us online at https://treasury.govt.nz/ and follow us on Twitter, LinkedIn and Instagram

From: Olivia Cross <Olivia.Cross@parliament.govt.nz>
Sent: Wednesday, 15 July 2020 9:18 AM
To: Eva Parker [TSY] <Eva.Parker@treasury.govt.nz>
Cc: Juston Anderson [TSY] <Juston.Anderson@treasury.govt.nz>; Carolyn Risk <Carolyn.Risk@mch.govt.nz>; Leigh Huffine <Leigh.Huffine@mch.govt.nz>
Subject: Feedback on TVNZ paper

Hi Eva,

We've just had the following feedback on the TVNZ paper from Minister Mahuta's office- Not in scope of request *and that they be asked to identify opportunities to collaborate with MTS and RNZ to develop greater resilience across the broadcasting sector"*

I don't think this Cabinet paper is the right place to address either of these two concerns. But could I get lines from TSY/MCH on how we can respond to this feedback?

Not in scope of request

In terms of collaboration with MTS and RNZ this is something that we would consider through the policy develop of SPM?

Let me know if you'd like to discuss?

Cheers,
Olivia

Olivia Cross | Private Secretary – Broadcasting
Office of Hon Kris Faafoi | Minister of Broadcasting, Communications and Digital Media
Email: olivia.cross@parliament.govt.nz | DDI: s9(2)(k) | Mobile: s 9(2)(g)(ii)

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From: Eva Parker [TSY]
Sent: Monday, 10 August 2020 2:19 pm
To: 'Olivia Cross'
Cc: ^EXT: Angus Hodgson; Aaron Gill [TSY]; Tamzin Linnell [TSY]
Subject: TVNZ comms and proactive release
Attachments: 4316770_TVNZ Uncalled Capital Support Press Release and Q&As.DOCX

[ ]

Hi Olivia,

Please find attached a draft press release and back-pocket Q&As for the TVNZ uncalled capital facility. We have consulted MCH and TVNZ in preparing this material.

Angus – FYI.

Many thanks,
Eva

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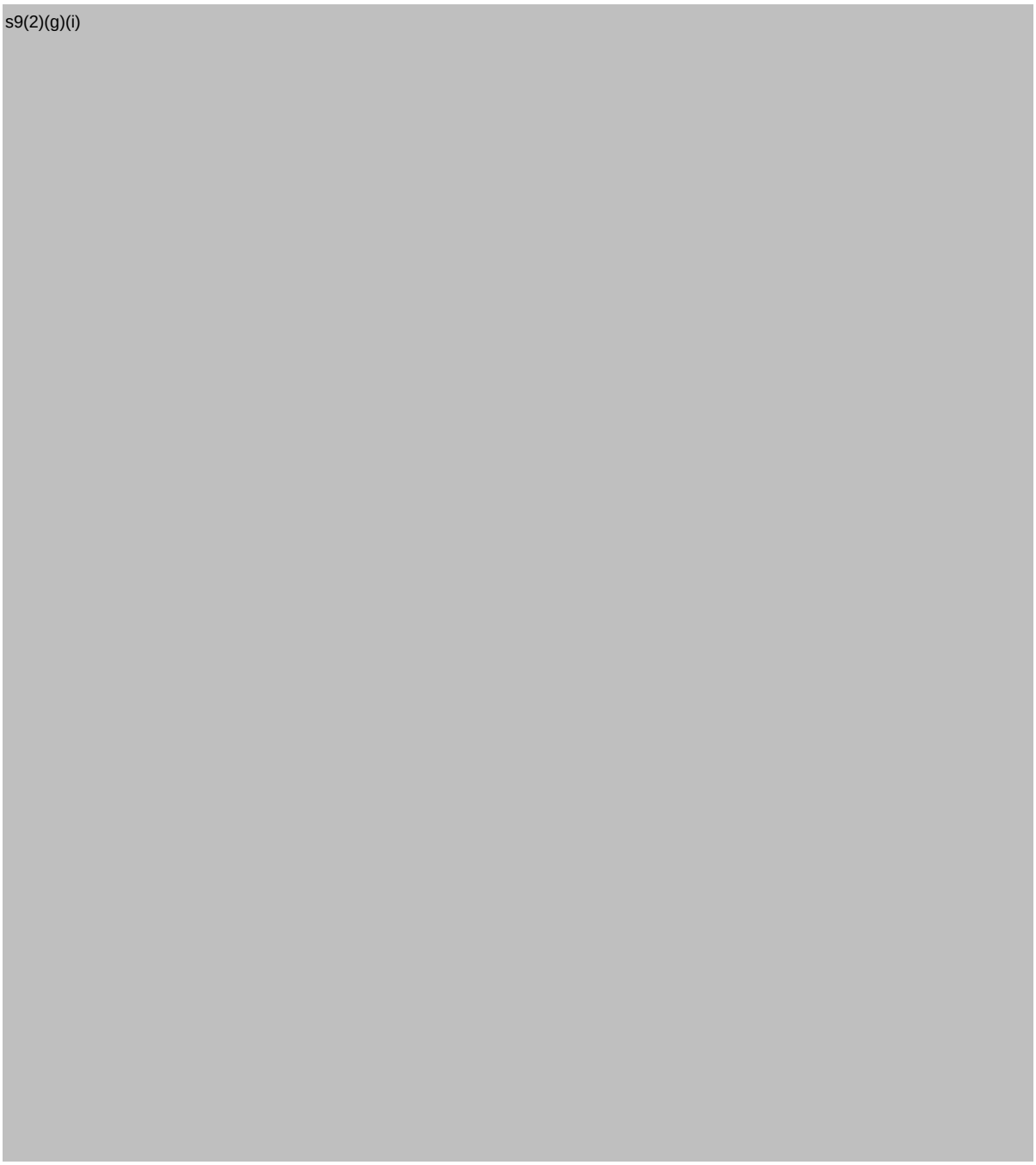

TVNZ Uncalled Capital Support: Q&As

Not in scope of request

Not in scope of request

What measures has TVNZ undertaken to improve its financial position?

Not in scope of request

TVNZ will continue to seek guidance from its shareholders as to what trade-offs Ministers support the company to make, if any, to ensure near-term actions to reduce costs are aligned with Ministers' longer-term intentions for TVNZ, and do not close off future options before decisions are made.

Not in scope of request

Not in scope of request

What impact will the support have on the Strong Public Media programme?

The Strong Public Media programme was paused due to the impact of COVID-19. I am considering how best to progress this programme of work, taking into account the changed strategic context resulting from COVID-19, to help provide certainty as to the future direction of New Zealand's public media.

The uncalled capital facility will allow TVNZ to continue to operate and preserve core capabilities of the company which benefit public media outcomes.

From: Olivia Cross <Olivia.Cross@parliament.govt.nz>
Sent: Friday, 21 August 2020 8:04 am
To: E-Lyn Tan
Cc: Tamzin Linnell [TSY]; Eva Parker [TSY]; Aaron Gill [TSY]; Juston Anderson [TSY]; Liz Stewart; ^EXT: Louise Lennard
Subject: RE: Letter from RNZ Board Chair
Attachments: 20200821 Dr Jim Mather.pdf

Thanks everyone,

Signed letter attached – I'll send it out today.

Ngā mihi
Olivia

From: E-Lyn Tan [mailto:E-Lyn.Tan@mch.govt.nz]
Sent: Thursday, 20 August 2020 1:54 PM
To: Olivia Cross <Olivia.Cross@parliament.govt.nz>
Cc: Tamzin Linnell [TSY] <Tamzin.Linnell@treasury.govt.nz>; Eva Parker [TSY] <Eva.Parker@treasury.govt.nz>; Aaron Gill [TSY] <Aaron.Gill@treasury.govt.nz>; Juston Anderson [TSY] <Juston.Anderson@treasury.govt.nz>; Liz Stewart <Liz.Stewart@mch.govt.nz>; Louise Lennard <louise.lennard@mch.govt.nz>
Subject: RE: Letter from RNZ Board Chair

Kia ora Olivia

Thanks for your email. Attached is a suggested response drafted by the Treasury and MCH for Minister's consideration.

Ngā mihi

E-Lyn

From: Olivia Cross <Olivia.Cross@parliament.govt.nz>
Sent: Tuesday, 4 August 2020 8:31 AM
To: Liz Stewart <Liz.Stewart@mch.govt.nz>; ^EXT: Louise Lennard <louise.lennard@mch.govt.nz>; Eva Parker [TSY] <Eva.Parker@treasury.govt.nz>
Cc: Juston Anderson [TSY] <Juston.Anderson@treasury.govt.nz>
Subject: Letter from RNZ Board Chair

Hi all,

Minister Faafoi has received a letter from the RNZ Board Chair, attached for your reference as provides useful context of RNZ's current position on SPM and intent for Budget 2021.

The Minister has indicated he would like to respond to remind RNZ that any bid will need to be constructed with SPM in mind as it is still government's intent to resume this work. Could MCH please draft a response letter? Not urgent, but sometime in the next 10 days would be useful.

Cheers,
Olivia

Olivia Cross | Private Secretary – Broadcasting
Office of Hon Kris Faafoi | Minister of Broadcasting, Communications and Digital Media
Email: olivia.cross@parliament.govt.nz | DDI: s9(2)(k) | Mobile: s 9(2)(g)(ii)

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Hon Kris Faafoi

MP for Mana

Minister of Broadcasting, Communications and Digital Media
Minister for Government Digital Services
Minister of Commerce and Consumer Affairs
Minister of Immigration
Associate Minister of Housing (Public Housing)

20 AUG 2020

Dr Jim Mather
Chair
RNZ
s9(2)(a)

Dear Jim

Thank you for your letter of 31 July 2020, sharing Radio New Zealand's (RNZ) perspectives on a potential bid for Budget 2021 and the Strong Public Media programme.

I acknowledge RNZ's contribution to the Strong Public Media programme thus far and look forward to its continued collaboration with the Government on this important work, which is expected to resume shortly. As you know, Cabinet has agreed, subject to the completion of a Detailed Business Case, to establish a new public media entity that will operate with a mixed funding model. It is expected that the new entity will draw on existing capability and capacity from both RNZ and TVNZ, and Ministers have made clear their expectation that you actively manage RNZ in ways that will support the successful transition to a new public media entity.

Given that the outcomes of the Strong Public Media programme will guide future government investment in public media, my advice is that RNZ's proposed Budget 2021 bid should be aligned with the outcomes sought through this work. I encourage RNZ to work with my officials to develop its Budget bid along these lines.

In any case, irrespective of the result of future Budget bids, I expect RNZ to actively manage its resources to continue to deliver services in a way that enhances its ability to contribute to the successful establishment of the new public media entity. This includes seeking opportunities to work constructively with TVNZ to share experience and expertise on issues of common focus, such as serving diverse audiences and developing new approaches to responding to changing audience behaviour.

I was pleased to read the information you provided regarding the high level of trust New Zealanders have in existing public media. This provides a strong basis for the next phase of the Strong Public Media programme in New Zealand and demonstrates that public ownership of the entity is more important than the source of funding for that entity.

Yours sincerely

Hon Kris Faafoi
Minister of Broadcasting, Communications and Digital Media

cc Paul Thompson, Chief Executive, RNZ, s9(2)(a)

From: Eva Parker [TSY]
Sent: Monday, 24 August 2020 2:53 pm
To: 'Olivia Cross'; ^EXT: Angus Hodgson
Cc: Aaron Gill [TSY]; Tamzin Linnell [TSY]; Juston Anderson [TSY]
Subject: RE: TVNZ - Capital Support Facility
Attachments: 4316770_TVNZ Uncalled Capital Support Q&As.DOCX

Hi Olivia,

Please find attached the updated TVNZ Q&As.

Many thanks,
Eva

Not in scope of request

TVNZ Uncalled Capital Support Q&As

Not in scope of request

What measures has TVNZ undertaken to improve its financial position?

Not in scope of request

Not in scope of request

TVNZ will continue to seek guidance from its shareholders as to what trade-offs Ministers support the company to make, if any, to ensure near-term actions to reduce costs are aligned with Ministers' longer-term intentions for TVNZ, and do not close off future options before decisions are made.

Not in scope of request

Not in scope of request

What impact will the support have on the Strong Public Media programme?

The Strong Public Media programme was paused due to the impact of COVID-19. I am considering how best to progress this programme of work, taking into account the changed strategic context resulting from COVID-19, to help provide certainty as to the future direction of New Zealand's public media.

The uncalled capital facility will allow TVNZ to continue to operate and preserve core capabilities of the company which benefit public media outcomes.

From: E-Lyn Tan
Sent: Wednesday, 16 December 2020 10:31 am
To: Olivia Cross
Cc: Juston Anderson [TSY]; Tamzin Linnell [TSY]; Eva Parker [TSY]; Liz Stewart; ^EXT: Louise Lennard; Kim Rex; Anneliese Boston; Ministerial and OIA Enquiries; Sheryl Pinckney
Subject: RE: Commissioning: Letter to RNZ Board Chair
Attachments: 4392258_Draft letter to RNZ on Budget 2021_16 Dec clean.docx

Kia ora Olivia

Attached is a draft letter to RNZ for Minster's consideration (from MCH and Treasury).

Ngā mihi

E-Lyn Tan | **Pou Tohu Matua, Senior Performance Adviser**
Manatū Taonga - Ministry for Culture and Heritage
He ngākau titikaha, he hononga tangata
Promoting a confident and connected culture
Public Trust Office Building, 131-135 Lambton Quay
PO Box 5364, Wellington, New Zealand
P s 9(2)(g)(ii) | E e-lyn.tan@mch.govt.nz

From: Sheryl Pinckney <Sheryl.Pinckney@mch.govt.nz>
Sent: Wednesday, 9 December 2020 10:58 AM
To: E-Lyn Tan <E-Lyn.Tan@mch.govt.nz>; Juston Anderson [TSY] <Juston.Anderson@treasury.govt.nz>; Liz Stewart <Liz.Stewart@mch.govt.nz>
Cc: Eva Parker [TSY] <Eva.Parker@treasury.govt.nz>; Ministerial and OIA Enquiries <Ministerial.Enquiries@mch.govt.nz>; Olivia Cross <olivia.cross@mch.govt.nz>; Kim Rex <Kim.Rex@mch.govt.nz>; Anneliese Boston <Anneliese.Boston@mch.govt.nz>
Subject: RE: Commissioning: Letter to RNZ Board Chair

Thanks Olivia

E-Lyn, can you work with Eva/Treasury on this?

Anneliese, E-Lyn, note re the AM to support meeting on Monday.

Ngā mihi

Sheryl Pinckney | **Pou Arataki o Te Pae Kaupapa Here – Te Pāpāho | Manager Policy (Media)**
Manatū Taonga | Ministry for Culture & Heritage
Mobile s 9(2)(g)(ii)
He ngākau titikaha, he hononga tangata
Promoting a confident and connected culture

From: Olivia Cross <Olivia.Cross@parliament.govt.nz>
Sent: Wednesday, 9 December 2020 10:44 AM
To: E-Lyn Tan <E-Lyn.Tan@mch.govt.nz>; Juston Anderson [TSY] <Juston.Anderson@treasury.govt.nz>; Liz Stewart <Liz.Stewart@mch.govt.nz>; Sheryl Pinckney <Sheryl.Pinckney@mch.govt.nz>
Cc: Eva Parker [TSY] <Eva.Parker@treasury.govt.nz>; Ministerial and OIA Enquiries

<Ministerial.Enquiries@mch.govt.nz>
Subject: Commissioning: Letter to RNZ Board Chair

Hi all,

Minister Faafoi has signed the Budget 2021 letter that means RNZ's proposal will not be progressed.

s9(2)(g)(i) to the RNZ Board Chair that articulates the decision not to put forward RNZ's Budget 2021 bid and the rationale behind this. This should include the high threshold for bids, the need to manage within current resourcing levels particularly given the increase in baseline received RNZ received this year as well as ensuring new initiatives are not being conflated with cost pressures.

This letter would be on behalf of Shareholding Ministers. I'm aware that Minister Robertson will not be signing out papers after tomorrow. I've raised this with Minister Faafoi however, he would still like to receive a draft letter this side of Christmas and he will manage finding an opportunity to run it pass Minister Robertson – I'll also give his office a heads up.

Could we please make sure there are succinct talking points around this topic for Monday's meeting as well as he will make these points verbally with the letter to follow.

If we could have a draft letter by Thursday 17 December that would be much appreciated.

Many thanks,
Olivia

Olivia Cross | Private Secretary – Broadcasting and Media
Office of Hon Kris Faafoi | Minister for Broadcasting and Media
Email: olivia.cross@parliament.govt.nz | DDI: s9(2)(k) | Mobile: s 9(2)(g)(ii)

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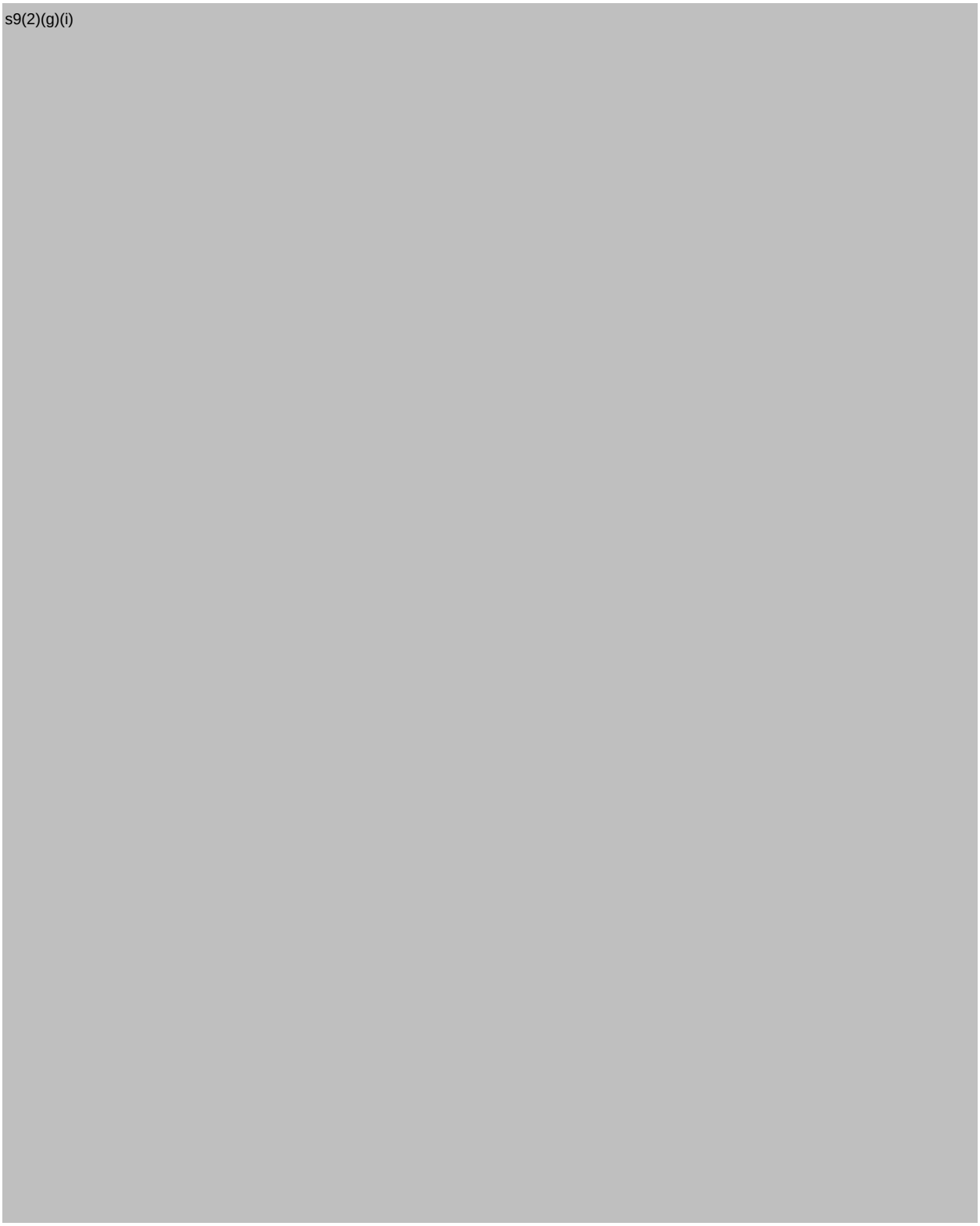
s9(2)(g)(i)



s9(2)(g)(i)

From: Tamzin Linnell [TSY]
Sent: Monday, 22 February 2021 2:31 pm
To: ^Parliament: Danni Thian
Cc: Eva Parker [TSY]; Maureena van der Lem [TSY]
Subject: RE: TSY to provide further advice on SPM Establishment Board

Hi Danni – update on this.

Minister Faafoi asked MCH to take a new direction with their advice and provide an updated paper to both shareholding Ministers next week. An updated paper will address our major two concerns with the first paper.

Our formal advice will no longer be required by Minister Faafoi on the previous paper, as this new paper should supersede it.

We will work with MCH to have our views included in the upcoming briefing.

Aware this might be confusing so please do give me a call if you'd like to discuss or would suggest a different action be taken.

Thanks
Tamzin

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THE TREASURY

Tamzin Linnell | Senior Analyst – Commercial Performance | Te Tai Ōhanga – The Treasury
Tel: +s9(2)(k) | Email: tamzin.linnell@treasury.govt.nz
Visit us online at https://treasury.govt.nz/ and follow us on Twitter, LinkedIn and Instagram

From: Danni Thian <Danni.Thian@parliament.govt.nz>
Sent: Monday, 22 February 2021 9:03 am
To: Tamzin Linnell [TSY] <Tamzin.Linnell@treasury.govt.nz>
Cc: Eva Parker [TSY] <Eva.Parker@treasury.govt.nz>
Subject: RE: TSY to provide further advice on SPM Establishment Board

Thanks Tamzin

Danni

From: Tamzin Linnell [TSY] [mailto:Tamzin.Linnell@treasury.govt.nz]
Sent: Friday, 19 February 2021 3:38 PM
To: Danni Thian <Danni.Thian@parliament.govt.nz>
Cc: Eva Parker [TSY] <Eva.Parker@treasury.govt.nz>
Subject: TSY to provide further advice on SPM Establishment Board

[ ]

Hi Danni

Just getting in touch to flag that we'll be sending advice to Minister of Finance next week in his capacity as shareholder of TVNZ and RNZ.

Advice has gone from MCH to Minister Faafoi today, outlining approaches to progressing an Establishment Board which would oversee the creation of a new public media entity (within the Strong Public Media programme).

Treasury had a few concerns with the advice provided, which were not addressed or reflected in the final paper. We also asked that MoF be included in the paper as the matters are venturing into shareholder territory (e.g. delegation of powers from Ministers to an Establishment Board). We took the decision today to provide independent advice.

I have updated Olivia Cross on this and have a sign out booked for Wednesday next week at 2pm. I understand MCH has asked that its briefing be forwarded to MoF so it might show up this afternoon.

Please give me a call if you'd like to discuss.

Thanks
Tamzin

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From: Eva Parker [TSY]
Sent: Thursday, 25 February 2021 5:02 pm
To: 'Olivia Cross'
Cc: Maureena van der Lem [TSY]; Tamzin Linnell [TSY]; Aaron Gill [TSY]
Subject: RE: ETA On TVNZ
Attachments: TVNZ Interim Results Q&As.docx

[ ]

Hi Olivia

Please see attached, and let us know if you require any further information.

Many thanks
Eva

From: Olivia Cross <Olivia.Cross@parliament.govt.nz>
Sent: Thursday, 25 February 2021 4:44 PM
To: Eva Parker [TSY] <Eva.Parker@treasury.govt.nz>
Subject: ETA On TVNZ

Hi 😊

Just checking if there's an ETA on the TVNZ interim results lines?

Cheers,
Olivia

Sent with BlackBerry Work
(www.blackberry.com)

TVNZ interim results announcement

Not in scope of request

Why were the recent cost reduction initiatives at TVNZ necessary?

Not in scope of request

I have indicated my preference that TVNZ continues to preserve capabilities which benefit public media outcomes, and avoids cost-cutting initiatives that would jeopardise capabilities which are likely to be considered as part of the Strong Public Media programme.

Why did TVNZ receive Crown financial support?

Not in scope of request

The facility reflects my expectations that TVNZ preserves capabilities which benefit public media outcomes, and avoids cost-cutting initiatives that would jeopardise capabilities which are likely to be considered as part of the Strong Public Media programme.

Not in scope of request

Do these results impact the Strong Public Media programme?

Yes. TVNZ's financial position is better than expected and capabilities which are likely to be considered as part of the Strong Public Media programme have been retained. TVNZ is in a good position to contribute towards this work.

The Strong Public Media programme has resumed. The associated business case will account for the changed strategic context resulting from COVID-19 and help to provide certainty as to the future direction of New Zealand's public media, including TVNZ.

I have indicated my preference that TVNZ continues to preserve capabilities which benefit public media outcomes, and avoids cost-cutting initiatives that would jeopardise capabilities which are likely to be considered as part of the Strong Public Media programme.

Not in scope of request

From: Tamzin Linnell [TSY]
Sent: Thursday, 11 March 2021 12:30 pm
To: ^Parliament: Danni Thian
Cc: Aaron Gill [TSY]; Eva Parker [TSY]; Maureena van der Lem [TSY]; Shelley Hollingsworth [TSY]
Subject: RE: Briefing forwarded to Minister Robertson from Minister Faafoi

Not in scope of request

From: Tamzin Linnell [TSY]
Sent: Thursday, 11 March 2021 12:02 pm
To: Danni.Thian@parliament.govt.nz
Cc: Aaron Gill [TSY] <Aaron.Gill@treasury.govt.nz>; Eva Parker [TSY] <Eva.Parker@treasury.govt.nz>; Maureena van der Lem [TSY]; Shelley Hollingsworth [TSY] <Shelley.Hollingsworth@treasury.govt.nz>
Subject: RE: Briefing forwarded to Minister Robertson from Minister Faafoi

[ ]

Hi Danni

With respect to **BR2021-119** (existing levers):

- We provided support to MCH on the drafting of this briefing, and most of our feedback was considered.
- We don't identify any significant issues with its contents and we agree with the recs.
- The LoE is one of the levers mentioned in the report. The draft expectations in the LoEs factor in entities' involvement with the SPM programme while being cognisant of the entities' need to continue operating as a going concern while policy work is undertaken.
- The LoEs also reaffirm Ministers' expectation that companies should aim to continue to deliver content and retain capability while the SPM programme is underway.

Happy to discuss in more detail if you like.

Re **BR2021-065**: this is the first I've seen of this, however MCH may have consulted Tim Roper in drafting the paper (as it relates more to media policy than monitoring entities) so I will check with Tim today.

Tamzin

From: Shelley Hollingsworth [TSY] <Shelley.Hollingsworth@treasury.govt.nz>
Sent: Tuesday, 9 March 2021 5:54 PM
To: Tamzin Linnell [TSY] <Tamzin.Linnell@treasury.govt.nz>; Eva Parker [TSY] <Eva.Parker@treasury.govt.nz>; Aaron Gill [TSY] <Aaron.Gill@treasury.govt.nz>
Subject: Fwd: Briefing forwarded to Minister Robertson from Minister Faafoi

FYI

Get Outlook for iOS

From: Danni Thian <Danni.Thian@parliament.govt.nz>
Sent: Tuesday, March 9, 2021 5:21:38 PM
To: Shelley Hollingsworth [TSY] <Shelley.Hollingsworth@treasury.govt.nz>; Maureena van der Lem [TSY] <Maureena.Vanderlem@treasury.govt.nz>
Cc: s9(2)(a)
Subject: FW: Briefing forwarded to Minister Robertson from Minister Faafoi

Hi Shelley and Maureena,

Sorry I can't recall who has Media but MoF was provided the attached two reports.

Can TSY please let me know if it has any comments? If yes, ideally these would come via email by Thursday lunchtime, otherwise I'll hold the reports back for another week (LOE report included).

It would be good to understand how the levers report aligns with the LOE advice that was sent for TVNZ & RNZ too.

Thanks,
Danni

From: Olivia Cross
Sent: Monday, 8 March 2021 3:48 PM
To: Danni Thian <Danni.Thian@parliament.govt.nz>
Subject: Briefing forwarded to Minister Robertson from Minister Faafoi

Olivia Cross | Private Secretary – Broadcasting and Media
Office of Hon Kris Faafoi | Minister for Broadcasting and Media
Email: olivia.cross@parliament.govt.nz | DDI: s9(2)(k) | Mobile: s 9(2)(g)(ii)

From: Tamzin Linnell [TSY]
Sent: Friday, 18 June 2021 2:36 pm
To: Rebekah.Mourits@parliament.govt.nz
Cc: Eva Parker [TSY]; Aaron Gill [TSY]; Maureena van der Lem [TSY]
Subject: SPM updates to Minister of Finance

[ ]

Hi Rebekah

For the office's records, Treasury has sent the following updates regarding Strong Public Media to Minister of Finance over the last fortnight. These updates went up as part of MoF's regular fortnightly updates from Treasury on the commercial entities.

Thanks
Tamzin

2nd June 2021
RNZ and TVNZ – Strong Public Media programme
The Ministry for Culture and Heritage (MCH) is leading the Strong Public Media (SPM) programme to examine the viability of creating a new, fit-for-purpose public media entity. The associated SPM business case is underway – we understand that the Strategic case has been completed, the Economic case is being considered by the SPM Business Case Governance Group (BCGG), and work has commenced on the Financial and Management cases.
We note that the structure of the SPM programme is currently "under review" and inter-agency meetings appear to have been subsequently paused. s9(2)(g)(i) We will continue to engage with MCH on the SPM programme as appropriate.

16th June 2021
RNZ and TVNZ – Strong Public Media programme
The Ministry for Culture and Heritage (MCH) is leading the Strong Public Media (SPM) programme to examine the viability of creating a new public media entity. The associated SPM business case is underway, and we understand that the SPM Business Case Governance Group (BCGG) has recently considered the first consolidated draft business case.
A Memorandum of Understanding (MOU) exists between MCH and the BCGG to outline how the parties will work together to support the progression of the SPM programme. MCH's roles include providing advice to the BCGG on media policy issues relevant to the development of the business case, and providing advice to the Minister for Broadcasting and Media on wider media policy issues and the implications arising from options identified within the SPM programme.
We note that the extent to which broadcasting policy issues are being considered through, or alongside, the business case remains unclear at this stage. In particular, we would expect MCH to undertake policy analysis to provide Ministers with a sense of the trade-offs involved in putting forward an option that meets the Government's Public Media Objectives while being affordable, particularly where options may require additional investment beyond current levels.
Should trade-offs not be resolved through the business case, and a new entity be approved, there is risk that pre-existing issues (such as inconsistent mandates) continue and result in sub-optimal outcomes being achieved from the Crown's investment.
The Treasury will continue to raise these matters with MCH to encourage the development of robust policy analysis and recommendations for Ministers' consideration.

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Not in scope of request

From: Aaron Gill [TSY] [mailto:Aaron.Gill@treasury.govt.nz]
Sent: Tuesday, 10 August 2021 1:38 PM
To: Danni Thian <Danni.Thian@parliament.govt.nz>
Cc: Eva Parker [TSY] <Eva.Parker@treasury.govt.nz>; Tamzin Linnell [TSY] <Tamzin.Linnell@treasury.govt.nz>; Awhi Fleming [TSY] <Awhi.Fleming@treasury.govt.nz>; Timothy Roper [TSY] <Timothy.Roper@treasury.govt.nz>; Maureena van der Lem [TSY] <Maureena.Vanderlem@treasury.govt.nz>
Subject: RE: BR2021-425 SPM Direction to draft Cabinet Paper based on preferred option developed in the business case - final combined

[ ]

Hi Danni

Yes, we worked with the Vote team to provide some feedback to MCH on this paper last week, much of which they chose not to reflect in the final paper.

As most of the concerns at this stage are broadcasting policy and fiscal matters, rather than shareholder ones, it's advisable that we support MoF across both of our teams. I've cc'd Tim and Awhi.

We had planned to discuss among ourselves, and with you, this week the value in submitting a report to MoF with our comments and concerns. Happy to discuss – Awhi, Tamzin and I could give you a call?

Cheers
Aaron

Aaron Gill | Senior Advisor | Te Tai Ōhanga – The Treasury
Tel: s9(2)(k) | Mobile: +s 9(2)(g)(ii) | Email/IM: Aaron.gill@treasury.govt.nz
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From: Danni Thian <Danni.Thian@parliament.govt.nz>
Sent: Tuesday, 10 August 2021 1:19 PM
To: Aaron Gill [TSY] <Aaron.Gill@treasury.govt.nz>

Subject: FW: BR2021-425 SPM Direction to draft Cabinet Paper based on preferred option developed in the business case - final combined

Hi Aaron,

We received the attached briefing from Hon Faafoi's office for the MoF.

I just wanted to check if TSY had any advice it wanted passed on to the MoF from TSY alongside this briefing?

Thanks
Danni

From: Gemma Robinson
Sent: Monday, 9 August 2021 12:29 PM
To: Danni Thian <Danni.Thian@parliament.govt.nz>
Subject: FW: BR2021-425 SPM Direction to draft Cabinet Paper based on preferred option developed in the business case - final combined

Kia ora Danni

I hope you had a nice weekend.

Minister Faafoi has referred the attached paper to MoF for his information.
Can I please leave this with you?

Ngā mihi nui
Gemma

Gemma Robinson | **Private Secretary – Broadcasting and Media**
DDI + s9(2)(k) Mobile s 9(2)(g)(ii) | Email Gemma.Robinson@parliament.govt.nz
Office of Hon Kris Faafoi, Minister for Broadcasting and Media.

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From: Eva Parker [TSY]
Sent: Thursday, 19 August 2021 5:33 pm
To: ^Parliament: Danni Thian
Cc: Maureena van der Lem [TSY]; Tamzin Linnell [TSY]; Aaron Gill [TSY]; Timothy Roper [TSY]
Subject: RE: Feedback on BR2021/425
Attachments: L.Minister re SPM Concerns.pdf

Hi Danni

Thanks for your email.

Should the meeting between Minister Robertson and Minister Faafoi (indicated below) proceed, this might also present an opportunity to address the attached letter, sent by the TVNZ Chair, Andy Coupe, to Minister Faafoi on 12 August 2021. The Treasury received this letter on 17 August 2021, and has since reiterated the 'no surprises' expectation to TVNZ.

The letter outlines the Board's concerns regarding the Strong Public Media programme, including those associated with the:

1. focus on strengthening public media versus enhancing local content, and the potential impact on the appetite of commercial media to contribute to local content
2. predetermination of a structural solution ahead of understanding the vision or strategy to achieve it, and the risk of losing capability and diluting focus on delivering current public media outcomes during disestablishment and transition periods
3. operational challenges and tension associated with the proposed dual funding model, and
4. skewing of content offering towards underserved audiences at the expense of commercially-demanded audiences and the reduction of advertising inventory.

The Chair notes the Board has not yet seen the draft business case, but would prefer to share its concerns ahead of Cabinet consideration. The Chair also restates the Board's willingness to support the Government's objectives, and that it would welcome the opportunity to better understand what is being proposed and discuss the merits of this proposal relative to other options.

The Treasury has raised concerns consistent with points 1 and 2 above. We have suggested several times that the Ministry for Culture and Heritage, as the relevant policy agency, advise Ministers on whether the proposal tested through the business case process is indeed the best option to achieve the Government's Public Media Objectives when considered against alternative options. We have also consistently advocated for a thorough policy analysis process to occur alongside the business case process to analyse the settings and functions of a new public media entity, and the impacts it may have in the wider media system.

We would be happy to supplement an aide memoire to support the Minister at the meeting indicated below with advice on the concerns raised in the Chair's letter, if useful.

Many thanks
Eva

From: Danni Thian <Danni.Thian@parliament.govt.nz>
Sent: Monday, 16 August 2021 5:10 pm
To: Eva Parker [TSY] <Eva.Parker@treasury.govt.nz>
Cc: Maureena van der Lem [TSY] <Maureena.Vanderlem@treasury.govt.nz>; Tamzin Linnell [TSY] <Tamzin.Linnell@treasury.govt.nz>; Aaron Gill [TSY] <Aaron.Gill@treasury.govt.nz>; Awhi Fleming [TSY]

<Awhi.Fleming@treasury.govt.nz>
Subject: RE: Feedback on BR2021/425

Hi Eva,

Minister Robertson provided feedback to Minister Faafoi's office – per the below.

The Minister has requested a meeting with Minister Faafoi, once he has received the business case. The purpose of the meeting would be to ensure there was clarity around what decisions were being sought from Cabinet, and clarity around any areas Ministers were not comfortable seeking Cabinet to take decisions.

The Minister also noted that:

- He did not see a strong case that this required a pre-commitment against Budget.
- He would like the Cabinet paper to take decisions as far as possible – i.e. the policy proposals, these can be subject to available funding – noting that this has been worked on for a long time.
- He thought there were clear principles that were needed in the legislation. [I didn't get specific feedback on this point, so please let me know if MCH officials would like further direction on this point and I can check in with the Minister).
- s9(2)(f)(iv)

We have asked for Minister Faafoi's office to provide dates for the BC delivery – so we can schedule the meeting. It would be useful for TSY to attend the meeting.

Thanks for your comments on the paper.

Danni

From: Eva Parker [TSY] [mailto:Eva.Parker@treasury.govt.nz]
Sent: Friday, 13 August 2021 11:56 AM
To: Danni Thian <Danni.Thian@parliament.govt.nz>
Cc: Maureena van der Lem [TSY] <Maureena.Vanderlem@treasury.govt.nz>; Tamzin Linnell [TSY] <Tamzin.Linnell@treasury.govt.nz>; Aaron Gill [TSY] <Aaron.Gill@treasury.govt.nz>; Awhi Fleming [TSY] <Awhi.Fleming@treasury.govt.nz>
Subject: Feedback on BR2021/425

[ ]

Hi Danni

Please find our feedback on BR2021/425 below. Happy to discuss.

1. BR2021/425 seeks Minister Faafoi's direction to draft an October 2021 Cabinet paper to progress the preferred option identified in the Strong Public Media (SPM) business case by the SPM Business Case Governance Group (BCGG). It also seeks an indication from Minister Faafoi about his preference for seeking the remaining establishment and the operating funding for the new entity in the Cabinet paper – whether this should be a pre-commitment against Budget 2022 (the Ministry for Culture and Heritage's (MCH's) preferred approach), or progressed through Budget 2022.

2. The Treasury notes that the volume of policy work required to produce options for an October 2021 Cabinet paper is substantial. While several examples of the required policy analysis yet to be undertaken are raised in MCH's paper, we understand that the nature and extent of this work is in fact still being scoped. Examples include how legislative, funding and accountability mechanisms will incentivise the new entity to maximise

its commercial revenues, balanced with its other objectives, and how the settings for the new entity might impact the wider broadcasting sector. **Therefore, there is a risk that the new entity may not deliver against the Government's Public Media Objectives to the fullest extent possible.**

3. The Treasury considers the forecast rate of declining revenue assumed in the business case to be conservative, with the forecasts nonreflective of TVNZ's past experience nor its outlook per its FY22-24 Business Plan – s 9(2)(b)(ii) Furthermore, the business case does not provide for new sources of commercial revenue (e.g. a subscription service such as payment for advertising-free content). **Therefore, there is risk that the funding is set greater than required, potentially limiting pressure for the entity to generate commercial revenue to meet performance targets, and incurring unnecessarily high costs to Crown.** These assumptions should be robust, particularly if Cabinet is to consider long-term funding arrangements.

4. To help inform any discussions with Minister Faafoi about how to approach the major funding decision, the Treasury suggests the following factors would be useful to consider:
    a. *What are the policy decisions being sought through the Cabinet paper?* The briefing seeks Minister Faafoi's direction that MCH draft the Cabinet paper based on the preferred option identified in the business case. However, it remains unclear to us what Cabinet will be asked to agree – for example, will it be endorsement of the business case, or full agreement to the policy proposals. If it is the former, then one option could be to make the policy decision subject to availability of funding through Budget 2022.
    b. *What further (critical) policy work needs to be completed before Cabinet can make a funding decision on this proposal?* As noted above, the Treasury considers further work on understanding the commercial incentives is critical to the success of this proposal and should be part of the information provided to Cabinet.
    c. *What are the risks of delaying the funding decision to Budget, and can the risks be sufficiently mitigated?* The briefing mentions that a pre-commitment provides early certainty of funding for the new entity and to move into the next phase of work. However, it is unclear why certainty of funding is essential in this situation compared with other proposals, and what are the risks of delaying the decision? There may also be benefits from delay – for example, if it allows the further policy work. MCH has noted that the Cabinet paper would need to make a case for funding to the same level as required for a Budget bid, and make a case for why funding is needed early.
    d. *Beyond the business case process, how does this proposal meet criteria for funding (e.g. value for money)?* While the Treasury has been involved in the business case process, the Treasury would usually review a proposal for funding in line with broader Budget considerations and all other Budget bids.

Many thanks
Eva

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Eva Parker | Analyst, Commercial Performance | Te Tai Ōhanga – The Treasury
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tvnz.co.nz

12 August 2021

Hon Kris Faafoi
Minister for Broadcasting and Media
Private Bag 18041
WELLINGTON 6160

Kris.faafoi@parliament.govt.nz

Dear Minister

I wish to raise concerns about some aspects of the Strong Public Media ("SPM") initiative.

The TVNZ Board of Directors has had limited opportunity to provide input and has not seen the draft business case. As a result, I acknowledge that our concerns may be unfounded, but I'd prefer to proactively share our concerns ahead of Cabinet deliberations rather than raise concerns after decisions have been made.

Our primary concerns are:

(i) The SPM initiative has focused on strengthening public media vs. enhancing local content. This presupposes that strengthening public media is the highest value option to address the risk of local news, stories, and voices being lost among the tsunami of international content available to New Zealanders.

Given the scale discrepancy between local vs international content service providers, limiting the solution to public media is likely to be less effective than utilising all forms of media that are willing and able to connect New Zealanders with quality local content. What's more, powering up public media could negatively impact the appetite and opportunity for commercial media to fully contribute.

(ii) The hypothesis that a new public media entity is essential to success, has predetermined a structural solution ahead of understanding the future vision or strategy to achieve this i.e. committing to the 'how' before understanding the 'what'. This sequencing is less logical than determining what is required, followed by a robust assessment of potential structural options to implement this plan.

No structural change is risk free, and mandating a new public media entity as a prerequisite will inevitably elevate the risk of losing capability during the disestablishment of existing structures, and the risk of diluting focus on delivering current public media outcomes during the transition period.

(iii) The proposed dual funding model is conceptually appealing but operationally challenging to implement. Creating an entity with this tension implicit in its' underlying operating model is high risk and likely to be a significant distraction to the achievement of public media objectives.

As previously discussed with you, feedback from the UK and Irish markets indicates the dual funded model employed by RTE is the most fraught of the public media models. Commercial revenue is maximised by attracting large scale commercially demanded audiences vs. public media benefits which are maximised by engaging underserved audiences i.e. smaller scale audience niches that are less commercially demanded.

The net result is an organisation that is constantly making compromises to deliver on diametrically opposed objectives and failing to excel in either.

(iv) The likely consequence of any decision to make TVNZ a less commercially oriented business is the transfer of value to global media organisations.

Skewing TVNZ's content offering to address underserved audiences would likely come at the expense of more commercially demanded audiences and consequently reduce advertising inventory. Likewise any decision to reduce advertising load would have the same effect.

Reduction in TVNZ advertising inventory is unlikely to change the marketing budgets of New Zealand businesses and they can be expected to redistribute this spend to other commercial media entities. The most likely beneficiaries of reduced TVNZ video advertising inventory are global players like Discovery, You Tube and Facebook. Essentially this would see commercial revenue currently generated by TVNZ being replaced by taxpayer funding, with the commercial revenue reallocated to global players and the risk this increased income will be recognised offshore to minimise their tax obligations in New Zealand. We struggle to see the merits of this outcome.

Our understanding is the SPM scope approved by Cabinet was based upon a report that key industry stakeholders (including TVNZ, RNZ and NZOA) had not seen prior to being presented to Cabinet. The root causes of our concerns stem from some of the debatable assumptions and recommendations in the Cabinet paper, and the subsequent lack of appetite to consider options outside the scope of this paper.

Initial feedback from the Business Case Governance ("BCG") group assessed the Cabinet approved solution as materially lower in likelihood to achieve the targeted outcomes than multiple other scenarios. Our concern is that the subsequent BCG focus appears to have reverted to the lower ranked solution previously approved by Cabinet.

Our understanding is that RNZ may have, and NZOA certainly have, material concerns about the likelihood of the Cabinet endorsed solution to successfully deliver the desired public media outcomes. It has been difficult for our three entities to provide feedback on a business case we have not seen.

We have been assured that our concerns about the dual funding model and reduced commercial focus will not be prescribed in legislation but will be left to the board and management of the new entity. However, the legislation (including entity charter) will materially predetermine the degrees of freedom available to the board and management.

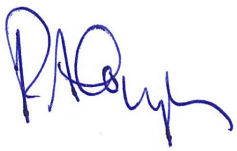
Please don't interpret this feedback as a lack of willingness to acknowledge or support the Government's objectives. I've stated many times, most recently with Grant Robertson present, that

the need for stronger public media is beyond question and the board of TVNZ is supportive of playing our part in delivering that outcome. Our fear is the proposed solution may fail to achieve the desired outcomes due to the limited scope of options considered and the operational challenges of implementing a compromised mandate.

We would welcome the opportunity, either individually or together with RNZ and NZOA, to better understand what is being proposed and to openly discuss the merits of this relative to other potential solution options. An example could be to increase NZOA funding for specified genres of local content targeted to meet the needs of specified underserved audiences. This could be implemented rapidly, could leverage the capabilities of all public and commercial media participants, would avoid the risks and costs of structural changes, and would not require legislative change.

Please advise if you see value in discussing this further ahead of presenting a recommendation to Cabinet for approval.

Yours sincerely



Andy Coupe
Chairman

From: Eva Parker [TSY]
Sent: Wednesday, 25 August 2021 5:09 pm
To: Gemma Robinson
Cc: Aaron Gill [TSY]; Maureena van der Lem [TSY]
Subject: RE: Talking points on TVNZ financial result
Attachments: 4506999_TVNZ 2020_21 results - background and talking points.DOCX

[ ]

Hi Gemma

Please find attached background (for the office's information) and talking points regarding TVNZ's 2020/21 results.

We are meeting with TVNZ late on Monday, 30 August to discuss the results – we will send you any additional material that might be of use following this discussion.

Happy to discuss.

Many thanks
Eva

TE TAI ŌHANGA
THE TREASURY

Eva Parker | Analyst, Commercial Performance | Te Tai Ōhanga – The Treasury
Tel: s9(2)(k) | Email/IM: eva.parker@treasury.govt.nz
Visit us online at https://treasury.govt.nz/ and follow us on Twitter, LinkedIn and Instagram

Not in scope of request

Television New Zealand Limited (TVNZ) 2020/21 results

Not in scope of request

I have indicated my preference that TVNZ continues to preserve capabilities which benefit public media outcomes and avoids cost-reduction initiatives that would jeopardise capabilities which are likely to be considered as part of the Strong Public Media programme.

Not in scope of request

Do these results impact the Strong Public Media programme?
Yes. TVNZ's financial position is better than expected and capabilities which are likely to be considered as part of the Strong Public Media programme have been retained. TVNZ is in a good position to contribute towards this work.

The Strong Public Media programme will account for the changed strategic context resulting from COVID-19 and help to provide certainty as to the future direction of New Zealand's public media, including TVNZ.

Not in scope of request

From: Eva Parker [TSY]
Sent: Tuesday, 31 August 2021 10:48 am
To: Gemma.Robinson@parliament.govt.nz
Cc: Aaron Gill [TSY]
Subject: FW: Talking points on TVNZ financial result
Attachments: 4506999_TVNZ 2020_21 results - background and talking points.docx

Hi Gemma

Please find suggested responses below.

Not in scope of request

- TVNZ's recent Business Plan notes its intention to invest s 9(2)(b)(ii) in an IP platform during FY22-24. TVNZ is considering how to progress this investment so as to reduce redundant and duplicated spend. TVNZ will keep officials and shareholding Ministers updated so it can be considered in the context of the Strong Public Media programme. TVNZ also budgets an investment of s 9(2)(b)(ii) in New Zealand content during FY22.

Not in scope of request

Television New Zealand Limited (TVNZ) 2020/21 results

Not in scope of request

I have indicated my preference that TVNZ continues to preserve capabilities which benefit public media outcomes and avoids cost-reduction initiatives that would jeopardise capabilities which are likely to be considered as part of the Strong Public Media programme.

Not in scope of request

Do these results impact the Strong Public Media programme?
Yes. TVNZ's financial position is better than expected and capabilities which are likely to be considered as part of the Strong Public Media programme have been retained. TVNZ is in a good position to contribute towards this work.

The Strong Public Media programme will account for the changed strategic context resulting from COVID-19 and help to provide certainty as to the future direction of New Zealand's public media, including TVNZ.

Not in scope of request

From: Aaron Gill [TSY]
Sent: Monday, 11 October 2021 10:15 am
To: ^Parliament: Danni Thian; Timothy Roper [TSY]
Cc: Eva Parker [TSY]
Subject: RE: FW: Meeting: Tuesday 5 October, 2.00pm via zoom

Hi Danni
s9(2)(g)(i)
We agree with Tim that the paper accurately describes the process for revisiting commercial revenue forecasts that was agreed between MCH and the Treasury - Revised forecasts are now being prepared.
While we acknowledge forecasting revenues is inherently difficult:

- MCH has referred to modelling an "alternative and more optimistic scenario". We would like to note this alternative scenario would align with TVNZ's historic performance and outlook and is not what we would class as being optimistic. We consider robust forecasting practice would at least include a scenario (whether this be upside, base or downside) that fits within the historic trend – currently the business case's upside scenario is significantly below the historic trend. T2021/2281 provided more detail on this point.
- s 9(2)(b)(ii)

Ultimately the forecasts do not impact on the direction of work, i.e. creating a new public media entity. However, they will impact on the quantum on new funding sought, which would be a budget consideration.
Kind regards
Aaron Gill | Senior Advisor | Te Tai Ōhanga – The Treasury
Tel: +s9(2)(k) | Mobile: +s 9(2)(g)(ii) | Email/IM: Aaron.gill@treasury.govt.nz
Visit us online at https://treasury.govt.nz/ and follow us on Twitter, LinkedIn and Instagram

Not in scope of request

From: Timothy Roper [TSY] [mailto:Timothy.Roper@treasury.govt.nz]
Sent: Wednesday, 6 October 2021 10:02 AM
To: Danni Thian <Danni.Thian@parliament.govt.nz>; Aaron Gill [TSY] <Aaron.Gill@treasury.govt.nz>
Cc: Eva Parker [TSY] <Eva.Parker@treasury.govt.nz>
Subject: RE: FW: Meeting: Tuesday 5 October, 2.00pm via zoom
Hi Danni
No comments from a Vote Team perspective. I note the paper seems to accurately escribe the process for revisiting commercial revenue forecasts that was agreed between MCH and TSY officials (Aaron and Eva to confirm please).
Am glad to see the Minister for B&M has agreed to seek funding (except for 2021/22 establishment costs) through Budget 22, which was MoF's preference at the meeting the other week.
Regards,
Tim

Not in scope of request

Not in scope of request

From: Aaron Gill [TSY] [mailto:Aaron.Gill@treasury.govt.nz]
Sent: Tuesday, 5 October 2021 9:54 AM
To: Danni Thian <Danni.Thian@parliament.govt.nz>
Cc: Eva Parker [TSY] <Eva.Parker@treasury.govt.nz>; Timothy Roper [TSY] <Timothy.Roper@treasury.govt.nz>
Subject: RE: FW: Meeting: Tuesday 5 October, 2.00pm via zoom

Hi Danni

No more paper work.

FY - As you might recall MCH were requested by Ministers to work with Treasury on alternative revenue forecasts. Those forecasts are a work in progress (as detailed in the attached AM from MCH to Minister Faafoi on 1 October– requested to be forwarded to the Minister of Finance).

The Treasury has been in discussion MCH and Deloitte. Deloitte are currently preparing revised forecasts. Consequently MCH's presentation for the meeting does not reflect at this stage revised forecasts.

The forecasts don't impact on the direction of work i.e. creating a single entity. Instead they will ultimately impact on the size of the new funding sought. Which will be a budget consideration.

Kind regards

Aaron

Not in scope of request

From: Aaron Gill [TSY] [mailto:Aaron.Gill@treasury.govt.nz]
Sent: Friday, 1 October 2021 3:26 PM
To: Danni Thian <Danni.Thian@parliament.govt.nz>
Cc: Eva Parker [TSY] <Eva.Parker@treasury.govt.nz>
Subject: RE: FW: Meeting: Tuesday 5 October, 2.00pm via zoom

[ ]

Hi Danni

I'm following up with MCH regarding the presentation as in my view it contains material errors in the financials presented (to be checked with MCH). Were you expecting a briefing for the meeting?

Cheers
Aaron

From: Danni Thian <Danni.Thian@parliament.govt.nz>
Sent: Friday, 1 October 2021 1:42 PM
To: Aaron Gill [TSY] <Aaron.Gill@treasury.govt.nz>
Subject: FW: Meeting: Tuesday 5 October, 2.00pm via zoom

Not in scope of request

Danni Thian, Finance and State Owned Enterprises Advisor
Office of Hon Grant Robertson | Office of Hon David Clark
Minister of Finance | Minister for State Owned Enterprises

Level 7.6 Executive Wing, Parliament Buildings, PO Box 18041, Wellington 6160, New Zealand
s 9(2)(g)(ii)
E: Danni.Thian@parliament.govt.nz

Please lock in, **Tuesday 5 October, 2.00pm – 2.30pm** for this meeting to discuss Strong Public Media work programme and a number of matters ahead of a Cabinet Paper.

Not in scope of request

Additional information:
The Cabinet paper seeks specific decisions from Ministers to guide drafting instructions to establish a new entity and disestablish TVNZ and RNZ. `The accompanying A3s (attached) are to support a broader discussion about the need for change and the key decisions around a possible new public media entity based on the Business Case and Strong Public Media Business Case Governance Group's (BCG) advice.
Strengthening the role of public media is a manifesto commitment for the Broadcasting and Media portfolio and a key priority for the Minister to deliver in this Parliamentary term.
Following ministerial consultation, Minister Faafoi intends to take the Business Case for Strengthening public media to Cabinet on Monday 1 November 2021.

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From: Timothy Roper [TSY]
Sent: Tuesday, 16 November 2021 7:18 am
To: ^Parliament: Danni Thian; Aaron Gill [TSY]; Eva Parker [TSY]
Cc: Angus Pryde [TSY]
Subject: RE: ROB-4195 - FW: BR2021_637 STRONG PUBLIC MEDIA ALTERNATIVE REVENUE FORECAST FOR A PUBL.._.pdf

Thanks for the heads-up Danni, that's helpful.

The alternative forecasts are helpful in that they provide a scaled funding option for bid assessment purposes.

Regards,
Tim

From: Danni Thian <Danni.Thian@parliament.govt.nz>
Sent: Monday, 15 November 2021 6:26 PM
To: Aaron Gill [TSY] <Aaron.Gill@treasury.govt.nz>; Eva Parker [TSY] <Eva.Parker@treasury.govt.nz>; Timothy Roper [TSY] <Timothy.Roper@treasury.govt.nz>
Cc: Angus Pryde [TSY] <Angus.Pryde@treasury.govt.nz>
Subject: RE: ROB-4195 - FW: BR2021_637 STRONG PUBLIC MEDIA ALTERNATIVE REVENUE FORECAST FOR A PUBL.._.pdf

Thanks Aaron. Tim – cc'ing you directly given you and Aaron spoke about the briefing.

Not in scope of request

Danni

From: Aaron Gill [TSY] [mailto:Aaron.Gill@treasury.govt.nz]
Sent: Thursday, 11 November 2021 10:59 AM
To: Danni Thian <Danni.Thian@parliament.govt.nz>; Eva Parker [TSY] <Eva.Parker@treasury.govt.nz>
Cc: Angus Pryde [TSY] <Angus.Pryde@treasury.govt.nz>
Subject: RE: ROB-4195 - FW: BR2021_637 STRONG PUBLIC MEDIA ALTERNATIVE REVENUE FORECAST FOR A PUBL.._.pdf

[ ]

Hi Danni

I've checked with Tim Roper as ultimately the key issue is the fiscal impact. His comment is:

I don't think we need to add anything, noting we've agreed with MCH that the Budget bid will be for the net new funding requirement per the business case scenario.

In terms of "up to", once a draft Budget package is agreed by Budget Minister and we're drafting the financial recs for Cabinet agreement of a final Budget package in April, we can look to insert (with MCH input) some additional recommendations that specify what will happen in the event commercial revenues hold up more than anticipated –

e.g. the new entity to return a larger share of commercial revenue to the centre, or Cabinet (or JMs under delegation) to re-consider the necessary level of new funding for the new entity.

Cheers
Aaron

From: Danni Thian <Danni.Thian@parliament.govt.nz>
Sent: Wednesday, 10 November 2021 11:28 AM
To: Aaron Gill [TSY] <Aaron.Gill@treasury.govt.nz>; Eva Parker [TSY] <Eva.Parker@treasury.govt.nz>
Subject: FW: ROB-4195 - FW: BR2021_637 STRONG PUBLIC MEDIA ALTERNATIVE REVENUE FORECAST FOR A PUBL.._.pdf

Hi Aaron & Eva

We received the attached from Hon Faafoi's office on revenue forecasts as part of the SPM.

Can you please let me know if TSY has any further advice accompany the briefing to MoF this weekend? [email is fine]

Thanks
Danni

Not in scope of request

From: Gemma Robinson
Sent: Wednesday, 10 November 2021 10:47 AM
To: Hon Grant Robertson <Grant.Robertson@parliament.govt.nz>; s9(2)(a)
Subject: BR2021_637 STRONG PUBLIC MEDIA ALTERNATIVE REVENUE FORECAST FOR A PUBL.._.pdf

Mōrena

On behalf of Hon Kris Faafoi, Minister for Broadcasting and Media, please find the attached breifing referred to the Minister of Finance for his information

Ngā mihi nui
Gemma

Gemma Robinson | **Private Secretary – Broadcasting and Media**
Office of Hon Kris Faafoi, Minister for Broadcasting and Media.

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From: Aaron Gill [TSY]
Sent: Thursday, 9 December 2021 10:44 am
To: ^Parliament: Danni Thian
Cc: Maureena van der Lem [TSY]; Eva Parker [TSY]
Subject: RE: Timings for paper to MoF

[ ]

Hi Danni

We received the revised draft paper this week (one of several drafts we have received). The paper supports an Autonomous Crown Entity (ACE) which is one of the two options we include in our paper. Although we prefer the Crown Entity Company (CEC). If MOF's preference were the CEC then that should be shared with the Minister for Broadcasting for his consideration for the February Cabinet paper.

We also provide suggestions about how the ACE arrangements could also be strengthened reduce the fiscal risk and encourage greater fiscal discipline which would increase the entity's sustainability and ability to fund Public Media outcomes.

Cheers
Aaron

From: Danni Thian <Danni.Thian@parliament.govt.nz>
Sent: Thursday, 9 December 2021 10:32 AM
To: Aaron Gill [TSY] <Aaron.Gill@treasury.govt.nz>
Cc: Maureena van der Lem [TSY] <Maureena.Vanderlem@treasury.govt.nz>
Subject: FW: Timings for paper to MoF

Hey Aaron – I know the entity form briefing is coming this weekend – but just wanted to check you were aware of the cabinet paper too?

Cheers,
Danni

From: Catlin Ward
Sent: Thursday, 9 December 2021 10:16 AM
To: Danni Thian <Danni.Thian@parliament.govt.nz>
Subject: Timings for paper to MoF

Kia ora Danni,

Our office is expecting the Strong Public Media Cabinet paper today this afternoon. I understand it needs to go to your Minister as well. I was just wondering what the timing was for his last bag – I know the cut off is today but is there a particular time? I'm just a bit wary that the paper could come in later in the day.

Any questions, do let me know.

Ngā mihi,

Catlin Ward | **Private Secretary – Broadcasting and Media**
DDI +s9(2)(k) Mobile +s 9(2)(g)(ii) | Email Catlin.Ward@parliament.govt.nz

Office of Hon Kris Faafoi, Minister for Broadcasting and Media.

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From: Timothy Roper [TSY]
Sent: Thursday, 10 February 2022 4:32 pm
To: ^Parliament: Laura Berntsen; Aaron Gill [TSY]; Eva Parker [TSY]
Cc: Awhi Fleming [TSY]
Subject: RE: ROB-0271 - FW: FOR CONSULTATION: Strong Public Media - Establishment of a new public media entity

Hi Laura

s9(2)(f)(iv)

Tim

From: Laura Berntsen <Laura.Berntsen@parliament.govt.nz>
Sent: Thursday, 10 February 2022 3:55 pm
To: Timothy Roper [TSY] <Timothy.Roper@treasury.govt.nz>; Aaron Gill [TSY] <Aaron.Gill@treasury.govt.nz>; Eva Parker [TSY] <Eva.Parker@treasury.govt.nz>
Cc: Awhi Fleming [TSY] <Awhi.Fleming@treasury.govt.nz>
Subject: RE: ROB-0271 - FW: FOR CONSULTATION: Strong Public Media - Establishment of a new public media entity

Some people who received this message don't often get email from laura.berntsen@parliament.govt.nz. Learn why this is important

Hi Tim - quick follow up question re the second paper from MoF's advisor. Apologies if this is obvious but I don't have the papers in front of me at the moment.

s9(2)(f)(iv)

Sent with BlackBerry Work
(www.blackberry.com)

Not in scope of request

From: Timothy Roper [TSY] [mailto:Timothy.Roper@treasury.govt.nz]
Sent: Thursday, 10 February 2022 1:43 PM
To: Laura Berntsen <Laura.Berntsen@parliament.govt.nz>; Aaron Gill [TSY] <Aaron.Gill@treasury.govt.nz>; Eva Parker [TSY] <Eva.Parker@treasury.govt.nz>

Cc: Awhi Fleming [TSY] <Awhi.Fleming@treasury.govt.nz>
Subject: RE: ROB-0271 - FW: FOR CONSULTATION: Strong Public Media - Establishment of a new public media entity

[ ]

Kia ora Laura

Welcome aboard! I'm the primary contact on the paper for DEV next week and Cabinet the week after (your first attachment), in my capacity as (outgoing) vote analyst for the MCH votes. I'll be providing a briefing via our usual DEV report, which will come across tomorrow.

Your second attachment is a report that MCH prepared for Minister Faafoi last November, which was referred on to MoF. s9(2)(f)(iv) [redacted]

Hope this is helpful. Happy to discuss further if you'd like – s9(2)(k)

Ngā mihi,
Tim

From: Laura Berntsen <Laura.Berntsen@parliament.govt.nz>
Sent: Thursday, 10 February 2022 1:06 pm
To: Aaron Gill [TSY] <Aaron.Gill@treasury.govt.nz>; Eva Parker [TSY] <Eva.Parker@treasury.govt.nz>; Timothy Roper [TSY] <Timothy.Roper@treasury.govt.nz>
Subject: FW: ROB-0271 - FW: FOR CONSULTATION: Strong Public Media - Establishment of a new public media entity

> Some people who received this message don't often get email from laura.berntsen@parliament.govt.nz. Learn why this is important

Hi Tim, Eva and Aaron,

I understand you are the best contacts on broadcasting & media issues. I've just taken over as the secondee responsible, so hoping you can help me fulfil a request from the office.

I understand Ministers are looking to take this paper on establishing a new public media to DEV next week but with referral to Cabinet for a full discussion then. The office also received another paper with an alternative approach to funding the new entity, which I don't think has gone to Treasury yet. Can you confirm whether you've seen either/both of these papers and that you'll be providing feedback (and by when, noting that I think the deadline would be noon tomorrow)? Happy to hop on a call if easier to dicuss.

Cheers,
Laura

Laura Berntsen, Private Secretary
Office of Hon Grant Robertson | **Office of Hon James Shaw**
Minister of Finance | Minister of Climate Change

Level 7.6 Executive Wing, Parliament Buildings, PO Box 18041, Wellington 6160, New Zealand
E: laura.berntsen@parliament.govt.nz M: s 9(2)(g)(ii)

Not in scope of request

From: Tabitha Spicer
Sent: Friday, 17 December 2021 11:29 AM
To: Raj Nahna <Rajesh.Nahna@parliament.govt.nz>; Holly Donald <holly.donald@parliament.govt.nz>; Kurt McLauchlan <Kurt.McLauchlan@parliament.govt.nz>; Alex Tarrant <Alex.Tarrant@parliament.govt.nz>; Beth Houston <Elizabeth.Houston@parliament.govt.nz>; Toby Moore <Toby.Moore@parliament.govt.nz>; s9(2)(a) Ben Cunliffe <Ben.Cunliffe@parliament.govt.nz>; Mitch Keast <mitch.keast@parliament.govt.nz>; Morehu Rei <morehu.rei@parliament.govt.nz>; Charlie McLean <Charlie.Mclean@parliament.govt.nz>; David Choat <David.Choat@parliament.govt.nz>; Morgan Evans <Morgan.Evans@parliament.govt.nz>; Tele'a Andrews <Tele'a.Andrews@parliament.govt.nz>; Corin Higgs <Corin.Higgs@parliament.govt.nz>; Michael Naylor <Michael.Naylor@parliament.govt.nz>; Charlie Rahiri <Charlie.Rahiri@parliament.govt.nz>; Matt Swann <matthew.swann@parliament.govt.nz>; Sam Barry <Samuel.Barry@parliament.govt.nz>; Andrea Black <Andrea.Black@parliament.govt.nz>; Mike Tukaki <Mike.Tukaki@parliament.govt.nz>; Matt Greer <Matt.Greer@parliament.govt.nz>; Julian Robins <Julian.Robins@parliament.govt.nz>; Stephen Webb <Stephen.Webb@parliament.govt.nz>; William Blackler <William.Blackler@parliament.govt.nz>
Cc: Catlin Ward <Catlin.Ward@parliament.govt.nz>
Subject: FOR CONSULTATION: Strong Public Media - Establishment of a new public media entity

Kia ora DEV advisors,

Please see attached a DEV paper regarding the establishment of a new public media entity for Ministerial consultation. Subject to consultation, our Office's intention is to lodge this paper on 2 February 2022 for consideration by DEV on 9 February.

New Zealand media are under pressure due to increased competition from international content providers and declining audiences and revenue shares. This proposal progresses a key element of the Labour Party Manifesto 2020 commitment to strengthen the role of public media and Māori media in New Zealand, and ensure public media assets are fit for the future.

This paper seeks agreement to strengthen delivery of public media services to New Zealanders by establishing a new public media entity, which would subsume Radio New Zealand and Television New Zealand. The paper also seeks decision on:

- The form, focus and characteristics of the new public media entity
- The transition to the new entity, and process for disestablishment of TVNZ and RNZ
- Issuing drafting instructions for a Bill to establish the new entity and make necessary changes to existing legislation
- Funding for 2021/22 establishment costs, with the remaining establishment and operation funding to be sought through Budget 2022
- Setting up a Strong Public Media Establishment Board to advise on operational features of the new entity and the transition process

Please send through any feedback on this paper by 17 January 2022. Given it's the holiday period, please let me know if this date is not doable.

Ngā mihi

Tabitha Spicer
Roving Private Secretary (Media/Advisory) | Office of Hon Kris Faafoi

Minister of Justice | Minister of Immigration | Minister for Broadcasting and Media
Executive Wing | Private Bag 18041 | Parliament Buildings | Wellington 6160 | New Zealand

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From: Timothy Roper [TSY]
Sent: Thursday, 23 January 2020 1:08 pm
To: ^EXT: Angus Hodgson
Subject: FW: Consultation Paper: Strengthening Public Media: Report Back
Attachments: FW: Strengthening Public Media for lodgement for Cabinet 28/1

Not in scope of request

From: Timothy Roper [TSY]
Sent: Thursday, 23 January 2020 1:06 PM
To: Angus White [TSY] <Angus.White@treasury.govt.nz>; ^Parliament: Talei Pasikale <Talei.pasikale@parliament.govt.nz>
Cc: @AMoFSecondees <AMoFSecondees@treasury.govt.nz>; Eva Parker [TSY] <Eva.Parker@treasury.govt.nz>; Aaron Gill [TSY] <Aaron.Gill@treasury.govt.nz>; Simon Duncan [TSY] <Simon.Duncan@treasury.govt.nz>
Subject: Consultation Paper: Strengthening Public Media: Report Back

[ ]

Hi all

Please see below Treasury feedback re this consultation item. Note that this paper is a revised version of the paper that was considered at the last Cabinet of 2019 and referred to next week's Cabinet with some requested changes.

Title of paper	**Strengthening Public Media: Report Back**
Minister and agency	**Minister of Broadcasting, Communications and Digital Media** **Ministry for Culture and Heritage**
Description	This paper seeks agreement, subject to a Detailed Business Case and securing necessary funding, to establish a new public media entity replacing RNZ and TVNZ, and s9(2)(f)(iv)
Comments	Treasury has been engaged in the CE Advisory Group and Working Group for this topic. We provided feedback through the drafting process, not all of which was factored in to the final paper – as a result of which we added a Treasury comment emphasising the risks associated with the following: • Business case timeline: The proposed August 2020 report-back date for the detailed business case will require its completion by the end of June 2020. This is an extremely compressed timeframe for such a complex initiative, and there are significant risks which, if unaddressed during the process, may jeopardise the successful implementation of the change initiative. • Business case scope: Due to the compressed business case process, Treasury believes further information needs to be identified in the paper about what will be tested by the detailed business case, to provide Ministers with a clear sense of the trade-offs involved in meeting public media objectives while ensuring affordability.

	We will continue to work with MCH through the detailed business case process to ensure risks from the above factors are minimised and the end product is fit-for-purpose.
Fiscal implications	**Nil immediate**: the $0.965 million cost of preparing the proposed detailed business case and related activities will be met through a combination of re-prioritisation of existing MCH baseline funding ($0.600 million) and retention of anticipated 2019/20 departmental underspends. [So no impact on contingencies or allowances.] The paper also (i) invites the Minister to submit a Budget 2020 initiative for tagged contingency funding in advance of the completion of the detailed business case, to ensure that timely progress on implementation can be made upon Cabinet satisfaction with and approval of the business case, and (ii) s9(2)(f)(iv) [redacted] Both of these have been submitted as non-priority aligning new spending initiatives. The tagged contingency initiative seeks $370 million over four years for establishment and operating costs for the new entity (indicative estimates only, and covering establishment of the new entity and an allowance for one-third additional content based on current entity structures). s9(2)(f)(iv) [redacted]. These are both currently going through the assessment process.
Recommended action	We support the paper, however please note the following concerns: • s9(2)(g)(i) [redacted] • If the new public media entity is going to have "advertising free" elements, then consistent with a platform neutral future (where we do not make a distinction between Broadcast TV, Radio or Online content – but rather the focus is on audiences), the focus should be on "advertisement free content" rather than "advertisement free platforms", i.e. certain times and content on platforms might be advertisement free rather than having an advertisement free platform. • The focus should be on making quality content and diverse content available across platforms rather the specific content being available at specific times.

Regards,
Tim