

The Treasury

Annual Letters of Expectation 2023/24 Information Release

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Key to sections of the Act under which information has been withheld:

[23] 9(2)(a) - to protect the privacy of natural persons, including deceased people

[35] 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

[39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage

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Hon Willie Jackson

Minister for Broadcasting and Media

Minister for Māori Development

Associate Minister for ACC

Associate Minister of Housing (Māori Housing)

Associate Minister for Social Development and Employment (Māori Employment)



14 April 2023

Mr Andy Coupe
Chair
Television New Zealand Ltd
[23]

Dear Andy

2023/24 OWNER EXPECTATIONS FOR TELEVISION NEW ZEALAND LTD (TVNZ)

I am writing on behalf of shareholding Ministers to outline the matters that we expect the Board to focus on in the 2023/24 business planning round.

Government priorities

As you will be aware on 8 February 2023, the Government announced a refocusing of its priorities to put the cost of living front and centre of our new direction. Along with other initiatives, work on Aotearoa New Zealand Public Media (ANZPM) will stop entirely. It was also announced that support for public media needs to be at a lower cost and without such significant structural change. We wish to thank TVNZ for the contribution which it has made towards ANZPM.

We acknowledge that the post-COVID-19 operating environment and the economic outlook are challenging and uncertain. This environment makes TVNZ's focus on delivering value even more important. We encourage you to be bold and demanding in your expectations that your company will:

- be financially prudent, increasing resilience and value by making effective use of commercial disciplines, and balance-sheet and cashflow management, and
- strengthen its contribution to delivering value through critical infrastructure and service investment.

To support you and your Board to set challenging expectations of your company, we have asked the Treasury and the Ministry for Culture and Heritage to engage more closely on how your company is delivering value for money and performance.

This letter contains the following information:

- Ministers' sector-specific expectations
- Ministers' specific expectations for TVNZ
- enduring letter of expectations and general governance expectations (see also **Annex 1**), and
- timeline for the 2022/23 business planning process and governance information (**Annex 2**).

Sector-specific expectations

An independent, well-functioning and resilient media is a critical component of an open, participative democracy and has a vital role in supporting our ways of life in Aotearoa New Zealand. The media plays a crucial role in the functioning of our democracy and civic society. It provides information to engage people, encourage debate, holds political and business players to account and contributes to social cohesion.

The media system plays a key role in protecting and promoting te reo Māori and tikanga Māori. The Crown accepts that it has an obligation to take reasonable steps to actively protect and promote te reo Māori me ngā tikanga Māori, including through broadcast media.

As set out in the Cabinet commissioned Strategic Framework for a Sustainable Media System, the government is seeking:

- A thriving, vibrant and sustainable media system that is growing revenue, is a strong contributor to New Zealand's economic and social wellbeing and is resilient and adaptable to future trends.
- An independent trusted media system that reflects New Zealand's values and serves the public interest.
- A diverse media system that contains many different voices, creating a range of content, that supports social cohesion and accounts for the uniqueness of New Zealand communities.

TVNZ can support the achievement of each of these goals through its operations and by meeting its other legislative obligations.

For enquires related to the Government's media policy and the Strategic Framework for a Sustainable Media System please contact Emily Fabling, Deputy Chief Executive, Manatū Taonga (on [35])

Entity-specific expectations

The Government is committed to ensuring that future generations of New Zealanders can access content that reflect their languages, experiences and communities in ways that meets their needs and interests.

We expect that TVNZ will continue to deliver services to New Zealand audiences within its current mandate. This mandate includes the role of being a public media entity within the context of its wider goals and functions. To promote this function TVNZ could actively explore opportunities to work constructively with other public media entities to share experience and expertise on issues of common focus, including maintaining a good working relationship with Radio New Zealand Ltd (RNZ).

Consistent with local content being the core differentiator from global competitors, in TVNZ's reporting I would like to see a greater focus placed on telling the story about what investment the company is making into the production and screening of New Zealand content on its platforms. In particular content which is funded through the generation of commercial revenues – demonstrating that TVNZ is the content destination of choice for Aotearoa and that local content.

IP Platform investment

We understand to meet the demand of customer/users migrating from scheduled television to streamed digital viewing will require a significant investment by TVNZ in its IP Platform. As TVNZ previously advised the investment will bring new digital capabilities and opportunities to monetise online audiences, in both entertainment and digital news. Having a modern online platform will be important in connecting with harder to reach audiences, such as the youth market.

Shareholding Ministers note that the IP Platform is a significant investment for TVNZ (with a forecast total expenditure in excess of \$100 million, including operating and capital expenditure - TVNZ's FY23-25 Business Plan) and although it is planned to be funded from the company's balance sheet, Ministers expect TVNZ to keep officials updated as the IP Platform business case develops. In addition, please consult with shareholding Ministers on a timely basis regarding major transactions and significant strategic shifts.

Role in regional and national emergencies

TVNZ has a key role as a lifeline utility and public media entity in providing the public with key information on local, regional and national emergencies. I expect TVNZ to support the sharing of information so New Zealanders are informed and able to act in on the information provided.

Enduring and general governance expectations

We regard strong board governance as critical to the performance and success of the Crown's companies and entities. The [Owner's Expectations Manual](#) sets out our expectations on matters for board oversight such as information-sharing and engagement with the Treasury, board evaluations, thresholds for consultation or approvals for significant investments, commercial valuations, capital structure and dividends, and timeframes for reporting and business planning documents.

Further enduring and general governance expectations are set out in **Annex 1**.

Further information

Your relationship managers will be in contact shortly after you receive this letter to discuss our expectations in more detail. If you have any questions, please contact Ben XU, Senior Analyst, Commercial and Institutional Performance, the Treasury (on [39] or Ann Webster, Manager, Commercial and Institutional Performance, the Treasury (on [39] If you have any questions for the Ministry for Culture and Heritage please contact Louise Lennard, Principal Adviser (on [35]

We wish you every success with your endeavours in the coming year and thank you for your contribution to laying the foundations for a more sustainable and equitable future.

Yours sincerely



Hon Willie Jackson
Minister for Broadcasting and Media
on behalf of shareholding Ministers

cc Simon Power, CEO, Television New Zealand Ltd, [23]

Annex 1

You should consider and provide information in your Strategic Issues Letter about how these expectations are given effect in your company.

Enduring expectations

Boards should be cognisant of the Government's 2019 [Enduring Letter of Expectations](#) to Crown companies, which asks that boards and their agencies:

- support a unified, value-based government for all New Zealanders
- support future-focussed Māori Crown relations, and
- contribute to improving wellbeing.

Support a unified, value-based government for all New Zealanders

Crown entity companies must have regard to the [Government Workforce Policy Statement](#) (GWPS) which sets out the Government's expectations about public sector agencies' management of employment relations and emphasises the importance of continuing pay restraint. Within the overall context of public sector pay restraint, we expect you to ensure that senior executive remuneration is appropriately linked to performance and set at a level sufficient to attract and retain the necessary skills within the executive to enable Crown entities to operate successfully.

Consistent with the Government's support for diversity, gender balance and wider ethnicity on boards, boards are encouraged to support diversity and inclusion in the workplace and in leadership teams and to work to close gender and ethnic pay gaps. The [Pay Gap Action Plan](#) (Kia Toipoto) forms part of the GWPS and Crown entities are encouraged to publish Pay Gap Action Plans and meet other Kia Toipoto milestones.

Support future-focussed Māori Crown relations

The Crown is committed to being a better Treaty partner. The Crown's companies are expected to embody the Government's good faith and collaborative approach to Māori Crown relationships.

Resources are available to support the Crown's companies to work in partnership with Māori. Te Arawhiti has a range of [tools and resources](#), including to support the Crown's companies to effectively engage with Māori on a range of issues and build true and practical partnerships. The Treasury's resource, [He Ara Waiora](#), may also be useful in understanding Māori perspectives on wellbeing, and how to interweave and embed Te Ao Māori perspectives in advice with integrity.

Contribute to improving wellbeing

The Government's wellbeing approach is based on the [Treasury's Living Standards Framework](#), which considers a broad range of impacts over 12 domains for our individual and collective wellbeing, our institutions and governance, and the wealth of Aotearoa New Zealand, now and into the future. Boards should consider and reflect the broader impact of their decisions and initiatives in planning and performance reporting.

The Government's Emissions Reduction Plan is intended to contribute to wellbeing by setting the direction for climate action for the next 15 years. The Crown's companies are expected to support the Government by working to reduce emissions and to publicly disclose emissions reduction achievements.

To do so, Ministers support Crown companies adopting an available reporting framework (such as Integrated Reporting or the Carbon Neutral Government Programme), as appropriate to their circumstances.

General governance expectations

Board evaluations

Board evaluations help boards to improve performance and should take place annually (subject to the exceptions in the [Owner's Expectations Manual](#)) and ideally be conducted by an independent evaluator. Along with skills matrices, evaluations contribute to the Treasury's advice on board composition and so should be shared with the Treasury.

Director pipeline

To grow the pipeline of new and diverse director talent, if you have not already done so, where possible, you should engage a 'Future Director' as an observer of the board.

Senior executive remuneration

Within the overall context of public sector pay restraint, companies are expected to ensure that senior executive remuneration is appropriately linked to performance and set at a level sufficient to attract and retain the necessary skills within the executive to enable the Crown's companies and entities to operate successfully.

Boards of state-owned enterprises, and schedule 4A and Crown entity companies have separately received the April 2021 expectation that disclosure in annual reports meets the NZX Corporate Governance Code, most notably recommendation 5.3. If disclosure to this standard is not possible, the annual report is expected to explain why this is the case.

Cyber security

The use and dependence on cyberspace mean that securing networks, systems, programmes, and data is of vital and increasing importance. Resources are available to support the Crown's companies to improve their cybersecurity. While intended primarily for the use of government departments and agencies, and their service providers, the [New Zealand Information Security Manual](#) (NZISM) details processes and controls essential for the protection of all New Zealand Government information and systems.

Annex 2

Timetable for the 2023/24 business planning process

<i>Due by</i>	<i>Key action</i>
28 April 2023	Board submits its draft Statement of Intent (SOI) (if required), Statement of Performance Expectations (SPE) and Business Plan including advising the extent to which it has addressed the expectations set out in this, and any strategic issues.
31 May 2023	Board provides advice on: <ul style="list-style-type: none">• whether special fees are sought for 2023/24;• the professional development spend in 2022/23 and the proposed professional development budget for 2023/24; and• whether an evaluation of its performance in the past 12 months has taken place, what process was used and the outcomes of the evaluation.
30 June 2023	Board delivers its final SOI (if required) and SPE to shareholding Ministers
As soon as practicable after delivery of the final SOI (if required) and SPE to shareholding Ministers	Entity to publish SOI (if required) and SPE on its website

Ministers and the Treasury should be alerted as soon as possible if any of these deadlines cannot be met or if clarification around their expectations is sought.

Further information is available in the [Owner's Expectations Manual](#).