

Reference: 20240321

20 May 2024



Dear [REDACTED]

Thank you for your Official Information Act (OIA) request, received on 4 May 2024. You requested:

1. *advice on whether TVNZ should start returning a dividend to the government;*
2. *advice on the makeup of a review over the return on investment in TVNZ;*
3. *advice on whether TVNZ state-owned assets should be sold and what sale options may look like;*
4. *advice on whether TVNZ should receive funding from the Government.*

Parts 1 and 2 – Information being released

Please find enclosed the following documents:

Item	Date	Document Description	Decision
1.	28 February 2024	Email: TVNZ lines	Release in part
2.	1 March 2024	Email: Lines and QA on TVNZ half year results	Release in part
3.	18 March 2024	Treasury Report T2024-560 Television New Zealand Limited	Release in part
4.	21 March 2024	Aide Memoire T2024-658 Associate Minister of Finance meeting with TVNZ's Chair and Chief Executive	Release in part
5.	26 March 2024	Email: RE Ministers meeting - Wednesday 27 March 830pm	Release in part

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

- 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,
- advice still under consideration, section 9(2)(f)(iv) – to maintain the current constitutional conventions protecting the confidentiality of advice tendered by Ministers and officials,

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<https://treasury.govt.nz>

- 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,
- 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,
- sensitive information, under section 9(2)(ba)(i) – to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied, and
- direct dial phone numbers of officials, under section 9(2)(k) – to prevent the disclosure of information for improper gain or improper advantage.

Some information has been redacted because it is not covered by the scope of your request. This is because the documents include matters outside your specific request.

Direct dial phone numbers of officials have been redacted under section 9(2)(k) to reduce the possibility of staff being exposed to phishing, social engineering and other scams. This is because information released under the OIA may end up in the public domain, for example, on websites including Treasury's website.

Parts 3 and 4 – Information does not exist

The Treasury has not provided any advice on whether TVNZ state-owned assets should be sold or whether it should receive funding from the Government. I am therefore refusing parts 3 and 4 of your request under section 18(e) of the OIA - *that the document alleged to contain the information requested does not exist or, despite reasonable efforts to locate it, cannot be found.*

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 website.

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

Yours sincerely

Juston Anderson
Acting Manager, Commercial and Institutional Performance

OIA 20240321

Information for release

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From: Ben XU [TSY]
Sent: Wednesday, 28 February 2024 3:08 pm
To: ^Parliament: Colm Williams
Cc: Leilani Frew [TSY]; Chris White [TSY]; Ann Webster [TSY]; Eva Parker-Cadelis [TSY]; ^Parliament: Daniel Madley; Bryan McDaniel [TSY]
Subject: TVNZ lines
Attachments: FW: Newshub closure - Kordia fees

Attachment withheld - out of scope of request

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Hi Colm

Please find our responses below to your questions. In addition, we have also attached the response from the Kordia team sent to the shareholding Ministers earlier this afternoon for your information.

What does this mean for TVNZ?

- s9(2)(b)(ii)
- TVNZ is a lifeline utility service so must ensure it can reach New Zealanders in emergencies.

Has support for TVNZ caused NewsHub to go under?

- TVNZ does not receive any direct Crown funding. It funds itself through its commercial advertising revenue. It indirectly receives some NZ on Air funding through NZ on Air's contestable funding process.

What is the financial situation at TVNZ?

- s9(2)(b)(ii). TVNZ is committed to addressing the revenue gap through further major cost-saving initiatives and will update shareholding Ministers on these initiatives as appropriate. s9(2)(b)(ii)
- As audiences migrate to online channels, TVNZ plans to invest in the digital transformation, s9(2)(b)(ii). TVNZ plans to fund this by its current cash reserves and future cash flow. s9(2)(f)(iv)

How is the Treasury planning to respond to this?

- The board of TVNZ is responsible for the performance, structure and news services of TVNZ. TVNZ operates at arm's length from shareholding Ministers and its independence is protected in legislation. The Treasury advises shareholding Ministers on the ownership and performance of TVNZ. The Treasury does not advise on media sector policy, which is the responsibility of the Ministry for Culture and Heritage.
- We understand MCH has briefed the Minister for Media and Communications on Warner Bros. Discovery. Shareholding Ministers may choose to seek a briefing from the Minister for Media and Communications. We are aware there is a range of work underway to support a modern and sustainable media system in New Zealand, including modernising the Broadcasting Act, and harnessing technology and innovation as the sector moves online, including the fair digital news bargaining which is currently at select committee. We expect the Treasury will be consulted on several of these initiatives if they pertain to TVNZ and RNZ.

Additional

Withheld - out of scope of request

Kind regards

Ben



Ben Xu | Senior Analyst, Commercial and Institutional Performance | Te Tai Ōhanga – The Treasury

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From: Sarah Mackenzie [TSY]
Sent: Friday, 1 March 2024 2:16 pm
To: francesca.bradley@parliament.govt.nz
Cc: Ben XU [TSY]; Eva Parker-Cadelis [TSY]; Ann Webster [TSY]; Chris White [TSY]; Leilani Frew [TSY]
Subject: Lines and Q&A on TVNZ half year results
Attachments: NOT FOR RELEASE State of Play item on TVNZ.docx; Lines and QandA for TVNZ interim results.docx

Attachment "State of Play item on TVNZX interim results" withheld - out of scope of request

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Good afternoon Francesca,

I hope you are well. I understand you have been in contact with Juston with a request for lines and Q&A on the TVNZ interim results. Please see attached.

Please also see attached for your information TVNZ's entry from our regular state of play update which was provided yesterday to the Minister of Finance and Associate Minister of Finance. This material is not for release, and was prepared on the basis of TVNZ's Q2 report.

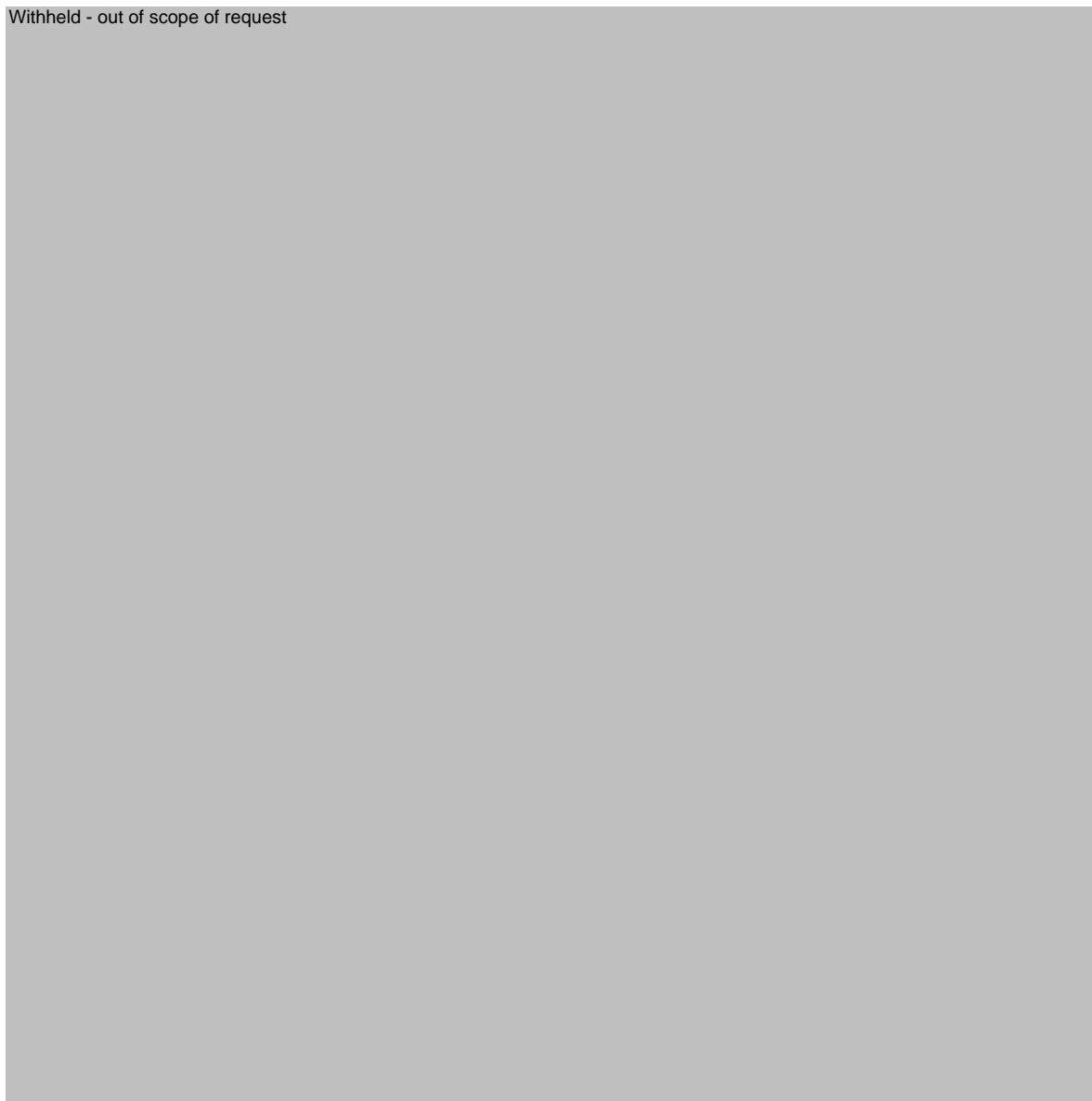
Please note that the lines and Q&A were prepared in Treasury's role in relation to TVNZ's performance. Questions about the performance of the media sector should be directed to Manatū Taonga.

Ngā mihi
Sarah

Sarah Mackenzie (she/her) | Kaitātari – Analyst | Te Whaihua Tauhokohoko, Umanga – Commercial and Institutional Performance | Te Tai Ōhanga – The Treasury

Tel: + s9(2)(k) | Email/IM: Sarah.Mackenzie@treasury.govt.nz

Withheld - out of scope of request




Does the Minister expect TVNZ to declare a dividend?

TVNZ is a Crown entity company subject to the Companies Act, Crown Entities Act and TVNZ Act. It's dividend policy and the declaration of dividends is therefore a decision for the board to take based on current and future business needs. Shareholding Ministers can discuss dividend policy and dividend declaration with the board to help inform its decision. We expect the board of TVNZ to outline its consideration of this matter for further discussion between the board and shareholding Ministers. However, shareholding Ministers expect TVNZ to operate commercially in the market, including earning a return.

Over the past five years, TVNZ has distributed approximately \$19m to the Crown, \$15m of which was declared in FY21 following strong financial performance.

Withheld - out of scope of request





Treasury Report: Television New Zealand Limited

Date:	18 March 2024	Report No:	T2024/560
		File Number:	CM-1-3-78-2

Action sought

	Action sought	Deadline
Minister of Finance (Hon Nicola Willis)	Note contents	None
Minister for Media and Communications (Hon Melissa Lee)	Note contents	None
Associate Minister of Finance (Hon David Seymour)	Discuss Television New Zealand Limited (TVNZ) and the media sector with the Minister for Media and Communications	None

Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
Ben Xu	Senior Analyst, Commercial and Institutional Performance	s9(2)(k)	N/A (mob) ✓
Ann Webster	Manager, Commercial and Institutional Performance		N/A (mob)

Minister's Office actions

Return the signed report to the Treasury

Note any feedback on the quality of the report

Enclosure: Yes (attached)
Annex One: Comparable Companies
Annex Two: Methodology

Treasury Report: Television New Zealand Limited

Executive Summary

This report responds to the Associate Minister of Finance's request for information regarding the Crown's role in the New Zealand media sector, and Television New Zealand Limited's (TVNZ's) financial performance.

The New Zealand media sector is experiencing challenging economic conditions, increased competition from international providers and transformation in audience behaviour. Recent weeks have seen the announcement of media sector redundancies, pay cuts and reduction or closure of services, including by TVNZ.

TVNZ is a Crown entity company subject to the Television New Zealand Act 2003 (TVNZ Act). The TVNZ Act states that TVNZ's functions are to:

- be a successful national television and digital media company;
- provide a range of content and services on a choice of delivery platforms; and
- maintain its commercial performance, defined as:
 - i operating in a financially responsible manner so that it maintains its financial viability;
 - ii generating an adequate rate of return on shareholders' funds; and
 - iii operating as a successful going concern.

The Crown's Role

TVNZ does not receive any direct Crown funding. TVNZ's decision to restructure indicates that it is experiencing the same pressures as its competitors. TVNZ is not seeking financial support from the Crown and does not, at this stage, require financial support.

We recommend that you meet with the Minister for Media and Communications to discuss the Crown's role in the media sector and any associated impacts to the sector's performance.


TVNZ Financial Performance

We have formed local and international comparable company groups for the purposes of this analysis (TVNZ's peers). We note that these companies operate under different business models, legislative functions and priorities, and levels of Crown oversight and funding.

Relative to its peers, TVNZ has a lower:

- normalised EBIT margin, suggesting an unsustainable cost base relative to its revenue growth and supporting its actions to align its cost base with its revenue and future business model;
- return on equity, primarily due to the decrease in TV broadcasting revenue and a high cost base;
- cash return on cash invested, noting that TVNZ's local content results in a loss; and
- total shareholder return, positioning it at the lower end of the assessed cost of equity range.

s9(2)(f)(iv)



s9(2)(g)(i)

Recommended Action

We recommend that you **meet** with the Minister for Media and Communications to discuss Television New Zealand Limited (TVNZ) and the New Zealand media sector

Agree/disagree.

Associate Minister of Finance



Ann Webster

Manager, Commercial and Institutional Performance

Hon Nicola Willis
Minister of Finance

____ / ____ / ____

Hon Melissa Lee
Minister for Media and Communications

____ / ____ / ____

Hon David Seymour
Associate Minister of Finance

____ / ____ / ____

Treasury Report: Television New Zealand Limited

Purpose of Report

1. This report responds to the Associate Minister of Finance's request for information regarding the Crown's role in the New Zealand media sector, and Television New Zealand Limited's (TVNZ's) financial performance.
2. This report sets out our analysis of TVNZ's profitability and shareholder return compared to that of local and international comparable companies (referred to as TVNZ's peers)¹. **Annex One** summarises the comparable companies selected, and **Annex Two** specifies the methodologies used in the analysis.
3. This report is copied to the Minister for Media and Communications, as TVNZ's other shareholding Minister, for information. We consulted the Ministry for Culture and Heritage (MCH) on this report and considered its feedback.

New Zealand Media Sector


4. The New Zealand media sector is experiencing challenging economic conditions, increased competition from international providers and transformation in audience behaviour. Media companies are reporting declining revenues and increasing costs to maintain a traditional broadcasting model alongside the need to invest for digital production and delivery.
5. These trends are not new, nor are they confined to New Zealand. However, recent weeks have seen the announcement of media sector redundancies, pay cuts and reduction or closure of services, including by TVNZ.
6. TVNZ's total revenue for the first half of the 2023/24 financial year (FY24) has decreased by 13.5% from the previous comparable period, resulting in a net loss of \$16.8m after tax. TVNZ has subsequently announced a restructure which could result in a net reduction of up to 68 roles across all business areas (9% of FTE). ^{s9(2)(ba)(i)} [REDACTED]. This is in addition to the restructuring of its senior leadership team in 2023.
7. The New Zealand media sector may be reaching the point where these trends are threatening the financial viability of traditional broadcasting. Viewed from a different perspective, the New Zealand media sector is in the process of transitioning away from traditional broadcasting transmission to alternative technologies. As with all technological disruptions, this transition will result in the creation and destruction of value and potentially the failure of existing businesses based around the old technologies. MCH advises that it has a work programme underway for legislative changes to support a modern media and content production system in New Zealand, including a review of the Broadcasting Act 1989 and consideration of the Fair Digital News Bargaining Bill.

¹ Due to the unique features of TVNZ, there are no directly comparable companies within New Zealand. We have formed local and international comparable company groups for the purposes of this financial performance analysis. We note that these companies operate under different business models, legislative functions and priorities, and levels of Crown oversight and funding.

Background to TVNZ

8. TVNZ is a Crown entity company subject to the Television New Zealand Act 2003 (TVNZ Act), Crown Entities Act 2004 and the Companies Act 1993. The TVNZ Act states that TVNZ's functions are to:
 - be a successful national television and digital media company;
 - provide a range of content and services on a choice of delivery platforms; and
 - maintain its commercial performance.
9. The TVNZ Act defines TVNZ maintaining its commercial performance as:
 - a. operating in a financially responsible manner so that it maintains its financial viability;
 - b. generating an adequate rate of return on shareholders' funds; and
 - c. operating as a successful going concern.
10. In carrying out its functions, the TVNZ Act requires TVNZ to provide high-quality content that is relevant to, and enjoyed and valued by, New Zealand audiences, and encompasses both New Zealand and international content and reflects Māori perspectives.
11. TVNZ is also a lifeline utility listed in the Civil Defence Emergency Management Act 2002 and must ensure that it is able to function to the fullest possible extent, even though this may be at a reduced level, during and after an emergency.
12. TVNZ operates at arm's length from shareholding Ministers and its editorial independence is protected in the TVNZ Act. The TVNZ board is responsible for the operations and performance of TVNZ and is accountable to shareholding Ministers for this performance. A board evaluation will be undertaken later in 2024 to support continuous improvement.
13. The Treasury advises shareholding Ministers on TVNZ's ownership, governance, and performance and the levers available to influence TVNZ's performance. MCH advises the Minister for Media and Communications on media sector performance and policy.

The Crown's Role

14. TVNZ does not receive any direct Crown funding. In FY23, TVNZ generated \$322.71m of revenue (98.5% of total revenue) from advertising and received contestable funding of \$4.92m (1.5% of total revenue) from New Zealand On Air and Te Mangai Pāho.
15. TVNZ sought financial support from the Crown as its shareholder at the onset of the COVID-19 pandemic, on the basis of material uncertainties to its financial position and the downside risk of its advertising revenue forecasts. The Crown provided TVNZ with an uncalled capital facility of up to \$30m. TVNZ did not meet the agreed indicators of need to access the facility, and initiated early termination of the facility, following favourable financial performance. TVNZ also chose to repay the \$4.9m pandemic wage subsidy it received.
16. TVNZ's below-budget results for the six months to 30 December 2023 and its subsequent decision to restructure indicates that it is experiencing the same pressures as its competitors. TVNZ is not seeking financial support from the Crown, and does not, at this stage, require financial support.
17. s9(2)(g)(i)


18. We recommend that you meet with the Minister for Media and Communications to discuss the Crown's role in the media sector and any associated impacts to the sector's performance, supported by advice from MCH as the media sector policy agency.

Financial Performance and Shareholder Return

19. The media advertising market in New Zealand and Australia has been impacted by challenging economic conditions following the pandemic, resulting in subdued revenue growth for most companies over the past five years.

Table 1: TVNZ historical financial performance compared to comparable companies

	5 Year Revenue CAGR*	5 Year Average Normalised EBIT Margin**
TVNZ	0.6%	4.2%
NZME	-2.6%	9.1%
SKY TV	-2.4%	11.6%
Warner Bros. Discovery NZ (WBD NZ)***	6.8%	-2.9%
Mediaworks****	-8.4%	1.0%
NZ Peers Median	-2.5%	5.1%
Australian Broadcasting Corporation (ABC)*****	1.7%	-0.8%
Special Broadcasting Service (SBS)*****	4.2%	-0.3%
Seven West Media (SWM)	-1.7%	12.5%
Nine Entertainment Co (NEC)	14.0%	16.8%
Southern Cross Media	-5.1%	11.3%
Sports Entertainment	33.4%	3.9%
AUS Peers Median Incl. ABC & SBS	3.0%	7.6%
AUS Peers Median Excl. ABC & SBS	6.2%	11.9%
Most Comparable Companies Median (SWM & NEC)	6.2%	14.6%

Source: Capital IQ, annual reports, Treasury analysis.

*CAGR represents the compounded annual growth rate.

**Normalised EBIT (earnings before interest and taxes) margin provides insight into a company's operational profitability by measuring its operation earnings relative to its revenue, while excluding financial structure impacts and adjusting for unusual or non-recurring items such as impairment, restructure, and gain or loss on sale of assets.

***WBD NZ is a private company and has disclosed financial statements for FY20, FY21, and FY23 over the past five years. As the result, calculations for WBD NZ's revenue CAGR and average margin are based on four years (FY20 to FY23), with FY22 figures remaining unaudited. As a subsidiary of Warner Bros. Studio Enterprises Inc., which is ultimately owned by AT&T Inc., WBD NZ's accounting policies and reporting practices are heavily influenced by the group's policies. Notably, there is an absence of fixed assets, high related-party transactions, and an exceptionally low equity value (0.71% of total assets in FY23, with 100% comprised of current assets) throughout the study period ^{s9(2)(g)(i)}

The inclusion of WBD NZ in this analysis would distort the results, as evidenced by the negative EBIT margin shown in Table 1. Due to a lack of information to adjust these discrepancies, WBD NZ was excluded from this comparative analysis, despite its suitability as a comparable company based on business line considerations.

****Mediaworks is a private company and has financial information available until FY22 only. Mediaworks' revenue CAGR and average margin were based on four years (FY19 to FY22).

*****ABC and SBS are Australian national broadcasters which respectively received, on average, A\$1.1b and A\$299.1m funding from the Australian government between FY19 and FY23, to provide television, radio, and digital media services to all Australians. This represents, on average, 94% and 68% of their total revenue respectively during the same period, making them less comparable from a revenue source perspective and indicating a different risk profile compared to TVNZ, which does not receive direct Crown funding.²

20. Australia's 'anti-siphoning' legislation provides that Australian free-to-air broadcasters must have the first opportunity to purchase TV rights for a defined list of "major events". This list includes the Commonwealth and Olympic Games as well as major Australian domestic

² Refer to <https://www.infrastructure.gov.au/sites/default/files/documents/factsheet-4-national-broadcasters-funding-and-reporting.pdf>.

sporting events such as the NRL, AFL, Melbourne Cup, and rugby union, rugby league and cricket matches featuring the Australian national teams. This legislation is a significant point of difference between the New Zealand and Australian markets.

21. Nine Entertainment demonstrated the highest revenue growth among comparable companies during the period, underpinned by resilient television (TV) revenue and successful expansion in streaming video on-demand (SVOD) business in Australia. TVNZ has pursued a similar strategy in New Zealand, ^{s9(2)(b)(ii)}
22. Some companies have pursued growth through vertical and horizontal mergers and acquisitions. In the past, TVNZ investigated merger and acquisition options within New Zealand, but decided against pursuing any of them. Mediaworks has generated 4.9% year-on-year revenue growth between FY20 and FY22 after acquiring the NZ outdoor advertising business from QMS Media (despite experiencing a negative revenue CAGR of 8.4%, primarily due to the sale of TV Three to Warner Bros. Discovery NZ in FY19). Similarly, Sports Entertainment in Australia has achieved 33.4% revenue CAGR over the past five years, driven by a series of strategic acquisitions.
23. TVNZ has incurred a lower normalised EBIT margin relative to its peers, suggesting an unsustainable cost base relative to its revenue growth. This supports TVNZ's actions to align its cost base with its revenue and future business model.

Return on equity

24. Return on equity (ROE) assesses efficiency in generating profits from shareholders' investments. ROE can exhibit volatility year-on-year due to varying accounting practices and financial leverage.

Table 2: TVNZ historical ROE compared to comparable companies

	FY19	FY20	FY21	FY22	FY23
TVNZ	1.2%	-10.8%	22.4%	2.7%	0.6%
NZME	-81.9%	11.9%	24.3%	15.4%	9.0%
SKY TV	-43.2%	11.1%	13.5%	10.9%	12.3%
Mediaworks*	-9.2%	-1.1%	-1.8%	-89.7%	N/A
NZ Peers Median	-43.2%	11.1%	13.5%	10.9%	10.7%
Seven West Media (SWM)	-146.9%	0.0%	0.0%	121.3%	45.4%
Nine Entertainment Co (NEC)	11.2%	-21.8%	9.6%	15.6%	9.9%
Southern Cross Media	-17.8%	4.9%	7.8%	-27.9%	4.3%
Sports Entertainment	7.0%	-10.1%	4.5%	5.9%	-17.2%
AUS Peers Median Excl. ABC & SBS**	-5.4%	-5.1%	6.2%	10.8%	7.1%
Most Comparable Companies Median (SWM & NEC)	-67.9%	-10.9%	4.8%	68.5%	27.6%

Source: Capital IQ.

*Mediaworks is a private company and has financial information available until FY22 only.

**ABC and SBS have been excluded from this comparison due to the substantial government funding they receive relative to their total revenue.

25. ROE was volatile over the past five years amidst challenges posed by the pandemic and economic conditions. Following the pandemic, TVNZ achieved a lower ROE compared to the median ROEs of its peers, primarily due to its reduced TV revenue and high cost base.

Cash return on cash invested

26. Cash return on cash invested (CROCI) measures the ability to generate cash from invested capital. CROCI demonstrates a stronger correlation with share market returns than alternative measures, including ROE, as it is less affected by varying accounting practices and financial leverage, and shows returns on reinvestment.

Table 3: TVNZ historical CROCI compared to comparable companies

	FY19	FY20	FY21	FY22	FY23	Average
TVNZ	7.2%	5.5%	23.4%	8.0%	5.4%	9.8%
NZME	5.8%	6.0%	6.3%	7.2%	7.1%	6.5%
SKY TV	10.3%	14.4%	5.6%	9.8%	10.3%	10.1%
Mediaworks*	N/A	N/A	N/A	N/A	N/A	N/A
NZ Peers Median	8.0%	10.2%	5.9%	8.5%	8.7%	8.3%
Seven West Media (SWM)	8.0%	6.3%	9.3%	10.8%	7.5%	8.4%
Nine Entertainment Co (NEC)	9.9%	6.5%	9.3%	10.5%	8.6%	8.9%
Southern Cross Media	8.6%	6.8%	8.9%	5.7%	6.0%	7.2%
Sports Entertainment	11.4%	5.1%	9.8%	10.1%	3.2%	7.9%
AUS Peers Median Excl. ABC & SBS**	9.2%	6.4%	9.3%	10.3%	6.7%	8.1%
Most Comparable Companies Median (SWM & NEC)	8.9%	6.4%	9.3%	10.6%	8.0%	8.6%

Source: Capital IQ, annual reports, Treasury Analysis.

*Mediaworks is a private company and the limited financial information available until FY22 only is not sufficient to complete this comparison.

**ABC and SBS have been excluded from this comparison due to the substantial government funding they receive relative to their total revenue.

27. TVNZ's CROCI has averaged 9.8% over the past five years, with an adjusted CROCI of 6.4% to account for an exceptionally high ratio in FY21 attributed to strong performance during the pandemic. TVNZ's adjusted CROCI is low compared to its peers.
28. NZME, Southern Cross Media, and Sports Entertainment have a different business focus compared to TVNZ, with over 70% of their revenue derived from radio advertising, publishing, and other advertising businesses less focused on broadcasting revenue. These media subsectors typically incur lower production and programming costs compared to broadcast television, where TVNZ generated an average of 94% of its revenue during the period.
29. SKY TV has a subscription-based model with an emphasis on sports content, generating 91% of its revenue through SKY Box, broadband, and streaming subscriptions. As a publicly listed company, SKY TV has discretionary power over content investment, domestically and internationally, and is driven by high content yield and shareholder return.
30. The TVNZ Act requires TVNZ to provide local content and it s9(2)(ba)(i) [redacted]. However, the costs of producing and programming local content is high, s9(2)(ba)(i) [redacted]. International content provides TVNZ a profitable means to attract and retain audiences and subsidises unprofitable local content.

s9(2)(ba)(i)

31. s9(2)(g)(i)

Nine Entertainment and TVNZ

32. Nine Entertainment presents the best comparison available to TVNZ, given it derives substantial revenue from broadcasting and has a common focus on accelerating digital growth in response to shifting audience preferences. However, Nine Entertainment has recorded a stronger digital revenue compared to TVNZ. With its SVOD platform Stan, Nine Entertainment achieved revenue of A\$427m in FY23 since its launch in FY18, contributing to strong performance over the past five years.
33. There are points of difference between the New Zealand and Australian markets, including Australia’s larger audience base and ‘anti-siphoning’ legislation, which are likely to have had a significant positive impact on Nine Entertainment’s financial performance relative to TVNZ.

Table 5: TVNZ revenue and performance comparison against Nine Entertainment

	TVNZ	Nine Entertainment
TV Revenue as % of Total Revenue (FY18 - FY23)	s9(2)(b)(ii)	
Broadcasting		50.1%
Digital or SVOD		16.0%
TV Revenue as % of Total Revenue		66.1%
Digital Revenue Growth in \$m (FY18 - FY23)		427.6
Financial Performance & Shareholder Return		
Normalised EBIT Margin - 5 Year Average	4.2%	16.8%
CROCI - 5 Year Average	6.4%*	9.9%

Source: Capital IQ, annual reports.

*Adjusted TVNZ average CROCI to account for an exceptionally high ratio in FY21 attributed to the pandemic.

34. TVNZ rebranded its digital platform, TVNZ On Demand, to TVNZ+ in June 2022 and s9(2)(b)(ii)

Total shareholder return

35. Total shareholder return (TSR) measures comprehensive return generated by investment over a specified period. Equity value serves as a key component in this calculation.

36. s9(2)(ba)(i)

37.

38. While the TVNZ Act does not define “an adequate rate of return on shareholders’ funds”, based on the analysis above, s9(2)(g)(i)

39. s9(2)(g)(i)

40. s9(2)(f)(iv)

Dividends and Capital Structure

41. Many of TVNZ’s peers have either ceased paying dividends, or suspended dividend payments in certain years between FY19 and FY23. TVNZ has distributed a total of \$18.7m in dividends during the same period, with \$15.0m paid in FY22.

Table 6: TVNZ historical dividend payout ratio* compared to comparable companies

<i>\$ million</i>	FY19	FY20	FY21	FY22	FY23	Average
TVNZ	130.5%	-	-	189.5%	0.0%	64.0%
NZME	-	-	17.1%	67.0%	129.4%	42.7%
SKY TV	NM**	-	-	-	45.7%	11.4%
Mediaworks***	-	-	-	-	N/A	-
NZ Peers Median	-	-	-	-	87.6%	17.5%
Seven West Media (SWM)	-	-	-	-	-	-
Nine Entertainment Co (NEC)	58.2%	NM**	70.5%	71.7%	120.8%	80.3%
Southern Cross Media	NM**	122.6%	-	NM**	122.0%	81.5%
Sports Entertainment	-	-	-	-	-	-
AUS Peers Median Excl. ABC & SBS	-	-	-	-	60.4%	12.1%
Most Comparable Companies Median (SWM & NEC)	29.1%	-	35.2%	35.9%	60.4%	32.1%

Source: Capital IQ, Treasury analysis.

*Dividend payout ratio is the percentage of a company’s earnings that are distributed to shareholders in the form of dividends.

**NM indicates that dividend distribution occurred during the year despite the company experiencing a net loss in the previous year. In such cases, the five-year average is calculated by taking the average of the dividend payout ratios from the remaining years.

***Mediaworks is a private company and has financial information available until FY22 only.

42. TVNZ retained cash in response to uncertainties following the onset of the pandemic, in the lead up to the proposed transition to a new public media entity, and to ensure it can invest to transform its business model to respond to the trends in the media sector. As at 30 June 2023, TVNZ held \$98.7m in cash on its balance sheet. s9(2)(f)(iv)

43. Unlike most of its peers, TVNZ has remained free from interest-bearing liabilities over the last five years, apart from a \$1.6m drawdown in FY19, despite having access to a \$20m external

debt facility. This has resulted in TVNZ maintaining a comparatively low leverage position (its only debt is the impact of capitalised leases). ^{s9(2)(b)(ii)} [REDACTED]. However, maintaining a level of debt would enable TVNZ to leverage its existing capital to finance investments while further encouraging operational disciplines as it would need to meet regular interest payments associated with debt.

Table 7: TVNZ historical gearing ratios* compared to comparable companies

	FY19	FY20	FY21	FY22	FY23	Average
TVNZ	0.7%	0.5%	0.2%	0.6%	1.0%	0.6%
NZME	61.4%	54.8%	38.1%	45.3%	45.0%	48.9%
SKY TV	35.5%	36.2%	14.6%	12.7%	10.1%	21.8%
Mediaworks	35.6%	28.9%	28.8%	44.1%	N/A	34.4%
NZ Peers Median	35.6%	36.2%	28.8%	44.1%	27.5%	34.4%
Seven West Media (SWM)	111.7%	132.8%	89.2%	65.1%	56.8%	91.1%
Nine Entertainment Co (NEC)	15.6%	31.2%	30.3%	29.4%	35.1%	28.3%
Southern Cross Media	43.2%	47.9%	27.3%	35.5%	36.2%	38.1%
Sports Entertainment	16.1%	40.2%	43.3%	45.1%	51.1%	39.2%
AUS Peers Median Excl. ABC & SBS	29.7%	44.1%	36.8%	40.3%	43.7%	38.6%
Most Comparable Cos Median (SWM & NEC)	63.7%	82.0%	59.8%	47.2%	45.9%	59.7%

Source: Capital IQ, annual reports.

*Gearing ratio is calculated as total debt (including capitalised leases) divided by total capital.

44. ^{s9(2)(f)(iv)} [REDACTED]

Next Steps

45. We will continue to advise shareholding Ministers on TVNZ's ownership, governance, and performance matters, including through:
- the Treasury's Performance report for the six months ending 31 December 2023, to be sent in April 2024;
 - engagement on TVNZ's 2024/25 business planning documents during May 2024; and
 - the development of a statement of the Crown's purpose for owning TVNZ.

Annex One: Comparable Companies

We have formed local and international comparable company groups for the purposes of this analysis. We note that these companies operate under different business models, legislative functions and priorities, and levels of Crown oversight and funding.

Due to the unique features of TVNZ, there are no directly comparable companies within New Zealand. While NZME, SKY TV, Warner Bros. Discovery NZ and Mediaworks have been identified as local peers, they operate under different business models and have different business focuses. Warner Bros. ^{s9(2)(g)(i)}

Given the time constraints in preparing this analysis, we have focused on the Australian market to construct an 'international' peer group for TVNZ. There are significant points of difference between the New Zealand and Australian markets. For example, Australia has a larger audience base, different government funding mechanisms for national broadcasters, and 'anti-siphoning' legislation for major events and local content quotas. We have identified Seven West Media and Nine Entertainment as the most suitable comparable companies to TVNZ. These companies share similar characteristics, including a strong focus on broadcasting.

	Sub Media Sector	Business Focus
Target Company		
TVNZ	Broadcasting	TV broadcasting, digital broadcasting
New Zealand Peers		
NZME	Radio, Publishing	Terrestrial radio stations, digital news websites including nzherald.co.nz, BusinessDesk and oneroof.co.nz
SKY TV	TV Broadcasting	Residential satellite subscriptions, commercial satellite subscriptions, advertising, and installation
Warner Bros. Discovery NZ	TV Broadcasting	TV broadcasting, digital broadcasting
Mediaworks	Radio, Publishing	Radio, digital and outdoor advertising
Australian Peers		
Australian Broadcasting Corporation	Broadcasting	National TV, radio, and digital media services to the broadcasting industry in Australia and internationally
Special Broadcasting Service	Broadcasting	Multilingual and multicultural radio, television, and digital media services, including free-to-air TV and digital offering
Seven West Media	Broadcasting	Free to air TV broadcasting and digital streaming
Nine Entertainment Co	Broadcasting	Free to air TV, video on demand, and metropolitan radio networks
Southern Cross Media	Radio, Broadcasting	Radio and free-to-air TV
Sports Entertainment	Media Advertising and Broadcasting	Media Australia, media New Zealand, complementary services, and sports teams

Source: Capital IQ.

Annex Two: Methodology

Return on equity

Return on equity (ROE) measures a company's profitability relative to its shareholders' equity. ROE assesses a company's ability to generate profits from its shareholders' investment and indicates how efficiently a company is using its equity capital to generate profits.

ROE is calculated as **net income divided by shareholders' equity**.

A higher ROE suggests that the company is generating more profit with each dollar of shareholders' equity, which is generally favourable to investors. A lower ROE may indicate that the company is less efficient at generating profits from its equity capital.

Cash return on cash invested

The cash return on cash invested (CROCI) ratio evaluates the efficiency and profitability of a company's cash investments. CROCI measures the return generated by the company's cash investments relative to the amount of cash invested. CROCI is particularly useful for analysing companies that generate significant cash flows and have substantial cash reserves.

CROCI is calculated as **debt adjusted cash flow (DACF) divided by average gross capital invested (GCI)**, where:

- **DACF** is operating cash flow excluding the effects of working capital movements and capital structure (i.e., excluding interest); and
- **GCI** is total cash invested. Gross assets (fixed and intangible), capitalised lease, working capital and investment in associates.

A higher CROCI suggests that the company is generating a higher return on its cash investments. A lower CROCI may indicate there are inefficiencies or lower profitability.

Total shareholder return

Total shareholder return (TSR) reflects the total return generated by an investment in a company's equity over a specific period. TSR is different to ROE, which focuses solely on profitability relative to shareholders' equity. TSR considers both capital appreciation or depreciation of the equity value as well as any dividends paid to shareholders during the period.

TSR is calculated as **(initial equity at the end of the period plus dividends paid during the period) divided by initial equity at the beginning of the period multiplied by 100**.

TSR is usually benchmarked against the company's cost of equity. A higher TSR against the company's cost of equity typically indicates that the company is generating returns more than what shareholders require as compensation for bearing the risk of investing in the company. This suggests that the company is creating value for its shareholders and outperforming expectations.



TE TAI ŌHANGA
THE TREASURY

Reference: T2024/658

Date: 21 March 2024

To: Associate Minister of Finance (Hon David Seymour)

Cc: Minister of Finance (Hon Nicola Willis)
Minister for Media and Communications (Hon Melissa Lee)

Deadline: Before the meeting on 22 March 2024 at 8:30am

Associate Minister of Finance meeting with TVNZ's Chair and Chief Executive

You are meeting with the Chair, Alastair Carruthers, and Chief Executive (CE), Jodi O'Donnell, of Television New Zealand Limited (TVNZ) at 8.30am on 22 March 2024 at TVNZ's office in Auckland. This is your first meeting with the Chair and CE. You are attending this meeting in your capacity as shareholding Minister of TVNZ.

We understand that TVNZ wishes to discuss:

- its business, financial performance, and digital future; and
- the media landscape.

This aide memoire provides background, updates and suggested talking points. **Annex One** provides our assessment of TVNZ's performance for the year ending 30 June 2023. **Annex Two** provides profiles of the Chair and CE. **Annex Three** attaches TVNZ's interim report for the six months ending 31 December 2023.

TVNZ Background

TVNZ is a Crown entity company subject to the Television New Zealand Act 2003 (TVNZ Act). The TVNZ Act requires TVNZ to provide high-quality content that is relevant to, and enjoyed and valued by, New Zealand audiences, and encompasses both New Zealand and international content and reflects Māori perspectives. TVNZ is also required to maintain its commercial performance.

TVNZ is a lifeline utility listed in the Civil Defence Emergency Management Act 2002 and must ensure that it is able to function to the fullest possible extent, even though this may be at a reduced level, during and after an emergency.

TVNZ operates at arm's length from shareholding Ministers and its editorial independence is protected in the TVNZ Act. The TVNZ board is responsible for the operations and performance of TVNZ and is accountable to shareholding Ministers for this performance. Shareholding Ministers are currently considering shortlisting advice to address the vacancy on the TVNZ board (T2024/455 refers).

TVNZ's Financial Performance

We provided you with a detailed analysis of TVNZ's financial performance analysis earlier this week, including an analysis of TVNZ's profitability and shareholder return compared to that of local and international comparable companies (T2024/560 refers).

Our findings indicate that TVNZ lags behind its peers in several key metrics, including normalised EBIT margin, return on equity, cash return on cash invested (CROCI), and total shareholder return. Despite investing heavily in local content and restructuring its operations, TVNZ's commercial performance remains below that of its peers, attributed in part to its high cost base.

TVNZ encountered ongoing challenging economic conditions in the first half of FY24, resulting in a soft performance for the period. With no expected market recovery until at least December 2024, TVNZ has announced a restructure plan recently and is considering further cost reduction initiatives to further align its cost base with its revenue.

TVNZ advises that the timeline for feedback on proposed show changes has been extended and will be considered by management from 28 March 2024, with outcomes to be announced on 5 April 2024. Further feedback on proposed structure will commence shortly after that, with outcomes to be announced on 30 April 2024. TVNZ has advised that most of the cost savings will be realised from FY25 onwards.

s9(2)(f)(iv) and s9(2)(g)(i)

Shareholding Ministers are currently considering a draft FY25 Letter of Expectations (LOE) to TVNZ (T2024/323 refers). The LOE asks that TVNZ keeps shareholding Ministers and the Treasury informed promptly of matters of significance, including TVNZ's financial position, and particularly where these matters may be controversial or may become the subject of public debate.

TVNZ's "Digital Future"


TVNZ's digital revenue has achieved strong growth in previous years, reflecting audience preferences for digital streaming. However, digital revenue growth has been unable to fully offset decreases in TV revenue, as it has also been affected by economic headwinds. TVNZ expects that its digital transformation will enable it to extend audience reach, drive yield growth and access new demand segments, ultimately underpinning future digital revenue growth in a streamlined business.

TVNZ is developing its 'Te Paerangi' Business Case (previously named its 'Horizon' Business Case) to support investment in its digital transformation to respond to its operating environment. The LOE asks TVNZ to ensure its Te Paerangi Business Case:


- demonstrates a clear problem definition and/or opportunity statement;
- considers all available options;
- s9(2)(f)(iv)
- provides sufficient detail and assumptions on the audience and advertisers TVNZ expects to target and attract with its content.

s9(2)(b)(ii)


s9(2)(b)(ii)



TVNZ retained cash in response to uncertainties following the onset of the pandemic, in the lead up to the proposed transition to a new public media entity, and to ensure it can invest to transform its business model. As at 30 June 2023, TVNZ held \$98.7m in cash on its balance sheet. ^{s9(2)(f)(iv)}



Withheld - out of scope of request



Talking points

Letter of Expectations

Shareholding Ministers expect to send a formal LOE to TVNZ shortly. I note that the Government has already provided clear expectations for TVNZ and other Crown-owned companies and entities:

- in the 'Speech from the Throne'
- in the Treasury's recent 'Fiscal Objectives and Budget 2024' letter
- at the meeting on 12 March where Ministers outlined their expectations for performance, profitability and fiscal discipline to chairs.

TVNZ's Financial Performance

I acknowledge TVNZ faces ongoing revenue challenges due to economic conditions with no sign of recovering until at least December 2024. I understand TVNZ is responding by seeking to align its cost base with its revenue and has announced its restructure plan recently.

What is the board's assessment of TVNZ's performance against its legislative functions? How is TVNZ managing the delivery of its commercial and public benefit objectives and what trade-offs are TVNZ making?

TVNZ's "Digital Future"

I look forward to receiving TVNZ's Te Paerangi Business Case as soon as possible. I expect the Business Case to:

- demonstrate a clear problem definition and/or opportunity statement;
- consider all available options;
- s9(2)(f)(iv)
- provide sufficient detail and assumptions on the audience and advertisers TVNZ expects to target and attract with its content.

What is the board's assessment of TVNZ's dividend policy? I expect the board to assess TVNZ's ability to pay a dividend at least annually and to advise shareholding Ministers of their consideration, having regard to TVNZ's legislative functions.

As TVNZ transitions to become a digital-first company, what is TVNZ's plan for digital terrestrial television, particularly concerning any risks to lifeline utility provision?

Withheld - out of scope of request

Ben Xu, Senior Analyst, Commercial and Institutional Performance, s9(2)(k)
Ann Webster, Manager, Commercial and Institutional Performance, s9(2)(k)

Attention:
s9(2)(g)(i)

TVNZ

(TVN) \$240m commercial valuation, 3% of COE portfolio

OVERVIEW

TVNZ is a Crown entity company providing content to NZ audiences. TVNZ is funded through its own revenue largely generated from TV advertising. TVNZ is a trusted media company, annually contributing over \$100m in local content through its commercial revenue. As viewer preferences shift from traditional to digital streaming, TVNZ has initiated a transformation strategy, the Horizons program, of investment to harness digital growth and drive future performance.

Key considerations

- ❖ Challenging economic conditions over 2023 resulted in reduced advertising revenue. TVNZ expects this trend to continue in FY24 and is implementing a cost saving strategy in response.
- ❖ TVNZ's local content is its main point of difference from international competitors and makes up around 60% of the total content budget. Local content is more expensive to produce and attracts less advertising revenue so has been operating at a loss.
- ❖ As audiences migrate to online platforms away from broadcast TV, TVNZ is investing in the Horizons program to enhance its future competitiveness, especially digital business. However, online returns for most operators are slim.
- ❖ The former CEO of TVNZ, Simon Power, left the company at the end of FY23, and the board has been actively seeking a replacement.

Current performance matters

- ❖ TV advertising revenue has been impacted by the softer economic conditions, yielding commercial revenue of \$253.4m in FY23 ^{s9(2)(b)(ii)} less than the budget. Digital advertising was less impacted by these conditions. Despite being ^{s9(2)(b)(ii)} below budget, digital advertising revenue has performed strongly, growing ^{s9(2)(b)(ii)} from FY22.
- ❖ ^{s9(2)(b)(ii)}

Recommended actions

- ❖ Recommended Ministers' actions are:
 - I. Meet with TVNZ to discuss Ministerial expectations, and the digital transformation strategy in the context of the challenging economic conditions.
 - II. Provide feedback when TVNZ consults on its Horizons Business Case.
- ❖ The Treasury has a number of actions underway:
 - I. Monitoring TVNZ's FY24 revenue and cost trends to provide Ministers' updates.
 - II. Reviewing the Horizons Business Case upon its availability.



Financial performance | FY23

FY ended 30th June		Actual		Budget	Variance
NZDm		FY21	FY22	FY23	FY23
Financials	Revenue	340	342	328	^{s9(2)(b)(ii)}
	Opex	269	316	313	
	EBITDA (underlying)	71	26	15	
	NPAT	59	8	1	
	Dividends	-	15	-	
	Capex	5	5	7	

- ❖ Cost-saving measures in response to soft revenues achieved a 7% reduction in operating expenses, including for content costs, employee costs and operating projects. This improved NPAT to \$1.3m, exceeding the budgeted loss of ^{s9(2)(b)(ii)} but remains well short of FY22's \$8m.
- ❖ The Horizons project is expected to be funded through equity. Prior to this investment, a total equity of \$286.6m has been deployed in TVNZ.
- ❖ **Outlook:** Advertising revenue will continue to soften over FY24 due to persisting weak economic conditions but should be mitigated by cost saving initiatives.

s9(2)(b)(ii)

Annex Two: Chair and Chief Executive Profiles

	<p>Alastair Carruthers, Chair</p> <p>Alastair was appointed the Chair of TVNZ in July 2023.</p> <p>Alastair is an experienced governor and held the CE position for Chapman Tripp for over ten years. His areas of expertise include financial management and accountability, marketing and communications, and digital technology and systems.</p> <p>Alastair’s directorships include being Chair of the Arts Council for New Zealand and a member of Unitec Institute of Technology Council. He is also the current Chair of the NZ Film Commission.</p>
	<p>Jodi O'Donnell, CE</p> <p>Jodi was appointed the CE of TVNZ in January 2024.</p> <p>Jodi has over 20 years of business and media experience. She previously served as the Commercial Director at TVNZ.</p> <p>Jodi is responsible for aligning TVNZ to ensure it provides New Zealanders with their favourite content, however they chose to watch it. This includes delivering opportunities for advertisers to connect with audiences.</p>

From: Sarah Mackenzie [TSY]
Sent: Tuesday, 26 March 2024 3:28 pm
To: ^Parliament: Colm Williams; Francesca.Bradley@parliament.govt.nz
Cc: Sam.Lord@parliament.govt.nz; ^Parliament: Stuart Wilson; Ben XU [TSY]; Maruta Kanepa [TSY]; Eva Parker-Cadelis [TSY]; Lars Piepke [TSY]; Olivia Paterson [TSY]; Ann Webster [TSY]; Matthew Beilan [TSY]
Subject: RE: Ministers meeting - Wednesday 27 March 8:30pm
Attachments: Treasury Report_ Draft 2024_25 Letters of Expectations for TVNZ and RNZ _Returned from Finance (Hon David Seymou(4919996.3).pdf; DRAFT 2024_25 TVNZ Letter of Expectations(4922818.2).docx; DRAFT 2024_25 RNZ Letter of Expectations(4922813.2).docx; Treasury Report_ Television New Zealand Limited _Returned from Finance (Hon David Seymour)_ _Returned from Medi(4929412.3).pdf; Summary of Minister's position on revised proposal.pdf; Tables collating feedback on LOEs from both Ministers.docx

Please note, attachments 1,2,3,5 and 6 are withheld - out of scope of the request. Attachment 4 has been provided as a separate item in this binder

[]

Kia ora Francesca and Colm,

Please find notes below to the agenda items to be discussed at the meeting between Minister Lee and Minister Seymour this Wednesday evening. Ann is available to attend, can you please send through the details.

1. TVNZ Functions

The Treasury recently advised Ministers on the performance of TVNZ (T2024/560 attached refers), in particular that:

- s9(2)(g)(i) [redacted];
- TVNZ has invested over \$100m per annum in local content since FY22 to contribute to public media objectives and retained cash to transform its business model; and
- the Treasury is currently developing a draft Crown ownership policy statement for profit oriented companies, which we expect to report to Ministers in the next fortnight. The intention is that entity-specific ownership purpose statements will be drafted following this – including for TVNZ – for discussion with Ministers. Following the agreement of a Crown ownership purpose statement for TVNZ, s9(2)(g)(i) [redacted].*

Ministers may wish to discuss their expectations of TVNZ at this time. While the TVNZ board is responsible for ensuring TVNZ is meeting its legislative requirements and its editorial independence is protected in the TVNZ Act, do Ministers have any priorities about how TVNZ should balance its functions. Have these expectations been captured by the attached updated draft LOE?

s9(2)(f)(iv) [redacted]

*MCH advises that:

- s9(2)(g)(i) [redacted]

- s9(2)(g)(i)




Ministers may wish to ask Treasury and MCH to consider any (and provide advice on) likely issues or gaps between ownership objectives for TVNZ and the media policy expectation of TNVZ to be a 'national broadcaster'.

2. Media Sector

Withheld - out of scope of request



Withheld - out of scope of request



Withheld - out of scope of request

From: Ann Webster [TSY] <Ann.Webster@treasury.govt.nz>

Sent: Friday, March 22, 2024 5:42 PM

To: Colm Williams <Colm.Williams@parliament.govt.nz>; Francesca Bradley <Francesca.Bradley@parliament.govt.nz>

Cc: Ben XU [TSY] <Ben.XU@treasury.govt.nz>; Sarah Mackenzie [TSY] <Sarah.Mackenzie@treasury.govt.nz>; Maruta Kanepa [TSY] <Maruta.Kanepa@treasury.govt.nz>; Eva Parker-Cadelis [TSY] <Eva.Parker-Cadelis@Treasury.govt.nz>; Sam Lord <Sam.Lord@parliament.govt.nz>; Stuart Wilson <Stuart.Wilson@parliament.govt.nz>; Lars Piepke [TSY] <Lars.Piepke@treasury.govt.nz>; Olivia Paterson [TSY] <Olivia.Paterson@treasury.govt.nz>

Subject: RE: Ministers meeting - Wednesday 27 March 8:30pm

Hi Colm and Francesca

Could I propose that we provide a response by email rather than a briefing, given the timeframe and that we and MCH have provided quite a lot of material to both Ministers recently on the media issues, which I think has probably addressed your bullet items:

- What the functions are of TVNZ in the Act? As I understand the recommendation was to talk about these functions in light of developments in the sector since the Act was passed. @Ann Webster [TSY] My sense is that our advice to support Ministers' discussion was set out in our recent analysis for Min Seymour (T2024/560) which we could attach to an email and in which we:
 - s9(2)(g)(i)
 - Advised that Treasury is developing ownership purpose statements for Ministers' consideration, including of the Crown's purpose for owning TVNZ,
 - Recommended that Minister Seymour and Minister Lee discuss the Crown's role in the media sector and any associated impacts to the sector's performance.

We are contacting MCH for its views on the policy context and objectives and could provide a couple of paragraphs suggesting key matters for Ministers to discuss from ours and MCH's work. Can you contact me if you envisaged something else?

• Withheld - out of scope of request

Please let me know if an email as set out above and with relevant attachments would work for you. Also do please give me a call if you would like to discuss.

Many thanks – and have a lovely weekend.

Ann

From: Colm Williams <Colm.Williams@parliament.govt.nz>
Sent: Friday, March 22, 2024 2:51 PM
To: Francesca Bradley <Francesca.Bradley@parliament.govt.nz>; Ann Webster [TSY] <Ann.Webster@treasury.govt.nz>; Lars Piepke [TSY] <Lars.Piepke@treasury.govt.nz>
Cc: Ben XU [TSY] <Ben.XU@treasury.govt.nz>; Sarah Mackenzie [TSY] <Sarah.Mackenzie@treasury.govt.nz>; Maruta Kanepa [TSY] <Maruta.Kanepa@treasury.govt.nz>; Eva Parker-Cadelis [TSY] <Eva.Parker-Cadelis@Treasury.govt.nz>; Sam Lord <Sam.Lord@parliament.govt.nz>; ^Parliament: Stuart Wilson <Stuart.Wilson@parliament.govt.nz>
Subject: RE: Ministers meeting - Wednesday 27 March 8:30pm

Thanks Francesca, I think that's right.

All - For background, the initial purpose of this meeting was to discuss TVNZ and the wider media sector, following a recommendation from advice this week.

Since then, it has expanded as there a number of other issues the two Ministers should meet to discuss.

Withheld - out of scope of request

As Francesca says, what we need from Treasury is an Aide Memoire to support the Ministers for this meeting.

I thought I would provide a bit of clarity, as the commission for a meeting came from advisors in this office.

From a Minister Seymour perspective it would be **helpful to briefly summarise:**

- What the functions are of TVNZ in the Act? As I understand the recommendation was to talk about these functions in light of developments in the sector since the Act was passed. [@Ann Webster \[TSY\]](#)

Withheld - out of scope of request

It would be really helpful to receive this by **4pm on Tuesday**.

Thanks,

Colm

Colm Williams
Private Secretary (Regulation) | Office of Hon David Seymour MP
Deputy Prime Minister (from 31 May 2025)
Minister for Regulation
Associate Minister of Education
Associate Minister of Justice (Treaty Principles Bill)
Associate Minister of Finance
Associate Minister of Health



Email: colm.williams@parliament.govt.nz Website: www.Beehive.govt.nz
Private Bag 18041, Parliament Buildings, Wellington 6160, New Zealand

From: Francesca Bradley <Francesca.Bradley@parliament.govt.nz>

Sent: Friday, March 22, 2024 2:33 PM

To: Ann Webster [TSY] <Ann.Webster@treasury.govt.nz>

Cc: Ben XU [TSY] <Ben.XU@treasury.govt.nz>; Sarah Mackenzie [TSY] <Sarah.Mackenzie@treasury.govt.nz>; Maruta Kanepa [TSY] <Maruta.Kanepa@treasury.govt.nz>; Eva Parker-Cadelis [TSY] <Eva.Parker-Cadelis@Treasury.govt.nz>; Sam Lord <Sam.Lord@parliament.govt.nz>; Colm Williams <Colm.Williams@parliament.govt.nz>

Subject: Ministers meeting - Wednesday 27 March 8:30pm

Kia ora Ann,

The meeting with Minister Seymour and Minister Lee is confirmed for Wednesday 27 March 8:30pm. We are arranging a link for officials to attend online if preferred.

Can we please get a brief AM to assist our Minister for this meeting?

Agenda items to discuss:

1. Feedback on RNZ and TVNZ LOEs - refer to email trail attached

I understand the following items will be high-level discussions to clarify the Ministers' roles:

2. TVNZ functions and the wider media sector - MCH can provide talking points on the Cabinet paper to cover off 'wider media sector'
3. Withheld - out of scope of request
4. [Redacted]

Kind regards,



Francesca Bradley

Private Secretary (Media and Communications) | Office of Hon Melissa Lee
Minister for Economic Development | Ethnic Communities | Media and Communications
Associate Minister for ACC

Email: francesca.bradley@parliament.govt.nz | Website: www.Beehive.govt.nz
Private Bag 18041, Parliament Buildings, Wellington 6160, New Zealand

Withheld - out of scope of request