

Briefing for the incoming Minister for Media and Communications

Media component of your portfolio

1 May 2024



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Introduction

Minister, welcome to the Media and Communications portfolio.

In this portfolio, you are supported by Manatū Taonga Ministry for Culture and Heritage (the Ministry) in relation to media policy and the Ministry of Business, Innovation and Employment (MBIE) in relation to communications policy.

We would welcome the opportunity to discuss your priorities for the portfolio as soon as you are ready.

The purposes of this briefing are to provide:

- background information about the media components of the Media and Communications portfolio
- initial advice on the immediate issues, current work programme, and key strategic choices in the portfolio
- re-introductions to your key contacts at the Ministry.

Further briefings will be provided to you according to your priorities and areas of interest. You have also received a briefing from MBIE covering the communications components of the portfolio.

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The Media portfolio

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The media sector supports our social and economic prosperity

The media sector comprises a range of services, both local and global, that provide news, information, and entertainment content delivered across television, radio, print media, and digital platforms.

An independent, well-functioning and resilient media is a critical component of an open, participative democracy. The media informs and entertains people, encourages debate, and connects communities and business. The media content we consume reflects and shapes our sense of who we are, contributing to social cohesion and national identity. Media infrastructure provides critical lifeline information in times of emergency.

In the year to March 2023, the New Zealand media sector was made up of over 8,000 businesses (the vast majority of which were sole traders or small businesses) and directly employed 25,398 people, contributing more than \$4.6 billion to GDP¹.

New Zealand's media system comprises public, commercial, and community media

New Zealand's Government-owned media is comprised of Television New Zealand (TVNZ), Radio New Zealand (RNZ) and Whakaata Māori. You and the Minister of Finance are shareholding Ministers for both TVNZ and RNZ. Whakaata Māori is the responsibility of the Minister for Māori Development.

Community access, student radio, and Pacific media receive some public funding (via NZ On Air's fixed Platform fund), recognising their role in supporting the Broadcasting Act requirement to serve a diverse range of audiences. Iwi radio delivers te reo programming and platforms Māori stories and music, funded through Te Māngai Pāho and monitored by Te Pūni Kōkiri.

The commercial media sector includes companies such as Warner Bros. Discovery, SkyNZ, New Zealand Media and Entertainment (NZME), Stuff and MediaWorks. In recent years New Zealand has seen the emergence of independent online news sources such as The Spinoff, Newsroom and Business Desk. In addition, many small independent production companies produce content for local and international broadcasters and platforms.

¹ Infometrics *Media and Broadcasting sector profile 2023*, commissioned by the Ministry.

Government invests in media content production to achieve social, cultural and economic outcomes

Government provides funding to support media production through three key funding agencies: NZ On Air, the New Zealand Film Commission and Te Māngai Pāho (through Vote Māori Development). The total Vote Arts, Culture and Heritage investment into local content in 2022/23 totalled \$253.3 million, comprising \$177.7 million through NZ On Air and \$75.6 million through the New Zealand Film Commission (including \$38.7 million administered for the New Zealand Screen Production Rebate – Domestic).

Government invests in media to ensure that all New Zealanders can access reliable, trusted information and quality local content that reflects our cultural identity. Aspects of the New Zealand's media system operate effectively without public funding, but important parts of our media system simply would not be present without support from the government. The small size of the New Zealand market amplifies the challenges for industry.

New Zealanders are highly engaged in media

Engaging in the media, including news, is a core part of New Zealanders' lives. According to 2023 research², almost all New Zealanders (99 percent) reported having engaged in any form of media in the past seven days. 93 percent of people read, watch or listen to the news, be it on TV, in print, online or on the radio. New Zealanders' consumption diversity is also strong; 91 percent have engaged with multiple types of media in the past seven days, and 80 percent have used multiple sources to find news.

However, declining trust in news is a concerning trend that can be seen around the world. The AUT research centre for Journalism, Media and Democracy's Trust in News in Aotearoa New Zealand study is one measure of trust. Its recent results show trust in news in general fell from 42 percent in 2023 to 33 percent in 2024 (-9 percent) and the proportion of those who actively avoid the news to some extent grew from 69 percent in 2023 to 75 percent in 2024 (+6 percent).³

² Angus and Associates, *The current state of New Zealand's media system: A baseline report*, November 2023

³ AUT research centre for Journalism, Media and Democracy, *Trust in News in Aotearoa New Zealand*, April 2024

Our media sector is facing fundamental challenges to its viability

Audience behaviour continues to transform. New Zealand audiences of all demographics increasingly access content online, shifting away from traditional sources such as radio, newspapers, and television. YouTube is the most popular platform, reaching 44 percent of the population daily, followed by Netflix at 42 percent, Facebook at 36 percent, TVNZ 1 at 34 percent and Spotify at 33 percent, which is closing in on radio (39 percent).⁴

As audiences move online and offshore for their news and entertainment content, so do the advertising dollars that have sustained our local media sector. Recent announcements have highlighted sector-wide fragility:

- Warner Bros Discovery is closing its Newshub newsroom in July 2024, with almost 300 people losing their jobs. While Stuff and Warner Bros Discovery will be partnering to continue to provide news to New Zealanders on Three and ThreeNow, this will not mean the retention of all the affected jobs at Newshub.
- TVNZ's total revenue for the first half of the 2024 financial year fell 13.5 percent, with a net loss of \$16.8 million after tax. TVNZ is restructuring, and has announced the cancellation of popular shows Sunday, Fair Go and news bulletins Midday and Tonight.
- NZME (owner of the New Zealand Herald, BusinessDesk, and Newstalk ZB amongst other media brands) reported a 46 percent profit drop for 2023; and
- MediaWorks (owner of radio stations such as the Edge and MoreFM) reported a \$9.7 million net loss for 2022.

Significant media redundancies, pay cuts, and the reduction or closure of services have long-term impacts on sector capability and reduce the range of media choice for New Zealanders.

New Zealand media companies are attempting to shift to a digital operating environment. However, digital products currently provide only a fraction of the revenue previously provided by traditional operating models. At the same time, the expense of maintaining those traditional models means media companies are now facing the prospect of switching off traditional TV and radio transmission methods and moving more exclusively to online delivery. Newspaper publishers are also facing difficult decisions regarding the scale and frequency of their products, in response to challenges such as the cost of newsprint and NZ Post's recent announcement to cease rural newspaper deliveries on weekends.

There are opportunities to support both sector innovation and greater audience choice. The media and content production sectors are aware of the need to find funding from sources other than Government and are strong supporters of creating a more modern and streamlined system that encourages more effective investment.

4 NZ On Air, *Where are the audiences?* 2023, September 2023

Portfolio responsibilities

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As Minister for Media and Communications, you are responsible or share responsibility for five Crown-funded organisations:

- the Broadcasting Commission (NZ On Air)
- Broadcasting Standards Authority (BSA)
- Television New Zealand (TVNZ)
- Radio New Zealand (RNZ)
- The National Pacific Radio Trust (NPRT)

You and the Minister of Finance are equal shareholding Ministers for RNZ and TVNZ. The Minister of Finance has delegated her day-to-day responsibilities, functions and powers in relation to RNZ and TVNZ to the Associate Minister of Finance (Hon Seymour).

As RNZ and TVNZ are Crown entity companies, the Treasury provides shareholding Ministers with ownership, governance and performance advice rather than the Ministry. The Treasury's Briefing for Incoming Shareholding and Responsible Ministers outlines your responsibilities with respect to RNZ and TVNZ in further detail. The Treasury recently updated you on the half-year 2023/24 performance of the Crown companies and entities for which the Treasury provides advice (including RNZ and TVNZ) (T2024/616 refers).

You, the Ministry, and funded agencies each has a set of responsibilities laid out in key reference documents such as the Crown Entities Act 2004, the Public Service Act 2020, the *Cabinet Manual* (2017), *Guide for Ministers: Statutory Crown Entities* (2021), and *It Takes Three: Operating Expectations Framework for Statutory Crown Entities* (2022).

Funding appropriation

Broadcasting and media Crown entities and policy work are funded through the media appropriation, which sits within Vote Arts, Culture and Heritage. You are responsible for that appropriation. For 2023/24 the media appropriation is just over \$184 million, primarily for purchasing public media services delivered through NZ On Air. This includes:

- \$179.766m for NZ On Air (which includes \$66.606m for RNZ)
- \$3.825m for RNZ International and AM transmission
- \$0.859m for the Broadcasting Standards Authority.

Legislation

You are responsible for three key pieces of legislation within the portfolio: the Broadcasting Act 1989, the RNZ Act 1995, and the TVNZ Act 2003.

You also have responsibility for industry codes such as the Code of Practice for New Zealand Music Content in Radio Broadcasting, an agreement between the Government and the Radio Broadcasters Association. The Code provides a voluntary commitment of 20 percent of contemporary popular New Zealand music on commercial radio and complements other interventions that support New Zealand music.

Legislation Programme

The 2024 Legislation Programme includes six items within the Media and Communications portfolio, three of which are led by the Ministry:

Rank within portfolio	Bill name	Category
First	Fair Digital News Bargaining Bill	4: to be passed by the end of 2024
Third	Media and Content Modernisation Bill	7: policy development to continue in or beyond 2024
Fifth	Radio New Zealand Amendment Bill	

These Bills are discussed in greater detail below in relation to the Ministry's current work programme.

Parliamentary Under-Secretary delegations

On 9 February 2024 the Parliamentary Under-Secretary to the Minister for Media and Communications was delegated specific responsibilities within the Media and Communications portfolio. The main responsibilities delegated included media industry workforce training, supporting the legislative progression of any recommendations and outcomes from the RNZ Charter Inquiry, and assisting in supporting rural connectivity initiatives around New Zealand.

Other delegated responsibilities, in addition to initiatives to be agreed from time to time between the responsible Minister and the Under-Secretary, included supporting media accessibility for all New Zealanders and assisting in the review of the Broadcasting Act 1989 and any associated legislative or consultation processes.

Since the delegations were finalised in February, the Under-Secretary has been meeting with key sector stakeholders. The Under-Secretary has also been receiving copies of briefings (including being copied into the weekly Media Portfolio Report sent to the Minister for Media and Communications) and attending updates with officials from the Ministry where areas of delegated responsibilities intersect.

The Ministry recommends you meet with Under-Secretary Marcroft to discuss her role and delegations, and how you would like to work together. You may also wish to review the delegated responsibilities.

Cross-portfolio connections

The Media and Communications portfolio has strong connections with your Arts Culture and Heritage portfolio, particularly in relation to domestic screen development and production.

Your media responsibilities are also likely to involve cross-portfolio work with:

- the Minister for Māori Development who holds responsibility for funding and monitoring Te Māngai Pāho and Whakaata Māori
- the Associate Minister of Finance, who holds delegated day-to-day responsibilities, functions and powers from the Minister of Finance relating to TVNZ and RNZ
- the Minister of Internal Affairs, who has responsibility for digital safety, the Films, Videos and Publications Classification Act 1993, and the New Zealand Lottery Grants Board (which supports media funding entities).

Upcoming actions and decisions

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The following upcoming actions and decisions will be required within the first few months of your appointment. The Ministry will provide you with advice to support these decisions.

Action/decision required	Timing
Board appointments	
Chair and member appointments to the Broadcasting Commission (NZ On Air) <i>(separate advice has been provided on the NZ On Air appointments (BR24/218 refers)</i>	May 2024
Three Governors to the RNZ Board (Treasury-led advice)	May 2024
One Director to the TVNZ Board (Treasury-led advice)	May 2024
Deputy Chair and Trustee/Treasurer appointments to National Pacific Media Trust	July 2024
Member appointment for the Broadcasting Standards Authority	September 2024
Policy decisions	
Determine next steps for the Fair Digital News Bargaining Bill (currently with Select Committee)	
Decide on priorities and process for a work programme to modernise regulation and support a thriving and sustainable media sector (see further section below)	May 2024
Delegations	
Review and communicate any changes in delegations to the Parliamentary Under-Secretary to the Minister for Media and Communications	May 2024
Crown entity accountability documents	
Draft Crown entity Statements of Performance Expectations and Statements of Intent	May 2024
Monitoring quarterly reports for quarter three 2023/24	May 2024
Presentation of Statements of Performance Expectations and Statements of Intent to the House	July 2024

Suggested stakeholder meetings

The media sector is highly engaged with policy and operational matters within the portfolio.

In addition to meeting with the Crown entities within your portfolio, the Ministry recommends meeting with the following stakeholders as an initial introduction to the sector:

- **News Publishers Association (NPA)** – Brook Cameron (General Manager), Sinead Boucher (Chair) and Andrew Holden (Public Affairs Director) to discuss the status of the Fair Digital News Bargaining Bill.
- **Freeview** – Freeview's shareholding Chief Executives (TVNZ, Warner Bros. Discovery, RNZ and Whakaata Māori) to discuss the future of Digital Terrestrial Television (DTT) and prominence of local content on smart TVs

- **Radio Broadcasters Association (RBA)** – Jana Rangooni (chair of the RBA) to discuss modernising the media system and radio transmission costs.
- **New Zealand Media and Entertainment (NZME)** – Barbara Chapman (NZME's independent Chair) and Michael Boggs (CEO) to discuss the challenges facing the sector.
- **Sky TV** – Sophie Moloney (CEO) and Chris Major (Chief Corporate Affairs Officer) to discuss modernising the media system and Sky's role in relation to the future of DTT.
- **Stuff** – Laura Maxwell (CEO) and Sinead Boucher (Owner) to discuss the status of the Fair Digital News Bargaining Bill and its TV news production role for WBD.
- **Warner Bros. Discovery (WBD)** – Juliet Peterson and Glen Kyne (WBD's New Zealand representatives, currently transitioning roles) to discuss its broadcasting plans for Three, the future of DTT, and work to modernise the media system.
- **Kordia** – Neil Livingston (CEO), Sophie Haslem (Chair) and Jason Fullerton-Smith (COO) to discuss the future of DTT.

Current work programme and further opportunities



The Ministry's existing work programme is focused on supporting New Zealand media sustainability, independence and innovation. A suite of reform options under development aims to encourage private investment into the sector and create a modern and enabling media operating environment.

Depending on your priorities and subject to discussions with other Ministers as appropriate, further focus areas and actions could supplement or follow this work programme.

Officials are available to meet at your convenience to discuss your work programme scope and priorities.

Fair Digital News Bargaining Bill

The Fair Digital News Bargaining Bill (FDNB Bill) intends to support a free and independent news media sector in New Zealand without the need for direct government funding. The purpose of the Bill is to ensure media companies can be profitable in a digital environment. To date, companies that post news content online struggle to monetise products as digital platforms are reluctant to enter into commercial discussions with comparatively small New Zealand publishers.

To achieve this, the FDNB Bill establishes a bargaining code to guide commercial decisions and creates backstop bargaining process when voluntary negotiations are unsuccessful. The Bill seeks to encourage market-based solution that provides pathways for companies to transition to profitable online business models through commercial arrangements.

The FDNB Bill seeks to address the power imbalance between local news media entities and digital platforms, such as Google and Meta. This imbalance is inhibiting the ability of news media entities to negotiate payment for the use, aggregation, and display of links to their news content in generative artificial intelligence (AI), search results, and social media feeds.

New Zealand news media entities have been calling for urgent intervention to support their financial sustainability, noting that the emergence of AI technologies is exacerbating the ongoing trend of declining revenues. The Ministry's regulatory impact analysis for the Bill supported a commercial bargaining framework over other options such as a levy or copyright approach as it provides a pathway for news media entities to maximise their online revenue with minimal government involvement and without direct government investment. Many companies already have deals in place with Google, and if the legislation does not proceed these deals may be at risk.

The FDNB Bill is currently being considered by the Economic Development, Science and Innovation Committee and is due to report back to the House of Representatives on 29 May 2024. Cabinet has requested the Minister for Media and Communications to report back in June 2024 on whether the FDNB Bill should proceed to its Second Reading, though you may wish to settle the Government's position earlier. If the FDNB Bill does proceed, officials anticipate it would pass in October 2024.

Modernising media regulation

The Government's 2024 legislative programme includes a Media and Content Modernisation Bill. The Ministry has been developing reform options for analysis, consultation and inclusion in this Bill, with the overarching objective of replacing the out-of-date Broadcasting Act 1989 and installing a future-proofed and streamlined regulatory framework for our media.

Levelling the playing field for professional media

The main regulation governing professional media is contained in the Broadcasting Act 1989. The broadcasting standards regime and its regulator, the Broadcasting Standards Authority (BSA), have limited reach in the modern media landscape. As well as the regime's increasingly limited effectiveness, this is creating commercial and operational disadvantages for media organisations that have retained a linear presence and who are subject to professional standards, when others are not.

A range of other bodies in and outside government also have roles in the regulation of media content, which overall is fragmented and inconsistent. The Department of Internal Affairs has recently closed a programme of work that was looking at how to resolve the gaps and inconsistencies in New Zealand's content regulation framework, including in relation to social media. However, there remains an opportunity to institute a more modern, consistent and streamlined approach to regulation of the professional media, within the Media and Communications portfolio.

To this end the Ministry is developing options to revise or replace the broadcasting standards regime, and how a new model could level the playing field to better enable independent and thriving professional media. This work will include consideration of removing the levy on broadcasters that partially funds the BSA, and the removal of advertising restrictions that apply only to broadcasters on Sundays and/or some public holidays.

Industry figures have suggested television broadcasters forgo around \$6 million of advertising revenue annually due to the restrictions, which are increasingly difficult to justify when audiences see advertising in these time periods on every other media platform. Removing the advertising restrictions on broadcasters is a relatively simple change that could be expedited to level the playing field between broadcasters and other content providers and support increased advertising revenue.

Streamlining the Crown's content funding entities

As Minister of Arts, Culture and Heritage you have already agreed to review the current institutional arrangements for the administration of public funding for content.

NZ On Air (established in 1989, through the Broadcasting Act 1989) and the New Zealand Film Commission (NZFC, established in 1978) were originally set up with a mandate to provide funding for TV and radio, and film content, respectively. The way content is produced and delivered to meet audience demands, as well as the types of content produced, has shifted, and there is now significant overlap between these entities' functions.

NZ On Air and the NZFC already deliver co-funding for some content and industry development initiatives. However, cross-agency collaboration of this nature is reliant upon significant time and resource investment from the entities.

It is timely to consider opportunities for more formal alignment and collaboration between the entities, including options for possible structural change. The aim is to ensure that content funding arrangements are as efficient and effective as possible, taking into account both the cultural value of local content and the economic value of the local media sector.

NZ On Air and the NZFC have close links with Te Māngai Pāho, which has a distinct mandate to fund media content that promotes te reo Māori and tikanga Māori. Officials recommend that you consult closely with the Minister for Māori Development throughout this work to ensure that overall institutional arrangements for all public funding for content are complementary and cohesive. Subject to your discussions with the Minister for Māori Development, it would also be possible for Te Māngai Pāho to be brought within scope of options for structural change.

Ensuring New Zealanders can find and access local content and platforms

The Ministry is considering options to ensure New Zealanders can find and engage with content that is made by, for and about us. Without intervention, parts of the sector think that New Zealanders will increasingly struggle to discover new local content and services, which in turn could undermine government investment and a thriving local media and production sector. Ensuring the prominence of local content supports local companies to be more profitable when competing against global players.

Options would look to support the prominence of local broadcasting and streaming services (e.g., TVNZ+, Māori+, ThreeNow, and Freeview) on TVs and other connected devices, which are often hard to find or not pre-installed.

Local content, as well as services, can be similarly hard to find. The limited New Zealand content available on streaming platforms such as Netflix, Amazon and Disney is often poorly identified and ‘buried’ amidst international content. Our work includes options to ensure the discoverability of local content on streaming platforms.

As part of the work on accessibility of local content and services, the Ministry is also considering options to increase captioning and audio description (CAD). Unlike in most comparable jurisdictions, New Zealand has no laws or regulations that require CAD, including in relation to emergency messaging. This is inconsistent with our obligations under the United Nations Convention on the Rights of Persons with Disabilities.

Encouraging streaming platforms to invest in local content

Streaming platforms (for example Netflix, Disney+, Amazon Prime and Neon) attract the second biggest audience in New Zealand after YouTube, reaching 57 percent of New Zealanders daily. Netflix alone reaches 42 percent. Most have very little New Zealand content in their catalogues. A manual scan indicates Netflix currently holds fewer than 10 New Zealand titles, half of which are more than five years old (and 13 international productions filmed in New Zealand). As at October 2023 Disney had none, and Neon (Sky New Zealand’s streaming platform) carried 54 home-grown titles, making up four percent of its catalogue.

By comparison in Australia in the 2021/22 financial year, streamers spent over \$335 million on acquiring, producing, or investing in more than 700 Australian programmes. Even with these levels of investment, Australia is still proposing regulatory requirements for streaming platforms to invest in local content. Other jurisdictions are introducing a range of measures, including levies and quotas, with the same aims.

Industry representatives here are calling for similar intervention to protect New Zealand's local voice and stories. The Ministry has been considering these types of options to ensure that streaming platforms that provide subscription video on demand are contributing to the local production sector as well as assisting local content to reach New Zealand and global audiences. Encouraging streaming platforms to invest in local content could be used to offset government investment in local content outcomes.

Potential further areas of work

In recent months, media commentators, advocates, and other interested parties have raised a range of further actions that, subject to your priorities and discussions with Ministerial colleagues, could also be included in a media work programme.

Transmission fees relief and DTT transition

New Zealand's broadcasters have indicated that the costs of traditional broadcasting infrastructure are becoming increasingly unsustainable. To help relieve financial pressure and maintain existing services, they have advocated for government relief.

As audiences move online, broadcasters are looking at ways to transition to newer, more cost-effective technologies such as online streaming. Digital Terrestrial Television (DTT) is the main form of broadcasting technology in New Zealand and while its use is in decline, over 1.8 million New Zealanders still use it as a form of access to news, entertainment and emergency information. The pricing structure for DTT means that if one broadcaster ended DTT, costs would increase for the rest. As a worst-case scenario this could lead to an abrupt and mass exit, which would have a significant impact on audiences.

An immediate option available to Government (operating outside of the Budget Moratorium between 29 April and 30 May) is to provide time-limited, targeted relief from transmission fees. Relief for broadcasters carrying local news would cost the Government an estimated \$15-20 million for 12 months. It would provide immediate and visible economic stimulus to the sector and would support the continuation of DTT, helping to maintain access for audiences to local news and information.

Arguments against providing relief include the current high bar for financial intervention, and that without clear plans from broadcasters, short-term relief may simply delay the problem they are facing. The Ministry also notes that providing relief to broadcasters would essentially cross-subsidise Crown-owned companies such as TVNZ and Whakaata Māori for fees paid to Kordia (a state-owned enterprise that provides most DTT infrastructure). If you are interested, the Ministry can provide you with further detail on relief options for your consideration.

The Government will also need to consider its role (if any) in a sector transition process away from DTT. Freeview is currently developing an industry plan for a sector transition, which would likely involve a planned process aimed at reducing regional connectivity risks. The Ministry looks forward to discussing this with you as sector plans develop.

Reform of state-owned media

As Minister for Media and Communications you have several levers available to you to influence the strategic direction of TVNZ and RNZ.

As you are aware, the Treasury is engaging with the shareholding Ministers of profit-oriented Crown-owned companies (including TVNZ) on the development of an overarching Crown ownership policy statement and individual company and entity ownership purpose statements. Determining the Crown's purposes for owning companies and entities provides direction for the application of legislative and other levers and for engagement with shareholding Ministers on achieving these purposes.

The Radio New Zealand Amendment Bill (the RNZ Bill) that is included in the 2024 Legislation Programme proposes to amend the Radio New Zealand Act 1995 to ensure the RNZ Charter better reflects the expectations of a modern, fit-for-purpose, and effective public media entity. The RNZ Bill would update RNZ's Charter to incorporate recommendations made by the Economic Development, Science and Innovation Committee as part of the 'Inquiry into the Review of the Radio New Zealand (RNZ) Charter', which was completed in June 2022. The RNZ Bill has a category 7 priority (policy development to continue in or beyond 2024) and is not being prioritised under the current work programme.

The Ministry looks forward to discussing your priorities for TVNZ and RNZ.

Actions within Parliamentary Under-Secretary's delegations

As noted above Under-Secretary Marcroft's delegations include media workforce development. Noting the likely financial implications of government intervention in this area, agreement to and implementation of any initiatives may need to be deferred to later in the Parliamentary term. However, exploration of options to support sustainable careers, including working with Toi Mai (the relevant workforce development council) could be progressed in the meantime.

If you were interested in adjusting the Under-Secretary's delegations, other areas of focus could be included.

Ministry support to the portfolio

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The Ministry is here to support you in carrying out your Ministerial duties and realising your priorities for the media and communications portfolio. The Ministry will provide you with free and frank advice on relevant portfolio issues and will deliver on your objectives to support the Government's wider priorities and policies. The Ministry also monitors and advises on the performance of statutory Crown-funded agencies.

You will have a Private Secretary on secondment from the Ministry, who will support you with portfolio related matters and act as the interface between your office and the Ministry. The Parliamentary Under-Secretary also has a part-time Private Secretary on secondment from the Ministry. The Ministry will provide you with regular status reports and will have regular officials' meetings with you.

Ministry Leadership team

The Ministry's Secretary and Chief Executive, Leauanae Laulu Mac Leauanae, and the Deputy Secretary for Policy and Sector Performance, Emily Fabling, are your main points of contact with the Ministry.

Key contacts

Leauanae Laulu Mac Leauanae

Tumu Whakarae

Chief Executive and Secretary for Culture and Heritage

Privacy



Emily Fabling

Pou Mataaho o Te Aka

Deputy Secretary Policy and Sector Performance

Privacy



Appendix 1: Appointments overview

The Ministry supports you in making appointments to three boards in your portfolio: Broadcasting Commission (NZ On Air), Broadcasting Standards Authority (BSA) and the National Pacific Media Trust (NPMT) in accordance with the Crown Entities Act 2004 and/or relevant enabling legislation or establishing documents.

Appointments to the boards of Radio New Zealand Ltd and Television New Zealand Ltd are made by the Minister of Finance and yourself as the shareholding Ministers. As these are both Crown Entity companies, support for appointments to these boards is led by the Treasury in liaison with the Ministry.

There are up to nine appointments to be made from terms expiring across the three entities in your portfolio in 2024. You will receive further briefings providing specific advice on those appointments. An overview of the various entities and upcoming vacancies is provided below.

Broadcasting Commission (NZ On Air)

Under the Broadcasting Act 1989 there must be between three to six members on the board. There are currently five members on the board, following the resignation of Andrew Shaw, with further two further terms expiring in 2024 (one of these being the Chair). Therefore, you can make up to three appointments, which includes a Chair appointment. Reappointments can be considered.

NZ On Air is established under the Broadcasting Act 1989. Its functions are to reflect and develop New Zealand identity and culture by promoting programmes about New Zealand and New Zealand interests; and promoting Māori language and Māori culture; to maintain, and, where appropriate, extend the coverage of television and radio broadcasting to New Zealand communities. The organisation has six board members.

under active consideration



Separate advice on these appointments has been provided to you.

Broadcasting Standards Authority (BSA)

Under the Broadcasting Act 1989 there must be four members on the board. In 2024 you will have one appointment to confirm.

The BSA is an Independent Crown Entity (ICE) established under the Broadcasting Act 1989. The BSA's mission is 'to establish and maintain acceptable standards of broadcasting on all New Zealand radio and television within the context of current social values, research and the principles of self-regulation, in a changing and deregulated industry'.

under active consideration



National Pacific Media Trust (NPMT)

Under the Trust Deed there are between six to eight members on the board, including the requirement for a Chair, Deputy Chair and Treasurer. There are currently seven members on the board, with four terms expiring in 2024, one existing vacancy, and one term currently in rollover given a recent term expiry. In 2024 you will need to appoint a Deputy Chair and Treasurer and will need to make at least three further appointments (but can make up to five additional appointments).

The NPMT is a charitable trust under the Charitable Trust Act 1957. It has been established to deliver a national Pacific media network that delivers quality programming, and to ensure the responsible stewardship of assets of the network consistent with the Trust Deed. Appointments are made jointly by the Ministers for Pacific Peoples and Media and Communications.

The current position of Deputy Chair is vacant due to the previous incumbent resigning to take up an overseas posting. A new appointment was deferred until a new Government is in place. The current Trustee role of Treasurer finished on 30 October 2023 but the incumbent, Sholan Ivaiti has agreed to continue until a new appointment, or a reappointment is made.

under active consideration



Appendix 2: Monitoring of funded agencies and Crown entities

The role of the Ministry

As stewards of the arts, culture, heritage, media, and sporting sectors, the Ministry has a duty to advise Ministers on the sustainability, health and capability of the sector and the challenges and opportunities the sector faces. Our overall aim is to drive sector performance for the benefit of all New Zealanders. As part of this, Manatū Taonga works with a diverse range of Crown-funded cultural agencies with key regulatory and funding functions in the sector. The Ministry's role as a monitor of NZOA, BSA and NPMT is to assist you as responsible Minister to carry out your role in:

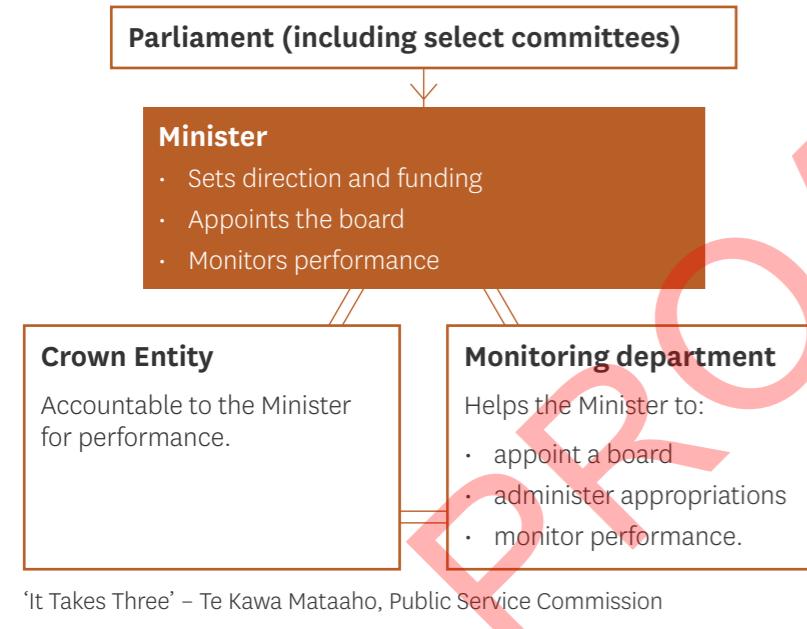
- Ensuring an effective board is in place for Crown entities by appointing members to, and removing members from boards and determining remuneration of some board members
- Giving directions to entities to give effect to government policy (Crown agents) or have regard to government policy (autonomous Crown entities)
- Reviewing the operations and performance of the entity
- Requesting information from an entity
- Participating in the process of setting the entity's strategic direction and performance expectations
- Monitoring the entity's performance
- Managing risks on behalf of the Crown
- Answering to Parliament for the performance of the entity.

The Treasury supports shareholding Ministers on RNZ and TVNZ ownership, governance and performance matters.

As monitor, the Ministry is responsible for:

- Administering appropriations
- Administering legislation
- Tendering independent advice to Ministers, including advice on entities' performance

'It Takes Three' monitoring framework



Organisation and purpose	2023/24 funding	Key personnel	Monitor	Minister's responsibilities and government expectations
RNZ – Crown Entity Company	\$66.606m from NZ On Air \$3.825m from Vote ACH for RNZ Pacific service and AM transmission In addition, RNZ receives some contestable funding from NZ On Air	Chair: Dr Jim Mather CE: Paul Thompson	Treasury The Ministry leads on policy	<ul style="list-style-type: none"> Shareholding Ministers (you and Minister of Finance) determine appointments and (with discretion) removal of Board members Minister has no power to direct (unless specifically provided for in another Act) but sets direction and annual expectations Agency must 'give effect to' Whole-of-Government approach if directed by Ministers of Finance and Public Service
TVNZ – Crown Entity Company	N/A – Receives no direct Crown funding but receives some contestable funding from NZ On Air	Chair: Alastair Carruthers CE: Jodi O'Donnell	Treasury The Ministry leads on policy	<ul style="list-style-type: none"> Similar responsibilities to that for RNZ
NZ On Air – Autonomous Crown Entity	\$179.766m from Vote Arts Culture and Heritage (includes \$66.606m for RNZ) \$38.737m from Vote Business, Science and Innovation for the Game Development Sector Rebate	Chair: Dr Ruth Harley CE: Cameron Harland	The Ministry	<ul style="list-style-type: none"> Minister determines appointments and (with discretion) removal of Board members Agency must 'have regard to' policy that relates to the entity's functions and objectives if directed by Minister Minister sets direction and annual expectations but no direction can be given on cultural matters Agency must 'give effect to' Whole-of-Government approach if directed by Ministers of Finance and Public Service
BSA – Independent Crown Entity	Jointly funded by government and through broadcaster levies. \$0.859m from Vote Arts Culture and Heritage	Chair: Suzie Staley CE: Stacey Wood	The Ministry	<ul style="list-style-type: none"> Advise Governor-General on appointments and removing Board members Minister has no power to direct (unless specifically provided for in another Act) but sets direction and annual expectations Agency must 'give effect to' Whole-of-Government approach if directed by Ministers of Finance and Public Service
NPMT – Private trust (listed in Schedule 4 of the Public Finance Act 1989)	N/A – Receives no direct Crown funding but receives platform funding of around \$5m per year via NZ On Air, plus some contestable funding. For example in 2022/23 it received \$892,871 through the Public Interest Journalism Fund.	Chair: Saimoni (Sai) Lealea CE: Don Mann	The Ministry	<ul style="list-style-type: none"> In consultation with Minister for Pacific Peoples, Minister determines appointments and (with discretion) removal of Board members Changes to the trust deed need to be agreed by Joint Ministers

Appendix 3: Issues in the broadcasting and media sector

Kiwi audiences are moving online at pace

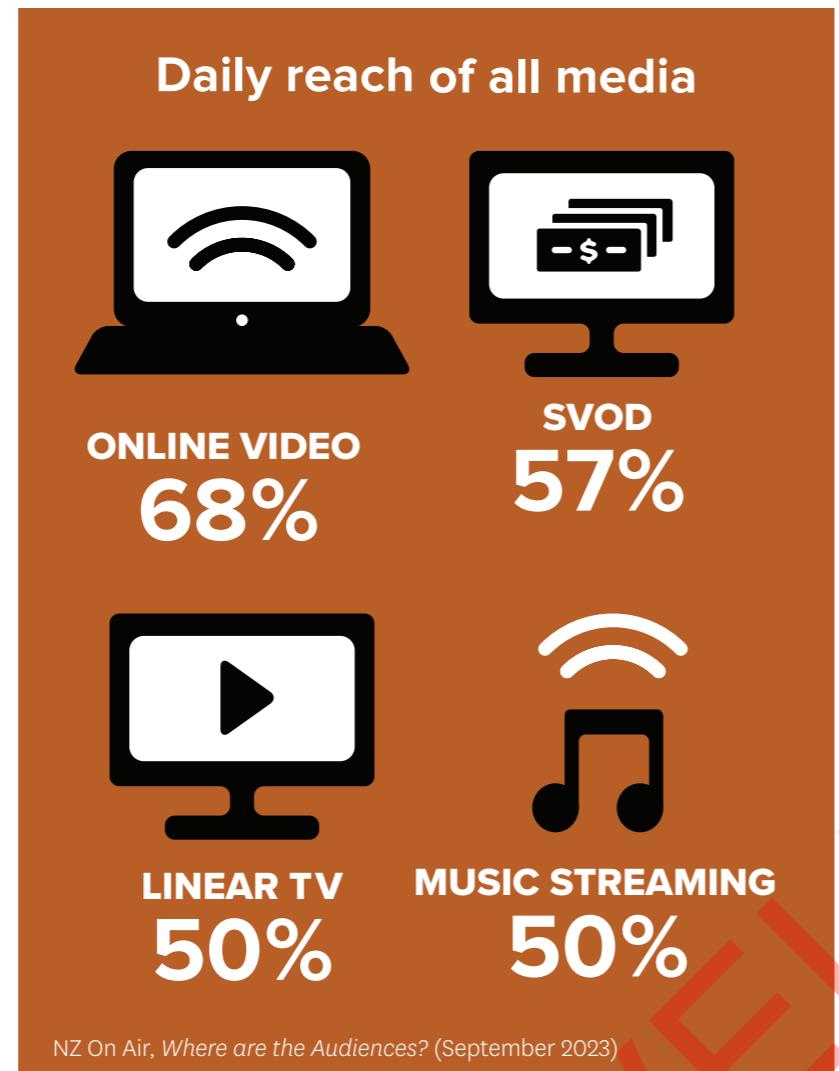
Trends:

- New Zealanders now spend more time using digital media than traditional media.
- Digital growth has spread to older audiences.
- On demand viewing shows the strongest audience growth of any media.
- YouTube remains the most popular media option in New Zealand, following by Netflix, Facebook, TVNZ1 and Spotify.
- Television no longer dominates ‘prime time’.
- Spotify listening is closing in on radio.

Ministry workstreams: this context informs all broadcasting and media work programmes.

Implications: traditional media and public media entities must digitally transform to reach audiences. Regulatory regimes are now out-of-date.

Stakeholders: applicable to all stakeholders.



Regulatory systems are outdated

Issue: The regulatory regime is over 30 years old and in urgent need of modernisation. The *Broadcasting Act 1989* was created before widespread use of the internet and so is focused on traditional media such as television and radio.

The current system creates an uneven playing field for our local broadcasters who are subject to requirements when other types of media are not. Broadcasters are subject to:

- advertising restrictions on Sunday mornings and certain public holidays,
- the broadcasting standards regime (and a levy to administer it)

The current institutional arrangements for funding content through NZ On Air (established in 1989) and the New Zealand Film Commission (NZFC, established in 1978) have not kept pace with changes in the way content is produced and consumed, and there is now significant overlap between these entities' functions.

Ministry workstreams: Modernising and streamlining media legislation to level the playing field for media platforms and better support ambitious, exportable New Zealand content.

Implications: Audience confusion, uneven playing field, inefficiencies, falling behind equivalent jurisdictions, inefficiency within Crown Entity arrangements

Stakeholders: Regulatory and industry bodies, media companies, broadcasters.

Traditional media business models are failing

Issue: Advertising revenue on traditional media entities is declining and local media need to adapt to monetise digital content and find new revenue streams. At the same time, large online companies are increasingly competing for digital advertising revenue (Facebook, Google) and audiences (Netflix, YouTube, Disney) while making a limited contribution to local jobs and content.

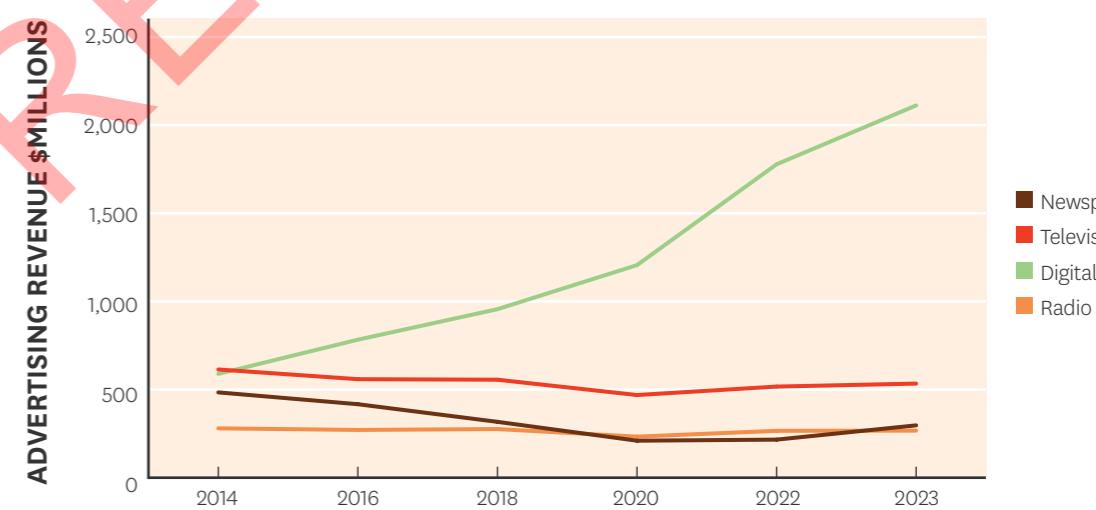
The impact on local media has been seen in recent announcements from media companies on profit drops and cuts to content. TVNZ's revenue for the first half of the 2024 FY fell 13.5 percent and it has announced cuts to its investment in local content, including news and current affairs programmes Fair Go and Sunday.

Warner Bros Discovery is closing its Newshub newsroom (instead outsourcing production of its 6pm bulletin to Stuff) and it will only commission local content for Three and ThreeNow where local funding can be obtained.

Ministry workstreams: Fair Digital News Bargaining Bill, and modernising the *Broadcasting Act 1989*, including encouraging investment in local content from streaming platforms.

Implications: The longer-term viability of New Zealand commercial media is under threat, which in turn impacts the viability of the content production sector, and risks losing local content and New Zealand voices, stories and perspectives.

Stakeholders: New Zealand Broadcasters, news publishers and local screen production companies



Local content is valued but is not reaching all audiences

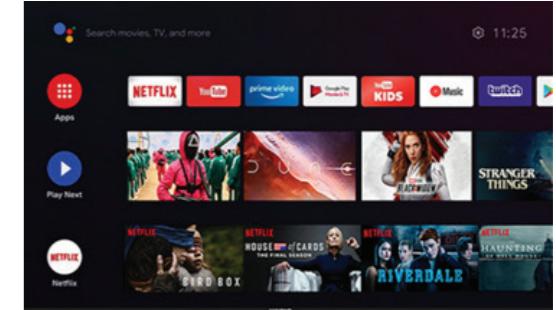
Issue: Some key groups of New Zealanders (including children and youth) are under-engaged with local content. Global digital platforms are one of the most popular ways for New Zealanders to access content but most have limited local content, which can be difficult to find. Local broadcasting services and platforms can also have limited availability or prominence on smart TVs sold in New Zealand.

There is an opportunity to consider requirements for streaming platforms to show or produce New Zealand content and prominence and discoverability requirements to ensure local content reaches audiences and is given prominence on the platforms and on technology used by New Zealanders.

There is also an opportunity to consider ways to increase the levels of captioning and audio description on media content to ensure deaf, hard of hearing, blind or vision impaired New Zealanders have access to this content.

Ministry workstreams: modernising and streamlining media legislation.

Implications: If audiences can't find/access relevant local content this undermines government investment.



Stakeholders: New Zealand broadcasters, TV manufacturers, ABLE, global platforms.