

Hon Willie Jackson

Minister for Broadcasting and Media

Proactive release of Cabinet Material: Reprioritisation of
funding decisions to strengthen public media in New Zealand

2 June 2023

These documents have been proactively released by the Minister for Broadcasting and Media. This includes the Cabinet paper and other key decisions, as listed below:

DEV-23-MIN-0041 Minute Strengthening Public Media in New Zealand:
Reprioritisation of funding decisions

Cabinet paper - Reprioritisation of funding decisions to strengthen public
media in New Zealand, Office of Minister for Broadcasting and Media

PROACTIVELY RELEASED

In Confidence

Office of the Minister for Broadcasting and Media

Cabinet Economic Development Committee

Reprioritisation of funding decisions to strengthen public media in New Zealand

Proposal

- 1 This paper seeks Cabinet agreement to the reprioritisation of \$351.4 million of uncommitted funding approved in Budget 2022 from the Broadcasting Vote; Public Services Broadcasting appropriation for the Aotearoa New Zealand Public Media Bill (ANZPM Bill) (CAB-23-MIN-0019).

Relation to government priorities

- 2 The proposals support the Government's reprioritisation programme to address key priorities through Budget 2023 due to the constrained fiscal environment faced by New Zealanders.
- 3 The reprioritisation proposals will strengthen and support New Zealand's public media, which continues to face ongoing challenges. It will complement current Government investment to strengthen the Māori media sector over the next three years by building a public media sector that is capable, connected, and sustainable.

Executive Summary

- 4 In February 2023, Cabinet agreed to withdraw the Aotearoa New Zealand Public Media Bill. Cabinet directed that funding committed through Budget 2022 for the ANZPM Bill to Budget 2023 be reprioritised to address economic challenges being faced by ordinary everyday New Zealanders, while also being able to refocus our immediate efforts on strengthening public media in more cost-efficient ways.
- 5 With the decision to discharge the ANZPM Bill, this paper seeks Cabinet agreement to rescind Budget 2022 decisions regarding funding for establishment and integration costs of \$24.4 million and new content of \$327 million (\$109m per annum for three years) from Vote Arts, Culture and Heritage. In the Budget 2023 forecast period, including the 2026/27 year, this totals \$482.5 million.
- 6 I am seeking Cabinet agreement to return \$364.7 million of funding (establishment and operational costs) to be reprioritised through Budget 2023 for other government priorities.
- 7 I propose to reprioritise the balance of the uncommitted funding (\$117.8 million over 4 years) on core proposals to address priority challenges to

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Aotearoa New Zealand's public media sector. These proposals will enable us to strengthen public broadcasting in New Zealand without establishing a new public media entity and build on Government investment that is being made in the Māori media sector.

- 8 I propose to reprioritise \$35.7 million for 2023/24 and \$25.7m thereafter to support public media. This includes a \$25.7m annual baseline funding for RNZ to address ongoing cost pressures and to expand and strengthen its public broadcaster role. In addition, I propose \$10 million of new funding to NZ On Air to contribute towards public media initiatives for 2023/24. \$5 million of the ANZPM establishment costs will be re distributed this financial year to assist RNZ with its immediate 2023 cost pressures.
- 9 This package will enable us to advance a number of key objectives that we sought to address through the new media entity. It will build on Government's investment in the Māori media sector to ensure a public media sector that is capable, connected, and sustainable.
- 10 The work being led by Te Puni Kōkiri in the Māori media shift informs the proposals in this paper. Both programmes of work highlight that greater collaboration and partnerships across the public media sector are required to enable us to develop high quality content for audiences who are currently hard to reach, under-represented or under-served such as Māori, Pacific, Asian, disabled people, rangatahi and children.
- 11 I propose that Cabinet agree to rescind previous Budget decisions to transfer \$42.2 million of NZ On Air's 2023 baseline funding to the new public media entity. As the new entity is no longer being established and to ensure certainty for the broader media sector, I propose specifying that this \$42.2 million baseline funding be retained by NZ On Air on an ongoing basis. RNZs current baseline funding of \$42.6 million p/a will also be returned.
- 12 A new Public Broadcasting Services appropriation for funding public media is required to reflect changes to the media landscape away from legacy broadcasting models to online digital content. I seek Cabinet agreement to a new appropriation that will reflect the needs of a modern, fit for purpose public media sector.
- 13 I propose to strengthen the stewardship role of Manatū Taonga in regard to delivering public media broadcasting through monitoring arrangements for RNZ, TVNZ and NZ On Air. I ask Cabinet to note there is further work to better support New Zealand's public broadcasting, including consideration of TVNZ's public broadcasting role. Enhanced monitoring arrangements will ensure that public media entities are delivering on the Government's investment in public media.
- 14 Drawing on the review of the RNZ Charter completed by the Economic Science and Innovation Select Committee in 2022, I propose to report back to Cabinet on ways to modernise and update the RNZ Charter to reflect the expectations of a modern, fit for purpose public media in Aotearoa New Zealand.

- 15 I am confident that the measures proposed in this paper are necessary and sufficient to strengthen our public broadcasting to ensure New Zealanders have long-term sustainable and trusted media services. This is critical work that needs to continue with the withdrawal of the Aotearoa New Zealand Public Media Bill.

Background

- 16 An independent, well-functioning and resilient public media is a critical component of our democracy and civil society. In 2022, Cabinet considered pressing challenges faced by New Zealand's public media sector and took decisions to establish a new public media entity to address these issues and build greater opportunities for a strong public media (CAB-22-MIN-0034).
- 17 Public media in Aotearoa is still facing critical challenges including:
- New Zealand's media eco-system is small and fragile, and the media landscape is changing rapidly. Public media must adapt to increased competition, changing audience demands and falling revenue all the while needing to connect with a growing diversity of audience needs (such as diverse cultures and languages and disability issues).
 - There is no longer a viable commercial model that can support quality journalism, and a real danger of market failure for news media that can only be balanced by a strong public media.
 - The current provision of public media is not connecting with diverse audiences, particularly Māori, Asian, Pasifika, and young New Zealanders. Accurate, trusted media is becoming less accessible.
 - Misinformation is having real impacts on social cohesion. Left unaddressed, future Governments will struggle to deliver meaningful policy change.
 - AM frequency radio broadcast is a critical channel to help reach New Zealanders in an emergency, especially in sparsely populated areas that have gaps in cellular coverage. With a changing business model, this channel requires government investment to retain lifeline services.
- 18 In February 2023, Cabinet agreed to withdraw the Aotearoa New Zealand Public Media Bill. Cabinet sought to reprioritise funding committed through Budget 2022 for the ANZPM Bill to Budget 2023 due to the constrained fiscal environment faced by New Zealanders (CAB-23-MIN-0019).
- 19 Cabinet acknowledged New Zealand's public broadcasting continues to operate in a challenging economic and social climate. It agreed that the Minister for Broadcasting and Media would provide further advice on proposals to strengthen and support public broadcasting through reprioritising some of the previously committed funding, through:

- Providing extra funding to RNZ to both secure its financial stability and to better support and expand and strengthen its public media role.
- Exploring ways to ensure TVNZ plays a public broadcasting role.
- Ensuring funding is provided for public broadcasting across any platform, including funding through NZ On Air.

Funding available to be reprioritised

- 20 Budget 2022 committed \$327 million total operating funding to support the establishment of a new media entity including operating and monitoring costs (\$109 million per annum for 3 years). \$36 million was allocated for establishment costs for the new entity.
- 21 Manatū Taonga expects to spend approximately \$13.7 million on the establishment of ANZPM and wind down of the programme, in addition to the \$6.1 million spent on the business case phase.
- 22 Following Cabinet agreement to the proposals in this paper (costed at approximately \$117.8 million for four years), \$364.7 million of operating spending will be returned to progress government priorities in Budget 2023.
- 23 The detail of the funding proposals allocated, proposed to be reprioritised and available to return are outlined in Appendix One: *Uncommitted funding Budget 2022 and reprioritisation*.

Outcomes from the investment

- 24 Through greater investment in RNZ and the current investment in the Māori media sector we can have a collaborative cohesive public media sector that:
- has a public media focus first and foremost that brings news and information to all of Aotearoa
 - is editorially independent
 - is able to deliver new services to hard-to-reach audiences in new ways on the platforms people use, when they need to use them
 - delivers on the Crown's intent to recognise and respect Te Tiriti principles
 - delivers new forms of content that tells unique New Zealand stories

The need for increased investment in RNZ

- 25 The funding proposals in the paper represent a 60 per cent increase in RNZ baseline funding. With the recent shift in government priorities and the continued need for strong public broadcasting, I consider it vital that we invest in RNZ, which has a proven ability to inform, entertain and provide news and information.

- 26 RNZ is the heart of New Zealand's public media sector, its most trusted and collaborative media entity – a taonga. The public broadcasting services it provides helps to build awareness of the world and New Zealand's place in it, fosters critical thought, counters misinformation / disinformation and promotes informed and many-sided debate.
- 27 There are increasing demands on RNZ. It is expected to foster and support public media in Aotearoa, maintain its existing functions and roles (including crucial lifeline utility functions and infrastructure) and meet the demands of a highly digital world.
- 28 In an age buffeted by misinformation and disinformation and the rise of media giants our unique New Zealand stories and voices are being crowded out. RNZ offers a place and space for those stories and voices. A place and space which needs to expand to include new audiences.
- 29 The recent adverse weather events of Cyclone Gabrielle and the Auckland floods highlighted the importance of a strong public media in a time of crisis. RNZ and TVNZ (as lifeline entities in Schedule 1 of the Civil Defence Emergency Management Act 2002) provided critical lifeline information, maintaining a source of verified information during the events. They were able to deliver during a time of National Emergency in regional New Zealand like no international entity could.
- 30 It is more crucial than ever that we support and strengthen our public media system as we experience more frequent threats posed by climate change and other disasters across wider swathes of New Zealand. The recent series of significant weather events has illustrated the critical role RNZ has to play in the event of natural disasters and the criticality of the broadcast network at such times. While advances in technology (including mobile and digital) continue, they do not always work well in such events.
- 31 RNZ's national network of critical infrastructure and local connections to the community is essential in times of emergency. This network can (and needs to) grow further. It requires more regional staffing and partnerships to become truly national again through expanded regional reporting. It requires investment to both maintain essential services with growing cost pressures and become less reliant on cross-subsidisation (such as Parliamentary broadcasting).

Other options will not address the immediate challenges facing public media

- 32 New Zealand has a complicated funding model for public media including public broadcasters such as TVNZ, RNZ, Whakaata Māori and the Pacific Media Network, and content funders such as NZ On Air, Te Māngai Pāho and the Film Commission. Without structural reform, collaborative approaches across the sector are required to drive efficiencies and to get maximum benefit out of the Government's investment.

- 33 Along with investment through the Māori media shift, support for RNZ and NZ On Air is the best way to address the immediate challenges, particularly given the significant underinvestment that we have seen into RNZ over many years.
- 34 Lower levels of investment for RNZ were also considered. However, having examined the initiatives that RNZ state are crucial in meeting audience needs going forward, I consider that RNZ cannot deliver the services expected of a modern public broadcaster at this level of funding.
- 35 I consider the \$25.7m baseline increase for RNZ to be the minimum viable to achieve Cabinet's advice to strengthen and support public broadcasting outcomes through additional funding for RNZ. The current proposal in the paper balances the need to support RNZ to meet current fiscal pressures and maintain minimal services, while also providing enhanced public broadcasting services.

RNZ's current financial position

- 36 RNZ, like much of the media sector, has had challenging times over the past few years. It has supported government priorities for improved public media services and actively engaged in planning for the new media entity.
- 37 RNZ has continued to operate and provide high quality public broadcasting services while faced with changes in the media sector that are still causing disruption and altering the underlying economics of the sector. The drivers for reform within the media sector are not going to go away and it is becoming increasingly hard to provide high-quality content in a sector where content production costs continue to increase.
- 38 The cessation of RNZ's 2021/22 budget increase of \$900,000, continued inflationary cost pressures and the need for it to allocate already-stretched resources to the establishment of ANZPM has exacerbated RNZ's tenuous financial position.
- 39 As a result of supporting government priorities to improve public broadcasting services and supporting government direction toward a new media entity, RNZ is running a near \$4 million non-cash deficit this financial year, and has \$1 million in delayed, urgent capex funding to maintain infrastructure and current technology.
- 40 To maintain services through a transitional period of change, RNZ has been managing its position by increasing investment to ensure a smooth transition for RNZ into the new entity. This investment included the need to invest in retaining and maintaining skilled and experienced kaimahi as RNZ prepared to transition to the new entity.
- 41 RNZ remains committed to fulfilling its current strategy. However, with the new media entity pending, it had placed a hold on recruiting into vacancies, investing in capital projects to reduce considerable technology debt and delaying research, training, and development.

- 42 In a normal year, RNZ would have either sought to secure an increase in funding through a Budget bid or cut services. However, this is not a normal year, and RNZ has focused on moving kaimahi into the new entity ready to tackle the future.
- 43 In 2022, Deloitte estimated if the new media entity did not proceed, RNZ needed ~\$36 million in the next year (funded through additional Crown funding) to “execute its strategy and invest in media hubs, multimedia production, online/on demand distribution platforms website enhancements, personnel and targeted expenditure for increased content services for underserved audiences”.
- 44 Without support RNZ will remain with outdated technology and inefficiencies, ongoing staff shortages, and the hampering of its ability to meet new audience challenges.
- 45 A lack of funding for RNZ places the wider sector at risk. For example, RNZ has more than 50 media partners who are reliant on the free supply of RNZ content. Without additional funding, the media sector’s ability to cover issues important to democracy will be compromised.

Increased funding will ensure RNZ is financially sustainable and able to deliver on stronger public media policies

- 46 Due to the decision to end the ANZPM project, recent national emergencies, and ongoing cost increases, RNZ has a need for greater support. I therefore recommend a \$12m increase to RNZ’s baseline funding, including:
- Returning investment taken from news, children’s drama and music to support the development of commissioned content and TAHI.
 - ICT security and addressing technology debt.
 - Meeting the expectations of kaimahi to bring pay levels up to the public sector median, including remuneration structure review (a process that fell out of union negotiations in FY22/23).
 - Addressing legacy technology and infrastructure debt that has seen significant underinvestment over a long period of time
 - Property lease costs and security.
 - Increases to travel costs (not only increase in travel but also in the prices of fares and accommodation).
 - Audit fees, valuation of property and insurance fees.
 - Addressing other significant cost increases, including archiving, public records and royalty fees (APRA and RMNZ).

- 47 \$12m per annum to be put towards new innovative-focused initiatives dictated by audience demand which could include¹:
- \$4.8m – Strengthen news and current affairs via a free multi-media digital news platform: existing funding has not allowed RNZ to build on its digital engagement with audiences.
 - \$3.3m – Becoming truly national again through expanded regional coverage. RNZ would expand its regional services so it can dive deeper into local issues and be directly a part of communities.
 - \$2.2m – Initiatives to strengthen Māori and Pacific content for new audiences, including supercharging the public media sector’s content sharing and providing a new wire service to provide trusted New Zealand content to all New Zealanders.
 - \$1.7mk – Building a dedicated new emergency lifeline information service to respond effectively in times of crisis: RNZ has a crucial role as a lifeline utility, but the increasing frequency and severity of these events has stretched its resources very thin. It needs to invest in skills which will allow it to perform its role fully in the future.
- 48 An additional \$1.7 million per annum is also required to support RNZ’s AM transmission service and infrastructure. RNZ and TVNZ are specific entities identified under Schedule 1 of the Civil Defence Emergency Management Act 2002, responsible for maintaining communications during a civil defence event. RNZ and TVNZ have a responsibility to maintain communications to many areas of New Zealand that are prone to natural disasters.
- 49 As evidenced by the recent weather event brought about by Cyclone Gabrielle and previous flooding events in Northland and Auckland, good reliable communications pre-, during and post- civil defence emergencies are critical to communities both surviving and recovering from such events.
- 50 The current contract for the Parliamentary broadcast service (\$8.5m over five years) is being cancelled. As the service is carried on the same transmission towers as RNZ’s AM network, this funding helps subsidise the cost of the wider AM network. Given the Parliamentary service funding is being discontinued, RNZ’s ability to keep funding the large cost of AM infrastructure is at risk without additional funding.

Restoration of baseline funding for NZ On Air 2023

- 51 As the new media entity is not proceeding, NZ On Air baseline funding of \$42.2 million, which was going to go to the new entity from 2023/24, will now be retained ongoing by NZ On Air to deliver these services. RNZs current baseline funding of \$42.6 million p/a will also be returned.

¹ Costs are an annual estimate and do not include potentially additional capex costs

- 52 The previous decision to transfer the funding to the new entity was a joint Ministers' agreement. However, I am now seeking Cabinet confirmation to rescind that decision as part of the wider package of support to the media sector, noting that as this is baseline funding being retained by NZ On Air, it does not form part of the reprioritisation package.
- 53 Retaining the funding with NZ On Air will provide the local production sector with confidence and certainty at a time when uncertainty in the sector is at its highest.

Funding to support new public broadcasting

- 54 Further to supporting RNZ financially and restoring baseline funding for NZ On Air, Cabinet also directed officials explore ways to strengthen public media and deliver high quality content to all New Zealand audiences.
- 55 In addition to seeking Cabinet confirmation to restore NZ On Air baseline funding, I propose to strengthen collaborative public broadcasting services through a \$10 million increase to NZ On Air baseline funding for the 2023/24 financial year.
- 56 The funds will support creation of innovative content to reach new audiences. It will be used to deliver trusted public media news, information and entertainment through cross-sector collaboration. Its aim will be to reach groups who are currently under-represented across the media system (such as Māori, Pacific, Asian, rangatahi and children) including new initiatives for tamariki that parents, caregivers and educators can trust.
- 57 The funds would be focused on commissioning content that will strengthen public media contributions to New Zealand society.
- 58 My expectation is that NZ On Air would work in collaboration with RNZ, Te Māngai Pāho and other public sector entities including the Pacific Media Network and Whakaata Māori to get maximum benefit out of Government investment. Collaboration will improve cross sector working, maximise government investment and create wider opportunities for distribution.
- 59 There is previous experience of NZ On Air working collaboratively for shared outcomes through the *RNZ/NZOA Joint innovation fund*, a time-limited fund that distributed \$6 million over three years. It funded 31 projects, contracting 26 producers or publishing companies. A number of those producers were first-time producers who have gone on to produce multiple series.
- 60 Projects, which began towards the end of 2019, ranged across audiences and genres and were both multimedia and multi-platform. Particular focus was given to rangatahi, Māori and Pasifika stories. Notable projects included *NZ Wars: Stories of Waitara*, *Fight for the Wild*, *The Detail*, the Local Democracy Reporting scheme, *The Citizen's Handbook* and *Aotearoa History Show*.
- 61 The funding would go beyond journalism to include a focus on content for children, rangatahi, Māori, Pacific and regional audiences.

Further work plan to strengthen public broadcasting services

- 62 Cabinet noted the challenges facing the public media sector will remain over the long-term. It acknowledged that ANZPM is not the only way to strengthen public media given current economic challenges. There is an opportunity to refocus our efforts on strengthening the local media sector in other ways, including ensuring RNZ is delivering on the investment we are making and ensuring TVNZ is playing a stronger public broadcasting role.
- 63 The following outlines a plan of work for immediate and longer-term options to strengthen public broadcasting services. It proposes work that strengthens the current stewardship responsibilities of Manatū Taonga through enhanced monitoring and reporting of RNZ and TVNZ, and mandates for delivering public service broadcasting. The forward work programme is designed to ensure that public media entities are delivering on the Government's investment in public media.

Immediate actions

Expanding the scope of the public broadcasting services appropriation

- 64 The existing scope statement for the Public Broadcasting Services in Vote Arts, Culture and Heritage is no longer fit for purpose. It needs to change to reflect the role that NZ On Air needs to play in a changing media system.
- 65 The current appropriation is outdated and limited to providing funding for New Zealand television and radio programmes. The scope statement does not include a focus on digital services that are critical to modern audiences.
- 66 To ensure the scope of the new appropriation is fit for purpose and the future, I am recommending a broad scope to include content and programming for New Zealand audiences and supporting collaboration with other media organisations and sector entities.
- 67 Although the scope of appropriation is being broadened, NZ On Air and RNZ will remain constrained by existing legislation.

Review of RNZ's Charter

- 68 The ANZPM Bill included a new Charter designed for a modern fit for purpose national public media entity. We are able to take the lessons from drafting a Charter for ANZPM (including submissions received during Select Committee consideration) to update and strengthen RNZ's Charter.
- 69 This work will also incorporate a reconsideration of the findings in the Government's response to the Report of Economic Development, Science and Innovation Select Committee on the Inquiry into the Review of the Radio New Zealand Charter.

Direct funding of RNZ

- 70 Currently, funding for RNZ passes through NZ On Air. I am recommending further work from officials to consider the benefits of Manatū Taonga directly funding RNZ in the future.
- 71 When NZ On Air was established, it was given the role of collecting the former broadcasting fee, which was the source of funding for RNZ as well as NZ On Air. When that fee was abolished and replaced by Budget appropriations, NZ On Air's funding role of RNZ continued.
- 72 There are some benefits of direct funding to be further explored (such as the potential to reduce funding complexity, streamlining funding flows and creating greater transparency and accountability). However, the benefits need to be weighed against supporting RNZ editorial independence, which is protected in the RNZ Charter. As a Crown Entity Company RNZ has significant safeguards for its independent operation covered in the Crown Entities Act 2004.

Reporting and monitoring of TVNZ and RNZ

- 73 As a commercially focussed entity, monitoring the performance of TVNZ and Board appointments is led by the Treasury to both shareholding Ministers (the Minister of Finance and the Minister for Broadcasting and Media). The Treasury is the lead entity and engages with Manatū Taonga on a case-by-case basis.
- 74 To ensure that government investment in public media is effective and delivering for audiences, there is an opportunity to strengthen the stewardship role of Manatū Taonga through a greater monitoring role of both RNZ and TVNZ.
- 75 The opportunity to include further public media performance measures developed for ANZPM into monitoring frameworks for RNZ and TVNZ would:
- enable direct monitoring of TVNZ achieving those public service outcomes, alongside the company's commercial imperatives (rightly monitored by The Treasury); and
 - support and provide assurance of RNZ's performance with a larger budget and a greater central role in delivering public media outcomes.

RNZ and TVNZ Board appointments

- 76 The Treasury leads advice on Board appointments for all Crown owned companies including TVNZ and RNZ (The Treasury consults with Manatū Taonga as part of the appointment process). Manatū Taonga leads on Board appointments for NZ On Air, and for ANZPM (before establishment was halted).
- 77 The predominant focus in Board appointments for TVNZ is on commercial skills, as is appropriate for a commercially focused Board. However, while reviewing the ANZPM Board appointments there were recommendations for

people who had strong links with their communities, iwi and hapū, and people who could bring strong diversity perspectives and a dedicated public media focus to the Board.

- 78 As Minister for Broadcasting and Media, I am focussed on the positive role that the Directors of RNZ and TVNZ can play in the strategy of our wider media eco-system, including through collaboration with NZ On Air, Te Māngai Pāho and Whakaata Māori.
- 79 I will seek further opportunities for recommending Board members who will provide the Board collectively with greater diversity of experience (beyond the commercial) and greater public media experience as a way of strengthening TVNZ's public broadcasting services, including a review of legislative instruments such as the TVNZ Act to make effect to these recommendations. Considering increased cost pressures across the sector and the proposed level of investment, it is also important that alongside public media experience, RNZ's board has an increased focus on fiscal management.
- 80 In addition to these measures, which will serve to strengthen the stewardship responsibilities Manatū Taonga has in the media sector, I will be updating RNZ and TVNZ's letters of expectation to reflect an increased expectation for both entities regarding public broadcasting objectives.

Longer term options

Review of legislation

- 81 Manatū Taonga officials are currently reviewing the Broadcasting Act 1989 to make sure New Zealand has modern legislation to take us forward into the future. There are aligned opportunities to review the Acts governing our various entities and the public broadcasting sector.

TVNZ currently financially contributes to public broadcasting outcomes

- 82 TVNZ has been regularly paying dividends (11 of the last 16 years) and paid the largest dividend in FY22 of \$15 million. The TVNZ Board is responsible for the company's dividend policy and the Board sets its dividend policy within the context of TVNZ future capital requirements.
- 83 TVNZ uses the commercial revenue it generates to cover its operating costs as well as its investment in New Zealand content (which is over \$100 million per annum) and to fund its future investment requirements. In particular, TVNZ is investing in a new IP Platform which it is planning to fund from its own balance sheet. This new IP platform will be central to accessing hard to reach audiences.

Cross-sector

- 84 Te Puni Kōkiri, in consultation with partner agencies, such as Manatū Taonga and other sector agencies (Te Māngai Pāho, NZ On Air, and Whakaata Māori)

has been developing a programme of work to improve cross-sector coordination on Māori media content.

- 85 The workplan is being reviewed in line with recent Government decisions to reprioritise public broadcasting funding. Te Puni Kōkiri and Manatū Taonga will continue to work to identify opportunities to improve collaboration and coordination across the public media system that the Government's reprioritisation offers.

Outcomes and impact

- 86 The reprioritisation of funding in the public broadcasting sector seeks a service that is capable, connected, and sustainable and one that is able to collaborate and integrate in areas of shared interest and mutual benefit.
- 87 As we move forward in this work, we will build on the monitoring and reporting frameworks designed in the establishment phase of the new media entity to understand the impacts of Government investment.
- 88 We will be able to use these frameworks to determine what progress is being made against the overall objectives for our public broadcasting services and what other levers or mechanisms we will need to further support the sector.

Financial Implications

- 89 The financial proposals in this paper will allow us to advance many of the improved public media services previously planned under the ANZPM Bill.
- 90 The policy proposals in this paper are proposed to be funded from a reprioritisation of the previously committed ANZPM establishment and operational costs. It will enable a reconsideration of \$327 million operating funding and \$23.4 million in establishment and monitoring costs previously provided in Budget 2022, and a return of uncommitted funding of \$364.7 million for Budget 2023 to meet government priorities and enable investment in better public broadcasting services.

Legislative Implications

- 91 There are no legislative implications from the proposals in this paper.

Impact Analysis

Regulatory Impact Statement

- 92 A regulatory impact assessment is not required. The Strong Public Media programme of work and ANZPM establishment and implementation costs were informed by a business case (2021).

Population Implications

- 93 The proposals in this paper will enable us to deliver relevant content about New Zealanders to New Zealanders as public media has a key role in

ensuring New Zealanders have access to content that meets their diverse needs. It will enable public broadcasting media content that is more inclusive and reflects a multi-cultural Aotearoa that has a bi-cultural foundation.

- 94 Improved public broadcasting will assist with inclusion and social cohesion especially within vulnerable sectors of our communities through the ability of high-quality media sources to counter the growing spread of misinformation and disinformation and its ability to reach wide audiences. It will:
- help to manage the risks that future generations of New Zealanders will not have access to relevant, reliable and trusted New Zealand content that engages, informs, educates, and enlightens them; and
 - contribute towards addressing the needs of our under-engaged or under-served New Zealanders – such as children, rangatahi, Māori, Pacific, and regional audiences.
- 95 RNZ is New Zealand’s statutory life-line utility broadcaster. It is an essential tool that ensures during civil defence emergencies, it can support affected communities through providing vital information and updates as they come to hand, thereby mitigating risks and supporting vulnerable people and communities.

Human Rights

- 96 There are no human rights implications from the proposals in this paper.

Consultation

- 97 The paper has been consulted with The Treasury, Te Puni Kōkiri, the Office for Disability Issues, the Ministry of Pacific Peoples. The Department of Prime Minister and Cabinet has been informed.
- 98 RNZ and New Zealand On Air have provided information to inform the proposals in the paper.

Communications

- 99 The Minister for Broadcasting Media and will make these announcements via a written statement in consultation with the Prime Minister’s office.
- 100 I intend to proactively release this Cabinet paper proactively in whole or in part, within 30 business days of Cabinet decisions.

Recommendations

I recommend that Cabinet:

1. **note** that Cabinet has previously approved \$14.6 million funding for the establishment of a new public media entity in February 2022 [CAB-22-MIN-0034] and as part of the Budget 2022 agreed a \$370.1 million package [CAB-

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22-MIN-0129], together having a total impact on the Operating Balance over the Budget 2022 forecast period of \$384.7 million.

2. **note** that in February 2023 Cabinet agreed to cease work on this initiative (CAB-23-MIN-0019) and refocus efforts on strengthening the local media sector in other ways;
3. **note** that as a result of the decision to cease in rec 2 above, the majority of funding appropriated as outlined in rec 1 above is no longer required and is available to be reprioritised;

Reprioritisation of establishment costs

4. **agree** to overturn the decision in Budget 2022 to fund the establishment of a new public media entity and its subsequent operating costs;
5. **approve** the following changes to appropriations to give effect to the policy decision in recommendation 4 above, with a corresponding impact on the operating balance and/or net core Crown debt over the forecast period:

Vote Arts Culture and Heritage Minister for Arts Culture and Heritage	\$m – increase/(decrease)							
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30 & Outyears
Departmental Output Expense: Establishment of a New Public Media Entity (funded by revenue Crown)		(23.700)						
Multi-Category Expenses and Capital Expenditure: Policy Advice, Monitoring of Funded Agencies and Ministerial Services (MCA MYA) <i>Departmental Output Expenses:</i> Monitoring of Funded Agencies (funded by revenue Crown)		(1.000)						
Multi-Category Expenses and Capital Expenditure: Policy Advice, Monitoring of Funded Agencies and Ministerial Services (MCA)	-		(1.000)	(1.000)	(1.000)	(1.000)	(1.000)	(1.000)

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	\$m – increase/(decrease)							
Vote Arts Culture and Heritage Minister for Arts Culture and Heritage	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30 & Outyears
<i>Departmental Output Expenses: Monitoring of Funded Agencies (funded by revenue Crown)</i>								
Non-departmental Output Expense: Public Broadcasting Services	(24.700)	(118.600)	(111.400)	(113.400)	(111.400)	(111.400)	(111.400)	(109.000)
Total Operating	(24.700)	(118.600)	(112.400)	(114.400)	(112.400)	(112.400)	(112.400)	(110.000)

New appropriation and financial impact

6. **agree** to establish a new appropriation that reflects changes to the media landscape away from legacy broadcasting models to online digital content;

Vote	Appropriation Minister	Appropriation Administrator	Title	Type	Scope
Arts, Culture and Heritage	Minister for Broadcasting and Media	Ministry for Culture and Heritage	Public Media Services	Non-departmental Output Expense	This appropriation is limited to content and programming for New Zealand audiences; the funding for New Zealand content and programming, support the broader media sector; music, archiving, digital media platforms, broadcasting, and transmission coverage; maintenance of codes and determination of complaints on broadcasting standards; and funding a Pacific media network and international radio and television services to the Pacific.

7. **approve** the following changes to appropriations to give effect to the policy decision in recommendation 6 above, with a corresponding impact on the operating balance and net core Crown debt:

	\$m – increase/(decrease)				
Vote Arts Culture and Heritage Minister for Arts Culture and Heritage	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Non-departmental Output Expense: Public Broadcasting Services	-	(148.750)	(148.900)	(148.900)	(148.900)
Non-departmental Output Expense: Public Media Services	-	148.750	148.900	148.900	148.900
Total Operating	-	-	-	-	-

Reprioritisation of uncommitted operational costs

8. **note** that Cabinet sought proposals that will enable the Ministry to provide support and strengthen public broadcasting in New Zealand to manage the risks identified through the stronger public media programme of work and to continue to meet public broadcasting outcomes;
9. **note** this paper proposes a number of measures to achieve that outcome including greater investment in RNZ, the creation of a new Public Media Fund focussed on reaching underserved audiences (Māori, Pacific, Asian, rangatahi and children) and returning NZ On Air’s baseline funding to provide the local production sector with confidence and certainty;

Funding increase to RNZ and NZ On Air in 2022/23 and outyears

10. **agree** to provide additional funding to Radio New Zealand of \$5 million in 2022/23; and \$12 million per annum thereafter to address existing cost pressures, \$12 million per annum for digital transformation, strengthening public media outcomes and to contribute to new audience-focussed initiatives, and \$1.7 million per annum to support RNZ’s continued AM transmission for both critical emergency communications and the parliamentary broadcasting service;
11. **agree** to provide \$10 million to NZ On Air to contribute towards public media initiatives in 2023/24;
12. **note** the proposals address the need support RNZ to meet current fiscal pressures to maintain minimal services, while also providing enhanced public broadcasting services;
13. **approve** the following changes to appropriations to give effect to the policy decisions in recommendation 10 above, with a corresponding impact on the operating balance and/or net core Crown debt over the forecast period:

IN CONFIDENCE

	\$m – increase/(decrease)				
Vote Arts Culture and Heritage Minister for Arts Culture and Heritage	2022/23	2023/24	2024/25	2025/26	2026/27 & outyears
Non-departmental Output Expense:					
Public Media Services	5.000	35.700	25.700	25.700	25.700
Total Operating	5.000	35.700	25.700	25.700	25.700

14. **agree** that the change to appropriations for 2022/23 in recommendations 5, 7, 13 and 15 be included in the 202/23 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;

Surplus funding to be returned to the centre

15. **agree** that following the decisions in the recommendations above, a total of \$364.7 million across the Budget 2023 forecast period is to be returned to the centre to be reprioritised for other government priorities;

Other matters

16. **note** that any existing baseline funding previously planned to be transferred to the new public media entity from 2023/24 will now be retained by NZ On Air;
17. **note** that a programme of work will be undertaken by Manatū Taonga that will increase the stewardship responsibilities of Manatū Taonga;
18. **note** the work programme will enhance collaboration with the media sector on opportunities to further strengthen public broadcasting services including reviewing:
- RNZ's Charter;
 - the monitoring and reporting frameworks for TVNZ to better align with public broadcasting outcomes;
 - TVNZ and RNZ board appointments to strengthen both entities public broadcasting objectives;
 - The Broadcasting Act 1989 (including other acts governing public broadcasting) to make sure New Zealand has modern legislation to take us forward into the future; and
 - the direct funding of RNZ via an appropriation to Manatū Taonga.

Authorised for lodgement

Hon Willie Jackson

Minister of Broadcasting and Media

Appendix One: Uncommitted funding Budget 2022 and reprioritisation

PROACTIVELY RELEASED

Appendix One: Uncommitted funding Budget 2022 and reprioritisation

Budget 2022 funding allocated

	2022/23	2023/24	2024/25	2025/26	B22 Forecast Period Total (2022/23 to 2025/26)	2026/27	Current Forecast Period Total (2022/23 to 2026/27)
Manatū Taonga Strong Public Media							
Departmental Output Expense: Establishment of new public Media entity	23.7	-	-	-	23.7	-	23.7
Establishment cost - to be incurred by new entity		9.6	2.4	4.4	16.4	2.4	18.8
New entity Monitoring - To be incurred by MCH		1	1	1	3	1	4
New content - to be incurred by new entity		109	109	109	327	109	436
Operating total	23.7	119.6	112.4	114.4	370.1	112.4	482.5

Total funding proposed to be returned

	2022/23	2023/24	2024/25	2025/26	B22 Forecast Period Total (2022/23 to 2025/26)	2026/27	Current Forecast Period Total (2022/23 to 2026/27)
Funds Returned to Centre							
Remainder of Funds spent on ANZPM establishment	18.7	-	-	-	18.7	-	18.7
Other Funds Returned to centre	-	83.9	86.7	88.7	259.3	86.7	346.0
Operating total Funds Returned to the Centre	18.7	83.9	86.7	88.7	278.0	86.7	364.7

Proposed funding retained for reprioritisation

	2022/23	2023/24	2024/25	2025/26	B22 Forecast Period Total (2022/23 to 2025/26)	2026/27	Current Forecast Period Total (2022/23 to 2026/27)
Reprioritisation							
RNZ Baseline increase - to meet existing commitments	5	12	12	12	41	12	53
RNZ - new innovative focused initiatives	-	12	12	12	36	12	48
RNZ AM Transmission service and infrastructure	-	1.7	1.7	1.7	5.1	1.7	6.8
NZ On Air – Public Media Fund	-	10	0	0	1		10
Redistributed Operating Total	5	35.7	25.7	25.7	92.1	25.7	117.8

PROACTIVELY RELEASED



Cabinet Economic Development Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Strengthening Public Media in New Zealand: Reprioritisation of Funding Decisions

Portfolio Broadcasting and Media

On 29 March 2023, the Cabinet Economic Development Committee:

Background

- 1 **noted** that on 21 February 2022, Cabinet approved \$14.6 million funding for the establishment of a new public media entity [CAB-22-MIN-0034], and as part of Budget 2022 agreed a \$370.1 million package [CAB 22-MIN-0129], together having a total impact on the operating balance over the Budget 2022 forecast period of \$384.7 million;
- 2 **noted** that on 8 February 2023, Cabinet agreed to cease work on this initiative, and to and refocus efforts on strengthening the local media sector in other ways [CAB-23-MIN-0019];
- 3 **noted** that as a result of the decision referred to in paragraph 2 above, the majority of funding appropriated, as outlined in paragraph 1 above, is no longer required and is available to be reprioritised;

Reprioritisation of establishment costs

- 4 **agreed** to overturn the decision in Budget 2022 to fund the establishment of a new public media entity and its subsequent operating costs;

5 **approved** the following changes to appropriations to give effect to the policy decision in paragraph 4 above, with a corresponding impact on the operating balance and/or net core Crown debt over the forecast period:

Vote Arts Culture and Heritage Minister for Arts Culture and Heritage	\$m – increase/(decrease)							
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30 & Outyears
Departmental Output Expense: Establishment of a New Public Media Entity (funded by revenue Crown)	(23.700)	-	-	-	-	-	-	-
Multi-Category Expenses and Capital Expenditure: Policy Advice, Monitoring of Funded Agencies and Ministerial Services (MCA MYA) <i>Departmental Output Expenses:</i> Monitoring of Funded Agencies (funded by revenue Crown)	(1.000)	-	-	-	-	-	-	-
Multi-Category Expenses and Capital Expenditure: Policy Advice, Monitoring of Funded Agencies and Ministerial Services (MCA)	-	(1.000)	(1.000)	(1.000)	(1.000)	(1.000)	(1.000)	(1.000)

	\$m – increase/(decrease)							
Vote Arts Culture and Heritage Minister for Arts Culture and Heritage	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30 & Outyears
Departmental Output Expenses: Monitoring of Funded Agencies (funded by revenue Crown)	-	-	-	-	-	-	-	-
Non-departmental Output Expense: Public Broadcasting Services	-	(118.600)	(111.400)	(113.400)	(111.400)	(111.400)	(111.400)	(109.000)
Total Operating	(24.700)	(118.600)	(112.400)	(114.400)	(112.400)	(112.400)	(112.400)	(110.000)

6 **noted** the following changes as a result of the decision in paragraph 4 above, with a corresponding impact on net debt:

	\$m – increase/(decrease)							
Vote Arts Culture and Heritage Minister for Arts Culture and Heritage	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30 & outyears
Capital Receipts: New Public Media Entity subsuming RNZ/TVNZ		(101.600)	(100.000)	(51.100)	(32.400)	(12.400)	(8.600)	
Total capital		101.600	100.000	51.100	32.400	12.400	8.600	

7 **noted** that the decrease in capital receipts will be charged against the Multi-Year Capital Allowance (MYCA) that was set at the 2022 Half-Year Economic and Fiscal Update;

PROSPECTIVELY RELEASED

New appropriation and financial impact

8 **agreed** to establish a new appropriation that reflects changes to the media landscape away from legacy broadcasting models to online digital content, as follows:

Vote	Appropriation Minister	Appropriation Administrator	Title	Type	Scope
Arts, Culture and Heritage	Minister for Broadcasting and Media	Ministry for Culture and Heritage	Public Media Services	Non-departmental Output Expense	This appropriation is limited to content and programming for New Zealand audiences; the funding for New Zealand content and programming, support the broader media sector; music, archiving, digital media platforms, broadcasting, and transmission coverage; maintenance of codes and determination of complaints on broadcasting standards; and funding a Pacific media network and international radio and television services to the Pacific.

9 **approved** the following changes to appropriations to give effect to the policy decision in paragraph 8 above, with a corresponding impact on the operating balance and net core Crown debt:

Vote Arts Culture and Heritage Minister for Arts Culture and Heritage	\$m – increase/(decrease)				
	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Non-departmental Output Expense: Public Broadcasting Services	-	(148.750)	(148.900)	(148.900)	(148.900)
Non-departmental Output Expense: Public Media Services	-	148.750	148.900	148.900	148.900
Total Operating	-	-	-	-	-

Reprioritisation of uncommitted operational costs

10 **noted** that Cabinet sought proposals that will enable the Ministry for Culture and Heritage (Manatū Taonga) to provide support and strengthen public broadcasting in New Zealand, to manage the risks identified through the stronger public media programme of work, and to continue to meet public broadcasting outcomes;

11 **noted** that the paper under DEV-23-SUB-0041 includes a number of measures to achieve the outcome referred to in paragraph 10, including greater investment in Radio New Zealand, the creation of a new Public Media Fund focussed on reaching underserved audiences (Māori, Pacific, Asian, rangatahi, and children), and returning NZ On Air’s baseline funding to provide the local production sector with confidence and certainty;

Funding increase to Radio New Zealand and NZ On Air in 2022/23 and outyears

- 12 **agreed** to provide additional funding to Radio New Zealand of:
 - 12.1 \$5 million in 2022/23;
 - 12.2 \$12 million per annum thereafter to address existing cost pressures;
 - 12.3 \$12 million per annum for digital transformation, strengthening public media outcomes, and to contribute to new audience-focussed initiatives;
 - 12.4 \$1.7 million per annum to support Radio New Zealand’s continued AM transmission for both critical emergency communications and the parliamentary broadcasting service;
- 13 **agreed** to provide \$10 million to NZ On Air to contribute towards public media initiatives in 2023/24;
- 14 **noted** that the above proposals address the need support Radio New Zealand to meet current fiscal pressures to maintain minimal services, while also providing enhanced public broadcasting services;
- 15 approved the following changes to appropriations to give effect to the policy decisions in paragraph 12 above, with a corresponding impact on the operating balance and/or net core Crown debt over the forecast period.

	Sm – increase/(decrease)				
	2022/23	2023/24	2024/25	2025/26	2026/27 & outyears
Vote Arts Culture and Heritage					
Minister for Arts Culture and Heritage					
Non-departmental Output Expense:					
Public Media Services	5.000	35.700	25.700	25.700	25.700
Total Operating	5.000	35.700	25.700	25.700	25.700

- 16 **agreed** that the change to appropriations for 2022/23 above be included in the 202/23 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;

Surplus funding to be returned to the centre

- 17 **agreed** that following the above decisions, a total of \$364.7 million across the Budget 2023 forecast period is to be returned to the centre, to be reprioritised for other government priorities;

Other matters

- 18 **noted** that any existing baseline funding previously planned to be transferred to the new public media entity from 2023/24 will now be retained by NZ On Air;
- 19 **noted** that a programme of work will be undertaken by Manatū Taonga that will increase the stewardship responsibilities of Manatū Taonga;

- 20 **noted** that the work programme will enhance collaboration with the media sector on opportunities to further strengthen public broadcasting services, including reviewing:
- 20.1 Radio New Zealand's Charter;
 - 20.2 the monitoring and reporting frameworks for TVNZ to better align with public broadcasting outcomes;
 - 20.3 TVNZ and Radio New Zealand board appointments to strengthen both entities' public broadcasting objectives;
 - 20.4 the Broadcasting Act 1989 (including other Acts governing public broadcasting) to make sure New Zealand has modern legislation to take forward into the future;
 - 20.5 the direct funding of Radio New Zealand via an appropriation to Manatū Taonga.

Jenny Vickers
Committee Secretary

Present:

Hon Carmel Sepuloni
Hon Grant Robertson (Chair)
Hon Dr Megan Woods
Hon Dr Ayesha Verrall
Hon Willie Jackson
Hon Kiri Allan
Hon Damien O'Connor
Hon David Parker
Hon Peeni Henare
Hon Priyanca Radhakrishnan
Hon Dr Duncan Webb
Hon Rino Tirikatene
Hon Dr Deborah Russell

Officials present from:

Office of the Prime Minister
Officials Committee for DEV

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