



MP for Mana

Minister of Broadcasting, Communications
and Digital Media

Minister for Government Digital Services

Minister of Commerce and Consumer Affairs

Associate Minister of Housing (Public Housing)

3 June 2020

Dr Ruth Harley CNZM
Chair
Broadcasting Commission
PO Box 9744
WELLINGTON

Tēnā koe Dr Harley

POST BUDGET LETTER OF EXPECTATION 2020/21

This letter confirms the Broadcasting Commission (NZ On Air)'s Crown funding for the four years 2020/21 to 2023/24 as well as additional funding for the fourth quarter of 2019/2020. Its purpose is to assist the Board to meet the Government's vision for a thriving cultural sector, as well as legislative and accountability reporting requirements. I expect you to ensure that all members of your Board are aware of the content of this letter.

Sector contribution

The cultural sector is a priority for the Government. Arts, heritage, sport and media make a significant contribution to the lives of many New Zealanders who access, are employed in, and/or participate in cultural activities, with both economic and wider wellbeing impacts for our society. I thank you for your continued contribution to this important sector.

Over the past two years, an additional \$224.719 million has been invested in the cultural sector to support a more productive, sustainable, and inclusive society and economy. Last year \$160.033 million provided funding to support ten new policy initiatives that allowed us to take great strides in achieving our vision for the cultural sector through increasing access and participation, facilitating sustainable growth, strengthening national identity, and telling our news and stories.

This year we have been successful in securing significant support for the sector across 29 initiatives, with a focus on keeping people employed, helping the sector recover from the COVID-19 pandemic, and building a sustainable future together. I expect this funding to help ensure New Zealanders will have greater access and enjoy the important services of this sector and be able to participate widely in cultural activities across New Zealand. Part of that funding support will go towards providing relief to and bolstering the viability of the media sector.

This funding will support the following outcomes:

- protect sector jobs and create new employment opportunities for established and emerging talent

- contribute to New Zealand's economy through digital exports, value-added cultural works and events
- support an inclusive and connected society to improve mental and physical wellbeing
- support iwi/Māori to protect the mātauranga Māori and taonga central to their cultural identity
- protect heritage and taonga, ensuring they are available and accessible to current and future generations
- support the availability of quality news and stories to promote an informed democracy, social cohesion and national identity
- recognition of New Zealand's place in the Pacific and to better connect New Zealanders to Pacific culture and heritage

In line with my previous Letter of Expectations, I expect NZ On Air to work collaboratively with the Ministry for Culture and Heritage, the sector, and wider government to contribute towards sector and government outcomes.

New expectations

I realise this is an exceptional time as New Zealand continues to adapt to and recover from the COVID-19 pandemic. NZ On Air has an important role in the recovery and supporting the wellbeing of New Zealand. I am heartened by the significant contribution of your organisation through this challenging period. I look forward to seeing NZ On Air continue to explore new and innovative ways of enabling access and increasing participation of diverse communities across New Zealand and supporting the wider cultural sector.

In my letter to you dated 11 March 2020 I outlined my expectations for NZ On Air in 2020/21. I recognise the context in which I set these expectations is different to the environment in which NZ On Air operates now, and will operate into the future. These original expectations remain relevant to NZ On Air, and I expect it to continue to provide appropriate focus in these areas. Where expectations cannot be addressed in 2020/21 due to the impacts of COVID-19 on NZ On Air priorities and deliverables, I would like you to provide me with information on when they can be addressed.

As outlined by the Minister of Finance, the Government's plan to respond to and recover from the impacts of COVID-19 is broken into three waves:

- Wave One – Fight the Virus and Cushion the Blow
- Wave Two – Kickstarting the Economy
- Wave Three – Reset and Rebuild.

I expect NZ On Air to consider how it can contribute to each of these waves as it plans for the future. This applies to both new initiatives for which NZ On Air is receiving Budget funding as well as activity through baseline funding.

In addition to my Letter of Expectations 2020/21, due to the unique circumstances of funding, I have set additional expectations for NZ On Air for the new funding as outlined in **Schedule One**. This will provide clarity around my expectations for NZ On Air and where additional reporting is required.

Funding and Reporting

The proposed funding schedule for NZ On Air, in line with government policy outcomes, is set out in **Schedule Two**. The reporting schedule for 2020/21 is set out in **Schedule Three**. This covers reporting against the Statement of Performance Expectations.

I would also like to thank you for your contribution as Chair, and to acknowledge the efforts of the Board this year as we work towards the future together. I look forward to hearing about the performance of NZ On Air and wish you all the best for the 2020/21 year.

Please return a signed copy of this letter to the Ministry for Culture and Heritage, PO Box 5364, Wellington 6145 (attention: Sector Performance or Louise.Lennard@mch.govt.nz).

Yours sincerely



Hon Kris Faafoi
**Minister of Broadcasting
Communications and Digital Media**



Dr Ruth Harley CNZM
**Chair, Broadcasting
Commission**

cc Cameron Harland, Chief Executive, Broadcasting Commission
Bernadette Cavanagh, Chief Executive, Ministry for Culture and Heritage

Schedule One – New Expectations

The Broadcasting Commission will receive \$82.428m over four years through Budget 2020 in additional funding in order for it to support the government’s policies, including to adapt to and recover from the COVID-19 pandemic.

Cabinet considered that \$21.75m of this funding over three years (or \$7.25m per annum from 2021/22) was the appropriate amount by which to increase RNZ’s existing annual baseline of \$35.356m, based on RNZ’s budget bid, its previous level of funding, and the effects of the expiry of its time-limited funding.

Cabinet also considered that it is appropriate for the rest of the funding to go towards the following initiatives in line with government policy to achieve the following outcomes:

New Funding	Outcomes
\$25.0m – Cost pressure funding for public media platforms	<ul style="list-style-type: none"> • Pacific media, community access radio, and disability media as well as other public media platforms are supported to thrive
\$16.5m- 80% reduction in platform contribution for NZ On Air funded content	<ul style="list-style-type: none"> • Cost relief to media organisations and platforms • New local content continues to be produced through a constrained financial period for media companies New Zealand audiences have access to quality local content
\$10.0m - Screen Production Fund	<ul style="list-style-type: none"> • Planned productions that have been shut down, delayed or constrained by COVID-19 restrictions proceed
\$7.178m – NZ Music Fund	<ul style="list-style-type: none"> • More New Zealand music is produced while live touring is restricted
\$2.0m – Cultural Sector capability funding (part of Cultural Recovery Package)	<ul style="list-style-type: none"> • The cultural sector has necessary technical and business capability to meet the challenges of a post-COVID-19 environment

The operating environment is drastically different and arguably even more challenging now than when NZ On Air had requested \$25 million to address cost pressures faced by public media platforms through Budget 2020. In this regard, I understand that Covid-19 has changed the landscape significantly such that the allocation from the \$25 million cost pressure funding for public media platforms may differ to some degree from the budget bid in order to address more pressing priorities. However, I expect firstly, to be kept informed of the reasoning behind any deviation from the budget bid, and secondly, progress to be made over time towards to the allocation specified in the bid, in a way that maximises the efficacy of the additional funds, in line with government policy.

There will also be a fund for premium New Zealand films for international audiences. The Ministry will undertake policy work in consultation with the New Zealand Film Commission and NZ On Air to determine how this funding will be approved, managed and distributed.

Further reporting requirements

I expect NZ On Air to use the funding for the identified outcomes through the above workstreams as well as any others agreed by NZ On Air and the Ministry for Culture and Heritage (the Ministry). To this end, I expect you to report NZ On Air's progress in spending these funds and achieving the outcomes on a quarterly basis, as well as to provide additional reporting as necessary, if more timely information is required (such as after a particular funding round).

Performance reporting will be provided to the Ministry through either regular quarterly reporting or in response to a specific request.

I expect future reporting to cover:

- funding spent to date per initiative (including allocation and drawdown information)
- details of content and entities funded, where relevant
- performance measures that capture progress in achieving specified outcomes

Existing performance measures may be appropriate, however, new performance measures may be required. I expect performance measures to be agreed by NZ On Air and the Ministry.

The Ministry will work closely NZ On Air to understand what support will be required for successful implementation of its initiatives.

Evaluation of new funding

To accompany the new funding approved in Budget 2020, the Ministry will develop an evaluation programme. I expect NZ On Air to participate as required in the development and implementation of this programme.

Unspent funding

Due to the exceptional circumstances of funding in relation to the COVID-19 pandemic, it is expected that any unspent funding from Budget 2020 relating to COVID-19 response initiatives is to be returned to the Crown. This applies to the Screen Production Fund, NZ Music Fund and cultural sector capability funding. The Ministry will work with you to provide guidance on what this means for applicable initiatives.

Schedule Two - Crown Payments to Broadcasting Commission

This table details the payment instalments from 30 June 2020 to 30 June 2021.

Payment Date	Appropriation (GST Exclusive)	GST	Disbursement (GST Inclusive)
30 June 2020	2,000,000.00*	300,000.00	2,300,000.00
1 July 2020	63,518,000.00**	9,527,700.00	73,045,700.00
1 October 2020	39,018,000.00	5,852,700.00	44,870,700.00
1 January 2021	39,018,000.00	5,852,700.00	44,870,700.00
1 April 2021	39,018,000.00	5,852,700.00	44,870,700.00
Total	182,572,000.00	27,385,800.00	209,957,800.00

* Screen Production Fund

** Funding for platform contribution initiative and Screen Production Fund to be provided upfront

Longer-term funding table

Note: The amount in future years is subject to confirmation through the budget each year. Cabinet considered that it is appropriate for the funding to be allocated in the following components, in line with government policy:

Appropriation component	2020/21	2021/22	2022/23	2023/24
Baseline funding – NZ On Air	102,160,000^	96,910,000	96,910,000	96,910,000
Baseline funding – RNZ (pre-Budget 2020)	35,356,000	35,356,000	35,356,000	35,356,000
RNZ time-limited funding	7,250,000	-	-	-
RNZ baseline increase (Budget 2020)	-	7,250,000	7,250,000	7,250,000
Cost pressure funding for public media platforms	6,250,000	6,250,000	6,250,000	6,250,000
Platform contribution initiative	16,500,000	-	-	-
Screen Production Fund	8,000,000	-	-	-
NZ Music Fund	4,056,000	3,122,000	-	-
Capability funding	1,000,000	1,000,000	-	-
Total excluding GST	180,572,000	149,888,000	145,766,000	145,766,000
GST	27,085,800	22,483,200	21,864,900	21,864,900
Total including GST	207,657,800	172,371,200	167,630,900	167,630,900

^ Includes \$5.25 million for "Investing in Identity"

Schedule Three – Crown Entity Planning and Reporting

Planning

Statement of Performance Expectations (SPE) [[Crown Entities Act sections 149B – 149M](#)]

Action	CEA requirement	Calculated due date	2020/21 due by
Entity provides MCH with its initial draft SPE		1 month before the draft SPE is provided to the Minister	31 March 2021
MCH provides entity with feedback		within 10 working days of the Ministry receiving the initial draft SPE	16 April 2021
Entity provides draft SPE ready for Minister to MCH	Section 149I(2)(a)	2 months before the start of the financial year	30 April 2021
Minister provides comment to entity	Section 149I(2)(b)	not later than 15 working days after receiving draft	21 May 2021
Entity must consider comments (if any) and provide final SPE to Minister	Section 149I(2)(c)	as soon as practicable after receiving comments but before the start of the financial year	30 June 2021
Entity publishes final SPE on its website	Section 149L(1)	as soon as practicable after providing final SPE to Minister	
Note - the Minister may require the entity not to publish the final SPE in the pre-Budget period	Section 149L(2)	if the final SPE relates to a period commencing on or after the next Budget day	
Minister tables final SPE	Section 149L(3)	with or before annual report for the previous financial year	Nov/Dec 2021

Other planning

Action
Provide input into other planning documents as requested, including but not limited to reports required by central agencies (eg Strategic Plans, 4-year Plans).

Reporting

Performance Reports

To provide:		
1. financial and non-financial performance reporting against all outputs set out in the SPE and the Minister's Letter of Expectations		
2. commentary for any material variances and/or re-forecasts to year end		
3. key risks and issues, along with management strategies		
4. key highlights and achievements for the quarter		
5. information that demonstrates the value and outcomes of what is being achieved by government's investment		
Action	Calculated due date	2020/21 due date
Entity provides MCH with a performance report for the period 1 July – 30 September	within one month following the quarter end date	30 October 2020
Entity provides MCH with a performance report for the period 1 October – 31 December		29 January 2021
Entity provides MCH with a performance report for the period 1 January – 31 March		30 April 2021

Schedule Three – Crown Entity Planning and Reporting

Annual Report [\[Crown Entities Act sections 150 – 156\]](#)

To provide:			
1. financial and non-financial performance against SPE			
2. explanation for any material variances			
3. key risks and issues, along with management strategies.			
Action	CEA requirement	Calculated due date	2020/21 due date
Entity provides MCH with a performance report for the period 1 July – 30 June (i.e. the draft Annual Report)		within two months following the year end date	31 August 2021
MCH provides the entity with feedback on the draft Annual Report		within 10 working days of MCH receiving the draft Annual Report	14 September 2021
Entity provides the Minister with the final Annual Report	Section 150 (1)	within 15 working days after receiving the Audit Report	
Minister presents the Annual Report to the House of Representatives	Section 150 (3)	within 5 working days after receiving the final Annual Report	
Entity publishes the Annual Report	Section 150 (4)	as soon as practicable but no later than 10 working days after the Minister receives the Annual Report	

Crown appropriation and other reporting

Action	Estimated dates	2020/21 due date
Entity provides input to MCH for Budget Estimates document	Late Feb/ Early March	
Entity provides input for Select Committees	April/May	
Entity provides input on performance measures for MCH Annual Report	Mid July	31 August 2021
Entity provides input for other MCH reports and documents as requested including but not limited to information and reports required by central agencies		

Report on governance

Action	2020/21 due date
The Board reports to the Minister on its own governance performance	30 September 2021