

Hon Kris Faafoi

Minister of Broadcasting, Communications and Digital Media

COVID-19 RESPONSE: SECOND MEDIA SUPPORT PACKAGE

Date:	22 April 2020	Priority:	Urgent
Security classification:	Commercial In-Confidence, Budget Sensitive	Reference:	BR2020/172

Minister	Action Sought	Deadline
Hon Kris Faafoi Broadcasting, Communications and Digital Media	<p>Agree to the Ministry for Culture and Heritage submitting funding requests to the Treasury for consideration as a second support package for the media sector;</p> <p>Direct officials to develop further policy advice on initiatives that will support the longer-term recovery and sustainability of the sector.</p>	23 April 2020

Contacts			
Name	Position	Contact	1 st Contact
Anna Butler	Deputy Chief Executive, Policy and Sector Performance	9(2)(a)	✓
Leigh Huffine	Policy Advisor		

Minister's office to complete	<input type="checkbox"/> Approved	<input type="checkbox"/> Declined
	<input type="checkbox"/> Noted	<input type="checkbox"/> Needs change
	<input type="checkbox"/> Seen	<input type="checkbox"/> Overtaken by events
	<input type="checkbox"/> See Minister's notes	<input type="checkbox"/> Withdrawn
Comments:		

Purpose

- 1 Your approval is sought to progress a second support package for media companies impacted by COVID-19 by:
 - submitting budget bids to the Treasury by Friday 24 April for funding initiatives
 - directing officials to begin policy work on regulatory initiatives as part of a strategic approach to providing longer-term support for sector sustainability.

Recommendations

- 2 The Ministry for Culture and Heritage recommends that you:
 - 1 **Note** that, at your request, officials have identified a set of initiatives to form a second support package for the media sector in response to the impact of COVID-19; **YES / NO**
 - 2 **Note** that Cabinet will consider funding requests to meet near-term recovery needs on 11 May, and requests must be submitted to the Treasury by 24 April; **YES / NO**
 - 3 **Agree** to the Ministry for Culture and Heritage submitting funding requests to the Treasury for the following initiatives:
 - a 9(2)(f)(iv) **YES / NO**
 - b increasing government advertising with local media **YES / NO**
 - c developing a long-term sector sustainability strategy **YES / NO**
 - d increasing RNZ’s baseline funding; **YES / NO**
 - 4 **Note** that the estimated total cost of this package is approximately 9(2)(f)(iv); **YES / NO**
 - 5 **Direct** officials to develop further policy advice on the following initiatives:
 - a reducing barriers to sector consolidation **YES / NO**
 - b mitigating the impact of global digital platforms on local media **YES / NO**
 - c developing tax incentives to support journalism; **YES / NO**
 - 6 **Agree** that the initiatives in recommendation 4 should be considered as part of a wider strategic approach focused on longer-term sector recovery and sustainability; **YES / NO**

- 7 **Note** that the relative role and contribution of public media to the wider media system would be considered as part of this strategic work. **YES / NO**



Anna Butler
**Deputy Chief Executive, Policy
and Sector Performance**

Hon Kris Faafoi
**Minister of Broadcasting,
Communications and Digital Media**
_____ / _____ / 2020

Background

- 3 You have asked officials to develop support measures for media organisations in response to the severe impact of COVID-19 on the sector.
- 4 The Cabinet Business Committee has considered a Cabinet paper seeking agreement to an initial support package to provide short-term cashflow support to the sector. The paper foreshadows that a second, more substantial support package will be developed for consideration by Cabinet in May 2020.
- 5 The Treasury is coordinating a centralised process to consider near-term funding requests for COVID-19 related expenses. Funding requests must be submitted to the Treasury by Friday 24 April for consideration by Cabinet on Monday 11 May. Initiatives within the second support package that require funding will be submitted for consideration through this process.

Second support package

- 6 The Ministry for Culture and Heritage (the Ministry) has identified a set of initiatives for your consideration for inclusion in the second support package. In developing these initiatives, officials have drawn on the input provided by sector stakeholders through the workshops held in early April. These initiatives broadly fall into two categories:
- *Near-term funding requests:* New funding is required to support the media sector's viability in the short to medium term. These initiatives align with Wave 1 of the Government's economic response to the COVID-19 pandemic, which is fighting the virus and cushioning the blow (from now to six months).
 - *Longer-term support for sector sustainability:* Further policy work is required before any fiscal or legislative implications can be identified. Officials recommend that initiatives in this category should be progressed within a strategic framework focused on longer-term sector sustainability. These

initiatives align with Wave 3 of the response, which is resetting and revitalising the economy (supporting significant and long-term change).

Near-term funding requests

7 The Ministry recommends that you seek funding through the Treasury process for the following initiatives:

• 9(2)(f)(iv)

- *Increasing government advertising with local media* (\$13.2 million for 2019/20): This initiative will use the government's role as a purchaser of advertising to provide immediate cash-flow support for the media sector. The initiative will involve the government making advance purchases of advertising inventory for the 2020/21 year, and increasing the overall level of government advertising expenditure.
- *Developing a long-term sector sustainability strategy* (\$2.0 million for 2020/21): This initiative will provide for the implementation of the work programme outlined in the following section, which is intended to support the longer-term recovery and sustainability of the media sector.
- *Increasing RNZ's baseline funding* (\$21.75 million total, comprised of \$7.25 million annually from 2021/22): This initiative will provide a permanent baseline increase to RNZ to extend the time-limited funding it received in Budget 2019. This funding will ensure that RNZ can continue to deliver public media services at current levels. It will be important to preserve a strong and stable public broadcaster providing essential news services, particularly if there are reductions in the services provided by private media as a result of COVID-19.

8 The estimated total cost of these initiatives is approximately 9(2)(f)(iv). Officials have developed budget bids for each initiative using the required Treasury template for COVID-19 expenses (refer Appendix 1). Please note that these templates and the estimated costs are subject to further review and refinement, in consultation with your office, before final submission on Friday 24 April.

Longer-term support for sector sustainability

9 Initiatives in this category would address fundamental challenges to the media sector that existed prior to COVID-19 but have been exacerbated by the impact of the pandemic. Officials recommend that these initiatives should be considered as part of a wider strategic policy approach focused on longer-term sector recovery and sustainability. This work is critical as significant and enduring policy change is required to sustain New Zealand media; short-term relief measures in isolation cannot achieve this outcome.

- 10 Prior to commencing policy work on specific initiatives, officials would work with the sector to develop a strategic framework for building the critical foundation required to support a thriving media sector. Issues that could be considered as part of this work include:
- Why does the media sector require a customised response to support its recovery beyond broad response measures that the government may implement across the economy?
 - What core capabilities must be preserved to maintain a functioning media system?
 - What would a sustainable future system look like in terms of operating and ownership models, funding arrangements, and the interaction between public and private media?
 - What policy and legal settings would need to be changed to enable this future system to be achieved?
- 11 This approach would ensure that any further policy, regulatory or funding interventions support longer-term objectives rather than being progressed on an ad hoc basis. It would create a shared understanding at the outset of the critical components required for a functioning media system and the benefits sought through any subsequent work.
- 12 The stakeholder workshops identified specific initiatives that could be considered as part of this work. The Ministry proposes that further policy work be commissioned to scope and explore options relating to:
- reducing barriers to sector consolidation, e.g. potential legislative changes such as establishing powers to enable a Minister to call-in particular media mergers
 - mitigating the impact of global digital platforms on local media, 9(2)(f)(iv)
[REDACTED]
 - developing tax incentives to support journalism, 9(2)(f)(iv)
[REDACTED]
- 13 The relative role and contribution of public media to the wider media system would also be considered as part of this work and would draw on the work done to date as part of the Strong Public Media programme. In addition, other options beyond the initiatives listed above may emerge through this process.
- 14 As part of the second support package, the government could signal its intent to undertake this longer-term strategic work in partnership with the sector, alongside the implementation of more immediate support measures. If you agree to this approach, then officials will develop a more detailed plan over the coming weeks for how this work would be progressed.

Options not progressed

Government loan guarantees

- 15 Stakeholders raised the option of the government guaranteeing loans to media companies, but officials recommend that this option is not progressed.
- 16 The Ministry consulted the Treasury on the applicability of its Economically Significant Businesses (ESB) funding scheme to the media sector, which officials had initially understood to be the appropriate workstream to consider this option.
- 17 The ESB funding scheme is intended for large businesses (over \$200 million in revenue) that are financially viable in the medium to long term. 9(2)(g)(i)
On the other hand, large media companies exceed the threshold for the Business Finance Guarantee scheme for SMEs.
- 18 The Treasury does not support a tailored commercial policy approach for the media sector. Media companies were facing challenges before the outbreak of COVID-19, and most media companies that would seek this form of support are already highly leveraged and have balance sheet viability issues which call into question their repayment ability. Loan guarantees will not address the underlying challenges faced by media companies and may prevent a necessary recapitalisation of the business or sector consolidation. This approach would therefore create a risk of benefitting creditors and shareholders rather than supporting media policy outcomes.

Expediting assessment of mergers under the Commerce Act 1986

- 19 The Ministry, MBIE, and the Commerce Commission (the Commission) have considered interim options to expedite the assessment of mergers of media entities under the Commerce Act 1986. Parties agreed that no additional steps need to be taken at this time on the basis that:
 - Significant aspects of timeliness for the consideration of applications were out of the Commission's control (e.g. the quality of information provided by applicants, the level of external opposition to applications).
 - The Commission had a significant number of existing measures to encourage an expedited process where possible (e.g. pre-engagement with applicants and clear guidelines to lift the quality of applications, and the ability to redeploy resources to particular applications). The Commission also noted it had pre-existing relationships with the sector and external media sector expertise which would be expected to support timely consideration of future applications.
- 20 MBIE and the Commission were working to ensure that the Commission was resourced to respond to potential demand, including from media. Any resourcing could not be pinned to one sector but would be generic funding for the Commerce Commission's operation. This process would occur outside of the Ministry's media support work.

- 21 Officials will continue to work with MBIE on options to reduce barriers to sector consolidation as part of the longer-term strategy work, as noted above.

Consultation

- 22 Given the tight deadlines for preparing this advice, the Ministry has not had time to consult relevant departments, in particular the Treasury, Te Puni Kōkiri and MBIE. Officials will provide a copy of this briefing to those departments and notify your office if there is any substantial feedback before the Friday deadline for budget initiatives.

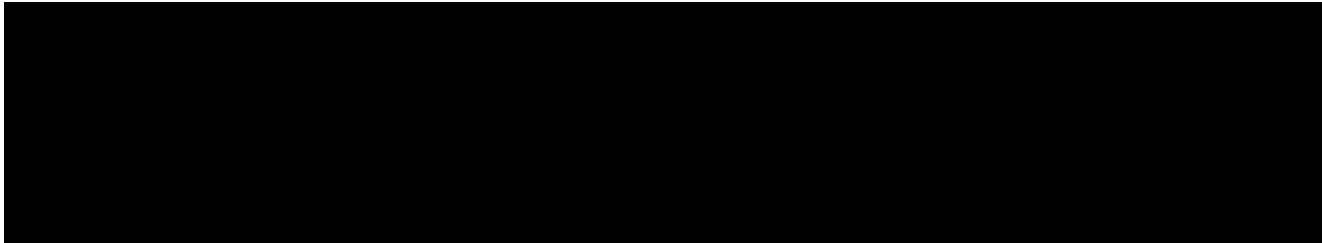
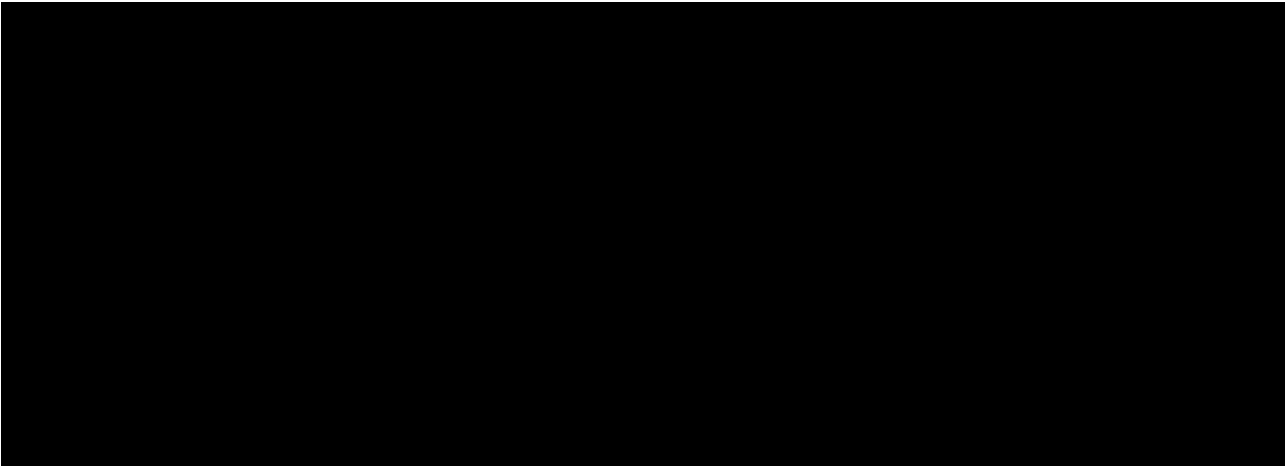
Next steps

- 23 The Ministry seeks your agreement to submit the budget initiatives provided in Appendix 1 to the Treasury on Friday 24 April. Officials will work with your office to finalise any further changes required before the bids are submitted.
- 24 If you agree to the proposed approach to the longer-term policy work, officials will develop a more detailed plan for this work prior to any announcement. You may wish to provide Cabinet with an update on the approach to policy and regulatory options that are being commissioned as part of the second package.

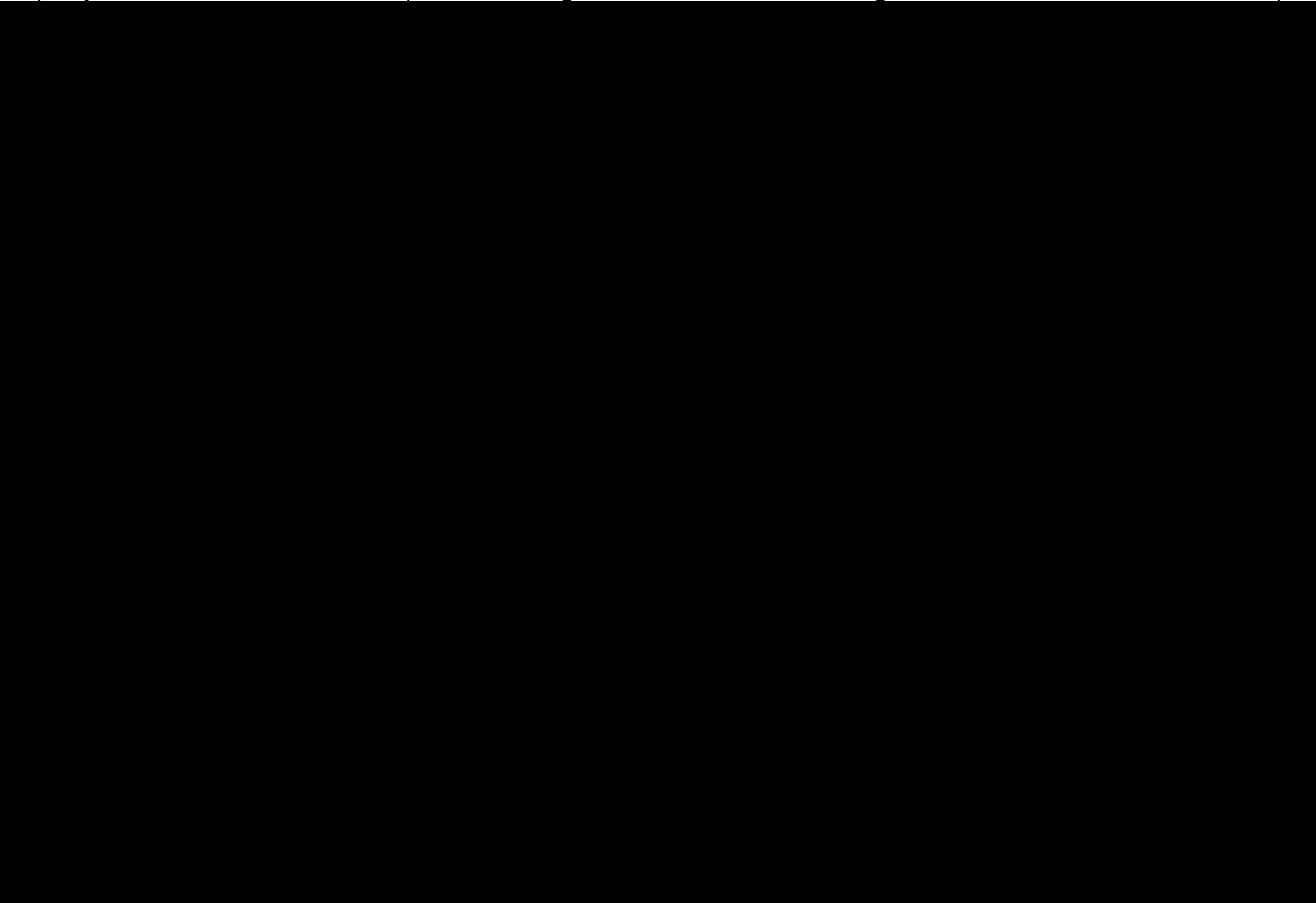
Appendices

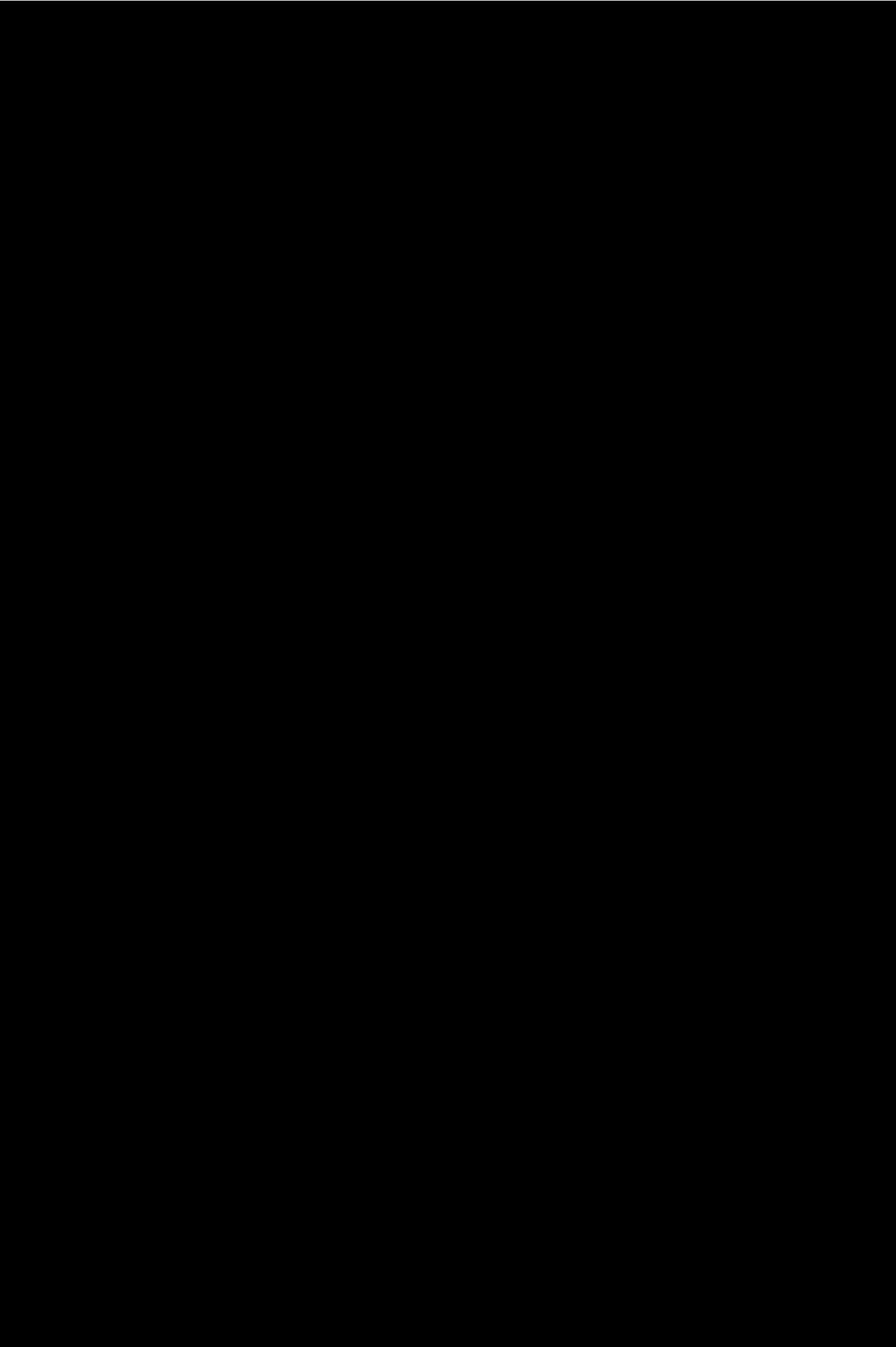
Appendix 1: Budget initiatives for second media support package

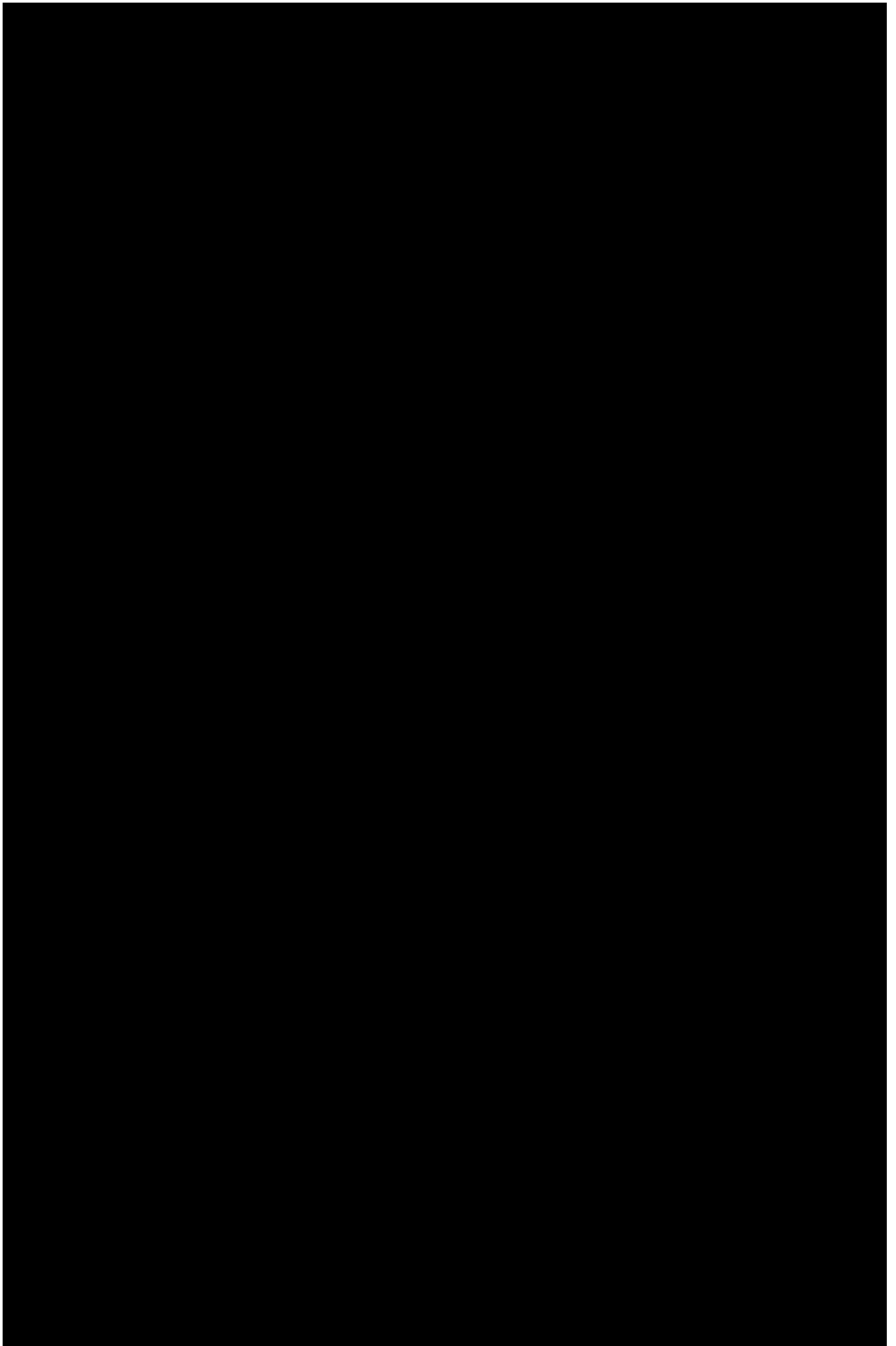
Annex 2: Template – Submission Seeking Funding for COVID-19 Related Costs

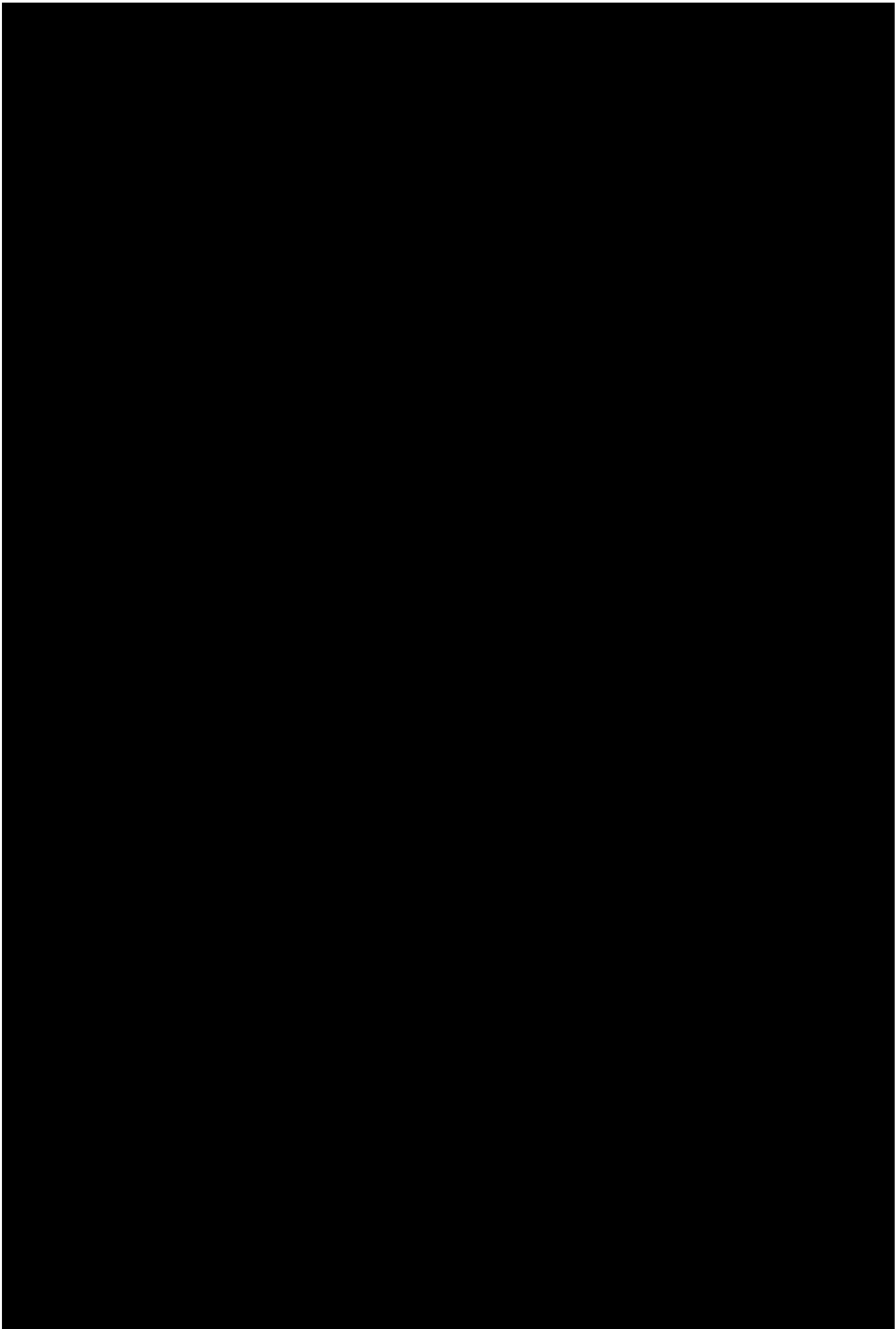


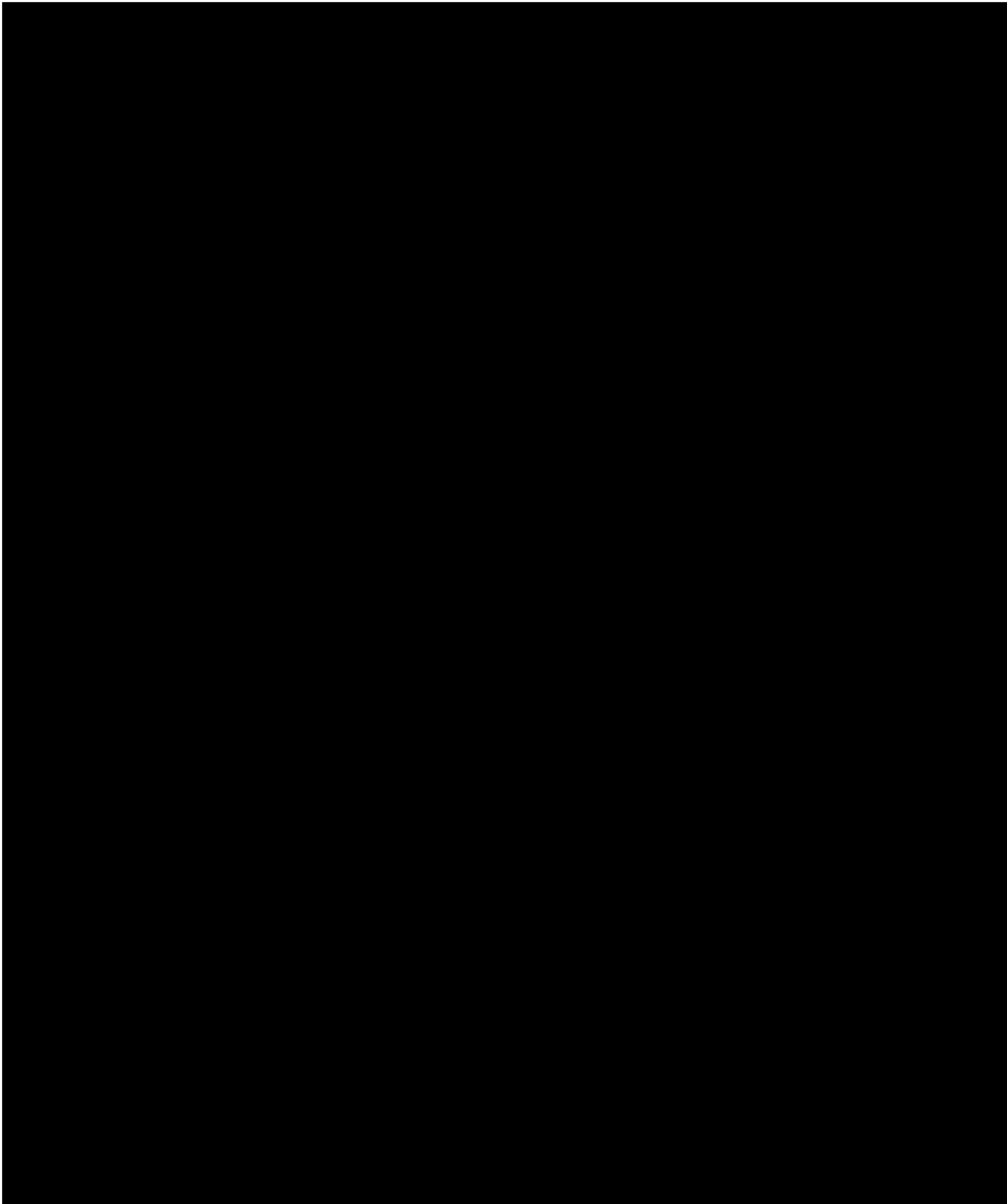
Portfolio of lead Minister	Broadcasting, Communications, and Digital Media
Portfolio(s) of other Ministers involved	N/A
Impacted Votes	Broadcasting, Communications, and Digital Media











Annex 2: Template – Submission Seeking Funding for COVID-19 Related Costs

Funding sought

Operating funding Sought (\$m)	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears	Total
Vote Arts, Culture and Heritage:	\$13.2					
Total	\$13.2					

Capital funding Sought (\$m)	2019/20	2020/21	2021/22	2022/23	2023/24	
Vote X:						
Vote Y:						
Total						
	2024/25	2025/26	2026/27	2027/28	2028/29	Total
Vote X:						
Vote Y:						
Total						

Funding sought to be reprioritised

Operating funding (\$m)	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears	Total
Vote X:						
Vote Y:						
Total						

Capital funding (\$m)	2019/20	2020/21	2021/22	2022/23	2023/24	
Vote X:						
Vote Y:						
Total						
	2024/25	2025/26	2026/27	2027/28	2028/29	Total
Vote X:						
Vote Y:						
Total						

[Add description of what the funding transferred will be used for and how it relates to COVID-19 response and recovery. Also a reason why funding can be transferred]

Overview of COVID-19 pandemic related funding or initiative

Key Question	Answer
Title of initiative	Support for media sector through government advertising
Portfolio of lead Minister	Broadcasting, Communications and Digital Media
Portfolio(s) of other Ministers involved	
Impacted Votes	Expenditure under this initiative will initially be incurred through Vote: Arts, Culture and Heritage. Partial reimbursement of that initial expenditure will take place during the 2020/21 year from other Votes which fund government advertising.
What will this initiative do?	<p>This initiative will use the government's role as a purchaser of advertising to provide immediate cash-flow support for the media sector. The initiative will involve the government making advance purchases of advertising inventory for the 2020/21 year and increasing the overall level of government advertising expenditure.</p> <p>The initiative is therefore an expansion of an existing area of government spending, together with a one-off change to the way that expenditure is made.</p>
How does the initiative relate to the COVID-19 Pandemic response and recovery?	<p>This initiative responds to two important needs arising from the COVID-19 pandemic.</p> <p>The main driver is the need to replace advertising revenue that media companies are losing as a result of the general economic restrictions in place during the COVID-19 response. Media companies are experiencing a severe drop in advertising revenue and there is a real risk that key parts of the media sector will be lost, with detrimental consequences for New Zealand society in the long-term. Urgent support measures are needed to maintain media sector viability in the short-term and enable a transition to a sustainable future.</p> <p>A secondary but significant driver is the greater need for government to convey information to the New Zealand public. This includes information to promote compliance with restrictions during the response phase and information to assist people and businesses to recover from the impacts of the pandemic.</p> <p>It is not possible to make advance purchases of government advertising for the 2020/21 year within existing baselines.</p>

<p>How does this initiative contribute to the Government's plan to respond and recover from COVID-19</p>	<p>This initiative strongly supports the first wave of the Government's plan to respond to and recover from COVID-19 – <i>fighting the virus and cushioning the blow</i>. The initiative provides immediate relief from acute cash-flow issues affecting the media sector as a result of a steep decline in advertising revenue. This will help ensure media sector viability in the short-term and enable a transition to a sustainable future for the sector.</p> <p>Increased advertising by government will also help to achieve both:</p> <ul style="list-style-type: none"> • higher levels of compliance with restrictions put in place as part of the COVID-19 response; and • better uptake of initiatives designed to promote social and economic recovery.
<p>Please provide a breakdown of the costs of this initiative</p>	<p>The proposed funding will buy advertising inventory from media companies.</p> <p>The starting point for the funding being sought is the current level of expenditure on government advertising. Based on a recent survey of key media organisations, this is estimated at \$8.8 million per year.</p> <p>The next component of the funding being sought is an allowance for a 25 percent higher level of government advertising expenditure, to directly support the COVID-19 response and recovery. This increases the \$8.8 million starting point to \$11.0 million.</p> <p>The final component of the funding is an allowance for a further 20 percent increase in government advertising expenditure. This would provide additional support for media companies with unsold advertising inventory, and would enable a broader range of public good advertising to be delivered as New Zealand starts its recovery from COVID-19.</p> <p>This takes the full total of funding being sought to \$13.2 million.</p> <p>The costs of the advance payments made to media organisations will be offset by advertising during the 2020/21 year that can be placed without further cost.</p>
<p>How will this initiative be implemented?</p>	<p>This initiative will be coordinated by the Ministry for Culture and Heritage (MCH). MCH will make one upfront payment to each eligible media organisation as soon as possible after receiving adequate evidence of the organisation's previous revenue from government advertising.</p> <p>The upfront payment will create a credit in favour of the Crown, which government departments will make use of as they place advertising during the 2020/21 year.</p> <p>MCH will require monthly reporting from media organisations so that progress in using the credits can be monitored and verified. A reconciliation process will be put in place so that departments reimburse the original fund from which the upfront payments were made.</p> <p>The key implementation risk for the Crown is the possibility that an organisation that has received an upfront payment ceases to trade before the Crown is able to fully utilise the pre-paid advertising with that organisation.</p>

<p>Why is funding urgently required for this initiative?</p>	<p>This funding is required urgently because it is a significant part of a package of immediate support for the media sector. Urgent support measures are needed to maintain media sector viability in the short-term and enable a transition to a sustainable future.</p> <p>If support is not provided until 2021, there is a real risk that key parts of the media sector that are critical to its future sustainability will have ceased to operate.</p>
<p>Are there any other options to fund this initiative?</p>	<p>This funding is necessary to ensure that advance payments for advertising are made to media organisations.</p> <p>An alternative option would be to direct government departments to make individual assessments of likely advertising expenditure in 2020/21, and arrange their own payments in advance. This would be unlikely to achieve the objective of addressing the immediate cash-flow challenges for media companies, as individual departments are unlikely to have sufficient certainty about their plans to generate a significant advance payment. Much greater certainty can be achieved by considering likely advertising expenditure at a whole-of-government level.</p>
<p>Does the initiative result in new FTEs or contractors?</p>	<p>This initiative requires resources from MCH for its implementation. Most of these resources will be needed during the initial period where the scheme is planned and established, and advance payments are made. There will also be some ongoing resources needed for coordination of the scheme through to the end of 2020/21.</p> <p>MCH will meet these resource needs by redeploying staff whose normal area of work is at a reduced level of activity.</p>
<p>Does this initiative overlap with the work of any other departments? If so, how have you worked with those departments to avoid duplication?</p>	<p>Part of this initiative involves departments placing their advertising in the usual way, and not being required to pay for it where it is covered by an advance payment from the Crown. Part of MCH's coordination role will include monitoring the utilisation of advertising inventory that the Crown has purchased, and ensuring that the credits in favour of the Crown are fully utilised.</p>

ANNEX TWO – SUBMISSION SEEKING FUNDING FOR COVID-19 RELATED EXPENDITURE

Funding sought

Operating funding Sought (\$m)	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears	Total
Vote Arts, Culture and Heritage		2.000				
Total						

Capital funding Sought (\$m)	2019/20	2020/21	2021/22	2022/23	2023/24	
Vote X:						
Vote Y:						
Total						
	2024/25	2025/26	2026/27	2027/28	2028/29	Total
Vote X:						
Vote Y:						
Total						

Funding sought to be reprioritised

Operating funding (\$m)	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears	Total
Vote X:						
Vote Y:						
Total						

Capital funding (\$m)	2019/20	2020/21	2021/22	2022/23	2023/24	
Vote X:						
Vote Y:						
Total						
	2024/25	2025/26	2026/27	2027/28	2028/29	Total
Vote X:						
Vote Y:						
Total						

[Add description of what the funding transferred will be used for and how it relates to COVID-19 response and recovery. Also a reason why funding can be transferred]

Key Question	Answer
Title of initiative	Strategic design work to support sustainable, viable media sector
Portfolio of lead Minister	Minister of Broadcasting, Communications and Digital Media
Portfolio(s) of other Ministers involved	Other portfolios, such as Finance, Commerce and Consumer Affairs, and Revenue, would be involved as this work progresses.
Impacted Votes	Vote Arts, Culture and Heritage
What will this initiative do?	<p>Building on from the work commenced under the Strong Public Media programme, Government will lead a process with the media sector to develop and implement a strategic design to ensure the long-term viability and sustainability of a strong and independent media.</p> <p>This work would underpin further policy initiatives by Government to implement changes to policy, legal or funding settings that are required to support the sector to recover from the impact of COVID-19 and to transition to sustainable and viable long-term arrangements for the future.</p> <p>The Ministry for Culture and Heritage (MCH) will work with the sector and relevant government departments to develop these policy initiatives, which are expected to include:</p> <ul style="list-style-type: none"> • reducing barriers to sector consolidation and/or supporting new ownership arrangements for private media • developing tax incentives to support journalism • mitigating the impact of digital intermediaries on local media • optimising institutional and funding arrangements for public media. <p>Developing a strategic design for the long-term viability and sustainability of the media sector is necessary to ensure that further government initiatives provide value for money and do not prop up unsustainable business models. It is also essential to ensure that further government interventions do not compromise the independence of the media and preserve the vital contribution made by private media providers within New Zealand.</p> <p>The initiative will provide a coordinated and integrated approach to delivering government support aligned with the long-term viability and sustainability of an independent local media sector.</p>

Key Question	Answer
<p>How does the initiative relate to the COVID-19 Pandemic response and recovery?</p>	<p>Government has developed an immediate support package for the media sector respond to the impact of COVID-19, in particular by providing short-term cashflow support to media companies. These initiatives have an immediate focus on preserving existing capability and capacity within the private media sector. They do not address the fundamental challenges to the continuing viability of a strong private media presence in New Zealand.</p> <p>The impact of COVID-19 has accelerated the impact of pressures on current operating and funding models of private media arising from changes in audience behaviour, reducing levels of revenue from advertising, and the impact of digital intermediaries distributing content. Further initiatives will be necessary as part of the recovery effort to support the sector to transition to new arrangements, including structural and funding arrangements, that will be more sustainable in the long-term.</p> <p>A strong, viable and independent media supports New Zealand function as an open, participative democracy. Private media supports economic activity at a local, regional and national level and will be important to businesses seeking to re-establish themselves and engage with consumers. Media also provides essential local channels to distribute public health messages and trusted and authoritative information to New Zealand audiences.</p> <p>Long-term sustainability and viability of the sector will require fundamental changes to the way the sector operates, including to ownership structures, funding models and operating models, to address issues that were a feature of the sector prior to the outbreak of COVID-19.</p> <p>If this initiative does not progress the media sector will lose core capability and capacity that will significantly compromise the ability to rebuild a viable local media sector that is able to service local and regional communities and provide a trusted, authoritative source of local news.</p>
<p>How does this initiative contribute to the Government's plan to respond and recover from COVID-19?</p>	<p>The initiative is necessary to ensure a viable and sustainable future for the media sector, both private and public. A strong local media capability supports the aim of Wave 2 to kick start by economic as it provides channels for communicating timely and accurate information to New Zealand audiences about key government policies and further responses to COVID 19. In addition, private media benefits from but also supports broader economic activity and provides channels for businesses seeking to re-establish content with customers.</p> <p>The initiative is clearly aligned with Wave 3 to Reset and Rebuild the economy and provides the means to ensure a viable future for a core feature of New Zealand's cultural and economic landscape. The impact of the growth of global digital providers of content (such as Facebook, Google and Netflix) has critically compromised the viability of the media sector and such impact cannot be mitigated by generic government intervention and support. To ensure the long term presence of an independent and viable media sector, Government will need to work with the sector to develop a comprehensive approach that clearly recognises the role and responsibilities of government and the sector.</p>

Key Question	Answer
Please provide a breakdown of the costs of this initiative	<p>The estimated total cost of this initiative is \$2.0 million for the 2020/21 financial year. A breakdown of costs is as follows:</p> <ul style="list-style-type: none"> • Developing and implementing a strategic framework <ul style="list-style-type: none"> • Stakeholder collaboration and consultation: \$150,000 • Research and Media Specialist consultancy: \$250,000 • Strategy documentation: \$300,000 • Reducing barriers to sector consolidation and/or supporting new ownership arrangements: \$100,000 • Developing tax incentives to support journalism: \$250,000 • Mitigating the impact of digital intermediaries on local media: \$250,000 • Optimising arrangements for public media: \$500,000 • Integrate and align immediate and short-term interventions: \$200,000
How will this initiative be implemented?	<p>The initiative will be implemented by MCH leading collaborative work with relevant government agencies (e.g. Treasury, TPK, MPP, MBIE, IRD, Commerce Commission) and the media sector.</p> <p>MCH will lead engagement with the sector to develop a strategic design to identify the core characteristics necessary to ensure the long-term viability and sustainability of the sector. This design will underpin further policy initiatives by Government to support the sector transition to new arrangements and to ensure value for money from further Government investment.</p> <p>MCH will also lead collaboration to progress policy initiatives that may include:</p> <ul style="list-style-type: none"> • reducing barriers to sector consolidation and/or supporting new ownership arrangements for private media • developing tax incentives to support journalism • mitigating the impact of digital intermediaries on local media • optimising institutional and funding arrangements for public media. <p>In addition, MCH will coordinate implementation of short-term interventions to support the media sector.</p>
Why is funding urgently required for this initiative?	<p>Funding is required to ensure that initiatives can be funded by Budget 2021 and ensure timely implementation. Further delay would mean that existing capability and capacity within the sector was compromised to a point that may preclude any possibility of building a viable and sustainable sector.</p> <p>To lead a strategic initiative of this magnitude the MCH will require both new capability and capacity. It could not resource this initiative from baseline funding and the level of resources committed to supporting short term essential interventions mean additional capacity is required. In addition, specialist expertise will be required to develop comprehensive responses aligned with the long term future of the sector.</p>
Are there any other options to fund this initiative?	<p>A tagged contingency previously provided to support work to develop strong public media is not now available. Additional funding is required to progress current initiatives in relation to public media and to develop the strategic design required to optimise government investment in the wider media sector.</p>
Does the initiative result in new FTEs or contractors?	<p>The funding proposed includes any requirement for additional capability and capacity to support MCH with this work</p>
Does this initiative overlap with the work of any other departments? If so, how have you worked with those departments to avoid duplication?	<p>Contributions from MBIE, The Treasury, Inland Revenue and the Commerce Commission will be necessary to develop comprehensive and effective initiatives and minimise the impact on existing policy settings.</p> <p>The initiative would also be managed in ways that aligned it with work underway to support the viability of the creative sector, recognising the contribution of that sector to local media.</p>

ANNEX TWO – SUBMISSION SEEKING FUNDING FOR COVID-19 RELATED EXPENDITURE

Funding sought

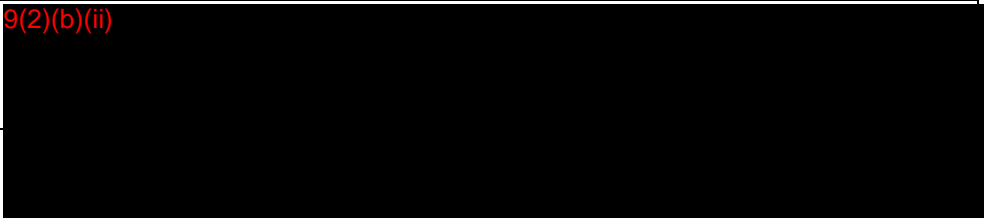
Operating funding Sought (\$m)	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears	Total
Vote Arts, Culture and Heritage:			\$7.25 million	\$7.25 million	\$7.25 million	\$21.75 over three years with ongoing annual cost
Vote Y:						
Total						

Capital funding Sought (\$m)	2019/20	2020/21	2021/22	2022/23	2023/24	
Vote X:						
Vote Y:						
Total						
	2024/25	2025/26	2026/27	2027/28	2028/29	Total
Vote X:						
Vote Y:						
Total						

Funding sought to be reprioritised

Operating funding (\$m)	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears	Total
Vote X:						
Vote Y:						
Total						

Capital funding (\$m)	2019/20	2020/21	2021/22	2022/23	2023/24	
Vote X:						
Vote Y:						
Total						
	2024/25	2025/26	2026/27	2027/28	2028/29	Total
Vote X:						
Vote Y:						
Total						

Key Question	Answer
Title of initiative	Baseline Funding Uplift for RNZ
Portfolio of lead Minister	Minister of Broadcasting, Communications and Digital Media
Portfolio(s) of other Ministers involved	Minister of Finance
Impacted Votes	Vote Arts, Culture and Heritage
What will this initiative do?	<p>Radio New Zealand (RNZ) was allocated a two-year time-limited annual operating funding increase of \$7.25 million in Budget 2019. This was intended as a measure to support RNZ while the Strong Public Media policy work was undertaken.</p> <p>This initiative will seek to increase RNZ's baseline funding by the amount of time-limited funding: \$7.25 million from 2021/22 onwards.</p>
How does the initiative relate to the COVID-19 Pandemic response and recovery?	<p>COVID-19 has halted the Stronger Public Media programme while other urgent media sector work takes place. The initial time-limited funding was intended to support RNZ until that programme was completed. RNZ needs this funding to cover current levels of service.</p> <p>The media landscape is being drastically affected by COVID-19, with many media organisations are facing financial pressures from a steep drop in advertising revenue and uncertainty about ongoing viability. A strong and stable public broadcaster is required to provide essential journalism, news and media.</p>
How does this initiative contribute to the Government's plan to respond and recover from COVID-19?	<p>RNZ is providing essential news and media services during the initial phase of the COVID response and beyond. Its news content is being made available to other broadcasters.</p> <p>RNZ is a key Lifeline Utility during Civil Defence Emergencies under the Civil Defence Emergency Management Act.</p>
Please provide a breakdown of the costs of this initiative	An ongoing increase of \$7.25 million per year to RNZ, adding it to the annual baseline funding from 2021/22, bringing it to \$42.606 million.
How will this initiative be implemented?	<p>RNZ funding is delivered through New Zealand on Air via its platform funding. The same mechanism will be used for the funding increase.</p> <p>This is an established process which requires no new planning or implementation.</p>
Why is funding urgently required for this initiative?	<p>9(2)(b)(ii)</p> 
Are there any other options to fund this initiative?	
Does the initiative result in new FTEs or contractors?	RNZ operational decisions may result in new FTEs or contractors but there are no specific plans at the moment.
Does this initiative overlap with the work of any other departments? If so, how have you worked with those departments to avoid duplication?	Treasury has provided a report on this matter, stating the need for the ongoing baseline funding to avoid RNZ cost reductions. Approval in principle has been gained from the Minister of Finance and the Minister of Broadcasting.

Hon Kris Faafoi

Minister of Broadcasting, Communications and Digital Media

BACKGROUND AND CONTEXT OF THE SECOND MEDIA SUPPORT PACKAGE

Date:	3 June 2020	Priority:	High
Security classification:	Commercial In-Confidence	Reference:	BR2020/238

Minister	Action Sought	Deadline
Hon Kris Faafoi Broadcasting, Communications and Digital Media	Note the content of this briefing to support Ministerial and Coalition consultation on the second media support package	10 June 2020

Contacts			
Name	Position	Contact	1st Contact
Anna Butler	Deputy Chief Executive, Policy and Sector Performance	9(2)(a)	✓
Tony de Jong	Policy Advisor		

Minister's office to complete	<input type="checkbox"/> Approved	<input type="checkbox"/> Declined
	<input type="checkbox"/> Noted	<input type="checkbox"/> Needs change
	<input type="checkbox"/> Seen	<input type="checkbox"/> Overtaken by events
	<input type="checkbox"/> See Minister's notes	<input type="checkbox"/> Withdrawn
Comments:		

Purpose

- 1 This paper provides you the detail and context of the proposed second media support package to support further consultation.

Recommendations

- 2 The Ministry for Culture and Heritage recommends that you:
 - 1 **Note** the content of this briefing YES / NO
 - 2 **Note** this briefing supports consultation on the second media support package and may form the basis of a future Cabinet paper if required YES / NO



Anna Butler
**Deputy Chief Executive, Policy
and Sector Performance**

Hon Kris Faafoi
**Minister of Broadcasting,
Communications and Digital Media**
____ / ____ / 2020

Background

Impact of COVID-19 on the media sector and government's work programme

- 3 Prior to COVID-19 the Government had committed to significant work through the Strong Public Media (SPM) programme to ensure public media were well placed to adapt to the changing media environment and meet the needs of New Zealanders. In January 2020, Cabinet directed officials to undertake a detailed business case on the viability of establishing a new public media entity and invited you to report back to Cabinet in July 2020 [CAB-20-MIN-0004 refers].
- 4 Since then, the commercial media sector has been severely impacted by the COVID-19 response due to a drastic drop in advertising revenue. This was particularly acute during the lockdown phase, with revenue loss across the media sector estimated to be in the range of 40-70%, significantly impacting cash flow and solvency to the point that the short-term viability of many media businesses is at risk.

- 5 The economic situation through the recovery period will have a significant ongoing impact on advertising revenue, with the media sector expressing concerns that it may never fully recover to pre-COVID-19 levels.
- 6 A healthy media sector is a central component of a functioning democracy and has a vital role in supporting wider economic activity. New Zealand media organisations faced fundamental challenges to the viability of their commercial models prior to the outbreak of COVID-19. The impact of COVID-19 has exacerbated these challenges and shortened the runway available for media companies to transition to more sustainable business models.
- 7 Government action is needed to ensure there is not an irreversible loss of capability and infrastructure within the media sector as a result of COVID-19. Changes to structural, funding and policy settings for both public and private media will be required to address the underlying issues threatening the survival of media companies and to create a viable path to recovery and sustainability.
- 8 At the same time, Crown-funded public media are relatively insulated from the revenue and liquidity pressures facing commercially funded entities. While enduring solutions for public media are still required, Radio New Zealand (RNZ) and NZ On Air (NZoA) are well positioned in the short term to continue to provide core services in this challenging environment. In April 2020, you agreed to pause the SPM programme to focus on the response to COVID-19 and to expand the scope of current work on public media to focus on the viability of the wider media sector.
- 9 You directed officials to prepare an initial sector support package to be followed by a further package addressing long-term sustainability of the media sector.

Media Support Package One

- 10 On 22 April 2020 the Cabinet Business Committee (CBC) with Power to Act agreed to a \$50.0 million initial media sector support package. This Wave 1 package sought to address immediate cashflow issues caused by the dramatic and abrupt reduction in revenue over the lock-down period and short term through:
 - a. Funding costs payable by media organisations, including
 - i. Six months of transmission costs (for users of Kordia and RNZ; \$21.1 million)
 - ii. Platform contributions to NZoA (\$16.5 million)
 - b. Centralising government uptake of media subscriptions (\$1.3 million)
 - c. Other sector support through a range of other mitigation measures (\$11.1 million)
- 11 This package sought to preserve the critical sector components of the sector for long enough to develop a more substantial and targeted support package and a

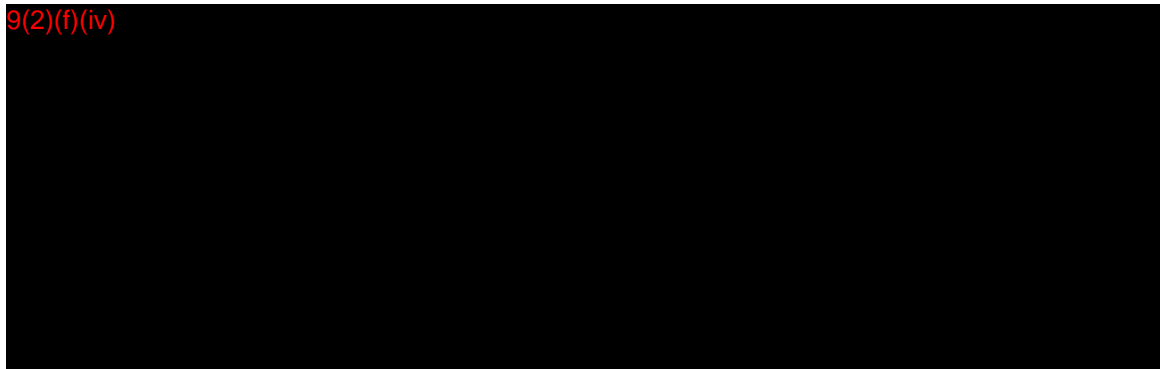
more enduring strategy for future sector sustainability¹. This work is now well into implementation. CBC noted that whilst it would provide immediate relief to the sector it would not provide sufficient support if there was a prolonged impact on advertising revenue.

- 12 CBC invited you to report back to Cabinet with further measures to form this more substantial package, and requested work with the sector to develop bold options to build the foundation required for future sector sustainability. A proposal for a second support package was initially submitted through the COVID-19 Budget 2020 process.

Second Media support package

- 13 The proposed second media package was also developed in conjunction with the sector. It positions the sector for recovery through targeted protection of the components of media critical to meeting the public interest journalism needs New Zealanders. It also prepares for a longer-term Wave 3 response by enabling the development of a more enduring strategy for the future sustainability of the sector.
- 14 The revised package from the original April 2020 submission² seeks 9(2)(f) (iv) over three years for two critical initiatives to build on the immediate cashflow support in the initial package:

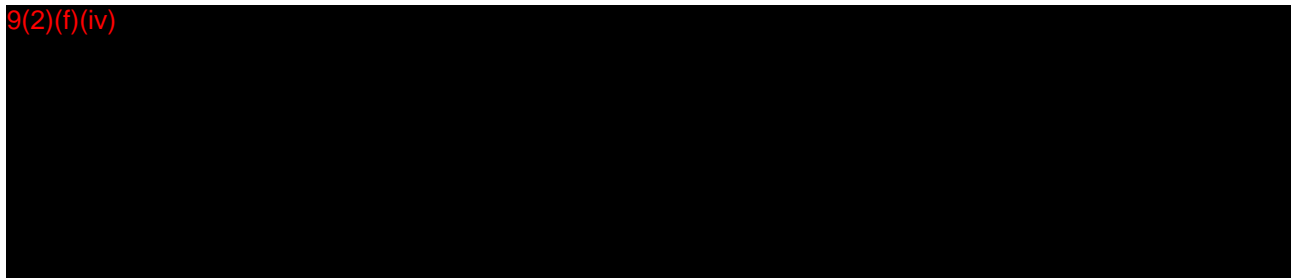
9(2)(f)(iv)



- b. *Recovery strategy for a sustainable and viable media sector* - \$2.0 million for 2020/21 only

Detail of these initiatives is set out below.

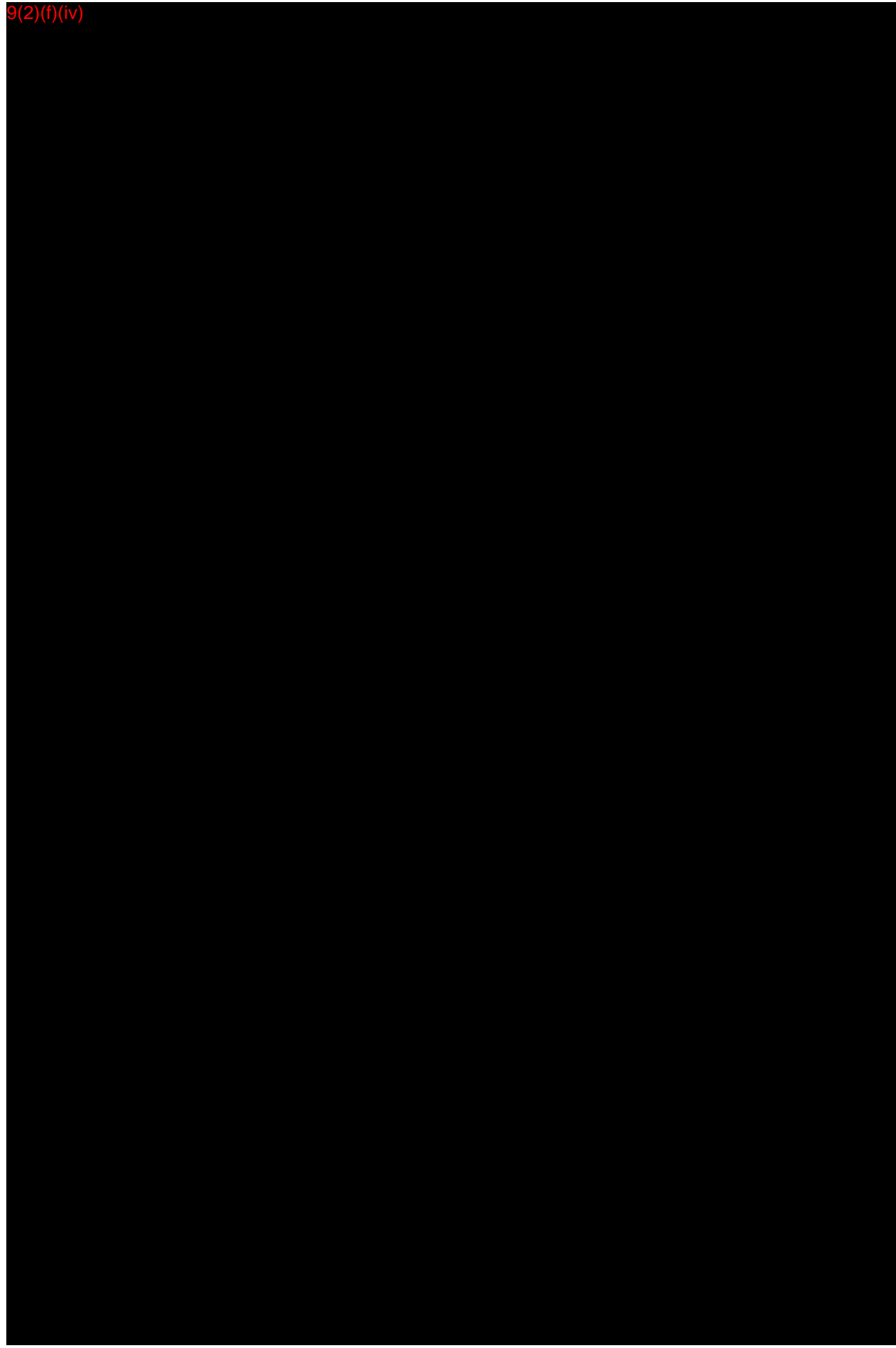
9(2)(f)(iv)



¹ Budget 2020 also includes a baseline funding increase for RNZ (\$21.75 million total, comprised of \$7.25 million annually from 2021/22) to ensure that it can continue to deliver public media services at current levels, preserving a strong and stable public broadcaster providing essential news services

² The original suite of media support initiatives submitted through the COVID-19 Budget 2020 process sought 9(2)(f)(iv) In addition to the RNZ baseline increase noted above, a proposed initiative for the advance purchase of government advertising was overtaken as part of the first support package.

9(2)(f)(iv)



Recovery strategy for a sustainable and viable media sector (\$2.0 million for 2020/21)

- 26 This initiative will enable the rapid development of a strategic approach for a viable media sector. This work is needed in order to inform a subsequent work programme which will support the longer-term sustainability of the sector. The approach and subsequent policy work would become the Wave 3 sector recovery response.
- 27 While the first two packages provide short-term relief and protect key journalistic content and capabilities to support recovery, they do not address the fundamental challenges to the media sector that existed prior to COVID-19 but have been exacerbated by the impact of the pandemic.
- 28 These challenges are significant, and include the failing of traditional advertising and subscription-based media business models, competition from global competition with digital giants who have increased available content but with a limited New Zealand perspective, and fragile media ownership structures dominated by overseas ownership without strong commitment to New Zealand.
- 29 In addition, New Zealand's public media is fragmented and not able to effectively respond to digital disruption, and under-taxation of the digital economy due to deficiencies in current international tax rules distorts investment in favour of digital multinationals.

- 30 Addressing these challenges is critical as significant and enduring structural, funding, and policy change is required to sustain New Zealand media; short-term relief measures in isolation cannot achieve this outcome.
- 31 Based on stakeholder input, officials have recommended a package of initiatives that could be considered as part of a wider strategic policy approach focused on longer-term sector recovery and sustainability (BR2020/228 refers). This further policy work should scope and explore options relating to:
- optimising institutional and funding arrangements for public media, e.g. progressing the SPM programme.
 - mitigating the impact of global digital platforms on local media, 9(2)(f)(iv)
 - developing tax incentives to support journalism, 9(2)(f)(iv)
 - supporting new ownership arrangements for private media, including reducing barriers to consolidation for existing media entities, e.g. potential legislative changes such as enabling a Minister to call-in particular media mergers, and
- 32 Each of these initiatives would involve significant policy work. Prior to commencing policy work on specific initiatives, officials would work with the sector to develop a strategic framework to test and prioritise this work. Officials note that the Government's undertaking to consider these initiatives should not be seen as a commitment to implement them. Likewise, alternative policy interventions that support sector sustainability may be identified as preferred options in the course of this work.

Strategic framework

- 33 Government, public media and private media will need to make decisions in the short to medium term to recover and transition to more sustainable arrangements as part of the COVID-19 response. Rapidly developing a strategic framework would ensure that any further policy, regulatory, or funding interventions support longer-term objectives rather than being progressed on an ad hoc basis.
- 34 Issues to be considered as part of this work include:
- Why the media sector requires a customised response to support its recovery beyond universal broad response measures implemented by government
 - What core capabilities must be preserved to maintain a functioning media system
 - What a sustainable future system would look like (e.g. operating and ownership models, funding arrangements, and the interaction between public and private media)
 - What policy and legal settings need to be changed to enable this future system to be achieved, and

- The roles and sector contributions of Government, and public and private media
- 35 This work is intended to be short, sharp, and focused to ensure it can support decisions in a timely, targeted way and secure sector buy-in during a challenging period for businesses. It will also support Ministers to make informed decisions on any further interventions that focus on critical capability and long-term outcomes rather than investing in unsustainable business models.
- 36 The relative role and contribution of public media to the wider media system would also be considered as part of this work and would draw on the work done to date as part of the SPM programme. In addition, other policy options beyond the initiatives listed above may emerge through this process.

Next steps

- 37 This paper was provided to support further consultation on the proposed Media Package Two . The Ministry for Culture and Heritage is available to provide any other information or material you may require for these discussions.

Hon Kris Faafoi

Minister of Broadcasting, Communications and Digital Media

STRATEGIC FRAMEWORK FOR A SUSTAINABLE MEDIA SECTOR

Date:	12 June 2020	Priority:	High
Security classification:	In Confidence	Reference:	BR2020/228

Minister	Action Sought	Deadline
Hon Kris Faafoi Broadcasting, Communications and Digital Media	<p>Agree that officials will work with stakeholders to develop a strategic framework that will enable government and media entities to make informed decisions, collectively and independently, that support a sustainable media sector;</p> <p>Agree to the scope for the strategic framework;</p> <p>Agree to convene a sector reference group of nominated representatives who will work with officials on the development of the strategic framework;</p> <p>Agree that the strategic framework will inform the development of a subsequent policy work programme that will include both public and private media.</p>	19 June 2020

Contacts			
Name	Position	Contact	1 st Contact
Anna Butler	Deputy Chief Executive, Policy and Sector Performance	9(2)(a)	✓
Leigh Huffine	Policy Advisor		

Minister's office to complete	<input type="checkbox"/> Approved <input type="checkbox"/> Declined <input type="checkbox"/> Noted <input type="checkbox"/> Needs change <input type="checkbox"/> Seen <input type="checkbox"/> Overtaken by events <input type="checkbox"/> See Minister's notes <input type="checkbox"/> Withdrawn
Comments:	

Purpose

- 1 This briefing seeks your agreement to an approach to developing a strategic framework to support the longer-term recovery and sustainability of the media sector, including the scope, timeframes, and roles and responsibilities.

Key Messages

- 2 As part of Wave 3 of the Government's COVID-19 response, you have indicated an intent to develop a strategic framework to support the longer-term recovery and sustainability of the wider media sector, both public and private. The strategic framework will help to ensure that decisions on any further government interventions for the media sector support long-term outcomes. This initiative forms part of the second media support package currently under consideration.
- 3 This work acknowledges that changes to structural, funding and policy settings will be required to address the underlying issues that were threatening the survival of media companies prior to COVID-19 and to create a viable path to recovery and sustainability in the medium to long term.
- 4 The strategic framework would be developed in close collaboration with the sector by September 2020 and would be presented to the Minister of Broadcasting, Communications and Digital Media as soon as practicable after the 2020 election. If accepted, it would be presented to Cabinet for endorsement.
- 5 Officials seek your agreement to the scope for this work so that internal planning can progress while the second media support package is under consideration. Officials also propose the establishment of a sector reference group to support the development of the strategic framework.
- 6 Stakeholders have proposed several policy initiatives for consideration as part of the workshops on the COVID-19 support packages, and you have indicated that these policy initiatives will be considered as part of this work. The strategic framework will provide a way to assess the impact and relevance of these initiatives to inform further decisions by Ministers.
- 7 Officials recommend that the next phase of the Strong Public Media programme is progressed within the context of the strategic framework. It will be critical that interventions to support public and private media align and are founded on a clear understanding of the relative roles and contributions of each. Officials will provide further advice on options to progress the Strong Public Media programme.
- 8 This work will also need to align with the Māori Media Sector Shift and will have links to several existing policy initiatives across government.
- 9 This briefing is intended to be read in conjunction with *BR2020/227 Strong Public Media Business Case: Strategic and Economic Cases Completed*.

Recommendations

- 10 The Ministry for Culture and Heritage recommends that you:
- 1 **Note** that you have indicated an intent to develop a strategic framework to support the longer-term recovery and sustainability of the wider media sector, both public and private; **YES / NO**
 - 2 **Agree**, subject to confirmation of the second media support package, that officials will work with stakeholders to develop a strategic framework that will enable government and media entities to make informed decisions, collectively and independently, that support a sustainable media sector; **YES / NO**
 - 3 **Agree** to the following scope for the strategic framework: **YES / NO**

In scope	Out of scope
Television and radio media	Music sector
Print media (includes newspapers and magazines)	Film sector
Digital media (includes digital news services and digital content platforms)	Advertising sector
	Games sector
	Book publishing
	Archives
 - 4 **Agree** that the Ministry for Culture and Heritage will lead the development of the strategic framework on behalf of government; **YES / NO**
 - 5 **Agree** to convene a sector reference group of nominated representatives who will work closely with officials on the development of the strategic framework; **YES / NO**
 - 6 **Direct** officials to provide further advice on convening the sector reference group; **YES / NO**
 - 7 **Note** that officials expect the strategic framework to be developed by September 2020 and delivered to the Minister of Broadcasting, Communications and Digital Media as soon as practicable after the 2020 election; **YES / NO**
 - 8 **Agree** that the strategic framework will inform a subsequent policy work programme that will include both public and private media; **YES / NO**
 - 9 **Agree** that the Strong Public Media programme be progressed in the context of the strategic framework and work programme referred to in recommendation 8; **YES / NO**
 - 10 **Note** that officials will provide further advice on options to progress the Strong Public Media programme. **YES / NO**



Anna Butler
Deputy Chief Executive, Policy
and Sector Performance

Hon Kris Faafoi
Minister of Broadcasting,
Communications and Digital Media

____ / ____ / 2020

Background

- 11 New Zealand media organisations faced fundamental challenges to their ongoing viability prior to the outbreak of COVID-19. The impact of COVID-19 has exacerbated these challenges and shortened the runway available for media companies to transition to more sustainable business models.
- 12 The Government is advancing its economic response to COVID-19 in three waves¹. 9(2)(f)(v) [REDACTED]
[REDACTED]
[REDACTED]
- 13 The Cabinet paper for the first support package noted that the intent of these initiatives was to preserve the critical components of the sector long enough to develop a more enduring strategic framework for the future sustainability of the sector, which is proposed to form part of Wave 3.
- 14 The need for a more enduring strategic framework acknowledges that changes to structural, funding and policy settings will be required to address the underlying issues that were threatening the survival of media companies prior to COVID-19 and to create a viable path to recovery and sustainability in the medium to long term. Short-term relief measures alone cannot achieve this outcome. Stakeholders have proposed several policy initiatives for consideration as part of the workshops on the COVID-19 support packages, and a strategic framework will provide a way to assess the impact and relevance of these initiatives.
- 15 In April 2020, you agreed to expand the scope of current work on public media to focus on the viability of the wider media sector (BR2020/161 refers). You subsequently directed officials to develop advice on several policy initiatives as part of a wider strategic approach focused on the longer-term recovery and sustainability of the media sector (BR2020/172 refers).
- 16 Officials propose to work with the sector to develop a strategic framework for a viable media sector prior to commencing work on specific policy initiatives. The strategic framework and subsequent policy work would form part of the second media support package. Officials prepared a budget bid for \$2.0 million for the resources required to deliver this work.

¹ **Wave 1:** Fighting the virus and cushioning the blow. **Wave 2:** Positioning for recovery.
Wave 3: Resetting and revitalising the economy.

Strategic framework for a sustainable media sector

Purpose and expected benefits

- 17 A strategic framework would be a document developed collaboratively to create a common understanding across government, public media and private media of the characteristics of a future sustainable media sector. This medium-term vision will help to identify what change is required to achieve that future state. At a high level the strategic framework would set out:
- *Context*: the key issues, trends and opportunities within the wider sector, the unique features of the relationship between media and government, and the current legislative and regulatory settings that affect the decisions available to the sector.
 - *Outcomes*: the benefits media create for New Zealand, the outcomes that the sector should deliver, and what a sustainable media sector would look like in future compared to where we are now.
 - *Delivery*: the critical functions, capabilities and infrastructure required to achieve that future state, and the optimal roles of government, public media and private media in delivering sector outcomes.
- 18 Government, public media and private media will need to make decisions in the short to medium term to recover and transition to more sustainable arrangements as part of the COVID-19 response. A strategic approach to these decisions would help to ensure that further government interventions (policy, funding or regulatory) are relevant, have the desired impact, and avoid the risks of ad hoc decision-making.
- 19 A strategic framework will also support Ministers to make informed decisions that focus on critical capability and long-term outcomes rather than investing in unsustainable business models, as noted by Cabinet. It will clearly set out the role of government in sector transformation, acknowledging that government alone cannot resolve all the challenges facing media.
- 20 It also provides an opportunity to expand the current work programme, which has focused primarily on public media, to include broader sector outcomes. On that basis, officials recommend that the strategic framework is prepared in close collaboration with the wider sector.
- 21 The expected benefits of developing the strategic framework are:
- A managed plan to transition to more sustainable sector arrangements that is intended to inform decisions on a subsequent policy work programme.
 - A means to evaluate, prioritise and sequence potential policy interventions in order to identify initiatives that are likely to have the greatest beneficial impact on sector sustainability.
 - A shared understanding of the respective roles and contributions of the government, public media and private media to agreed sector outcomes.

- A cohesive narrative on the Government’s approach to supporting the sector to respond to the economic consequences of COVID-19.
- A framework to support a coordinated sector approach to other relevant areas of policy work being undertaken across government.

Scope

- 22 The Ministry for Culture and Heritage (the Ministry) proposes the following scope for the strategic framework in order to focus on the core components of the media sector rather than adjacent sectors:

In scope	Out of scope
Television and radio media Print media (includes newspapers and magazines) Digital media (includes digital news services and digital content platforms)	Music sector Film sector Advertising sector Games sector Book publishing Archives

- 23 Issues relating to content production, transmission and delivery, and revenue streams (such as advertising) would be considered to the extent that they relate to the areas deemed in scope.
- 24 The inclusion of print media, and of magazines in particular, represents an expansion of the traditional scope of the portfolio. Prior to COVID-19, the Ministry had had limited engagement with magazine publishers. Magazines have been severely affected by COVID-19 restrictions, and publishers have advocated to be included in subsequent policy work. Officials expect journalistic capability to be a core feature of any sector strategic framework and therefore recommend the inclusion of these parts of the sector.
- 25 Some areas have been proposed to be out of scope on the basis that they will be considered through other existing work programmes (e.g. the Screen Sector Strategy). Where possible, the strategic framework will account for intersections with these areas, particularly where there may be shared economic and cultural benefits.
- 26 Officials propose that the strategic framework have a five-year time horizon. This relatively short time horizon reflects that this work is intended to form part of the COVID-19 recovery response and that the sector requires a critical, medium-term transition to more sustainable operating models. It also acknowledges the practical challenges of anticipating further changes in the sector’s operating environment.
- 27 The strategic framework would remain in place for the duration of the five-year period unless there was a significant change to the strategic context that required fundamental assumptions to be revisited.

Roles and responsibilities

- 28 The Ministry for Culture and Heritage (the Ministry) would be the lead agency responsible for drafting and maintaining the strategic framework on behalf of government. The strategic framework would be developed in consultation with other relevant government agencies and sector stakeholders.
- 29 A broad cross-section of stakeholders, representing diverse interest groups, will have an interest in this work (refer to Appendix 1). It would be impractical to engage this wider group of stakeholders at every step of the process, and some media companies may have a limited ability to contribute resource to this work due to the business impacts of COVID-19.
- 30 Officials therefore recommend convening a sector reference group of 6-8 nominated representatives who will work closely with officials on the development of the strategic framework. The Ministry will also establish periodic check-in points with the wider stakeholder group to test thinking as it develops.
- 31 To form the sector reference group, officials will seek nominations from the wider group of stakeholders. Appointees to the group should collectively represent the broad interests of the media sector (e.g. experience across public and private media and a variety of delivery platforms such as broadcast, print and online, and emerging digital technologies, and representation of diverse cultural perspectives). They should have a strong understanding of the current state of New Zealand media and the credibility to express sector perspectives, interests and priorities. Clear criteria will be established for the skills and attributes required for these roles, and nominations endorsed by a collective group of stakeholders will be welcomed.
- 32 The Ministry will assess nominations, including consideration of the overall composition of the group, and make recommendations to you on appointments. While you will make final appointments to the group, the group will be responsible for providing advice and input to the Ministry. The group would be expected to support the development of the strategic framework on behalf of the wider sector, but it would not have any governance role for policy work progressed within the context of the strategic framework, for example the Strong Public Media programme.
- 33 If you agree to this approach, officials will provide further advice on convening the sector reference group, including terms of reference and position descriptions, for your consideration.

Timeframes and deliverables

- 34 Officials propose to develop the strategic framework from June to September 2020. The process would need to be short, sharp and focused in order to ensure it can support government decisions in a timely, targeted way and secure sector buy-in during a challenging period for businesses. To build momentum quickly, officials would draw on the wide range of stakeholder inputs and policy reports used to support previous advice, including the COVID-19 response work, as the

starting foundation for the strategic framework. A summary of previous inputs is provided at Appendix 2.

- 35 The sector reference group would recommend the final strategic framework to the Minister of Broadcasting, Communications and Digital Media as soon as practicable after the 2020 election. If the Minister agrees to the strategic framework, it would be presented to Cabinet for endorsement at the first available opportunity (expected to be by the end of 2020). Wider sector stakeholders would have an opportunity to endorse the framework following Cabinet consideration.
- 36 These timeframes would provide an opportunity for an incoming government to consider a sector-endorsed strategic framework as a key input to shaping future policy work programmes.

Subsequent policy work programme

- 37 The budget initiative submitted as part of the second support package included the development of a strategic framework and consideration of the following policy initiatives:
 - mitigating the impact of digital intermediaries on local media
 - supporting new ownership arrangements for private media, including reducing barriers to consolidation for existing media entities
 - developing tax incentives to support journalism
 - optimising institutional and funding arrangements for public media.
- 38 The final point refers to next steps for the Strong Public Media programme, which is discussed below. In addition, consultation feedback suggested that workforce planning should also be considered.
- 39 Each of these initiatives would involve significant policy work. The strategic framework will provide a means of evaluating and prioritising which initiatives are most likely to support long-term outcomes. On that basis, the government's undertaking to consider these initiatives should not be seen as a commitment to implement them. Likewise, alternative policy interventions that support sector sustainability may be identified as preferred options in the course of this work.
- 40 Stakeholders may not see value in taking the time to develop a strategic approach given the immediate financial pressures their businesses are facing. To maintain momentum, officials propose to undertake initial scoping work on the policy initiatives already proposed in parallel with the development of the strategic framework. This approach will enable more detailed policy work to be progressed quickly once the framework is finalised in order to inform advice to Ministers on a recommended approach.

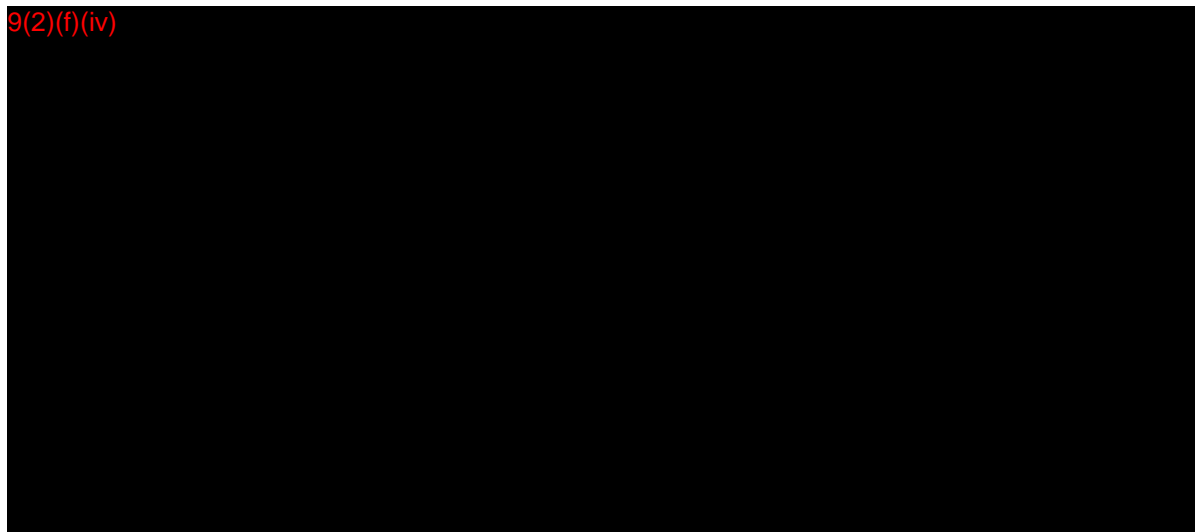
Alignment with existing policy programmes

- 41 There are several policy programmes across government that will have potential links to the development of the strategic framework and any subsequent policy work programme. These initiatives have been summarised in Appendix 3.
- 42 Officials will need to work closely with partner agencies to ensure alignment between workstreams and to seek shared benefits or outcomes where possible and desirable. Some existing policy initiatives may constrain the options available as part of this work.

Strong Public Media programme

- 43 You have received a separate briefing on the completed strategic and economic cases of the Strong Public Media detailed business case, including the Ministry's advice on issues that require further consideration (BR2020/227 refers).
- 44 Officials recommend that the next phase of the Strong Public Media programme is progressed within the context of the strategic framework and as part of the related policy work programme. It will be critical that interventions to support public and private media align and are founded on a clear understanding of the relative roles and contributions of each.

45 9(2)(f)(iv)



- 46 In addition, TVNZ is facing significant negative financial impacts as a result of COVID-19 and is expected to require financial support to continue its operations (Treasury advice T2020/862 refers). The Strong Public Media programme is expected to set the strategic direction for the Crown's media entities, particularly TVNZ and RNZ. Advice on these options will need to take into consideration TVNZ's current position, its expected role and required capabilities, and the transitional arrangements or support that may be required while this work is progressed.
- 47 Officials will provide further detailed advice on these options, including advice on the process recommended to progress them, once you have had an opportunity to consider this paper and BR2020/227.

Māori Media Sector Shift

- 48 The strategic framework process will need to align strongly with the Māori Media Sector Shift being led by the Minister for Māori Development, which is focused on supporting Māori media entities² to adapt to their changing operating environment, better serve audiences, and contribute to te reo revitalisation outcomes. Cabinet has already agreed to a set of principles, objectives and outcomes to guide the Māori Media Sector Shift. Officials understand that Minister Mahuta intends to take a set of proposals for progressing this work to Cabinet in July 2020, following sector consultation.
- 49 It will be vital to ensure that the role of media in supporting Māori cultural and language outcomes is considered as part of the strategic framework, and that Māori media stakeholders are actively involved in the development process. It is not intended, however, that this process will duplicate or revisit the policy work already progressed through the Māori Media Sector Shift in relation to structural, funding or governance arrangements for Māori media entities.
- 50 Officials have developed a strong working relationship with Te Puni Kōkiri officials leading this work and will continue to work together to ensure alignment between policy workstreams and to identify opportunities for collaboration.

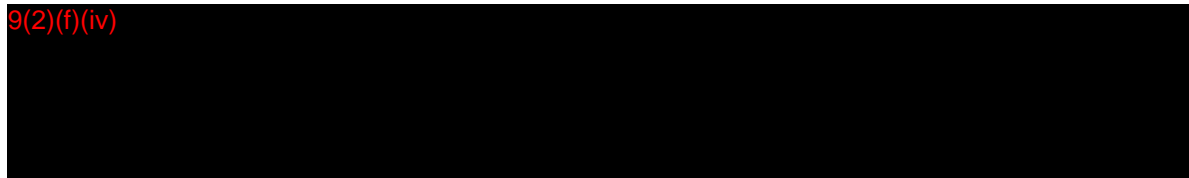
Consultation

- 51 The Treasury and Te Puni Kōkiri have been consulted on this paper and agree with the recommendations.

Financial implications

52

9(2)(f)(iv)



Next steps

- 53 Officials do not intend to discuss this work with stakeholders until the second support package has been confirmed and announced. The timing of decisions on the second package may have an impact on the timeframes for delivering the strategic framework if there is a delay in commencing engagement with stakeholders. Officials will continue to progress internal planning and policy work to the extent possible in the interim.
- 54 If you agree to the recommendations in this paper, officials will provide further advice on convening the sector reference group and on options to progress the Strong Public Media programme in the coming weeks. Officials will also prepare a stakeholder engagement plan in consultation with your office.

² Māori Television, Te Māngai Pāho, and Te Whakaruruhau o Ngā Reo Irirangi Māori (iwi radio).

Appendices

Appendix 1: Stakeholder overview

Appendix 2: Summary of previous policy inputs

Appendix 3: Related policy work programmes

Appendix 1: Stakeholder overview

The following table provides an initial overview of stakeholders who have may an interest in this work. It will be developed and refined further as part of a stakeholder engagement plan.

Government

Departments	Media entities (Crown owned or funded)	Regulators	Transmission
MCH	TVNZ	Broadcasting Standards Authority	Kordia
Treasury	RNZ	Office of Film and Literature Classification	
Te Puni Kōkiri	NZ On Air		
Ministry for Pacific Peoples	Māori Television		
MBIE	Te Māngai Pāho		
DIA	Te Whakaruruhau o Ngā Reo Irirangi Māori		
	National Pacific Radio Trust		

Non-government

Private media	Industry bodies / interest groups	Production sector	Platforms	Other
MediaWorks	Newspaper Publishers Association	SPADA	Facebook	Academics
Stuff	Magazine Publishers Association	DEGNZ	Google	E tū / PSA
NZME	Radio Broadcasters Association	Ngā Aho Whakaari	Netflix	Freeview
Sky	Community Newspaper Association		Amazon	NZ Media Council
The Spinoff	Better Public Media Trust		Apple	Advertising Standards Authority
Newsroom	NZ Children's Screen Trust		Disney	Able
Allied Press	Advertising industry bodies (ANZA, CCC, IAB)		Spark	Digital Media Trust
				Community Access Media Alliance
				Ethnic media

Appendix 2: Summary of previous policy inputs

The following inputs, which have been developed as part of previous policy work, will be drawn on by officials to develop the starting foundation for the strategic framework:

- COVID-19 response: stakeholder workshops and information requests
- Strong Public Media programme: previous Cabinet papers developed with the Chief Executive's Advisory Group, strategic and economic cases of the detailed business case, and the market soundings undertaken as part of the business case
- Public Media Ministerial Advisory Group: the three reports prepared or commissioned by the group, as well as stakeholder submissions made to the group.
- Māori Media Sector Shift: previous Cabinet papers on principles, outcomes and objectives
- NZ On Air report: Options to Improve the Environment for New Zealand Journalism (report following the journalism roundtable in July 2019)
- Other sector research and reports (e.g. NZ On Air audience research, PwC's Global Entertainment & Media Outlook 2019-2023, Coalition for Better Broadcasting report)

Relevant international work

- ACCC's Inquiry into Digital Platforms, and subsequent policy work (Australia)
- Australian content on broadcast, radio and streaming services (Australia)
- Cairncross Review: A sustainable future for journalism (UK)
- Broadcasting and Telecommunications Legislative Review (Canada)

Appendix 3: Related policy work programmes

The following policy programmes will have potential points of intersection or alignment with the strategic framework and subsequent policy work programme.

These intersections will be identified and explored further as work progresses.

Department	Initiative
MCH	Strong Public Media
MCH	Screen Sector Strategy (sector-led)
MCH / DIA	Content regulation review
Te Puni Kōkiri	Māori Media Sector Shift
Te Puni Kōkiri	Wai 262
IRD	Taxing the digital economy
MBIE	Copyright Act review
MBIE	Industry Transformation Plans – Creative industries
Ministry for Pacific Peoples	Pacific Aotearoa Lalanga Fou
Department of Prime Minister and Cabinet	Foreign interference

Hon Kris Faafoi

Minister of Broadcasting, Communications and Digital Media

AIDE MEMOIRE: Submission of the second media support package

Date:	24 June 2020	Priority:	High
Security classification:	Sensitive	Reference:	AM2020/276
Contact	Liz Stewart, Programme Manager 9(2)(a) [REDACTED]		

Purpose

- 1 This paper provides an update on the next steps for the COVID-19 Response and Recovery Fund Round 2 (Round 2) in which the second media support package is being considered. It also responds to a request from your office to provide detail of the information that will be submitted to The Treasury as part of this process.

Background

- 2 You have written to the Minister of Finance to propose a second media support package seeking 9(2)(i)(iv) [REDACTED] over three years for two critical initiatives to build on the \$50 million initial sector support package agreed in April 2020. Developed following workshops with the sector, these initiatives are:

9(2)(f)(iv) [REDACTED]

- b. *Building a sustainable and viable media sector* - \$2.0 million for 2020/21 only.

Process for approval of Round 2 initiatives

- 3 The Treasury has contacted relevant agencies on the next steps for Round 2. It advises that:
 - a. The Minister of Finance is expected to confirm a 'near final' Round 2 package on 24 June, following a meeting of finance Ministers.
 - b. Successful initiatives must be finalised in Treasury's CFISnet system on 26 June, including initiative titles, descriptions and financial recommendations.

- c. Treasury intends to lodge a Round 2 Cabinet paper covering the full package on 3 July.
- d. Cabinet is expected to consider the Round 2 package on 6 July.

Proposed initiative titles and descriptions for submission

- 4 The Ministry for Culture and Heritage (the Ministry) has been asked to submit information on the titles, descriptions, and financial recommendations in support of our proposed Round 2 initiatives to Treasury by 26 June.
- 5 In traditional Budget processes, the initiative title and description are approved as part of the bid template submission by Ministers and are published in the formal Budget documents. At this stage it is not clear if these will be published in a similar manner for the Round 2 package, but the Ministry has prepared the title and description for the two initiatives consistent with Treasury’s standard guidance and character limits as follows:

<i>Title</i>	9(2)(f)(iv)
<i>Description (500 characters maximum, including spaces)</i>	
<i>Title</i>	Building a Sustainable and Viable Media Sector
<i>Description (500 characters maximum, including spaces)</i>	This initiative enables the rapid development of a strategic framework and subsequent policy work to support longer-term sector sustainability and viability including next steps for the Strong Public Media programme. Both public and private media face fundamental challenges to their ongoing viability, and enduring structural, regulatory and policy change will be required to support media to recover and transition to a more sustainable future

- 6 Financial recommendations to give effect to the funding proposals will also be provided to Treasury for inclusion in the Round 2 Cabinet paper. We also propose to include a

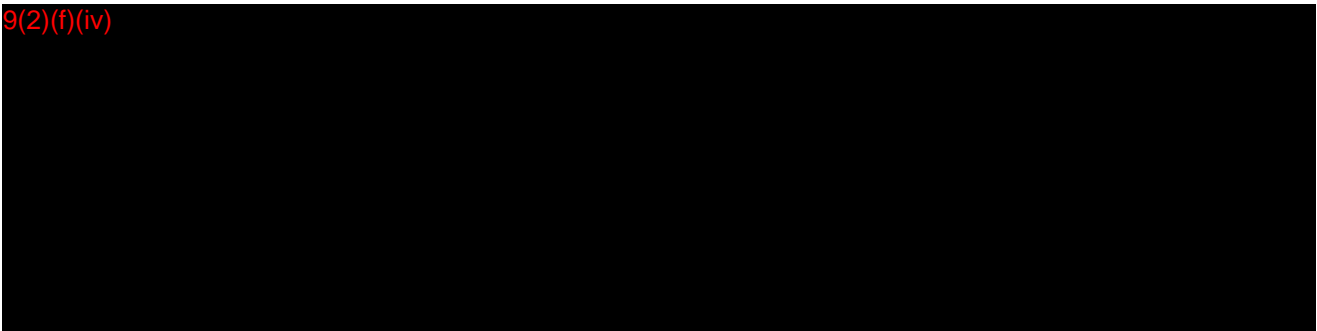
delegation recommendation to allow you to make implementation decisions, consistent with the initial support package:

Authorise the Minister of Broadcasting, Communications and Digital Media to take further decisions on minor and technical matters to support the implementation of these initiatives in line with decisions agreed by Cabinet.

Next steps for Strong Public Media

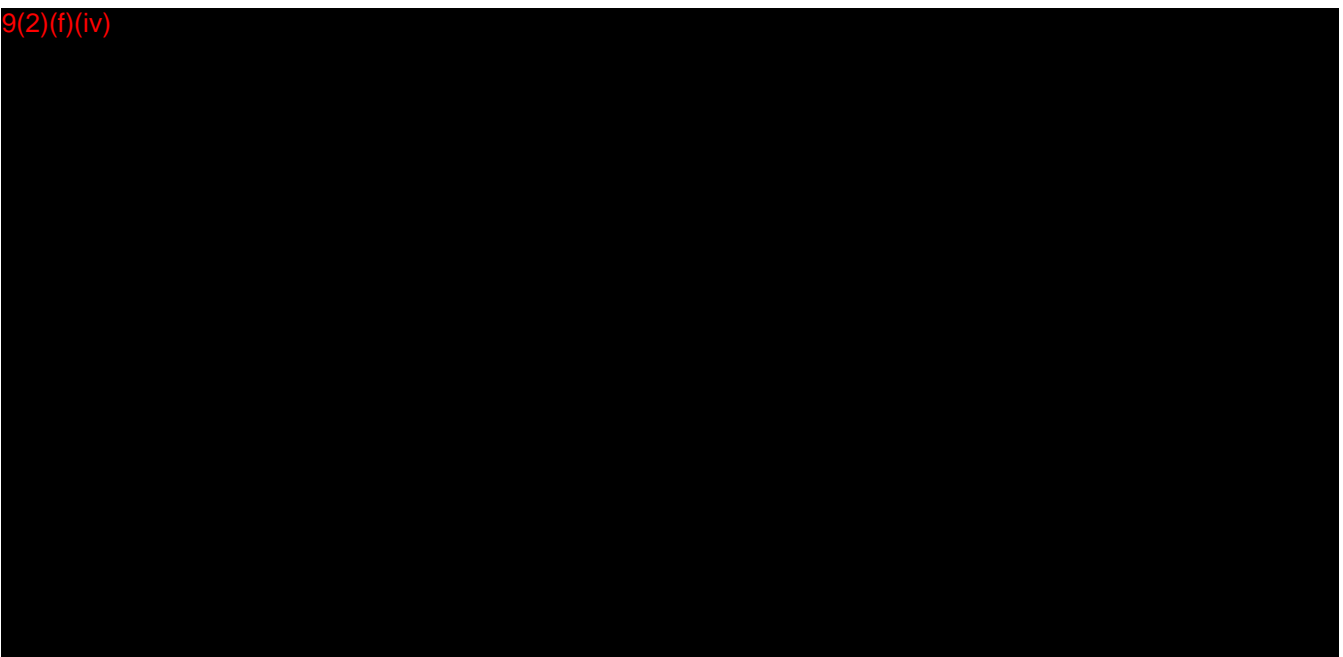
- 7 In April 2020, the Cabinet Business Committee noted that the detailed business case on the viability of establishing a new public media entity would be paused on completion of the strategic and economic cases, and that this work would be revisited at a later date [CBC-20-MIN-0030 refers].
- 8 As noted in the initiative description, you have agreed that the Strong Public Media programme be progressed in the wider context of the 'Building a sustainable and viable media sector' initiative (BR2020/228 refers).
- 9 The Ministry proposes that the Round 2 Cabinet paper note your intention to resume this work and suggests the inclusion of the following recommendations in the paper:

9(2)(f)(iv)

A large black rectangular redaction box covers the content of item 9. The text '9(2)(f)(iv)' is written in red at the top left corner of the redaction.

- 10 The Ministry intends to provide you with further advice on options to progress the Strong Public Media programme shortly.

9(2)(f)(iv)

A large black rectangular redaction box covers the content of item 10. The text '9(2)(f)(iv)' is written in red at the top left corner of the redaction.

Next steps

- 14 The Ministry will continue to work with your office to confirm any final details required to submit these initiatives to the Treasury by 26 June.
- 15 The Ministry will also work with your office to support a potential package announcement following confirmation that the initiatives are being included in the Round 2 package prepared for Cabinet consideration on 6 July 2020.



Liz Stewart
Programme Manager, Media and Broadcasting

Hon Kris Faafoi

Minister of Broadcasting, Communications and Digital Media

OVERVIEW OF THE SECOND MEDIA SUPPORT PACKAGE

Date:	26 June 2020	Priority:	High
Security classification:	Commercial In-Confidence	Reference:	BR2020/282

Minister	Action Sought	Deadline
Hon Kris Faafoi Broadcasting, Communications and Digital Media	<p>Agree to submit this second media support package to the Minister of Finance for inclusion in the COVID-19 Response and Recovery Round 2 package to be considered at Cabinet on 6 July 2020</p> <p>Forward this briefing to the Minister of Finance to seek his approval to include these initiatives in the COVID-19 Response and Recovery Round 2 package to be considered at Cabinet on 6 July 2020</p>	26 June 2020

Contacts			
Name	Position	Contact	1 st Contact
Anna Butler	Deputy Chief Executive, Policy and Sector Performance	9(2)(a)	✓
Tony de Jong	Policy Advisor		

Minister's office to complete	<input type="checkbox"/> Approved <input type="checkbox"/> Noted <input type="checkbox"/> Seen <input type="checkbox"/> See Minister's notes	<input type="checkbox"/> Declined <input type="checkbox"/> Needs change <input type="checkbox"/> Overtaken by events <input type="checkbox"/> Withdrawn
Comments:		

Purpose

- 1 This paper provides you an overview of the proposed second media support package and requests that you seek the Minister of Finance's approval to include these initiatives in the COVID-19 Response and Recovery Round 2 package to be considered by Cabinet on 6 July.

Recommendations

- 2 The Ministry for Culture and Heritage recommends that you:

Minister of Broadcasting, Communications and Digital Media:

- 1 **Note** the content of this briefing YES / NO
- 2 **Agree** to submit the proposed second media support package to the Minister of Finance for inclusion in the COVID-19 Response and Recovery Round 2 package to be considered at Cabinet on 6 July 2020 YES / NO
- 3 9(2)(f)(iv) [REDACTED] YES / NO
- 4 **Forward** this paper to the Minister of Finance YES / NO

Minister of Finance:

- 5 **Agree** to include the two second media package initiatives outlined in this paper in the COVID-19 Response and Recovery Round 2 package to be considered at Cabinet on 6 July 2020 YES / NO



Anna Butler
**Deputy Chief Executive, Policy
and Sector Performance**

Hon Kris Faafoi
**Minister of Broadcasting,
Communications and Digital Media**
_____ / _____ / 2020

Hon Grant Robertson
Minister of Finance
_____ / _____ / 2020

Why this package is required

- 3 A healthy media sector is a central component of an open, participative democracy and has a vital role in supporting wider economic activity. The sector provides jobs and platforms for advertising that underpin economic activity at a local, regional and national level, and makes a strong contribution to wellbeing outcomes, particularly cultural identity and civics and governance.
- 4 New Zealand media organisations faced fundamental challenges prior to the outbreak of COVID-19. These challenges have been exacerbated by COVID-19 as many media companies have experienced a drastic decline in advertising revenue (estimated to be in the range of 40-70% during the lockdown phase) even as audience reach has soared.
- 5 The economic situation through the recovery period will have a significant ongoing impact on media companies. Job losses have already been experienced across the sector, and with concerns that advertising revenue may not fully recover to pre-COVID levels, further losses are likely¹. The impact of COVID-19 has shortened the runway available for media companies to adapt and transition to more sustainable business models.
- 6 Government action is needed to ensure that regardless of the changing dynamics and structure of the media sector, there is not an irreversible loss of capability and infrastructure as a result of COVID-19, particularly for public interest journalism.

Media support Package One

- 7 In April the Cabinet Business Committee agreed to a \$50.0 million initial media sector support package to address immediate cashflow issues caused by the dramatic and abrupt reduction in revenue over the lock-down period and short term. This investment sought to sustain critical components of the sector for long enough to develop a more substantial and targeted support package and a more enduring strategy for future sector sustainability.

Proposed Second Media support package

Overview

- 8 The proposed second media package sought through the COVID-19 Response and Recovery Round 2 package 9(2)(f)(iv) [REDACTED] 9(2)(f)(iv) [REDACTED] It seeks 9(2)(f)(iv) [REDACTED] for two critical initiatives to build on the immediate cashflow support in the initial package:

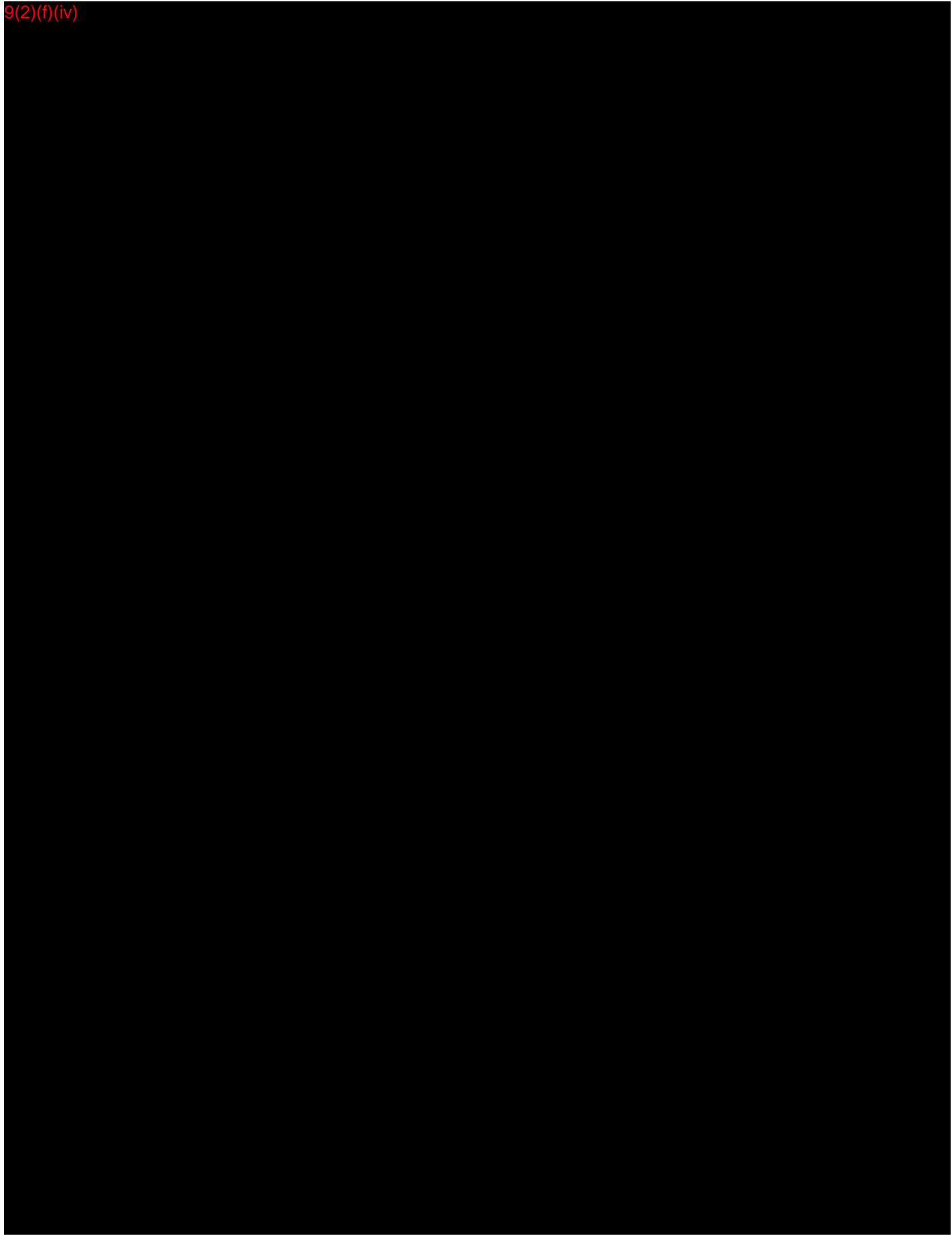
9(2)(f)(iv) [REDACTED]

- b. *Recovery strategy for a sustainable and viable media sector* - \$2.0 million

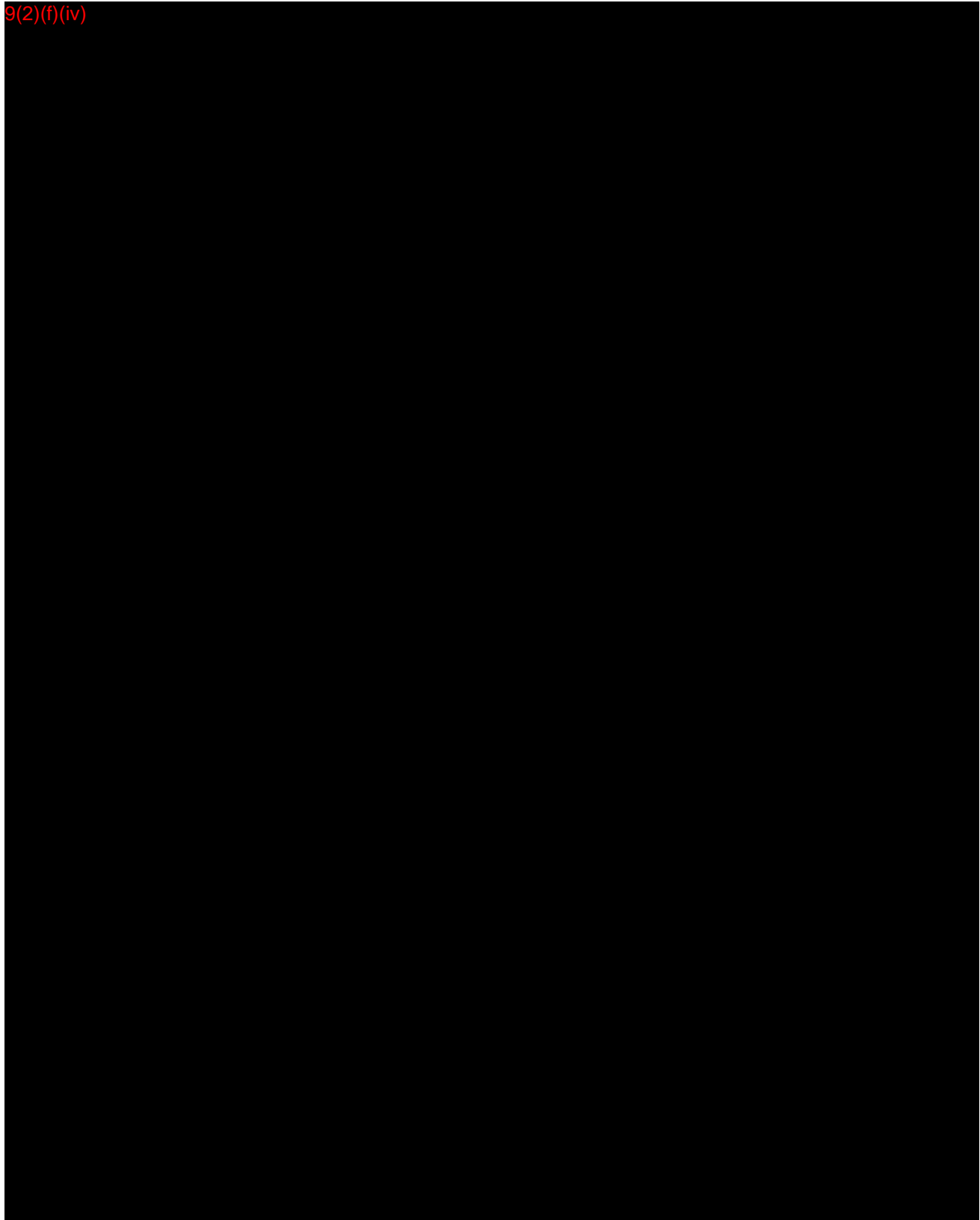
¹ For example, direct COVID-19 proposed redundancies have been announced for 200 jobs NZME, 130 at MediaWorks, and 70-90 jobs at TVNZ.

Detail of these initiatives is set out below.

9(2)(f)(iv)



9(2)(f)(iv)



Building a sustainable and viable media sector

Funding sought: \$2.0 million in 2020/21

26 **Initiative description:** This initiative will support the rapid development of a strategic framework to support the longer-term recovery and viability of the wider media sector, both public and private, and a subsequent work programme. It will

ensure that any further government interventions for the media sector support critical capabilities and long-term outcomes. The Strong Public Media programme will be progressed as part of this work.

- 27 **Policy rationale:** New Zealand media organisations faced fundamental challenges to their viability prior to the outbreak of COVID-19, which has exacerbated these challenges and shortened the runway available for media companies to transition to more sustainable business models. Changes to structural, regulatory and policy settings will be required to address the underlying issues threatening the survival of media companies and to create a viable path to recovery and sustainability in the medium to long term. Short-term relief measures alone cannot achieve this outcome.

Implementation:

Strategic framework

- 28 Officials at the Ministry for Culture and Heritage will lead the development of the strategic framework in close collaboration with the sector. The Ministry will convene a Sector Reference Group of nominated media sector representatives to support this work. Work will commence as soon as the initiative is approved. The completed strategic framework would be presented to the Minister of Broadcasting, Communications and Digital Media as soon as practicable after the 2020 election. If accepted, it would be presented to Cabinet for endorsement. These timeframes would provide an opportunity for an incoming government to consider a sector-endorsed strategic framework as a key input to shaping future policy work programmes.

Subsequent policy work programme

- 29 This initiative will also include progressing the Strong Public Media programme to secure enduring solutions for New Zealand's public media. In addition, it will consider the merits of the following policy initiatives, which were identified by stakeholders as priority initiatives to support a sustainable sector:
- a. mitigating the impact of digital intermediaries on local media
 - b. supporting new ownership arrangements for private media, including reducing barriers to consolidation
 - c. developing tax incentives to support journalism.
- 30 Officials will undertake initial scoping work on these initiatives in parallel with the development of the strategic framework, and other policy options may be identified in the course of this work. This approach will enable more detailed policy work to be progressed quickly during 2020/21 once the framework is finalised. The strategic framework will provide a way to assess the impact and relevance of these initiatives to inform decisions by Ministers on a work programme.

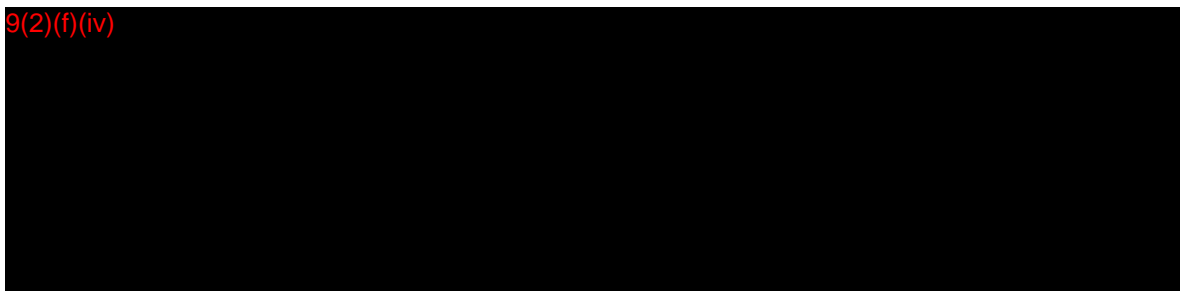
Expected benefits:

- 31 The strategic framework will create a common understanding across government, public media and private media of the characteristics of a future sustainable media sector and the change is required to achieve that future state. It will set out the respective roles and contributions of the government, public media and private media to agreed sector outcomes.
- 32 The strategic framework will provide a means to evaluate, prioritise and sequence potential policy interventions in order to identify initiatives that are likely to have the greatest beneficial impact on sector sustainability. It will help to avoid interventions that prop up unsustainable business models.
- 33 The subsequent work programme, which will be informed by and developed alongside the strategic framework, provides an opportunity to design the changes required to current policy and legal settings in order to respond to the challenges of the changing media operating environment. It will provide a managed plan to support media to transition to more sustainable long-term arrangements, including recovering from the impact of COVID-19, in order to secure the cultural and economic benefits that media create for New Zealand.

Scaling options

- 34 The Ministry notes that a range of scaling options are available for this package if required.

35 9(2)(f)(iv)



- 36 The Ministry does not recommend scaling *Building a sustainable and viable media sector* initiative. In addition to any scaling likely to represent minimal savings across the overall package, the funding proposed is a reflection of the actual and reasonable cost of the scope and scale of the work required.

COVID-19 RESPONSE ROUND 2: PROPOSED MEDIA SUPPORT PACKAGE

26 JUNE 2020

FURTHER MEDIA SECTOR SUPPORT IS REQUIRED

THE MEDIA SECTOR PROVIDES:

- journalism jobs and platforms for advertising that underpin NZ economic activity at a local, regional and national level.
- a strong contribution to wellbeing outcomes, particularly cultural identity, civics and governance.
- critical components of an open, participative democracy

COVID-19 HAS MEANT:

- media companies have experienced a drastic decline in advertising revenue (est at 40 – 70% during lockdown) while audience numbers have soared.
- job losses have been announced across the sector
- the runway available for media organisations to adapt to more sustainable business models has shortened.

MEDIA PACKAGE ONE PROVIDED:

- \$50M of immediate cashflow relief for a broad range of (primarily broadcast) media to enable them to maintain delivery of essential services in the short-term

FURTHER GOVERNMENT SUPPORT IS NEEDED TO:

9(2)(f)(iv)

THE PROPOSED MEDIA PACKAGE 2 INITIATIVES

9(2)(f)(iv)

VIABILITY OF THE SECTOR 9(2)(f)(iv)

A LONG TERM VIEW OF VIABILITY : 9(2)(f)(iv)

A strategic view of the media ecosystem developed in tandem with the sector, and considering global and local evidence, to enable effective and efficient co-existence of public and private New Zealand media businesses and inform the policy changes required for the sector to more readily respond to the changing operating environment.

IMPLEMENTATION OF THE INITIATIVES

9(2)(f)(iv)

Together with the sector, a framework will be developed which will support effective decision making for government and wider media sector

PRACTICAL EXAMPLES

9(2)(f)(iv)

INTENDED OUTCOMES

Productive co-existence of public & private media organisations within the New Zealand eco-system.

Policy and legal changes to positively impact the sector ecosystem through levers such as:

- Mitigating the impact of digital intermediaries on local media
- Enabling consolidation of ownership
- Developing tax incentives to support journalism

A sector best placed to leverage the changing system in which it operates.

Hon Kris Faafoi

Minister of Broadcasting, Communications and Digital Media

**STRATEGIC FRAMEWORK INITIATIVE: CONVENING A SECTOR
REFERENCE GROUP**

Date:	3 July 2020	Priority:	Medium
Security classification:	In Confidence	Reference:	BR2020/270
Contact:	Anna Butler, 9(2)(a)	Deadline:	8 July 2020

Decisions required

- 1 On 16 June 2020, you agreed, subject to confirmation of the second media support package, that officials will develop a strategic framework that will enable government and media entities to make informed decisions that support a sustainable media sector (BR2020/228 refers). You also agreed that a Sector Reference Group (SRG) of nominated media sector representatives be convened to work closely with officials to develop the strategic framework.
- 2 This briefing provides an overview of the nomination and appointment process that the Ministry for Culture and Heritage (the Ministry) proposes to convene the SRG, including the draft Terms of Reference and role description.

Convening the Sector Reference Group

Purpose and Terms of Reference

- 3 The purpose of the SRG is to form a small group of media sector representatives who will work with officials to develop the strategic framework by providing sector input and perspectives. The SRG will act in an advisory capacity to the Ministry. The core functions of the group will be to credibly represent diverse sector interests and facilitate wider engagement with this work.
- 4 This approach recognises the broad cross-section of stakeholders that will have an interest in this work and the impracticality of involving the wider group at every step in the process. It seeks to ensure that the sector has been given a meaningful opportunity to have a role in developing the strategic framework so that sector organisations are more likely to endorse the final framework.
- 5 Draft Terms of Reference for the SRG are provided at Appendix 1. Officials will finalise the Terms of Reference when appointments to the SRG are made.

Nomination process

- 6 The strategic framework initiative forms part of the second media support package that is under consideration. Once the second package has been agreed

and announced, the Ministry will send out a call for nominations to the wider sector along with the draft Terms of Reference and a role description.

- 7 It is proposed that the SRG will have 6-8 members who collectively represent the broad interests of the media sector. Members are expected to act as representatives of the wider sector and not as advocates for specific issues, organisations or entities with which they may be affiliated. The SRG will be chaired by the Ministry's Chief Executive or her designated nominee. A role description, which sets out the skills and attributes required as well as the appointment criteria, is provided at Appendix 2.
- 8 A list of stakeholders who will receive the call for nominations is provided at Appendix 3. Your feedback is invited on any other stakeholders that should be included. Stakeholders will be encouraged to share the call with their networks.
- 9 The Ministry does not propose to seek nominations through other means such as departmental or Ministerial consultation in order to ensure as far as possible that members of the SRG are seen to be mandated representatives of the sector.
- 10 Self-nominations will be accepted. Nominations that are endorsed by a group of stakeholders, for example through an industry body on behalf of member organisations, will be encouraged.

Appointment process

- 11 Officials now recommend that final decisions on appointments are made by the Chief Executive of the Ministry, which is a change to the approach previously suggested. This approach is consistent with the proposal that the SRG will report to and advise the Ministry directly. Appointments made by the Ministry do not require Cabinet Appointments and Honours Committee (APH) consideration. The Ministry will update you on the intended appointments before they are finalised.
- 12 The Ministry proposes a light touch approach to due diligence given the primary function of the SRG is to represent sector perspectives and facilitate sector input. This approach will include confirming availability and checking the relevant qualifications and conflicts of interest of shortlisted candidates. Officials will assess nominations against the criteria set out in the role description. Consideration will be given to both individual skills and attributes and the collective breadth and diversity of sector interests represented by the group.
- 13 Once appointments have been finalised, the Ministry will send letters inviting members to join the SRG.

Role of the SRG once the strategic framework is completed

- 14 The Ministry will recommend the final strategic framework to the Minister of Broadcasting, Communications and Digital Media as soon as practicable following the 2020 election. Once the Minister has agreed to the strategic framework, it would be presented to Cabinet for endorsement at the first available opportunity.

- 15 The SRG's term is proposed to end once the strategic framework has been completed. If there is a desire to involve the SRG in subsequent work, or to extend or expand its role for another purpose, then revised Terms of Reference would need to be agreed.

Approach to broader stakeholder engagement

- 16 The Ministry proposes that there would be at least two 'check-in' points with the broader group of stakeholders beyond the SRG members during this process. These check-ins would take place when a first draft and then a final draft of the strategic framework are available, and they would give the broader sector a chance to provide feedback before the framework is finalised for Ministerial consideration. In addition, sector organisations would have an opportunity to endorse the final strategic framework following Cabinet consideration.
- 17 A range of stakeholder engagement to support other initiatives within the media support packages and existing policy programme will take place while this work is underway. The SRG has a well-defined purpose and is intended to focus only on the strategic framework initiative rather than acting as a conduit for stakeholder engagement on other issues.
- 18 The Ministry will also work closely with partner agencies, including Te Puni Kōkiri and the Treasury, as this work progresses.

Consultation

- 19 Te Puni Kōkiri (TPK) was previously consulted on *BR2020/228 Strategic framework for a sustainable media sector*, which proposed establishing the SRG. In their feedback, TPK suggested that the SRG include 1-2 people who can bring a Māori media sector perspective to this work. This recommendation has been reflected in the role description.

Next steps

- 20 Officials understand that funding for the strategic framework initiative is expected to be considered by Cabinet on 6 July. Officials will seek your agreement to begin broad engagement with the sector as soon as possible following Cabinet confirmation as the appointment process will take several weeks to complete. Any delay in Cabinet decisions or subsequent announcements will impact the delivery timeframes for this work.
- 21 The next steps for convening the SRG are as follows:

Timing	Action
Immediately following announcement	Call for nominations issued
Two weeks post-announcement	Nomination period closes
Three weeks post-announcement	Ministry assesses nominations

Four weeks post-announcement	Ministry advises you of intended appointments, and letters are sent inviting members to join the group
------------------------------	--

- 22 The Ministry will provide regular updates on this work once the SRG has been appointed.

Appendices

Appendix 1: Sector Reference Group – Draft Terms of Reference

Appendix 2: Sector Reference Group – Role description

Appendix 3: Stakeholder list for call for nominations

Recommendations

- 23 The Ministry for Culture and Heritage recommends that you:
- 1 **Note** the nomination and appointment process that the Ministry will undertake to convene the Sector Reference Group; YES / NO
 - 2 **Note** the draft Terms of Reference for the Sector Reference Group provided at Appendix 1; YES / NO
 - 3 **Note** the role description for the Sector Reference Group provided at Appendix 2; YES / NO
 - 4 **Note** the list of stakeholders that will receive the call for nominations provided at Appendix 3; YES / NO
 - 5 **Provide feedback** on the draft Terms of Reference, role description and list of stakeholders; YES / NO
 - 6 **Note** that the Ministry will issue the call for nominations as soon as practicable following the confirmation and announcement of the strategic framework initiative; YES / NO
 - 7 **Note** that any delays in commencing stakeholder engagement will impact the delivery timeframes for this work. YES / NO


 Anna Butler
 Deputy Chief Executive, Policy
 and Sector Performance

Hon Kris Faafoi
 Minister of Broadcasting,
 Communications and Digital Media
 _____ / _____ / 2020

Appendix 3: Stakeholder list for call for nominations

Organisations

TVNZ	Newspaper Publishers Association
RNZ	Magazine Publishers Association
NZ On Air	Radio Broadcasters Association
Māori Television	Community Newspaper Association
Te Māngai Pāho	Better Public Media Trust
Te Whakaruruhau o Ngā Reo Irirangi Māori	NZ Children's Screen Trust
Ngā Aho Whakaari	SPADA
National Pacific Radio Trust	DEGNZ
Samoa Capital Radio	Women in Film and Television
Pasifika TV	Association of New Zealand Advertisers
SunPix	Commercial Communications Council
Coconet	Facebook
E-Tangata	Google
Broadcasting Standards Authority	Netflix
Office of Film and Literature Classification	E tū
New Zealand Media Council	PSA
Advertising Standards Authority	Able
MediaWorks	Digital Media Trust
Stuff	Community Access Media Alliance
NZME	Pan Asian Screen Collective
Sky	New Zealand Film Commission
The Spinoff	New Zealand Music Commission
Newsroom	Ngā Taonga Sound & Vision
Allied Press	Gavin Ellis (independent)
Crux Media	Brent Impey (independent)
Rhema Media	Academics (Trisha Dunleavy, Merja Myllylahti, Tara Ross, Ursula Cheer, Peter Thompson)
Spark	
Vodafone	
Kordia	
JDA	
Freeview	
World TV	
Apna Television	
Choice TV	