



## Office of Hon Craig Foss

MP for Tukituki

Minister of Commerce  
Minister of Broadcasting

Associate Minister for ACC  
Associate Minister of Education

25 JUL 2012

Mr Tim Easton  
Fyi-request-368-253a1667@requests.fyi.org.nz

Dear Mr Easton

I refer to your letter of 28 June 2012 requesting information under the Official Information Act 1982 (the Act). You have requested:

- Correspondence from external agencies and any meeting minutes (whether internal or external) regarding potential funding options for TVNZ 7.

You have since clarified that you are primarily seeking material from broadcasters, or other potential providers, relating to options to keep TVNZ 7 running. You are also interested in advice or comment received on these options from other Government departments, or outside agencies such as academics.

You have also clarified that you are seeking material from 'in the lead up' to the decision in February 2011, and also material from the last 9 months to the present, deemed to be September 2011 to June 2012.

A number of media commentators and academics have commented on the decision to close TVNZ 7 and have offered a range of suggestions as to how TVNZ 7, or something like it, could continue beyond the expiry of the funding.

As these comments have been expressed in the public domain I am not proposing to provide specific information which you will be able to track down from public sources like the internet.

Similarly, many suggestions have been advanced in Ministerial correspondence from members of the public and I am not proposing to release any of this information to protect the privacy of natural persons under section 9(2)(a) of the Act.

Nine documents have been identified as coming within the scope of your request and I am releasing seven of them, albeit with some material withheld under the following sections of the Act:

- 9(2)(a), to protect the privacy of natural persons;

- 9(2)(b)(ii), to protect information where its release would be likely to unreasonably prejudice the commercial position of the subject of the information;
- 9(2)(f)(iv), to protect the confidentiality of advice tendered by Ministers and officials; and
- 9(2)(g)(i), to maintain the effective conduct of public affairs through the free and frank expression of opinions between Ministers and officials.

The two remaining documents are being withheld in full as they contain commercially sensitive information and confidential advice. I have withheld these documents under sections 9(2)(b)(ii) and 9(2)(f)(iv) of the Act.

Under section 28(3) of the Act, you have the right of appeal to the Ombudsman to seek an investigation and review of the decision to withhold information.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'C. Foss', is written over the 'Yours sincerely' text.

Hon Craig Foss  
Minister of Broadcasting

**Commercial: In Confidence**

Office of the Minister of Broadcasting

Chair  
Cabinet Domestic Policy Committee

**OPTIONS FOR PUBLIC SERVICE TELEVISION**

**Proposal**

1. This paper invites Ministers to consider options for ensuring that New Zealanders' expectations of quality public service television broadcasting can be met post 2012.

**Executive summary**

2. The Government is currently funding two, non-commercial digital television channels (TVNZ 6 and 7). Cabinet has already agreed to TVNZ commercialising TVNZ 6 post 2012 when funding for the two channels expires. The need to decide the future of TVNZ 7 past this date creates an opportunity for the Government to consider what arrangements it would like to see for public service television broadcasting post 2012.
3. One possibility (set out in this paper as option 1) is to rely largely on the contestable funding model administered by NZ On Air for the broadcasting of programmes which depict New Zealand identity and culture. Alternatively, the Government could explore the desirability of there being a dedicated, ongoing public service television channel. While this could take a number of forms, the two most viable options would be for TVNZ to continue to maintain a public service broadcasting (PSB) channel alongside its commercial operations (set out as option 2) or for the Government to tender for the provision of such a channel (option 3).
4. This paper sets out the advantages and disadvantages of each option. The main choice Ministers have to make is whether or not they favour either options 2 or 3 over option 1. If so, there is a secondary choice to make as to which of options 2 and 3 Ministers would like further explored, for a report back by 28 February 2011.
5. In this event, a critical issue is how such a channel would be funded. The paper discusses making use of NZ On Air's existing Platinum Fund as one source for this purpose.

**Background**

6. On 22 March 2010, the Cabinet Strategy Committee considered an A3 paper addressing the future of public broadcasting. The Committee invited a "report to Cabinet with further advice: on the immediate issues

relating to Television New Zealand, as soon as possible; and on longer-term issues relating to the sustainability of the provision of public broadcasting, at an appropriate time" (STR Min (10) 4/1). Public service broadcasting is a form of broadcasting that aims to provide information and entertainment for all sections of the broadcasting audience rather than the 20-50-year-old cohort favoured by advertisers. It is characterised by: innovation in content, in-depth news and current affairs, and high levels of quality in genres such as drama and documentary. Though often identified with local content, public broadcasting requires a selection of local and international content displaying the above qualities.

7. The Government is faced with two major issues in the broadcasting portfolio. The first is ensuring that the Government's spending on broadcasting (both television and radio) provides value for money and meets New Zealanders' expectations of the state's involvement in broadcasting. The second is the current and future financial performance of TVNZ.
8. The Government currently spends \$231 million on various forms of public broadcasting, \$160 million of which is spent directly on television (the remainder being principally spent on radio, including popular music recordings intended for commercial radio). In 2009/10, approximately half of the spend on television (\$82 million) was contestable funding for television programmes, via the funding agency NZ On Air, including \$15.1 million for high-level public broadcasting-style programmes through the "Platinum Fund".<sup>1</sup> Per capita, and as a share of GDP, New Zealand's public expenditure on broadcasting is low compared to developed countries of our size: it is half that of Australia, for example, and lower still compared with countries of a similar size. However, it is a significant sum, and it is not clear whether the current spend represents the best value for money or delivers most effectively on the public's expectations for public broadcasting, particularly for television.
9. In TVNZ the Government owns a business whose declining financial performance has been accelerated by the 2008/09 recession. Advertising revenues for free to air broadcasters are likely to continue to decline in the long term as audiences fragment, channels and viewing platforms proliferate, and time-shifted viewing increases. Free to air broadcasters the world over are struggling to find new business models to monetise their offering. In addition to conventional broadcasting, which retains a large audience, broadcasters increasingly need to reach audiences, particularly younger people, on "multiple platforms" (i.e. the internet and mobile devices). Commercial and public service broadcasters both recognise this need and have been active in developing multi-media offerings.

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<sup>1</sup> A further \$52 million was for Māori television services; \$18 million for TVNZ's two non-commercial channels; \$5 million for Freeview and \$2 million for Parliament TV.

10. At the same time, TVNZ has faced persistent criticism for the quality of its content.<sup>2</sup> The previous Government gave it a public service mandate, in the form of the Charter, applying to its entire output, while still requiring it to provide a commercial dividend. This dual mandate has hampered TVNZ from performing either role – as a public or a commercial broadcaster – effectively. The current Television New Zealand Amendment Bill replaces the Charter with more general functions and gives TVNZ more flexibility, but will not in itself fully address the problem of conflicting expectations of TVNZ.

11.

S 9(2)(f)(iv)

S 9(2)(g)(i)

12. Reflecting these concerns expressed about the status quo, but taking into account the well-established appeal of contestable funding in promoting a contest of ideas in some programme genres and providing value for money, this paper invites Ministers to consider whether the Government should support the establishment of a public service broadcasting television channel and, if so, what options are available for creating such a channel.

#### Options

13. It is not sustainable to maintain two non-commercial channels of reasonable quality after 2012. In 2005, the Government provided funding of \$79 million over six years in the lead-up to the digital switch-over (DSO) to fund TVNZ 6 and 7. The cost to the Crown was offset by a special dividend paid by TVNZ of \$70 million. To continue both channels after the current funding arrangements expire would require significant funding from the Government and this is not viable in the current fiscal environment.

14. The option of establishing a separate television station with its own equipment, premises and personnel is also not favoured. This would

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<sup>2</sup>.

S 9(2)(f)(iv)

require significantly more funding than having a channel attached to an existing broadcaster.

15. Putting these options aside, the Government has three main options available for meeting the public's expectations while ensuring value for money. These are discussed below. In assessing options, the following general criteria have been applied:
  - a. Value for money: as the bulk of public funding for television is provided contestably, consideration of value for money should include the degree of access an option would provide to publicly-funded content;
  - b. Degree of public service: how well would the option meet public expectations, e.g. by extending services to the public beyond what purely commercial considerations would provide?
  - c. Clarity and certainty of outcomes: would funding provided through the option produce clear and predictable outcomes?

***Option 1: Rely on contestable funding model (NZ On Air)***

16. Under this option, the Government would not directly fund any one public television channel. It would instead continue to meet its public service objectives through the contestable NZ On Air funding model, and through the existing principal public service broadcasters, Radio New Zealand and the Māori Television Service. TVNZ would be allowed to commercialise both TVNZ 6 and 7. Cabinet has already agreed to TVNZ commercialising TVNZ 6 (Cab Min (10) 14/5).

*Advantages*

17. NZ On Air has been a successful part of the broadcasting environment since 1989 in supporting levels of local content that broadcasters would not have achieved without such subsidy. A model reliant largely on fully contestable funding via NZ On Air would be supported by private television channels and the independent production industry and would allow the market to determine the provision of television services. This option would also entail no additional cost to government. It would potentially increase revenue to the Crown as TVNZ commercialises TVNZ 6 and 7 and reduce the costs associated with monitoring public broadcasting services.
18. This option places particular emphasis on the contest of ideas that New Zealand's contestable model promotes, at least in some genres, while providing value for money and ensuring that no one broadcaster is favoured over another.

*Disadvantages*

19. Contestable funding relies on the co-operation of broadcasters who choose what content to commission and schedule. Commercial

broadcasters feature programming which appeals to audiences of most interest to advertisers. While the reality is that some programmes of a public service character appeal to broadcasters on a commercial basis and are screened now, there is a risk that relying solely on contestable funding will not meet the needs of some audiences.

S 9(2)(f)(iv)

20

S 9(2)(g)(i)

21.

22. Under this option TVNZ would go on to commercialise TVNZ 6 and 7.

S 9(2)(b)(i)

S 9(2)(f)(iv)

S 9(2)(g)(i)

**Option 2: Explore PSB channel to be maintained by TVNZ alongside its commercial operations**

23. This option would involve re-establishing a version of TVNZ 7 (though with a broader range of content) on an ongoing basis. To avoid the problems of a "dual mandate" applying to the whole corporation, the channel would have a clear, separate mandate underscored by a funding agreement consistent with TVNZ's editorial independence. Those programming the channel would be able to focus on achieving a public service mandate, within a set budget, without reference to the commercial objectives of the rest of the corporation. Transparent accounting for the channel, with appropriate separation from TVNZ's commercial accounts, would also be required. At the same time, it would remain part of TVNZ's suite of channels and would benefit from economies of scale and TVNZ's established audience.

24. The following assumptions have been made:

- a. the channel would be available on a free to air basis;

- b. it would not be reliant on ratings to drive advertising revenue, although it could raise some revenue from advertising;<sup>3</sup>
- c. some funding through re-prioritisation within Vote Arts, Culture and Heritage (public broadcasting output) would be required;
- d. it would reach its audience on multiple platforms as well as through conventional, scheduled broadcasting;
- e. clear output plans against which the Government can measure performance would be developed; and
- f. contestable funding for local content through NZ On Air and Te Māngai Pāho would continue as part of the New Zealand model.

25.

S 9(2)(f)(iv)  
S 9(2)(g)(i)

#### Advantages

- 26. The clearest advantage of providing a PSB channel in this way would be the opportunity for the service to leverage TVNZ's existing infrastructure and capacity at a relatively low cost. This option would build on TVNZ's existing capacity to deliver on new media platforms, including interactive internet and mobile phones.
- 27. This option would also enable TVNZ to develop a clearly delineated "public broadcasting" brand within its suite of channels, which would be an important ownership consideration for the Government. It would also better meet viewers' expectations of the range of programmes they consider it should provide. These expectations are still focused on TVNZ, partly based on the earlier role played by TV One, which once played a stronger PSB role.
- 28. A channel established in this way would not need to build its audience from scratch. It could be presented as an evolution of TVNZ 7, and would benefit from cross-promotion by TVNZ.
- 29. The delivery of one, ongoing PSB channel post-2012 could be a cost-effective way of meeting public expectations and addressing long-standing criticism and concerns about public service television in New Zealand. It would ensure that a platform exists for commissioning and scheduling a wide range of the New Zealand content that NZ On Air

<sup>3</sup> Overseas models of "mixed-model" public television services, funded by both appropriation and advertising, include Australia's SBS, Ireland's RTE and Canada's CBC. The key to avoiding the "dual mandate" that has affected TVNZ's performance is not to reach a tipping point beyond which programming decisions are driven by the broadcaster's advertising sales department, rather than its public service objectives. A set of rules about the quantity and placement of advertising, if any, would be part of the remit of a public service channel under either option.



exists to fund. It would enhance the value for money of NZ On Air-funded content by allowing it to be repeated and/or scheduled at times more accessible to its intended audience. It would also provide for content not funded by NZ On Air, such as international content and quality news services.

#### *Disadvantages*

30. It has been difficult to establish full transparency and a clear demarcation between TVNZ's commercial and PSB services. It may be difficult to avoid entirely the risk of public funding being used to subsidise commercial operations.

S 9(2)(f)(iv)  
S 9(2)(g)(ii)

31. If they had not had an opportunity to provide it themselves, private broadcasters would oppose the diversion of currently contestable public funding to support the channel to the PSB channel.
32. Committing to the continuing support of a PSB channel would entail an ongoing cost to the Government, although it is likely that this could be largely met through re-prioritisation. Costs are discussed below.

#### ***Option 3: Explore PSB channel to be provided through an open tender***

33. This option would involve the Government setting out the criteria for a channel and then inviting broadcasters or other providers to compete to win a tender to provide it. The successful applicant would be likely to be an existing New Zealand-based broadcaster, whether Crown-owned or private, but other contenders would not be ruled out. The channel would operate on the basis of a time-limited contract of five to eight years, renewable based on performance. The criteria for this contract could be embodied in legislation, via the Broadcasting Act 1989. The necessary features of the channel would be set out in the licence. The successful provider would be encouraged to explore collaboration with other public services such as Radio New Zealand, Parliament TV and the Māori Television Service.

34. The same general assumptions as those set out above in relation to option 2 would also apply to this option, as would most of its general advantages and disadvantages.

#### *Advantages*

35. A tender process ensures maximum transparency, value for money and optimal ability for Government to achieve the outcomes it desires.
36. An open, contestable process has the potential to encourage a contest of ideas among broadcasters and to elicit new approaches and models for

the provision of a public television channel. It might also attract new entrants to the market. A contractual approach allows clearer and more transparent objectives and funding than relying on the existing structures as per option 2, and it would allow a clear basis for monitoring delivery.

37. This option also anticipates potential objections by other broadcasters by giving them the opportunity to present their own tender for a PSB channel. If money was to be re-allocated from the contestable pool as a source of funding, this would be less controversial if it were done at the end of a contestable process to establish the channel. Other broadcasters would also have the potential ability to tender to provide the channel in the future if unsuccessful in their first application.

#### *Disadvantages*

38. This option would require care in setting clear expectations of outputs from the successful tenderer. The contract would need to be carefully negotiated and monitored over the course of its life to ensure quality service delivery. The contract would need to be of several years' duration to be attractive and would lock the Government into arrangements for that period.
39. The independence of the channel's news and current affairs could potentially be considered open to compromise if the successful tenderer was a private proprietor with its own political outlook. Mitigating such a risk would be the Broadcasting Act's requirements for balance, accuracy and fair treatment, among other standards.
40. As with option 2, there is also the potential disadvantage of poor demarcation between the costing and funding of the PSB channel vis a vis any commercial operations of the broadcaster providing the service. This can be mitigated with tight contracting and financial accountability processes.
41. As with any tender process, a risk is that there is little or no competition. This risk is considered to be low. Initial soundings from existing broadcasters indicate that there would be reasonably strong interest in tendering, either individually or as part of a consortium, and the timing is not sufficiently urgent to force the Government into accepting a "take it or leave it" position.
42. The wider ownership interests of some prospective tenderers could limit possible collaborations necessary to make a success of the channel, or exploit the full range of synergies available. Such issues could, however, be addressed during the tendering process.

#### **Costs**

43. TVNZ is currently providing TVNZ 6 and 7 for approximately \$13 million per annum (on average over the six-year period these channels are being

funded).<sup>4</sup> Of this sum, approximately \$6 million per annum is required to meet base operational costs.

44. By comparison, out of \$160 million spent on television, the Crown contributes approximately \$52 million to the Māori Television Service (MTS) per annum. (Te Puni Kokiri contributed \$16.5 million towards the ongoing operational costs of MTS in the year ended 30 June 2010. In addition, MTS received approximately \$32 million from Te Māngai Pāho and \$3 million from NZ On Air for programmes). It should be noted, however, that MTS was established from scratch, without the economies of scale involved in the options presented in this paper.

45. The current TVNZ 6 and 7 offering is limited and includes a very high proportion of repeat content. A higher level of funding would enable the inclusion of a significantly increased level of good quality local and international "informational" programming, including current affairs and documentaries. As an indicator of the amount and type of additional content that such funding would provide, a local 90 minute documentary can cost from around \$100,000 and up to \$200,000 for a "high-end" production; "special interest" programmes such as the disabilities series *Attitude* cost around \$150,000. Higher quality international content can cost up to \$1,000 per hour, but some good quality informational content can be acquired for considerably less (as low as \$200 per hour) as part of bulk purchases by commercial broadcasters with international studios. High end drama series cost significantly more, around \$1,500 per hour. However, the more commercial nature of such productions means that they will continue to be provided on commercial channels.

46. It is anticipated that the base operating funding of a channel leveraging off an existing commercial broadcaster would be at least \$10 million, based on the current cost incurred by TVNZ, which may be considered a minimum. This amount would remain reasonably constant irrespective of the overall range and quality of the service, with the balance of funding being applied to content production and acquisition.

47. Funding an ongoing PSB television channel raises two separate but related issues: from where could the funding be sourced and how would it be best to manage the fiscal risk, i.e. the risk that costs will simply inflate in line with the potential funding available and put pressure on the Government for increased funding over time.

48. There are several potential sources of funding. The annual funding for TVNZ 6 and 7, of approximately \$13 million per annum, could be

<sup>4</sup> TVNZ 6 is dedicated to children's and family viewing; TVNZ 7 is news and factual – a new PSB channel would likely be a combination of both. TVNZ 6 & 7's current schedules include a significant proportion of repeat content (either from TVNZ's commercial channels or repeats of commissioned TVNZ 6 & 7 content). Around 70% of the schedule is local content, most of which is newly commissioned and frequently repeated on the schedules. International content is generally lower cost content leveraged through TVNZ's purchasing relationship with international content providers.

maintained on an ongoing basis. Alternatively, part or all of the Platinum Fund, a contestable fund for high quality local PSB content administered by NZ On Air could be used to support the channel. If option 2 (operating the channel as a service of TVNZ) is preferred, explicit cross-subsidisation from TVNZ's commercial services could be employed, although direct funding would be more transparent.

49. The fiscally neutral approach would be to make use of the Platinum Fund (approximately \$15.1 million). Given that TVNZ is able to leverage off the rest of its business and re-use some of its content for TVNZ 6 and 7, an operational cost of \_\_\_\_\_ per annum is likely to be a bare minimum for any party other than TVNZ. A sum of \_\_\_\_\_ per annum should nevertheless be sufficient for a viable operation and it may even allow for some modest programming. There would still be scope for accessing competitive funding through NZ On Air or Te Māngai Pāho, and indeed a PSB channel should be well-placed to access such funding. The preferred approach is to utilise the Platinum Fund in conjunction with Option 3.
50. It should be noted that by utilising Platinum Fund funding for the channel without applying any other funding there would be a reduction in the amount of funding currently available for local content since some of this amount would be required to meet the channel's operating costs.

#### Next steps

51. Should the Cabinet wish to pursue the option of maintaining a permanent public service channel as part of TVNZ, or to pursue the tender option, I will ask my officials to develop a detailed proposal for Cabinet's consideration, including proposed funding and expectations of the PSB service, by 28 February 2011.

#### Consultation

52. The following departments have been consulted in the preparation of this paper: the Treasury, Te Puni Kōkiri, the State Services Commission and the Crown Ownership Monitoring Unit. The Department of the Prime Minister and Cabinet, Radio New Zealand and TVNZ have been informed.

#### Financial implications

53. This paper contains no proposals for new funding but the (re)establishment of a PSB service would involve a re-prioritisation of some existing broadcasting funding from Vote Arts, Culture and Heritage.

#### Human rights

54. There are no human rights implications arising from this paper.

## Legislative Implications

55. There are no legislative implications arising directly from this paper. Option 2 might entail some further amendment to the Television New Zealand Act 2003 to ensure a clearer demarcation between commercial and public service channels. Option 3 might entail an amendment to the Broadcasting Act 1989. Further advice on legislative change will be provided if Cabinet decides to pursue either option 2 or 3.

## Regulatory impact statement

56. A regulatory impact statement is not required.

## Gender implications

57. There are no gender implications arising from this paper.

## Disability perspective

58. There are no immediate disability issues arising from this paper. TVNZ 7 provides programming on disability issues, and such programming would likely be a feature of any modified PSB channel, or could be required. TVNZ operates a captioning service for its own and other channels, which would be retained under either option 2 or 3.

## Publicity

59. A public announcement of the Government's intended approach, whether option 1, 2 or 3, could be made following Cabinet's decisions on this paper. TVNZ has been asked not to announce the commercialisation of TVNZ 6 until the Government is able to announce its intentions for the future of public service television.

## Recommendations

60. It is recommended that the Committee:

### Background

1. **note** that in March 2010 the Cabinet Strategy Committee "invited the Minister of Broadcasting to report to Cabinet with further advice . . . on longer-term issues relating to the sustainability of the provision of public broadcasting, at an appropriate time" (STR Min (10) 4/1);
2. **note** that the Government is currently funding two, non-commercial digital television channels (TVNZ 6 and 7) and that Cabinet has already agreed to TVNZ commercialising TVNZ 6 post-2012 when funding for the two channels expires (Cab Min (10) 14/5);

3. **note** that the need to decide the future of TVNZ 7 creates an opportunity for the Government to consider what arrangements it would like to see for public service television broadcasting post-2012;
4. **note** that despite their increasing ability to acquire content from different platforms, New Zealanders still expect to access quality content via television and radio;

#### **Options for public service television**

5. **consider** whether post-2012 the Government should:
  - (i) rely largely on a fully contestable model for meeting its public service television broadcasting objectives, through NZ On Air; or
  - (ii) explore the desirability of there being an ongoing public service television channel;

If it is decided to pursue recommendation 5 (ii) above:

#### **Public service television channel**

6. **note** that while a public service television channel could take a number of forms, the two most viable forms would be:
  - (i) for TVNZ to maintain a public service television channel alongside its commercial operations (this would involve re-establishing a version of TVNZ 7); or
  - (ii) to invite broadcasters or other providers to provide a public service television channel for a defined period through an open tender;
7. **note** that a renewable tender process ensures maximum transparency and value for money, as well as optimises the ability for the Government to achieve the outcomes it desires;
8. **note** that a key consideration under either option would be the level at which public funding for the channel would be capped;
9. **note** that, providing it were attached to an existing operation, funding of up to \$10 million per annum should be sufficient to meet the operational costs of a channel and may even provide for a modest level of programming, and that this sum could potentially be sourced from NZ On Air's existing Platinum Fund;
10. **note** that a channel would also be able to compete for additional funding for programmes from NZ On Air and Te Māngai Pāho;

9(2)(b)(ii)  
9(2)(f)(iv)

11. agree to pursue:

Either:

(i) a public service channel within TVNZ (as set out in recommendation 6 (i) above);

Or:

(ii) a tendering process for a public service channel (as set out in recommendation 6 (ii) above); and

12. Invite the Minister of Broadcasting, in conjunction with other relevant Ministers, to report back to the Committee by 28 February 2011 with proposals for how a public service television broadcasting channel would be established according to the option preferred under recommendation 11.



Hon Dr Jonathan Coleman  
Minister of Broadcasting

10 / 10 / 2010



# Cabinet

CAB Min (10) 37/13

Copy No: 26

## Minute of Decision

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

### Options for Public Service Television

**Portfolio: Broadcasting**

On 18 October 2010, following reference from the Cabinet Domestic Policy Committee (DOM), Cabinet:

- 1 **noted** the contents of the paper attached to CAB (10) 559 on the options for public service television broadcasting beyond 2012;
- 2 **noted** that the Minister of Broadcasting intends to discuss the options further with relevant parties;
- 3 **invited** the Minister of Broadcasting to report back to DOM in due course.

Rebecca Kattenidge  
Secretary of the Cabinet

Reference: CAB (10) 559; DOM Min (10) 18/6

**Distribution:**

- Prime Minister
- Chief Executive, DPMC
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- Minister of Finance
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- Minister for Arts, Culture and Heritage
- Chief Executive, Ministry for Culture and Heritage
- Minister of Broadcasting
- ✓ Chief Executive, Ministry for Culture and Heritage (Broadcasting)
- General Manager, COMU (Broadcasting)
- Minister of Maori Affairs
- Chief Executive, Te Puni Kokiri
- Secretary, DOM

MINISTRY FOR  
CULTURE AND HERITAGE  
  
19 OCT 2010

MINISTRY FOR  
CULTURE AND HERITAGE  
  
20 OCT 2010



TVNZ 7 INVESTMENT SCENARIOS (submitted by TVNZ)

9(2)(b)(i)

	Option 1	Option 2	Option 3	Option 4	Option 5
<b>INVESTMENT</b>					
Content					
Content delivery					
Total					

	1800 - 2400 (6 hrs)	1800 - 2400 (6 hrs)	1800 - 2400 (6 hrs)	0400 - 2400 (18 hrs)	0600 - 2400 (18 hrs)
<b>OUTPUT</b>					
Daily Transmitted Hours	2,190	2,190	4,380	6,570	6,570
Annual Transmitted Hours	50	88	124	182	220
Local Commissioned Hours (non-News)	2	6	10		18
No of Local Programmes (non-News)	8pm only	8pm only	8pm & hourly	8pm & hourly	8pm & hourly
Genres:					
- News	2 commissioned series	6 commissioned series	7 commissioned series	9 commissioned series	11 commissioned series
- Factual & Current Affairs	None	None	3 commissioned series	5 commissioned series	5 commissioned series
- Educational	None	None	2 hrs per day	2 hrs per day	2 hrs per day
- Pre-school	None	None			

OFFICIAL INFORMATION ACT

TVNZ 7 INVESTMENT SCENARIOS

	Option 6	Option 7
Content		
Content delivery		
Total		

9(2)(b)(ii)

OUTPUT

Daily Transmitted Hours	0000 - 2400 (24 hrs)	0000 - 2400 (24 hrs)
Annual Transmitted Hours	8760	8760
Local Commissioned Hours (non-News)	260	360
No of Local Programmes (non-News)	24	32
Genres: - News	8pm (inc additional bespoke local) & hourly	8pm (inc additional bespoke local) & hourly
- Factual & Current Affairs	14 commissioned series	18 commissioned series
- Educational	10 commissioned series	14 Commissioned series
- Pre-school	2 hrs per day	2 hrs per day

OFFICIAL INFORMATION ACT

OPTION 1

SUNDAY

MONDAY

TUESDAY

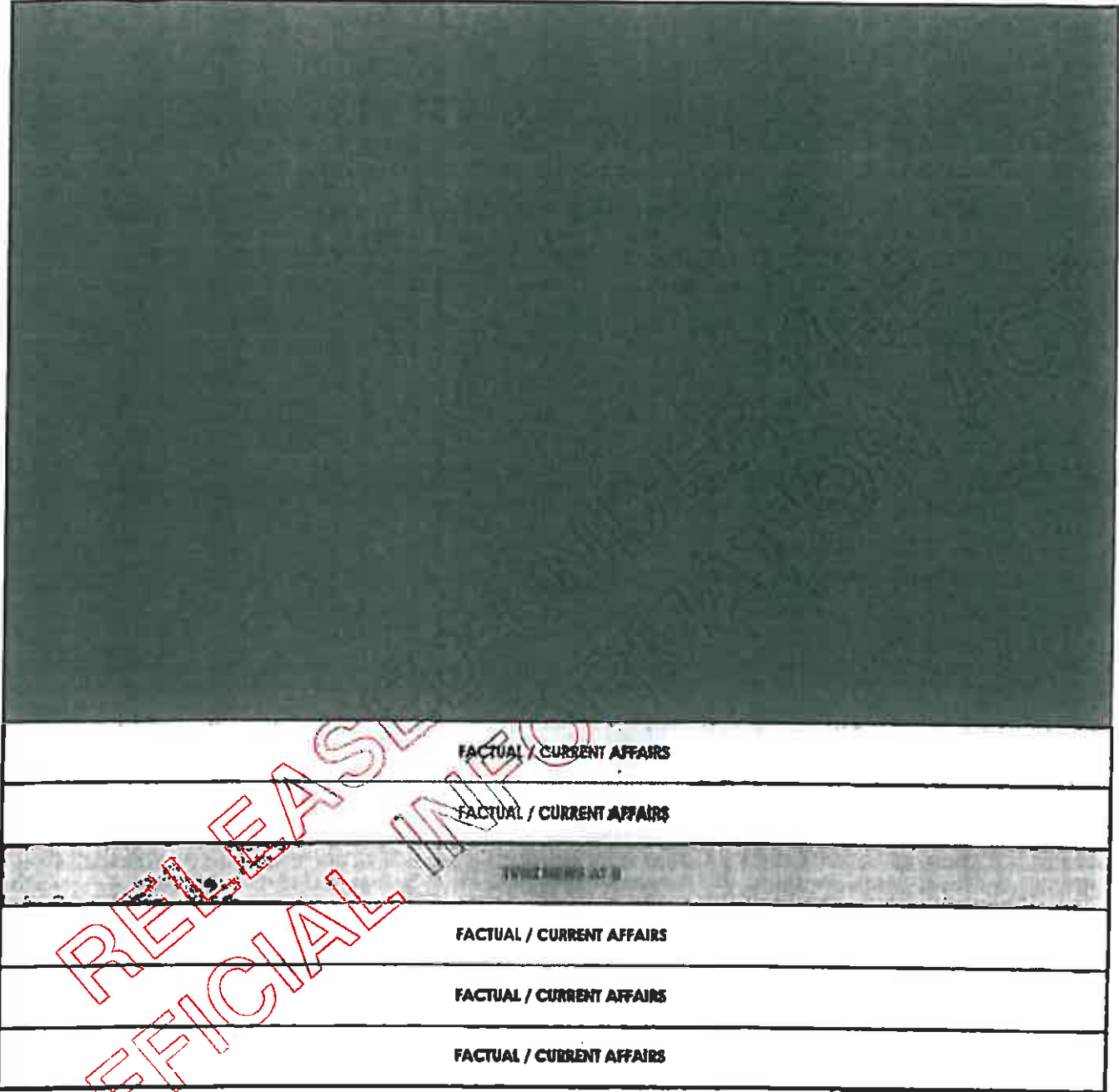
WEDNESDAY

THURSDAY

FRIDAY

SATURDAY

0600  
0700  
0800  
0900  
1000  
1100  
1200  
1300  
1400  
1500  
1600  
1700  
1800  
1900  
2000  
2100  
2200  
2300



 = 1st run slot  
= repeat slot

OPTION 2

SUNDAY

MONDAY

TUESDAY

WEDNESDAY

THURSDAY

FRIDAY

SATURDAY

0600

0700

0800

0900

1000

1100

1200

1300

1400

1500

1600

1700

1800

1900

2000

2100

2200

2300

FACTUAL / CURRENT AFFAIRS

FACTUAL / CURRENT AFFAIRS

WHEELS ARE

FACTUAL / CURRENT AFFAIRS

FACTUAL / CURRENT AFFAIRS

FACTUAL / CURRENT AFFAIRS

RELEASES  
OFFICIAL INFO

 = 1st run slot  
= repeat slot

OPTION 3

SUNDAY

MONDAY

TUESDAY

WEDNESDAY

THURSDAY

FRIDAY

SATURDAY

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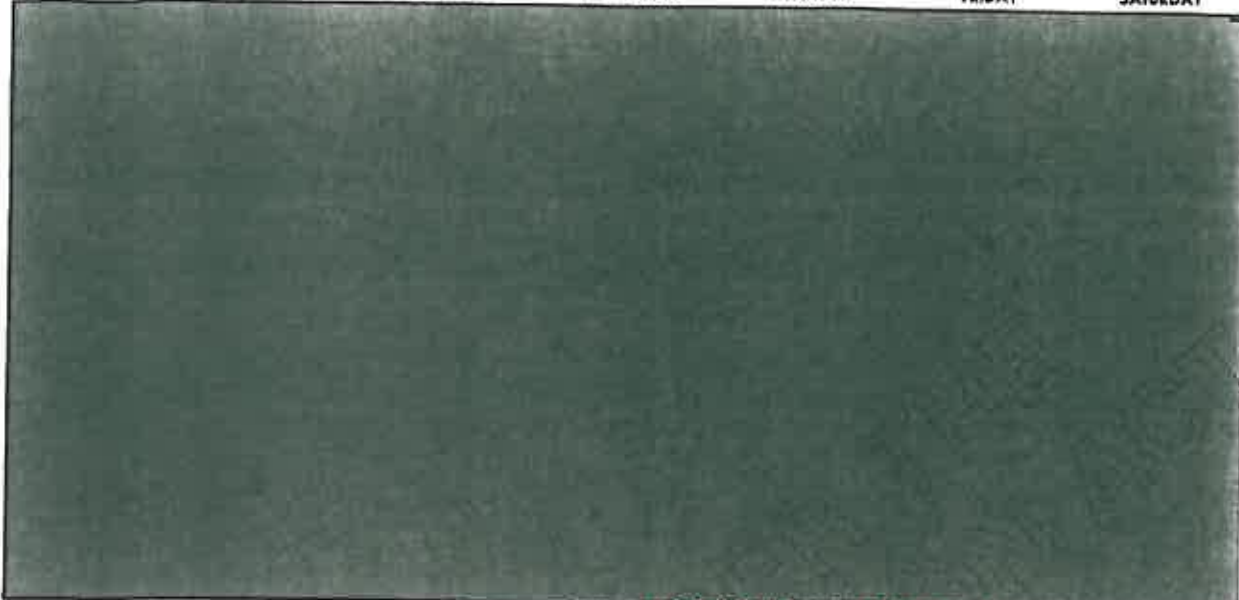
1900

2000

2100

2200

2300



PRESCHOOL

TVNZ NEWS NOW

FACTUAL / CURRENT AFFAIRS

TVNZ NEWS NOW

FACTUAL / CURRENT AFFAIRS

TVNZ NEWS NOW

FACTUAL / CURRENT AFFAIRS

TVNZ NEWS NOW

EDUCATIONAL

TVNZ NEWS NOW

EDUCATIONAL

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EDUCATIONAL

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FACTUAL / CURRENT AFFAIRS

TVNZ NEWS NOW

FACTUAL / CURRENT AFFAIRS

TVNZ NEWS NOW

FACTUAL / CURRENT AFFAIRS

RELEASED UNDER OFFICIAL INFORMATION ACT

Legend:   
 [Solid box] = 1st run slot   
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**OPTION 4**

**SUNDAY**

**MONDAY**

**TUESDAY**

**WEDNESDAY**

**THURSDAY**

**FRIDAY**

**SATURDAY**

0600

0700

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2300

**PRE-SCHOOL**

TVNZ NEWS NOW

**EDUCATIONAL**

TVNZ NEWS NOW

**EDUCATIONAL**

TVNZ NEWS NOW

**FACTUAL / CURRENT AFFAIRS**

TVNZ NEWS NOW

**FACTUAL / CURRENT AFFAIRS**

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**FACTUAL / CURRENT AFFAIRS**

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**FACTUAL / CURRENT AFFAIRS**

TVNZ NEWS NOW

**FACTUAL / CURRENT AFFAIRS**

TVNZ NEWS NOW

**FACTUAL / CURRENT AFFAIRS**

RELEASED UNDER THE OFFICIAL INFORMATION ACT

= 1st run slot  
 = repeat slot

OPTION 5

SUNDAY

MONDAY

TUESDAY

WEDNESDAY

THURSDAY

FRIDAY

SATURDAY

0600

0700

0800

0900

1000

1100

1200

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1600

1700

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2000

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2200

2300

PRE-SCHOOL

TVNZ NEWS NOW

EDUCATIONAL

TVNZ NEWS NOW

EDUCATIONAL

TVNZ NEWS NOW

FACTUAL / CURRENT AFFAIRS

TVNZ NEWS NOW

FACTUAL / CURRENT AFFAIRS

TVNZ NEWS NOW

FACTUAL / CURRENT AFFAIRS

TVNZ NEWS NOW

FACTUAL / CURRENT AFFAIRS

TVNZ NEWS NOW

FACTUAL / CURRENT AFFAIRS

TVNZ NEWS NOW

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TVNZ NEWS NOW

FACTUAL / CURRENT AFFAIRS

TVNZ NEWS AT 6

TVNZ NEWS NOW

TVNZ NEWS NOW

FACTUAL / CURRENT AFFAIRS



TVNZ NEWS NOW

FACTUAL / CURRENT AFFAIRS

TVNZ NEWS NOW

FACTUAL / CURRENT AFFAIRS

RELEASED UNDER THE OFFICIAL INFORMATION ACT

 = 1st run slot  
 = repeat slot

**OPTION 6**  
**SUNDAY**

**MONDAY**

**TUESDAY**

**WEDNESDAY**

**THURSDAY**

**FRIDAY**

**SATURDAY**

Time	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
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1st run slot  
 repeat slot

OFFICIAL INFORMATION ACT



OPTION 7

SUNDAY

MONDAY

TUESDAY

WEDNESDAY

THURSDAY

FRIDAY

SATURDAY

0600							
0700							PRE-SCHOOL
0800							TVNZ NEWS NOW
							EDUCATIONAL
0900							TVNZ NEWS NOW
							EDUCATIONAL
1000							TVNZ NEWS NOW
							FACTUAL / CURRENT AFFAIRS
1100							TVNZ NEWS NOW
							FACTUAL / CURRENT AFFAIRS
1200							TVNZ NEWS NOW
							FACTUAL / CURRENT AFFAIRS
1300							TVNZ NEWS NOW
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1800							TVNZ NEWS NOW
							EDUCATIONAL
1900							TVNZ NEWS NOW
							FACTUAL / CURRENT AFFAIRS
2000							TVNZ NEWS AT 8
							TVNZ NEWS NOW
2100							FACTUAL / CURRENT AFFAIRS
							TVNZ NEWS NOW
2200							FACTUAL / CURRENT AFFAIRS
							TVNZ NEWS NOW
2300							FACTUAL / CURRENT AFFAIRS

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☐ = last run slot  
☒ = repeat slot



**Minister of Broadcasting**

**FUTURE OF TVNZ 7: REVISED CABINET PAPER**

<b>Date</b>	23 February 2011	<b>MCH File Ref</b>	TRIM 2010-20318	<b>Briefing No</b>	2011/46
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<b>Action sought</b>	<b>Timeframe / Deadline</b>
<b>Note</b> the contents of this briefing	For relevant Cabinet meeting

**Contacts for telephone discussion**

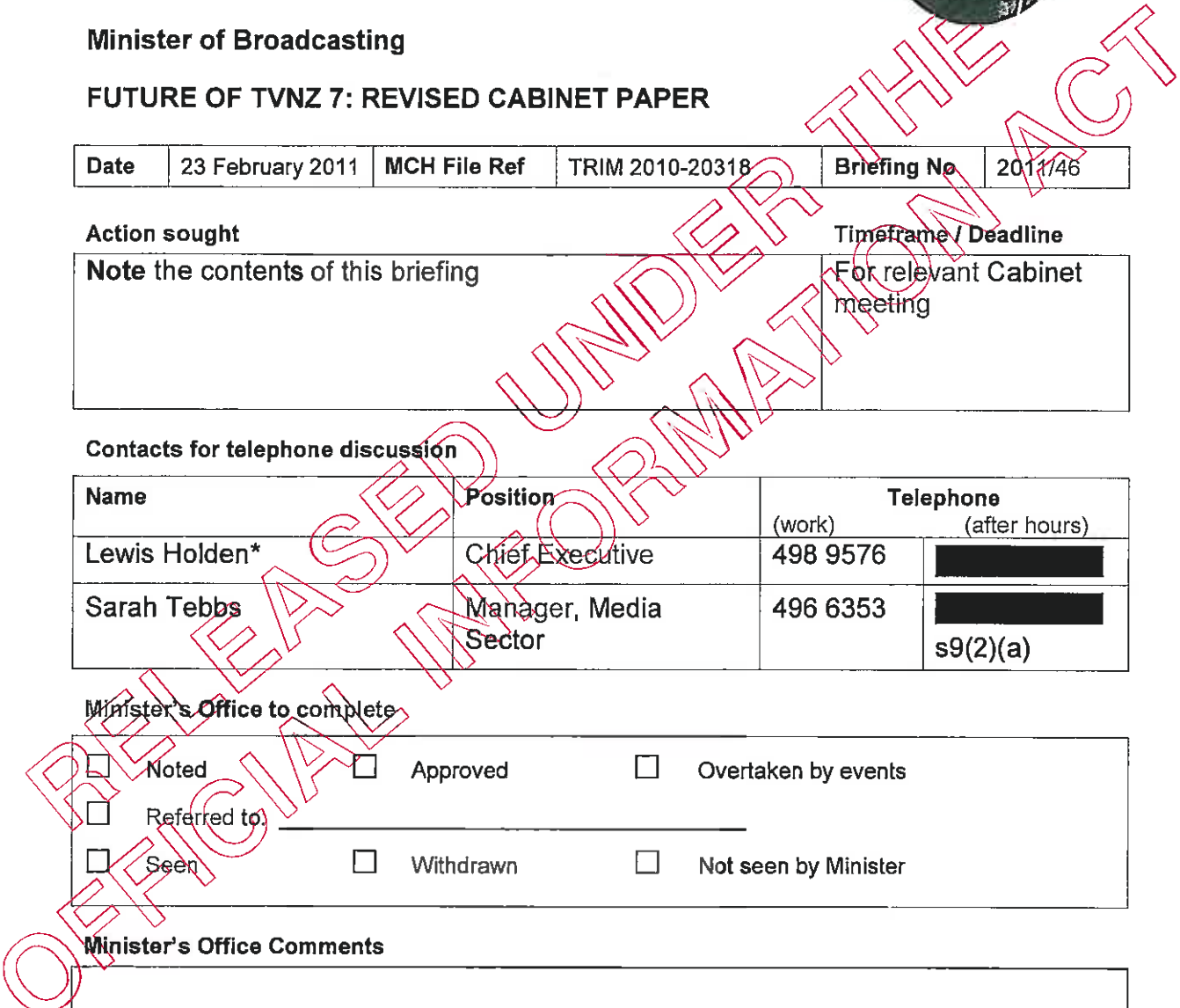
Name	Position	Telephone	
		(work)	(after hours)
Lewis Holden*	Chief Executive	498 9576	[REDACTED]
Sarah Tebbs	Manager, Media Sector	496 6353	[REDACTED] s9(2)(a)

**Minister's Office to complete**

<input type="checkbox"/> Noted	<input type="checkbox"/> Approved	<input type="checkbox"/> Overtaken by events
<input type="checkbox"/> Referred to _____		
<input type="checkbox"/> Seen	<input type="checkbox"/> Withdrawn	<input type="checkbox"/> Not seen by Minister

**Minister's Office Comments**

<b>Date received from MCH</b>	<b>Date returned to MCH</b>





## FUTURE OF TVNZ 7: REVISED CABINET PAPER

### Purpose

- 1 To present suggestions for communications associated with the decision to end funding of TVNZ 7 post-2012.

### Background

- 2 Following discussions with you we have drafted a revised Cabinet paper "Public Service Television: Options for Future of TVNZ Channel 7".

[REDACTED]

S 9(2)(f)(iv)

### Comment

- 3 As you will be aware, potential risks associated with the communication of government's decision in relation to TVNZ 7 are:

[REDACTED]

[REDACTED]

- [REDACTED]

S 9(2)(f)(iv), s 9 (2)(g)(i)

- 4 These potential risks will need to be considered in planning communications around the decision to not provide new funding for TVNZ 7 and other TVNZ-related issues. One option is to make no formal announcement about the decision. However, the second reading of the TVNZ Amendment Bill, and/or the upcoming changes to TVNZ 6 and 7 are likely to lead to questions about the future of TVNZ 7.
- 5 It is suggested that communications on these issues focus on government's continued commitment to supporting public service broadcasting through the NZOA contestable funding model. The following points could be noted:
- The decision retains the status quo in terms of government's broadcasting policies. The funding for TVNZ 6 and 7 was always for a finite period of time and the expectation at the time the funding was agreed, was that by 2012 the two channels would be self-funding;
  - Government's policy has consistently been to support 'broadcasting' rather than 'broadcasters' – i.e. content funded by the contestable NZOA model rather than direct funding to TVNZ; as reflected in the establishment of the Platinum Fund. Contestable funding ensures that New Zealand content is available across all free-to-air channels that people may choose to watch and ensures high quality through 'competition for ideas'. This model has worked effectively since it was established over twenty years ago;
  - The decision about TVNZ 7's funding is consistent with government's decision to remove the TVNZ Charter. This frees up TVNZ to make its own business decisions and to set its own priorities in an increasingly competitive multi-media environment. TVNZ is free to access NZOA funding to screen New Zealand content but is not subject to prescriptive charter requirements which constrain its programming decisions;
  - Similarly, TVNZ will be able to make its own business decisions about the future of TVNZ 7 – it will be the broadcaster's choice as to the nature and content of any replacement channel when the funding expires; and
  - It can be anticipated that TVNZ will retain some PSB-type content on its schedule, even when all its channels are fully commercial, as part of its own branding and market positioning as New Zealand's 'national broadcaster'.

- 6 As noted above, the Ministry will provide your office with any advice or support that may be required in relation to communications around TVNZ's operations.

**Recommendation**

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- 7 It is recommended that you **note** the content of this report.

Lewis Holden  
Chief Executive

Hon Dr Jonathan Coleman  
Minister of Broadcasting

\_\_\_\_\_/\_\_\_\_\_/2011

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Commercial: In Confidence  
Office of the Minister of Broadcasting

Chair  
Cabinet

**PUBLIC SERVICE TELEVISION: OPTIONS FOR FUTURE OF TVNZ  
CHANNEL 7**

**Proposal**

1. It is proposed that Cabinet agree that no further funding be made available for the continuation of TVNZ 7 when the current appropriation ends in 2012 and that after that date decisions as to the appropriate use of the channel be a matter for Television New Zealand to determine. An alternative option of providing ongoing funding for the continuation of TVNZ 7 as a public service channel through reprioritisation of money appropriated to NZ On Air has been considered, but is not recommended.

**Executive summary**

2. In the current fiscal and economic environment, there is no prospect of new money for TVNZ 7 when its current funding expires in June 2012. TVNZ has estimated that a channel costing \$ 1 per annum would provide a reasonable level of service. Transferring funding from the funding agency NZ On Air would be the only fiscally neutral source of the bulk of the funding for the channel. The result, however, would be a significant reduction in the contestable funding available to producers. This would be inconsistent with government's policy of focusing on the contestable funding model through NZ On Air to support public service broadcasting. A decision to provide ongoing funding would also place a new and ongoing funding commitment on this and future governments.

3. The recommended alternative is, therefore, that the Government maintain its policy of supporting public broadcasting on television through the NZ On Air model, rather than direct funding to TVNZ. TVNZ would not be precluded from continuing to provide a public service channel such as TVNZ 7 from its own resources, but this would be a business decision for the broadcaster to make.

9(2)(b)(i)

## Background

4. On 18 October 2010 Cabinet considered a paper referred to it by the Domestic Policy Committee on "Options for Public Service Television". These options were to rely solely on contestable funding via the funding agency NZ On Air or, if a public service channel were preferred, either: to maintain a public service channel as part of TVNZ; or to hold a tender process for broadcasters to run such a channel. Cabinet "noted that the Minister of Broadcasting intends to discuss the options further with relevant parties" and "invited the Minister of Broadcasting to report back to DOM in due course" (CAB Min (10) 37/13).

5. TVNZ currently provides two, public service, non-commercial, digital-only channels, TVNZ 6 and 7. TVNZ 6 concentrates on content for children and for family viewing; TVNZ 7 is predominantly a news and current affairs channel, which also shows programmes for minority audiences funded by NZ On Air. Unlike TV One and TV2, the channels are not reliant on commercial advertising revenue and are therefore able to schedule a range of content aimed at audiences outside of the demographic cohorts targeted by advertisers. The channels' combined average monthly cumulative audience (individuals accessing at least one programme) is around 2.1 million. This compares with a monthly figure of approximately 1.6 million for Māori Television Service and 2.2 million for the combined Radio New Zealand National and Concert audiences. Currently 6 and 7 can be accessed by around 70 per cent of the population on the Freeview and SKY platforms.

6. In 2005, in order to encourage take-up of digital television by providing new content unavailable on analogue television, the Government provided funding of \$79 million over six years to fund TVNZ 6 and 7. The cost to the Crown was offset by a special dividend paid by TVNZ of \$70 million. This funding is due to end on 30 June 2012. TVNZ's business case for the two channels projected that the two channels would be self funding by the time the appropriation expired. This has not eventuated.

7. Cabinet has already agreed to TVNZ commercialising TVNZ 6 (CAB Min (10) 14/5), and the channel will, from March 2011, become a commercial youth channel, branded as TVNZ U. Around the same time TVNZ will announce the launch of a new pay children's channel on the SKY platform. The commercialisation of TVNZ 6 is publicly known, but the intention to launch a pay children's channel has yet to be announced.

8. In conjunction with the changes to TVNZ 6, TVNZ will modify TVNZ 7's programming to include, in the day-time, some of the children's programming from TVNZ 6, thereby ensuring that some of the former TVNZ 6 content for children will be available free-to-air.

9. The decision for the Government is either to fund TVNZ 7 to continue as a public service channel, or support public broadcasting on television exclusively through the contestable-funding NZ On Air model<sup>1</sup>.

#### **Continuation of funding for TVNZ 7**

S 9(2)(b)(ii) 10. TVNZ has estimated that continuing TVNZ 7 with some enhancements would cost \$                    . Given the economic and fiscal situation, and with a decline in the operating allowance for 2011/12 and beyond, new funding to maintain the channel beyond June 2012 is not an option. An alternative, of funding the channel in a fiscally neutral way, would require the bulk of this sum to be taken from the funding provided to NZ On Air. This would reduce the total funding pool for programmes (as some of the funding would be needed for the channel's operating costs). It would also run counter to our policy of using competitive funding to allow the best projects to reach the screen.

#### **No ongoing funding for TVNZ 7**

11. The recommended alternative is for the funding for TVNZ 7 to end in 2012 and the future use of the channel to be a matter for TVNZ to determine. In a situation of greater commercial freedom, with the removal of its Charter, TVNZ could decide to maintain the channel from its own resources if it determines that such a channel would support its business model and add value to its brand. A continued TVNZ 7 could benefit TVNZ as a Crown entity company by enhancing the brand and providing a point of difference from other broadcasters, by offering programming largely unavailable on the commercial channels. However, that should be a commercial decision for TVNZ.

#### **Conclusion**

12. The funding for TVNZ 7 was always for a finite period and the expectation was that it would become self-funding. Given the Government's commitment to contestable funding and the long term fiscal implications of ongoing funding, the recommended option is for there to be no extension of the current funding arrangements for TVNZ 7. TVNZ will be free to determine the future of the channel. This approach will maintain current levels of funding for NZ On Air.

#### **Financial implications**

13. There is no effect on the Government's net fiscal balance.

#### **Human rights**

14. There are no human rights implications.

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<sup>1</sup> It can be noted that Māori Television will remain an exception to this policy.



### **Legislative implications**

15. There are no legislative implications. The Television New Zealand Amendment Bill provides TVNZ with general functions that would be consistent with the provision of a public service channel, if it chose to continue such a channel.

### **Regulatory impact statement**

16. A regulatory impact statement is not required.

### **Gender implications**

17. There are no gender implications arising from this paper.

### **Disability perspective**

18. TVNZ provides some programming on disability issues and operates a captioning service for its own and other channels. These services would be largely unaffected by the recommendations in this paper except for the potential loss of the re-screening of such programmes on TVNZ 7 at more accessible times than their scheduling on TV One.

### **Publicity**

19. It is proposed that the Minister of Broadcasting determine an appropriate opportunity to indicate the Government's decisions with respect to TVNZ 7.

### **Recommendations**

20. It is recommended that Cabinet:

1. **note** that, in considering the future of the public service channel TVNZ 7 in October 2010, Cabinet "noted that the Minister of Broadcasting [intended] to discuss the options further with relevant parties" and "invited the Minister of Broadcasting to report back to DOM in due course" [CAB Min (10) 37/13];
2. **note** that continued funding of TVNZ 7 would reduce the amount available for contestable funding through NZ On Air, and would place a new and ongoing funding commitment on this and future governments;

3. **agree** that, when the current funding allocation for TVNZ 7 ends in June 2012, there will be no extension of the current funding arrangements for TVNZ 7, and the channel's future will be a matter for TVNZ to determine;
4. **note** that the Minister of Broadcasting will determine an appropriate opportunity to indicate the Government's decisions with respect to TVNZ 7.



Hon Dr Jonathan Coleman  
Minister of Broadcasting

*JC*  
... / ... / 2011

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BR 2011/58

## CABINET PAPER ON PUBLIC SERVICE TELEVISION: OPTIONS FOR FUTURE OF TVNZ CHANNEL 7

### Purpose

- To provide notes for your use in introducing the above paper at Cabinet on Monday 7 March.

### Decisions

- The paper asks Cabinet to agree that no further funding be made available for the continuation of TVNZ 7 when the current appropriation ends in 2012, and to agree that after that date decisions as to the appropriate use of the channel be a matter for Television New Zealand to determine. It notes that an alternative option of providing ongoing funding for the continuation of TVNZ 7 as a public service channel, through reprioritisation of money appropriated to NZ On Air, has been considered but is not recommended.

### Background

- In October 2010 Cabinet considered a paper on "Options for Public Service Television". The options were: to rely solely on contestable funding via NZ On Air; to maintain a public service channel as part of TVNZ; or to hold a tender process for broadcasters to run such a channel. Cabinet "noted that the Minister of Broadcasting intends to discuss the options further with relevant parties" and invited you to report back to DOM in due course" [CAB Min (10) 37/131.

9/2/11

- Cabinet has already agreed to TVNZ commercialising TVNZ 6 [CAB Min (10) 14/5] and the channel has now been re-launched as a commercial youth channel. TVNZ has also announced the launch of its new pay children's channel (Kidzone) on the SKY platform.

## Rationale

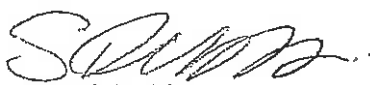
- As outlined in the Cabinet paper, the key reasons for not continuing funding for TVNZ 7 post-2012 are:
  - In the current fiscal and economic environment, there is no prospect of new money for TVNZ 7 when its current funding expires in 2012;
  - Transferring funding from NZ On Air would be the only fiscally neutral source of funding for the channel. The result, however, would be a significant reduction in the contestable funding available to producers and a reduction in the funding applied directly to content (as some of the funding would be required for operational costs);
  - This would be inconsistent with government's policy of focusing on the contestable funding model through NZ On Air to support public service broadcasting, including the recent establishment of the Platinum Fund;
  - A decision to provide continued funding would place a new and ongoing funding commitment on this and future governments.
- The recommended alternative is, therefore, that government maintain its policy of supporting public broadcasting on television through NZ On Air rather than direct funding to TVNZ.
- TVNZ will not be precluded from continuing to provide a public service channel such as TVNZ 7 from its own resources, but this would be a business decision for the broadcaster to make.
- This is consistent with the Television New Zealand Amendment Bill which enables TVNZ to set its own priorities and make its own business decisions.

## Risks

- Potential risks associated with the communication of government's decision in relation to TVNZ 7 are:
  - Public concern about the combined effect of the commencement of TVNZ's new commercial youth channel replacing TVNZ 6; the announcement of TVNZ's new pay television children's channel; and the removal of TVNZ's Charter (which may come to public attention in relation to the second reading of the TVNZ Amendment Bill).
  - The impact on NZ On Air's (NZOA) ability to provide a diverse range of content through the cessation of a channel which showed NZOA funded 'special interest programmes' at more accessible times, and the potential for TVNZ to reduce the amount of such content on its

commercial channels as it brings an increasing commercial focus to its operations; and

- A reduction in the total amount of less commercial "PSB-type" content, available including: children's programmes; in-depth news and current affairs; international content; and TVNZ-produced informational programmes on TVNZ 6 and 7.
- In response to the above potential risks, it is noted:
  - The decision retains the status quo in terms of government's broadcasting policies. The funding for TVNZ 6 and 7 was always for a finite period and the expectation at the time the funding was agreed, was that by 2012 the two channels would be self-funding;
  - Government's policy has consistently been to support 'broadcasting' rather than 'broadcasters' – i.e. content funded by the contestable NZOA model rather than direct funding to TVNZ; as reflected in the establishment of the Platinum Fund. Contestable funding ensures that New Zealand content is available across all free-to-air channels that people may choose to watch and ensures high quality through 'competition for ideas'. This model has worked effectively since it was established over twenty years ago.
  - The decision about TVNZ 7's funding is consistent with government's decision to remove the TVNZ Charter. This frees up TVNZ to make its own business decisions and to set its own priorities in an increasingly competitive multi-media environment. TVNZ is free to access NZOA funding to screen New Zealand content but is not subject to prescriptive charter requirements which constrain its programming decisions;
  - Similarly, TVNZ will be able to make its own business decisions about the future of TVNZ 7. It will be TVNZ's choice as to the nature and content of any replacement channel when the funding expires; and
  - It can be anticipated that TVNZ will retain some PSB-type content on its schedule, even when all its channels are fully commercial, as part of its own branding and market positioning as New Zealand's 'national broadcaster'.



Sarah Tebbs  
For Chief Executive



# Cabinet

CAB Min (11) 10/6

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## Minute of Decision

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

### Public Service Television: Options for Future of TVNZ Channel 7

Portfolio: Broadcasting

On 7 March 2011, Cabinet:

- 1 **noted** that in October 2010, Cabinet, in considering the future of the public service channel TVNZ 7,
  - 1.1 **noted** that the Minister of Broadcasting [intended] to discuss the options further with relevant parties,
  - 1.2 **invited** the Minister of Broadcasting to report back to the Cabinet Domestic Policy Committee in due course;

[CAB Min (10) 37/13]
- 2 **noted** that continued funding of TVNZ 7 would reduce the amount available for contestable funding through NZ On Air, and would place a new and ongoing funding commitment on this and future governments;
- 3 **agreed** that, when the current funding allocation for TVNZ 7 ends in June 2012, there will be no extension of the current funding arrangements for TVNZ 7, and the channel's future will be a matter for TVNZ to determine;
- 4 **noted** that the Minister of Broadcasting will determine an appropriate opportunity to indicate the government's decisions regarding TVNZ 7.

*Rebecca Kitteridge*  
Secretary of the Cabinet

Reference: CAB (11) 87

Distribution: (see over)

**Distribution:**

Prime Minister  
Chief Executive, DPMC  
Director, PAG, DPMC  
Minister of Finance  
Secretary to the Treasury  
Minister for Economic Development  
Chief Executive, MED  
Minister of State Services  
State Services Commissioner  
Minister for Communications and Information Technology  
Chief Executive, MED (Communications and IT)  
Minister for Arts, Culture and Heritage  
Chief Executive, Ministry for Culture and Heritage  
Acting Minister for Economic Development  
Chief Executive, MED  
Minister of Broadcasting  
Chief Executive, Ministry for Culture and Heritage (Broadcasting)  
General Manager, COMU (Broadcasting)  
Minister of Maori Affairs  
Chief Executive, Te Puni Kokiri  
Secretary, DOM



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