



Cabinet Business Committee

Minute of Decision

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COVID-19 Response: Immediate Support Package for the Media Sector

Portfolio **Broadcasting, Communications and Digital Media**

On 22 April 2020, the Cabinet Business Committee, in accordance with the Power to Act authorised by Cabinet [CAB-20-MIN-0145]:

Immediate support package for the media sector

- 1 **noted** that the media sector has been severely impacted by the COVID-19 restrictions, and that many media businesses are at risk of insolvency in the short-term if support is not provided;
- 2 **noted** that media have a vital role as an essential service during the response period in ensuring ongoing access to reliable and up-to-date news coverage;
- 3 **agreed** to establish a \$50 million package of initiatives to support the media sector consisting of the initiatives described below;

Initiative: Funding costs payable by media organisations

- 4 **agreed** to fund the following costs payable by media organisations:
 - 4.1 charges for television and FM services provided by Kordia for a period of six months, at a cost to the Crown of \$20 million, and a \$500,000 contingency that could be used for charges from other transmission providers;
 - 4.2 platform contributions to NZ On Air funded content for the 2020/21 financial year for up to 80 percent of the cost, at a cost to the Crown of \$16.5 million;
 - 4.3 charges for AM transmission services provided by Radio New Zealand for a period of six months, at a cost to the Crown of \$600,000;
- 5 **directed** officials to work with Radio New Zealand, Kordia and NZ On Air, and any other stakeholders as required, to determine the detailed implementation of paragraph 4 above;

6 **agreed** to establish the following new appropriation:

Vote	Appropriation Minister	Title	Type	Scope
Arts, Culture and Heritage	Minister of Broadcasting, Communications and Digital Media	COVID 19: Transmission and Other Fees on Behalf of Media Organisations	Non-Departmental Other Expense	This appropriation is limited to paying transmission and other fees that are normally paid by media organisations.

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

Vote Arts, Culture and Heritage Minister for Arts, Culture and Heritage	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
Non-Departmental Output Expenses: Public Broadcasting Services	-	16.500	-	-	-
Non-Departmental Other Expenses: COVID 19: Transmission and Other Fees on Behalf of Media Organisations	7.700	13.400	-	-	-
Total Operating	7.700	29.900	-	-	-
Total Capital	-	-	-	-	-

8 **agreed** that the change to appropriations for 2019/20 and 2020/21 above be included in the 2019/20 Additional Supplementary Estimates and the 2020/21 Supplementary Estimates respectively and that, in the interim, the increase be met from Imprest Supply;

9 **noted** that while the exact timing of expenditure is uncertain, the amounts in paragraph 7 above have been weighted towards the 2019/20 financial year to avoid the risk of any unappropriated spending in that year;

10 **agreed** that any amounts that are unspent in 2019/20 above remain available for transfer to 2020/21, subject to confirmation by the Minister of Finance and the Minister of Broadcasting, Communications and Digital Media (joint Ministers);

Initiative: Centralising government uptake of media subscriptions

11 **agreed** that the Crown will purchase subscriptions or memberships from news services for government departments for the 2020/21 year to provide immediate cashflow to small to medium news subscription services;

12 **noted** that access to these subscriptions will be negotiated by officials following the upfront payment;

13 **noted** that the estimated amount to be paid out in accordance with paragraph 11 is \$1.3 million;



14 **noted** that the cost of this initiative will be partly offset to the extent that agencies would have purchased subscriptions anyway;


- 15 **authorised** the joint Ministers to finalise details of implementation, including establishing appropriations as necessary, upon further advice from officials;
- 16 **agreed** that Crown entities will be encouraged to review their media subscription services with a view to increasing them to the extent reasonable for their individual organisations;
- 17 **invited** all Ministers to write to the heads of their relevant Crown entities requesting them to support the policy described in paragraph 16 above;

Initiative: Supplementary funding to provide further sector support

- 18 **agreed** that the remaining funding in this package, estimated to be \$11.1 million, be applied towards other initiatives to further mitigate the impact of COVID-19 on the media sector;
- 19 **authorised** the joint Ministers to finalise the application of the funding in paragraph 18 above, including establishing appropriations as necessary, upon further advice from officials;
- 20 **agreed** that the expenses incurred under paragraphs 4, 11 and 18 above and any expenses incurred as a result of final decisions taken by joint Ministers under paragraphs 15 and 19 above, totalling \$50 million, be a charge against the COVID-19 Response and Recovery Fund, established as part of Budget 2020;

Next steps

- 21 **authorised** 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;
- 22 **noted** that these initiatives can be implemented from May 2020, with the exception of the cost waiver for NZ On Air funded content, which will take effect from July 2020;
- 23 **noted** that to be eligible to access these support measures, with the exception of transmission costs, media companies will be required to undergo an application process that includes demonstrating the impact of COVID-19 on their businesses and the steps being taken to ensure their ongoing viability;
- 24 **noted** that officials at the Ministry for Culture and Heritage, with support from the Treasury, will develop eligibility criteria and administer the application process;
- 25  9(2)(f)(iv)
- 26 **noted** that these measures are intended to provide immediate relief to the sector but will not provide sufficient support if there is a prolonged period of restrictions and impact on advertising revenue;
- 27 **invited** the Minister of Broadcasting, Communications and Digital Media to report back to Cabinet in May 2020 with further measures to form a more substantial support package,  9(2)(f)(iv)

- 28 **noted** that the Minister of Broadcasting, Communications and Digital Media has directed officials to work with the sector to develop bold options to build the critical foundation required for future sector sustainability;
- 29 **noted** that Māori and Pacific media will be involved in the work on the future sustainability of the sector, and that this work will take into account any intersection with the Māori Media Sector Shift;
- 30 **authorised** the Prime Minister and the Minister of Broadcasting, Communications and Digital Media to take decisions on resolving issues relating to the publication of community newspapers under Alert Level 4;
- 31  9(2)(f)(iv)
- 32 **agreed** to announce this support package as soon as practicable following Cabinet Business Committee decisions.

Vivien Meek
Committee Secretary

Present:

Rt Hon Jacinda Ardern (Chair)
Rt Hon Winston Peters
Hon Kelvin Davis
Hon Grant Robertson
Hon Phil Twyford
Hon Dr Megan Woods
Hon Chris Hipkins
Hon Andrew Little
Hon Carmel Sepuloni
Hon Dr David Clark
Hon David Parker
Hon Nanaia Mahuta
Hon Stuart Nash
Hon Iain Lees-Galloway
Hon Jenny Salesa
Hon Damien O'Connor
Hon Kris Faafoi
Hon Ron Mark
Hon Shane Jones
Hon Tracey Martin
Hon Peeni Henare
Hon James Shaw

Officials present from:

Office of the Prime Minister
Department of the Prime Minister and Cabinet
Treasury
Ministry for Culture and Heritage
State Services Commission
Solicitor-General
New Zealand Police

[In Confidence – Commercial]

Office of the Minister of Broadcasting, Communications and Digital Media
Cabinet Business Committee

COVID-19 RESPONSE: IMMEDIATE SUPPORT PACKAGE FOR THE MEDIA SECTOR

Proposal

- 1 This paper seeks agreement to implement a set of initiatives to provide immediate support to media organisations impacted by COVID-19.

Relation to government priorities

- 2 These proposals are consistent with the government's objective of limiting the negative economic and social impacts from COVID-19 and the response to the pandemic. They also align to the priority of ensuring there is more quality local broadcast content, as stated in *Our Plan – The Government's Priorities for New Zealand*, as they focus on the viability of media that produce and distribute quality local content.

Executive Summary

- 3 The media sector has been severely impacted by the COVID-19 response due to a drastic drop in advertising revenue as businesses across the economy cease trading. Revenue loss for many in the media sector is estimated to be in the range of 40-70%, 9(2)(b)(ii) 9(2)(ba)(i)
[REDACTED]
[REDACTED], even with wage subsidy support.
- 4 The impact on cash flow, liquidity and solvency is significant enough that the viability of many media businesses is at risk in the short term even if support is provided. At the same time, media have a vital role during the response period in ensuring ongoing access to reliable and up-to-date news coverage and keeping New Zealanders connected while in lockdown. Private media are critical to supporting the production of news and journalism and ensuring our democracy has a strong and independent fourth estate.
- 5 I seek Cabinet's agreement to establish a \$50 million package to provide immediate support to the media sector. This package will include the following initiatives:
 - 5.1 fund costs payable by media organisations for transmission and NZ On Air funded content
 - 5.2 centralise government uptake of media subscriptions.

- 6 The cost of these initiatives is \$38.9 million. The remaining \$11.1 million sought for this package will be applied towards other initiatives to further mitigate the impact of COVID-19 on the media sector. The Minister of Finance and the Minister of Broadcasting, Communications and Digital Media will have delegated authority to take decisions on the use of this funding.
- 7 These initiatives alone will not be sufficient to support the sector through a prolonged period of restrictions and reduced advertising, and they are intended to provide immediate relief only, in particular by providing some cashflow certainty with the aim of preserving journalistic output. Commercial media entities employ over 1,500 journalists, and the majority of journalism in New Zealand is produced by private media. Even an enhanced public media could not on its own sufficiently compensate for a significant loss of private journalism providers.
- 8 The intent of these initiatives is to preserve the critical components of the sector long enough to develop a more substantial and targeted support package and a more enduring strategy for the future sustainability of the sector. Any further support and strategy will need to recognise that government intervention should not aim to provide ongoing support for unsustainable business models, and that the future state of the media sector may look markedly different than it does today. This work should therefore focus on sustaining the core capabilities required for a functioning media system rather than the survival of individual entities.
- 9 On this basis, I will report back to Cabinet in May 2020 with a further proposal to provide more substantial support for the sector that is focused on policy outcomes. I have also directed officials to work with the sector to develop bold options to build the critical foundation required for future sector sustainability. This work will also contribute to the general economic recovery, by supporting an industry that is not only an important sector of the economy itself but also a vital source of information and platform for advertising for other sectors.

Context for government intervention

- 10 Media organisations have been severely impacted by the restrictions put in place to control the spread of COVID-19. Most media organisations depend heavily on advertising revenue, which has declined precipitously while businesses are unable to trade under COVID-19 restrictions. While audience reach has spiked during the lockdown, media organisations are facing the widespread cancellation of advertising bookings. The loss of advertising revenue is as high as 75% for some media organisations. 9(2)(b)(i) 9(2)(ba)(i)
[REDACTED]
[REDACTED]
[REDACTED]
- 11 Several entities are at serious risk of failure in the coming weeks and months. Parts of the media sector, such as Radio Sport and Bauer Media's New Zealand titles, have already closed, 9(2)(g)(i)
[REDACTED]. Media organisations were operating in a challenging environment prior to the restrictions due to the loss of advertising revenue to

platforms like Google and Facebook. This drastic and immediate decline in revenue will significantly impact the cash flow, liquidity and solvency of many organisations. It is unclear if or when advertising revenues may resume at normal levels if there is a prolonged economic downturn, but it is expected that the impact on advertising will continue to be significant at least as long restrictions are in place at level 3 or 4.

12 [REDACTED] 9(2)(b)(ii) 9(2)(ba)(i)

13 At the same time, the COVID-19 response has demonstrated the vital role of the media in providing ongoing access to reliable and up-to-date information to communities across New Zealand. News and media have been designated as an essential service during the COVID-19 response, and media are continuing to privately fund a large output of critical news content during this time despite the loss of revenue. A healthy media sector is a central component of a functioning democracy, and there is a need to ensure that this function is not lost due to the severe impacts of COVID-19.

14 Media companies are taking steps to address the impact of COVID-19 on their businesses by managing costs to the best of their ability. There is an expectation that companies should be considering and pursuing all available commercial options to maintain their viability and treating government support as a last resort. It has been reported that media companies are considering and implementing salary reductions, redundancies, and reducing or closing services (such as Radio Sport) as well as accessing wage subsidies.

15 To reduce the risk of company failure within the media industry, urgent action is required to provide specific, tailored and effective forms of government support beyond those offered to businesses in general. [REDACTED] 9(2)(g)(i)

16 This paper presents a set of initiatives intended to provide immediate support targeted to the cashflow and liquidity of media organisations. The intent of these initiatives is to preserve the critical components of the sector long enough to develop a more substantial and targeted support package and a more enduring strategy for the future sustainability of the sector.

Immediate support package for the media sector

17 The Ministry for Culture and Heritage (MCH) held a series of workshops with key media players both large and small, including industry bodies and the E tū union, to identify the most effective means of delivering immediate support to the sector. I have also spoken directly with many of the major media entities.

18 I seek agreement to implement the following set of initiatives to form an immediate support package for the media sector:

18.1 *Funding costs:* This initiative would fund the costs incurred by media organisations for transmission services provided by Radio New Zealand (for AM radio) and Kordia (for digital terrestrial television (DTT), direct to home (DTH) television and FM radio) for six months. It would also fund 80% of the financial contribution that media organisations make to NZ On Air funded content for the 2020/21 financial year.

There was strong collective support from workshop participants for this approach as a simple means of providing immediate cost relief, though it was acknowledged that it would not be sufficient as a standalone measure. 9(2)(b)(ii) 9(2)(ba)(i)

For transmission costs, this initiative could be implemented nearly immediately once funding has been approved through this paper. Further work will be done to consider extending this initiative to other private transmission providers. Funding costs for NZ On Air funded content would take effect in NZ On Air's July funding round. This is the next available round and has an application deadline in late May. The estimated total cost to implement these measures is \$37.6 million.

18.2 *Centralising government uptake of media subscriptions:* This initiative would allocate funds to one agency to purchase subscriptions or memberships with news services for all government departments. The agency would then negotiate access arrangements on behalf of all government departments. In addition, Crown entities will be encouraged to consider taking out organisation-wide subscriptions.

Workshop participants raised concerns with government departments being unwilling to take out media subscriptions. Several organisations observed that departments often take out small subscriptions that are then shared widely across the organisation, or request free access to content. For smaller news organisations, increasing government's uptake of subscriptions could provide a significant revenue boost.

This initiative would be targeted to small to medium organisations producing quality journalism with a broad public interest component at a national level. MCH would determine eligibility criteria and seek applications from media organisations to determine amounts payable. It is estimated that this initiative would see \$1.3 million paid to media organisations at the earliest from mid-May.

Officials will do further work to finalise the administration of the scheme after the advance payments are made. This work will include consideration of how to extend access to subscriptions across government, the approach to existing subscriptions or media monitoring services, and whether there should be a reconciliation process so that individual departments reimburse the original fund from which the payments are made. I propose that the Minister of Finance and I be authorised to take final decisions on these implementation details.

- 19 A detailed description of each of these initiatives is provided in Appendix 1.
- 20 In addition to the above initiatives, I seek Cabinet's agreement to provide an additional \$11.1 million to be used to provide further support to the media sector. The Minister of Finance and the Minister of Broadcasting, Communications and Digital Media would have delegated authority to take decisions on the use of this funding on advice from officials. This approach provides flexibility to respond the changing needs of the media sector as businesses transition to Level 3 restrictions.
- 21 Eligibility criteria will be developed that media businesses will be required to meet before they can access these support initiatives, with the exception of transmission costs. These criteria will include demonstrating the impact of COVID-19 on their business and the steps being taken by companies to ensure their ongoing viability through the duration of the COVID-19 response period.
- 22 Applicants for these funds will be required to undergo an application process administered by the Ministry for Culture and Heritage, with support from the Treasury. Officials will work with NZ On Air to develop a process to ensure these criteria are incorporated into its funding rounds. NZ On Air will also ensure that rights attached to content funded through these schemes are protected in the event that an entity fails.
- 23 These initial measures have been chosen for their quick impact and relative ease of execution, and because they support a range of media, including broadcast, print and online. They contribute to the outcomes of preserving viability and plurality of editorial voices as far as possible. 9(2)(f)(iv)

[REDACTED]

Risks

- 24 The risk profile for this package is low. Broadcast media is likely to receive more support than print and online media in this first package as the cost-funding measures are less relevant to print and online media, 9(2)(f)(iv)

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

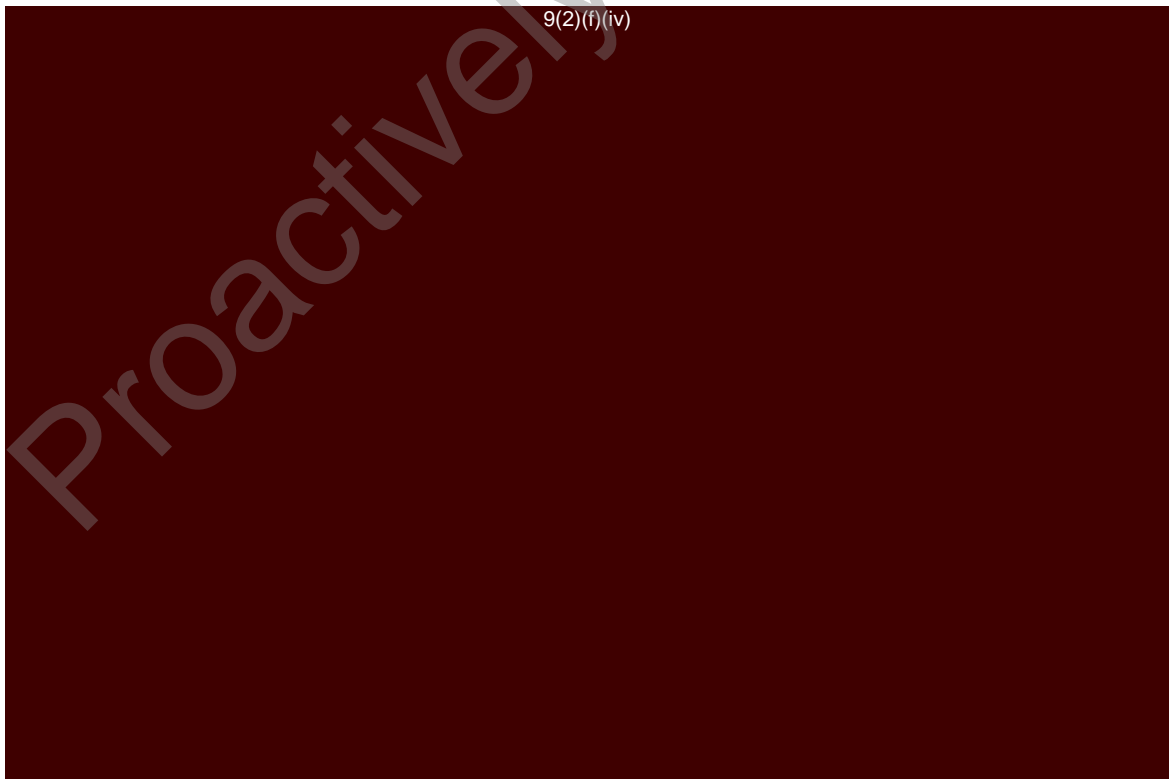
- 25 Given the speed at which this package has been developed, the details of implementation have not been fully worked through yet. Agreement is sought to the parameters and funding for these initiatives, and further detailed decisions on implementation will be required by joint Ministers. It will be important to develop appropriate eligibility criteria to ensure that government is not seen to be determining which individual entities to support.
- 26 The purpose of this package is to provide immediate support to impacted media organisations to support their short-term viability. This package will not be sufficient if there is a prolonged period of business restrictions, economic slowdown and reduced advertising revenue after the initial lockdown period, as is expected. Further measures to provide support need to follow as soon as possible.
- 27 The risk profile of each initiative within the package is detailed in Appendix 1.

Further support and sector sustainability

- 28 I intend to report back to Cabinet in May 2020 with a further proposal for initiatives that would provide more substantial support. 9(2)(f)(iv)
[Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]. This package is being developed but may include:

9(2)(f)(iv)

Proactively released



- 29 Any issues that arise during the implementation of the immediate support package, for example any need to amend the scope of eligibility of proposed initiatives, will be addressed through the May package.

30 In addition, I have directed officials to work with the sector to develop bold options to build the critical foundation required for future sector sustainability. This work would have a strategic, long-term approach. It would focus on identifying the core capabilities required for a functioning media system rather than the viability of any individual entity. I will report back to Cabinet on the outcome of this work once it has been sufficiently developed.

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

Impact on public media

32 Crown-funded public media are largely insulated from the revenue and liquidity pressures facing commercially funded media. While enduring solutions for public media are still required, RNZ and NZ On Air are well positioned in the short term to continue to provide core services. That said, the majority of journalism in New Zealand is produced by private media, and even an enhanced public media could not on its own sufficiently compensate for a significant loss of private journalism providers.

33 TVNZ, while publicly owned, receives no operational funding from the Crown [REDACTED] 9(2)(b)(ii) 9(2)(f)(iv)
[REDACTED]
[REDACTED]. While not being publicly funded, TVNZ contributes approximately \$90 million to the purchase of New Zealand content from its commercial revenues. TVNZ will be eligible to benefit from the initiatives proposed in this paper.

34 Earlier this month the Cabinet Business Committee noted that the detailed business case on the viability of establishing a new public media entity will be paused and revisited at a later date [CBC-20-MIN-0030 refers]. The relative role and contribution of public media to the wider system, and other options for government intervention, will be considered as part of the longer-term strategic work.

Impact on Māori and Pacific Media

35 Māori Television Service, Te Māngai Pāho and National Pacific Radio Trust participated in one of the workshops that informed these proposals. These organisations have not been impacted by the COVID-19 response to the same extent as commercially funded media as they are largely Crown-funded, with only a small percentage of income sourced from advertising revenue. I am aware, however, that they have a vital role in serving audiences that are at higher risk of the effects of COVID-19.

- 36 Some of these initiatives may therefore not be as relevant to these organisations, however Māori Television, National Pacific Radio Trust and iwi radio will benefit from the waiving of transmission costs.
- 37 Māori and Pacific media will be involved in the broader work on the future sustainability of the sector. I note that the Minister for Māori Development is progressing the Māori Media Sector Shift, which is intended to chart a new path for the Māori media sector to make it more agile and responsive to audience demands and changing technology.

9(2)(f)(iv)



Proactively released

Financial Implications

42 The cost of the package is:

Initiative	Cost (\$m)
Fund costs	37.6
Centralise government uptake of subscriptions	1.3
Supplementary funding to provide further sector support	11.1
Total	50.0

43 This paper seeks agreement to the funding outlined above. This funding would be a charge against the the COVID-19 Response and Recovery Fund, established as part of Budget 2020.

Legislative Implications

44 This paper has no legislative implications. 9(2)(f)(iv)

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Impact Analysis

45 A regulatory impact statement is not required for this paper.

Climate Implications of Policy Assessment

46 The CIPA requirements do not apply to this proposal.

Human Rights

47 The proposals in this paper are consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Consultation

48 The following departments have been consulted on this paper: The Treasury, State Services Commission, Te Puni Kōkiri, and the Ministry of Business, Innovation and Employment. The Department of the Prime Minister and Cabinet has been informed.

49 9(2)(f)(iv)

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Communications

- 50 I note that the Cabinet Business Committee has been granted power to act and therefore seek agreement that this support package can be announced as soon as practicable following Cabinet Business Committee decisions. My office will work closely with the offices of the Prime Minister and the Minister of Finance to coordinate this announcement.
- 51 The announcement will make clear that this package is intended to provide immediate relief, and that further measures to support the sector are being considered and developed urgently.

Proactive Release

- 52 I intend to release this paper proactively. Proactive release is subject to redaction as appropriate under the Official Information Act 1982.

Recommendations

The Minister of Broadcasting, Communications and Digital Media recommends that the Committee:

Immediate support package for the media sector

- 1 **note** that the media sector has been severely impacted by the COVID-19 restrictions, and that many media businesses are at risk of insolvency in the short-term if support is not provided;
- 2 **note** that media have a vital role as an essential service during the response period in ensuring ongoing access to reliable and up-to-date news coverage;
- 3 **agree** to establish a \$50 million package of initiatives to support the media sector consisting of the initiatives described below;

Initiative: Funding costs payable by media organisations

- 4 **agree** to fund the following costs payable by media organisations:
 - 4.1 charges for television and FM services provided by Kordia for a period of six months, at a cost to the Crown of \$20 million, and a \$500,000 contingency that could be used for charges from other transmission providers;
 - 4.2 platform contributions to NZ On Air funded content for the 2020/21 financial year for up to 80% of the cost, at a cost to the Crown of \$16.5 million;
 - 4.3 charges for AM transmission services provided by Radio New Zealand for a period of six months, at a cost to the Crown of \$600,000;
- 5 **direct** officials to work with Radio New Zealand, Kordia and NZ On Air, and any other stakeholders as required, to determine the detailed implementation of recommendation 4;

6 **agree** to establish the following new appropriation:

Vote	Appropriation Minister	Title	Type	Scope
Arts, Culture and Heritage	Minister of Broadcasting, Communications and Digital Media	COVID 19: Transmission and Other Fees on Behalf of Media Organisations	Non-Departmental Other Expense	This appropriation is limited to paying transmission and other fees that are normally paid by media organisations.

7 **approve** the following changes to appropriations to give effect to the policy decision in recommendation 4 above, with a corresponding impact on the operating balance and net core Crown debt:

Vote Arts, Culture and Heritage Minister for Arts, Culture and Heritage	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
Non-Departmental Output Expenses: Public Broadcasting Services	-	16.500	-	-	-
Non-Departmental Other Expenses: COVID 19: Transmission and Other Fees on Behalf of Media Organisations	7.700	13.400	-	-	-
Total Operating	7.700	29.900	-	-	-
Total Capital	-	-	-	-	-

8 **agree** that the proposed change to appropriations for 2019/20 and 2020/21 above be included in the 2019/20 Additional Supplementary Estimates and the 2020/21 Supplementary Estimates respectively and that, in the interim, the increase be met from Imprest Supply;

9 **note** that while the exact timing of expenditure is uncertain, the amounts in recommendation 7 above have been weighted towards the 2019/20 financial year to avoid the risk of any unappropriated spending in that year;

10 **agree** that any amounts that are unspent in 2019/20 above remain available for transfer to 2020/21, subject to confirmation jointly by Minister of Broadcasting, Communications and Digital Media and the Minister of Finance;

Initiative: Centralising government uptake of media subscriptions

11 **agree** that the Crown will purchase subscriptions or memberships from news services for government departments for the 2020/21 year to provide immediate cashflow to small to medium news subscription services;

12 **note** that access to these subscriptions will be negotiated by officials following the upfront payment;

- 13 **note** that the estimated amount to be paid out in accordance with recommendation 11 is \$1.3 million;
- 14 **note** that the cost of this initiative will be partly offset to the extent that agencies would have purchased subscriptions anyway;
- 15 **authorise** the Minister of Finance and the Minister of Broadcasting, Communications and Digital Media jointly to finalise details of implementation, including establishing appropriations as necessary, upon further advice from officials;
- 16 **agree** that Crown entities will be encouraged to review their media subscription services with a view to increasing them to the extent reasonable for their individual organisations;
- 17 **invite** all Ministers to write to the heads of their relevant Crown entities requesting them to support the policy described in recommendation 16;

Initiative: Supplementary funding to provide further sector support

- 18 **agree** that the remaining funding in this package, estimated to be \$11.1 million, be applied towards other initiatives to further mitigate the impact of COVID-19 on the media sector;
- 19 **authorise** the Minister of Finance and the Minister of Broadcasting, Communications and Digital Media jointly to finalise the application of this funding, including establishing appropriations as necessary, upon further advice from officials;
- 20 **agree** that the expenses incurred under recommendations 4, 11 and 18 above and any expenses incurred as a result of final decisions taken by joint Ministers under recommendations 15 and 19 above, totalling \$50 million, be a charge against the COVID-19 Response and Recovery Fund, established as part of Budget 2020;

Next steps

- 21 **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;
- 22 **note** that these initiatives can be implemented from May 2020, with the exception of the cost waiver for NZ On Air funded content, which will take effect from July 2020;
- 23 **note** that to be eligible to access these support measures, with the exception of transmission costs, media companies will be required to undergo an application process that includes demonstrating the impact of COVID-19 on their businesses and the steps being taken to ensure their ongoing viability;

24 **note** that officials at the Ministry for Culture and Heritage, with support from the Treasury, will develop eligibility criteria and administer the application process;

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

26 **note** that these measures are intended to provide immediate relief to the sector but will not provide sufficient support if there is a prolonged period of restrictions and impact on advertising revenue;

27 **invite** the Minister of Broadcasting, Communications and Digital Media to report back to Cabinet in May 2020 with further measures to form a more substantial support package;

28 **note** that the Minister of Broadcasting, Communications and Digital Media has directed officials to work with the sector to develop bold options to build the critical foundation required for future sector sustainability;

29 **note** that Māori and Pacific media will be involved in the work on the future sustainability of the sector, and that this work will take into account any intersection with the Māori Media Sector Shift;

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

31 **agree** to grant power to act for this paper and to announce this support package as soon as practicable following Cabinet Business Committee decisions.

Authorised for lodgement

Hon Kris Faafoi

Minister of Broadcasting, Communications and Digital Media

Appendix 1: Detailed description of support package components

Initiative: Funding costs – Radio New Zealand AM transmission services	
<i>Description</i>	Funding fees paid by broadcasters to RNZ for AM transmission services.
<i>Impact</i>	Relief from a fixed cost. [REDACTED] 9(2)(b)(ii) 9(2)(ba)(i) [REDACTED]. Funding these costs [REDACTED] 9(2)(b)(ii) 9(2)(ba)(i) [REDACTED] provides a form of short-term liquidity support to a wide range of broadcasters.
<i>Eligibility</i>	Current broadcasters using RNZ’s service [REDACTED] 9(2)(b)(ii) 9(2)(ba)(i) [REDACTED].
<i>Costs</i>	\$600,000 total (approximately \$100,000 a month for 6 months)
<i>Delivery</i>	RNZ would pass invoices on to the Crown (MCH) immediately, which are paid on a monthly basis. Government would pay RNZ on behalf of the broadcasters.
<i>Commencement</i>	As early as May 2020
<i>Duration</i>	6 months to October 2020 – can be reviewed as needed.
<i>Risks</i>	The risk profile of this initiative is low. It provides immediate cost relief.

Proactively released

Initiative: Funding costs – Kordia transmission services	
<i>Description</i>	Funding of fees paid by broadcasters to Kordia for digital terrestrial television, direct to home television and FM radio transmission. Kordia is a state-owned enterprise which provides transmission services on a commercial basis.
<i>Impact</i>	Relief from a fixed cost. [REDACTED] 9(2)(b)(ii) 9(2)(ba)(i) [REDACTED].
<i>Eligibility</i>	Kordia’s transmission charges can be separated into two categories: entities with commercial revenues [REDACTED] 9(2)(b)(ii) 9(2)(ba)(i) [REDACTED] and non-commercial entities [REDACTED] 9(2)(b)(ii) 9(2)(ba)(i) [REDACTED] that receive all or most of their funding from the Crown. If the latter were eligible, it would effectively be an increase in Crown funding. It is proposed that all broadcasters would be eligible for the cost waiver. Further work will be done to consider extending this initiative to other private transmission providers.
<i>Costs</i>	Full funding for all broadcasters for up to six months would cost up to \$20 million. In addition, a contingency of \$500,000 is sought to consider extending this initiative to other transmission providers.
<i>Delivery</i>	Treasury enters into an agreement with Kordia that invoices from Kordia to media companies would be forwarded to the Crown for payment to Kordia on behalf of the companies.
<i>Commencement</i>	As early as May 2020
<i>Duration</i>	6 months to October 2020 – can be reviewed as needed. Payments related to a particular entity should cease if [REDACTED] 9(2)(g) [REDACTED].
<i>Risks</i>	The risk profile of this initiative is low. It provides immediate cost relief, and the Crown can reimburse these costs directly to Kordia. Funding these costs [REDACTED] 9(2)(b)(ii) 9(2)(ba)(i) [REDACTED] provides a form of short-term liquidity support to a wide range of broadcasters.

Initiative: Centralise government uptake of media subscriptions	
<i>Description</i>	Government, through one agency, purchases organisation-wide subscriptions to media news services for government departments. The agency would then negotiate access arrangements on behalf of government departments.
<i>Impact</i>	Provides immediate revenue to subscription news services, in particular those that are facing declining revenue but are unlikely to benefit from the other components within this package.
<i>Eligibility</i>	This initiative would be targeted to small to medium organisations producing quality journalism with a broad public interest component at a national level. Eligibility criteria will be developed by officials.
<i>Costs</i>	The estimated cost of this initiative across all government departments is \$1.3 million. In addition, there will be some administration costs for MCH.
<i>Delivery</i>	MCH will determine eligibility criteria and invite organisations to apply. Payments will be made on the basis of organisation-wide subscriptions for all government departments. Officials will do further work to finalise the administration of the scheme after the advance payments are made. Crown entities will be encouraged to consider taking out subscriptions to these organisations.
<i>Commencement</i>	Upfront payments made to media companies from May 2020.
<i>Duration</i>	Payments made based on a year-long membership or subscription.
<i>Risks</i>	Many state sector organisations currently source news through agreements with media monitoring consortiums rather than individual news organisations. News services receive copyright agency fees through this process. Officials will work through any interaction with the efficiencies achieved by existing schemes that may be relevant for this initiative. There is also a risk that the government may be charged twice for subscriptions as some government departments may hold existing subscriptions. This risk could be managed by holding a credit until such time as government departments are due to renew their subscriptions, or to offer subscriptions to the wider state sector.

Initiative: Funding costs – Platform contribution to NZ On Air funded content	
<i>Description</i>	80% reduction of the required platform contribution for screen content funded by NZ On Air for 2020/21. Nearly all screen content funded by NZ On Air requires a contribution fee from the platform. This contribution helps to ensure there is support from the platform to air the content, which is why some contribution from the platform is still proposed. The Broadcasting Act 1989 requires NZ On Air to seek co-investment as far as possible.
<i>Impact</i>	Local content is more expensive than purchasing overseas content, and broadcasters are likely to turn to cheaper overseas content as cost pressures mount. This initiative incentivises broadcasters to support the provision of local content to New Zealand audiences by reducing the financial burden. Based on the 2019/20 year to date, platform contributions totalled \$17.4 million. Reducing this amount by 80% would see a cost reduction to the industry of \$13.92 million. Funding these costs [REDACTED] 9(2)(b)(ii) 9(2)(ba)(i) [REDACTED] will help to reduce the opportunity cost of featuring local content rather than cheaper content purchased from overseas, which supports public media outcomes.
<i>Eligibility</i>	All platforms supporting NZ On Air funded content
<i>Costs</i>	\$16.5 million for 2020/21
<i>Delivery</i>	NZ On Air would advise applicants that the normal platform contribution requirements are reduced in issuing instructions for the July, September and December 2020 funding rounds, which accounts for over 95% of NZ On Air's contestable funds for the fiscal year. Government would provide compensatory funding to NZ On Air for the increased costs to fully fund the content.
<i>Commencement</i>	July 2020 funding round – applications for this round close in May 2020.
<i>Duration</i>	Up to December 2020 funding round
<i>Risks</i>	The risk profile of this initiative is low. There is a risk that the benefits of this initiative may be delayed if there is a sustained shutdown period for screen productions, but NZ On Air is considering innovative options to support content production during this time. Also, maintaining funding for content production will be critical for the sector's financial viability.

Initiative: Supplementary funding to provide further sector support	
<i>Description</i>	The remaining funding in this package will be applied towards other initiatives to further mitigate the impact of COVID-19 on the media sector. The Minister of Finance and the Minister of Broadcasting, Communications and Digital Media will have delegated authority to take decisions on the use of this funding. The scope of the fund will be determined by joint Ministers on further advice from officials.
<i>Impact</i>	The immediate pressures facing media organisations may change as businesses transition to Level 3 restrictions on 28 April. Establishing this fund provides flexibility for urgent support initiatives in response to changes in the operating environment.
<i>Eligibility</i>	To be determined
<i>Costs</i>	\$11.1 million

Proactively released