Interim Regulatory Impact Statement: Streamlining Crown content funders

Coversheet

Purpose of Document	
Decision sought:	Cabinet approval to release a public discussion document
Advising agency:	Ministry for Culture and Heritage
Proposing Ministers:	Minister for Media and Communications; Minister for Arts, Culture and Heritage
Date finalised:	21 October 2024

Problem Definition

The separation between NZ On Air and the New Zealand Film Commission (NZFC) is misaligned with the realities of modern media content production and consumption, in respect of which different forms are increasingly converging. The status quo, particularly in relation to screen (audiovisual) content:

- limits the coherence and cohesion of funding, and the opportunity to achieve strategic outcomes (including growth and quality) across the whole sector and for audiences
- involves overlaps in NZ On Air's and NZFC's functions and stakeholders, which indicates opportunities to enhance efficiency (for the entities and funding applicants).

Executive Summary

Alongside Te Māngai Pāho (which promotes te reo Māori and tikanga Māori through funding for Māori language programming), public funding for local film and television content has traditionally been administered by the NZFC and NZ On Air respectively. Ministerial direction excludes changes to Te Māngai Pāho from consideration in this regulatory impact statement, noting its specific mandate and a separate workstream to improve collaboration and outcomes across Māori language entities.

NZ On Air, which is focused on local audience outcomes, also has a wider mandate to support media platforms and other on-air content including music, podcasts, and games. The NZFC has a focus on film sector outcomes, and a strong operational emphasis on international productions locating in New Zealand, partnerships, and exports.

Shifts in technology, audience preferences, and market context have increasingly blurred the distinction between different forms of screen content, in terms of both production and consumption. While the entities have retained distinct mandates and focus, there is now overlap between the sectors to which they provide funding, and their functions. For instance, both fund content development and industry development, and both administer rebates on production expenditure to different but related elements of the screen sector.

In recognition of this overlap, funding entities have pursued options for more collaboration and alignment (including co-funding). However, this collaboration requires resource, and there may be limits on its effectiveness and longevity.

Options for change provide the opportunity for more formal and enduring coherence in relation to the entities' functions, to achieve a more modern, efficient and effective system for administering Crown funding for media content. Operational and governance efficiencies would align with a wider Government focus on value for money and fiscal sustainability across Crown entities.

Besides the counterfactual, options analysed in this interim RIS are:

- Non-structural change: retain existing entity structures but modernise governing legislation, including to support clarity of mandate and reduce duplication. Encourage increased operational alignment and enable more coordinated oversight through non-structural mechanisms such as cross-Board appointments and bringing the entities within a single Ministerial portfolio.
- Structural change: consolidate NZFC and NZ On Air, with modernised and streamlined governing legislation. As NZ On Air has functions beyond screen funding content (which is the key area of overlap), there are sub-options for the focus of the entity and the functions to be brought together:
    - a consolidated **media** funding entity with the full remit of NZFC and NZ On Air, including NZ On Air's current functions around non-audiovisual content and media platform funding;
    - a consolidated **content** funding entity that does not have formal responsibility for funding media platforms; or
    - a consolidated **screen content** funding entity that does not have formal responsibility for funding non-audiovisual content or media platforms.

The options are analysed against criteria focused on regulatory stewardship, sector sustainability, audience and broader societal interests, compliance burden, government costs and efficiencies, and te Tiriti obligations. The preferred option is structural change to create a consolidated entity with a mandate to fund content in any form. Further analysis is required on whether the entity should have responsibility for funding media platforms, and if not, how and to which entities current platform funding could be transferred.

Subject to detailed design and consultation, this preferred option is expected to:

- reduce duplication and create long-term governance and process efficiencies, including simplifying the points of entry for those seeking funding;
- allow a more coherent approach to identifying challenges and opportunities across the breadth of content types and future changes in technology and the media landscape;
- enable a more strategic and coherent programme of industry development, particularly for the screen sector.

The analysis supporting structural consolidation weights long-term impacts higher than short-term, recognising the likely significant costs of transition. As well as those costs, risks around industry disruption and uncertainty would need to be carefully managed and mitigated. Recent reviews and proposed changes in relation to screen sector funding and public media indicate these risks can affect the commissioning of content, which has economic and industry development costs.

Limited engagement with screen sector organisations, as well as media reporting on select stakeholders' perspectives, indicates predominantly positive views on the prospect of ‘merging’ NZ On Air and NZFC. Public consultation focused on the preferred option is expected to draw out a wider range of more detailed feedback, including from Māori stakeholders and others who have not yet had the opportunity to provide views.

Next steps

Public consultation will be undertaken on the preferred option in this interim RIS (including seeking feedback on the alternative options), which will help to flesh out analysis and provide a mandate for more detailed design work on any change to be progressed. This will also enable costs and benefits to be quantified.

Legislative reform would be required to implement the preferred option; this could be progressed alongside legislative change to implement obligations in relation to the production and accessibility of local content and/or to the regime for media regulation and oversight (each canvassed in separate interim RISs).

Limitations and Constraints on Analysis

The key limitation on the analysis in this document, noting it is intended to support consultation, is the absence of formal views and feedback from affected parties and the wider public. In the interim, officials have drawn heavily from a series of workshops with NZFC, NZ On Air, and Te Māngai Pāho leadership, which provided measured and thoughtful insights in relation to the full range of options under consideration.

A key constraint on options is the Ministerial direction not to include Te Māngai Pāho within scope, including because separate work led by Te Puni Kōkiri is considering settings for Māori language entities.

The Government’s fiscal position creates contextual constraints on the analysis. For the purpose of providing a stable baseline for analysis of options, this RIS assumes that the structural options considered would not involve substantive change to the quantum of government funding flowing into the media and content production sectors. However, this assumption does not displace the wider fiscal context. Significant cost pressures are facing each entity, and time-limited funding for the New Zealand Screen Production Rebate expires in June 2026. These cost pressures, combined with the ongoing Government priority of reducing Crown debt, are likely to have implications for funding levels independently of any structural change that may be implemented.

All structural change options are light on detail, in line with an approach of seeking stakeholder inputs early to both provide a mandate for and inform detailed policy analysis and design. However, time constraints have meant some details that would have been helpful to inform analysis and subsequent consultation (particularly around which other entities might absorb transferred functions, and around the impacts of comparator jurisdictions’ approaches) are not available.

Initial conversations with other potentially affected agencies and entities have indicated that absorbing elements of current platform funding may be feasible, but significantly more work would be required on the design and transition arrangements.

Given the pre-consultation phase of analysis and the need to determine the shape of the preferred option in more detail, costs and benefits have not been quantified. Costs, both one-off and ongoing, are expected to be a significant factor in Ministers’ decision-making.

Should a change option be carried forward, a final RIS following consultation and further analysis is expected to address these deficiencies so Ministers can be confident in using the analysis to inform final policy decisions.

Responsible Manager

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Manatū Taonga Ministry for Culture and Heritage

s9(2)(a)

[redacted]

21 October 2024

Quality Assurance

Reviewing Agency:	Ministry for Culture and Heritage, Department of Internal Affairs
Panel Assessment & Comment:	A Quality Assurance Panel with representatives from MCH and DIA has reviewed the Interim Regulatory Impact Statement, *Streamlining Crown content funders* and considers it meets the quality assurance criteria for an interim RIS. The analysis is robust and balanced and options are set out clearly and concisely. Limitations and constraints, and their potential impacts, are clearly articulated and understood. Further sector consultation and cost/benefit analyses are required to fully inform options for Ministerial decision making. The Panel considers the RIS provides sufficient information to inform decisions to consult on the proposals.

Section 1: Diagnosing the policy problem

What is the context behind the policy problem and how is the status quo expected to develop?

1. Government invests in the production and distribution of media content to ensure that all New Zealanders can access quality local content that reflects our cultural identity, as well as to leverage economic and industry development benefits. Funding is primarily administered by three key entities: NZ On Air and the New Zealand Film Commission (NZFC) via Vote Arts, Culture and Heritage and Vote Business, Science and Innovation, and Te Māngai Pāho via Vote Māori Development.[1]

2. NZ On Air (legislatively, the Broadcasting Commission) is governed by Part 4 of the Broadcasting Act 1989, and the NZFC by the New Zealand Film Commission Act 1978. They were originally set up with a mandate to provide funding for TV and radio, and film content, respectively. The Minister for Media and Communications is responsible for NZ On Air, and the Minister for Arts, Culture and Heritage for NZFC.

3. Each is an Autonomous Crown Entity (ACE) under the Crown Entities Act 2004, with governance via a commission appointed by the relevant Minister. Manatū Taonga the Ministry for Culture and Heritage (the Ministry) administers their Crown funding and, as the responsible Minister's agent, provides monitoring and policy advice.

4. As ACEs, both entities must have regard to Government policy that relates to the entity's functions and objectives, when directed by the responsible Minister. However, these Ministerial directions must not relate to cultural matters, and in respect of NZ On Air must not relate to any specific programme or content or the gathering, preparation or presentation of news or current affairs.

Entity inputs

5. In 2023/24 NZ On Air had total revenue of $212 million, comprising:

    5.1. $179.8 million from Vote Arts, Culture and Heritage (ACH), including $66.6 million for Radio New Zealand (RNZ);

    5.2. $23.9 million from Vote Business, Science and Innovation (BSI) for the Game Development Rebate; and

    5.3. $8.3 million of non-Crown revenue (from interest and sales of funded projects).

6. In 2023/24 NZFC had total revenue of $30.2 million, though it also administers the New Zealand Screen Production Rebate (NZSPR, for which payments totalling around $230 million were made directly by government).[2] The operating budget comprised:

    6.1. $5.4 million baseline from Vote ACH (excluding $76.1 million for NZSPR-NZ);

    6.2. $1.3 million from Vote BSI to market and promote New Zealand as a screen production and post-production location internationally, and administer the international NZSPR (excluding $154 million for NZSPR-Int payments); and

[1] Ministerial direction has ruled out options involving Te Māngai Pāho (discussed below at paragraph 60).

[2] The NZSPR (which currently has funding allocated only through to 30 June 2026) is divided into the NZSPR-NZ for eligible productions with significant New Zealand content, and the NZSPR-International for other eligible productions. See paragraph 11 for further information.

6.3. an estimated $25.5 million of non-Crown revenue, including $21.5 million from the Lotteries Grants Board as well as interest and equity from funded projects.

Entity outputs

7. Both entities invest most of their operating budgets on contestable funding for the production of content, across an overlapping range of content types and formats.

8. NZ On Air primarily funds audiovisual content but it also provides funding to audio-only content (such as recorded music and podcasts) and digital content (such as reporting and journalism, including text). Funding for audiovisual content is split into two streams: scripted, which includes drama, comedy, and children's content; and factual, which includes documentary and current affairs (including for children).

9. NZFC's operating budget funds feature films, including drama, documentary and children's features, and short films, which it considers an investment in talent development for the purpose of supporting emerging content creators, including directors, writers, producers and actors. It also promotes local films, content and talent internationally, and has a focus on growing international collaboration on films as well as inbound production and post-production activity (including through engagement via film markets, festivals and other international fora).

10. Alongside funding production, both entities support:

10.1. content development (at an earlier stage and without certainty of whether the production will proceed to production);

10.2. industry development (with NZFC funding training, on-the-job development initiatives, grants to content producers, and industry organisations, and NZ On Air funding gap-focused capability initiatives and industry events);[3] and

10.3. audience access to media content, including NZ On Air's platform funding (discussed below) and NZFC's promotion funding and provision of NZ Film On Demand (which provides paid access to NZFC-funded films).

Rebate administration

11. As referenced above, the NZFC administers both the domestic and international components of the NZSPR, on behalf of the Ministry and MBIE respectively. This is an uncapped incentive to promote high-value screen production. Through the NZSPR the Government provides cash rebates on eligible productions' qualifying spend in New Zealand (40 percent for domestic, and 20-25 percent for international).

12. NZ On Air administers the Game Development Sector Rebate (GDSR), which was established in 2023 to provide support, certainty and foster growth and innovation within the game development sector. The GDSR is a rebate on eligible expenditure of eligible firms, at a rate of 20 percent. A firm's rebate payment is be capped at $3 million per annum and the minimum qualifying expenditure per annum is $250,000.

NZ On Air funding for public media platforms

13. NZ On Air administers a dedicated funding stream for public media platforms, which is effectively non-contestable; given its limited funding NZ On Air will rarely fund new

[3] In 2022/23, NZFC's industry development expenditure totalled $3.5m, and NZ On Air's $0.7m. The Ministry understands NZ On Air expenditure in this area has increased to a projected $1.45m for 2024/25.

platforms or accept unsolicited applications.[4] Still, NZ On Air requires annual funding applications from each funded Platform except Radio New Zealand (RNZ).

14. Currently, platform funding supports radio (including RNZ[5] and community access and student radio stations), the Pacific Media Network, Samoa Capital Radio, the Digital Media Trust (which provides curated collections of screen and audio content), and Able[6] (which provides captioning and audio description services).

NZ On Air funding for music production

15. While there is little reference to it in legislation,[7] and no overarching regulatory framework for the Crown's overall funding of music, NZ On Air provides funding for New Zealand music. NZ On Air and other music funders operate on the principle of trying not to duplicate funding, and in 2001 set out 'demarcation lines':

    15.1. NZ On Air funds the development, recording and promotion of new contemporary popular music, with an emphasis on artists that can demonstrate a track record and audience appeal in terms of music that is expected to attract strong radio play and/or streaming results.

    15.2. Te Māngai Pāho funds the development and recording of te reo Māori music.

    15.3. Creative New Zealand (CNZ) funds the composition, development, performance and recording of new music, primarily in less commercial genres (including multi-year funding for several major metropolitan orchestras, NZ Opera, and regular grant funding towards the annual youth music competition Rock Quest).

    15.4. New Zealand Music Commission (NZMC), a non-government organisation funded through Vote ACH, supports international market development opportunities for musicians and music businesses from all genres. NZMC also supports music education and career development, and provides resources (but not funding) for touring/performance.

NZ On Air funding for journalism and podcasts

16. NZ On Air provides funding for journalism and other non-audiovisual content, including podcasts. Current Ministerial expectations for NZ On Air include a focus on supporting high-quality factual content, including current affairs and local reporting.

17. While the Public Interest Journalism Fund has concluded, NZ On Air retains a limited focus on supporting this sort of content via its 'Factual' funding stream, which covers audiovisual, audio, and occasionally text-based digital content.

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[4] Since 2017 when the Platform stream was established, it has only been opened to accept Student Radio Network (which was previously funded through the Music Features funding) and HEIHEI (a children's content platform). HEIHEI is no longer funded by NZ On Air.

[5] Radio NZ platform funding is effectively a 'pass through' from Government, as the level of funding is indicated in the Minister's Post-Budget letter to NZ On Air. The Ministry provides additional funding to RNZ directly, for specific initiatives including RNZ's Pacific Service and AM transmission costs.

[6] Able is the only New Zealand provider of captioning and audio description services. NZ On Air provides Able $4.9m p/a for captioning and audio description.

[7] Broadcasting Act 1989; s 37(d): ensure that, in its funding of sound radio broadcasting, reasonable provision is made to assist in the production and broadcasting of drama programmes and in the broadcasting of New Zealand music.

Sector changes over time

18. The way content is produced and delivered to meet audience demands, as well as the types of content produced, has shifted significantly since NZ On Air and the NZFC were established. For instance:

    18.1. New Zealanders now watch less linear television, and the last decade has seen increasing uptake of global online streaming platforms. While recent research indicates a slight deviation, with subscription streamers losing some ground to local on-demand platforms,[8] overall audience trends are expected to continue.

    18.2. Live cinema audiences have declined, meaning that theatrical distribution and box office revenue are now less significant for film productions. This trend is also expected to continue.

    18.3. Consumption of traditional forms of screen content (feature films and TV series) has converged – New Zealanders increasingly consume most types of screen content via on-demand platforms such as TVNZ+, YouTube, and Netflix.

    18.4. While broadcast radio still plays a strong part in music consumption, streaming has become the most common way for consumers to listen to and find new music – 56 percent of New Zealanders find new music through streaming services, compared to 45 percent via radio.[9]

Workforce and business overlap

19. There is significant workforce overlap across New Zealand's screen production sector and many local screen production companies produce content in a range of formats (e.g. a production slate might include two or three series productions each year alongside a feature film every two to three years). The personnel who make up the screen production workforce typically hold multiple roles in different production companies and work across different formats (including game development and TV and film post-production). This means there is considerable crossover in the clientele/funding applicants of the respective funding entities.

20. There is also increasing business overlap between these two entities. For instance:

    20.1. The NZSPR is available to both eligible feature films and eligible TV series.

    20.2. NZ On Air offers occasional funding towards feature film productions that are distributed on free-to-air local channels or platforms.

    20.3. As noted above, both entities provide support for screen industry development.

Collaboration between the entities

21. NZ On Air and NZFC, along with Te Māngai Pāho, recognise the value of collaboration and alignment, including via co-funding for content, platforms, and programmes. For example,[10] the three entities worked closely to implement Te Puna Kairangi – The

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[8] NZ On Air, *Where Are The Audiences?* 2024; www.nzonair.govt.nz/research/where-are-the-audiences-2024/.
[9] Ibid.
[10] Examples of collaboration are more common between NZ On Air and Te Māngai Pāho – including in relation to waiata, news and current affairs, and audience and sector diversity research. A recent example of NZ On Air/NZFC collaboration is 2024's *Raupapa Whakaari Drama to the World,* which is supporting the development of high-end scripted series with both international and domestic appeal.

Premium Production Fund, a one-off $50 million fund set up to support the local production sector to recover from COVID-19 by supporting high-quality productions that tell New Zealand stories for global audiences. Initial analysis of this fund suggests it has allowed bigger-budget, more competitive local content that has been well received in New Zealand and internationally.

22. The three entities commissioned advice in late 2023 on other opportunities for collaboration, with the objective of improving outcomes, strategy and services for audiences, content and applicants. The *Mahi Tahi* review sought to assess the entities' existing policies and processes and make recommendations for best practice that could be shared.

23. Recommendations from the review were wide-ranging, including options for co-funding arrangements, data and information sharing, shared corporate services and facilities, a formalised *Mahi Tahi* governance arrangement, and changes to organisational structures. The entities have been working through identified actions that can be implemented within existing funding and regulatory settings.

Operational and legislative differences

24. There are several non-statutory policy and operational differences between the entities:

    24.1. Whereas audiences pay to see new NZFC-funded films, traditionally in cinemas, long-standing NZ On Air policy is to fund free-to-air content. However, this position has begun to shift recently in recognition of audiences' increasing use of subscription streaming and on-demand platforms.

    24.2. NZFC has a significant international focus, in terms of incoming production activity, co-productions with other jurisdictions, and exports; while NZ On Air's administration of the GDSR involves a greater focus on exports, generally it has a primary focus on local audiences and stories.

    24.3. While both have recoupment policies, NZFC invests more in equity (which entitles the entity to share financially alongside other investors if the production is commercially successful), and has higher expectations of a financial return on these equity investments.

    24.4. Operational variations include the structure of staff roles and responsibilities with respect to funding; technical assets (funding portals and/or payment systems); administrative process (including assessment, contracting, payment, and monitoring and reporting around rebate administration); reporting requirements for funding recipients; and funding timetables (number of 'rounds', application open/close dates, and timeframes for assessment).

25. Distinctions between the entities' statutory purposes and functions include:

    25.1. NZ On Air's legislative functions focus on cultural content and serving local audiences, whereas the NZFC has a wide remit for a thriving film industry, including for employment and productivity.

    25.2. NZFC has a legislative function to "participate and assist" in film making. Alongside its approach to equity investment referenced above, it has given effect to this function through close involvement with projects during the development phase, such as by providing detailed feedback on scripts.[11] Conversely, NZ On Air is legislatively precluded from editorial involvement.

25.3. NZ On Air's legislative functions include responsibility for maintaining 'broadcasting coverage' for NZ audiences (hence its platform funding).

Comparator jurisdictions

26. Most comparator jurisdictions have a lead entity to administer public funding for screen content, operating alongside regional entities and government departments. These international entities tend to focus solely on funding screen content and do not tend to fund journalism or media platforms. Music and game development funding also tend to be administered separately. However, jurisdictions similar to New Zealand generally have public broadcasters that receive funding directly from government.

Australia

27. Screen Australia was formed in 2008, from predecessor agencies focused on film. It supports the development, production, promotion, and distribution of Australian screen content, investing directly in film, television, online titles, and games. It also administers the federal tax incentive for Australian screen stories (the equivalent to New Zealand's domestic NZSPR), and the Games Production Fund. Screen Australia does not administer incentives for international screen production and post-production or fund media platforms directly. It is legislatively unable to fund news and current affairs.

28. Each state also has a screen funding agency offering various incentives, grants and investments, in addition to Screen Australia funding.

29. Music Australia (within Creative Australia), formed in 1975, supports and invests in Australian contemporary music, which is defined by the Music Australia Council as "any genre or subgenre of music currently composed, written, produced by Australians".

United Kingdom

30. Working with the Department of Culture, Media and Sport, a range of UK entities have roles in content funding and development. These include:

30.1. The British Film Institute (BFI), a cultural charity, which is described as the lead organisation for film and moving image. It distributes Lottery funds, administers support schemes for development, production, and talent development, assesses and certifies screen content for the purposes of tax incentives, and delegates support to funding bodies in Scotland, Wales and Northern Ireland.

30.2. The Arts Council England, which works alongside several other entities to administer music funding, such as Creative Wales, Creative Scotland, and the Arts Council of Northern Ireland.

31. Publicly funded broadcaster the BBC and publicly-owned Channel 4 also support the production of film and television content.

32. The UK Games Fund (UKGF), established by the Government-funded UK Games Talent and Finance Community Interest Company, is a non-profit organisation that supports early-stage games development and digital interactive businesses.

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[11] NZFC leadership has recently indicated it recognises drawbacks in its current level of involvement and is actively considering reducing this over time.

Ireland

33. Fís Eireann/Screen Ireland (until 2018, the Irish Film Board) delivers Government funding for the development, production and distribution of feature films, feature documentaries, short films, TV animation series and TV drama series. It is guided by the Government's 2018 Audiovisual Action Plan, which pursues an ambition for Ireland to become a global centre of excellence (focusing on film production, high-end television drama, and animation) while also emphasising the promotion of Irish culture.

34. An Chomhairle Ealaíon/The Arts Council provides financial assistance to Ireland's film and music sectors through various grant programmes and initiatives primarily designed to support individual artists. The focus of music funding appears to be on commissioning, touring, and professional development (rather than recording).

35. Central government does not appear to financially support game production, though independent non-profit organisations Ardán (previously the Galway Film Centre) and Indie Fund administer regional funding for games projects.

Canada

36. The not-for-profit Canada Media Fund distributes government funding and contributions from broadcasters and media platforms for Canadian television, digital media, and video game content. It has a service agreement with Telefilm Canada, which supports and promotes Canada's screen industry (including with direct Government funding for productions, exhibitors and festivals). Film and TV tax credits are administered by federal and regional governments.

37. The Canada Music Fund supports Canadian music recording, touring, and marketing, with funding distributed through two organisations (FACTOR and Musicaction, the latter of which is focused on francophone music).

38. Public broadcaster CBC, which has English and French language radio and TV services, receives most of the federal government funding for media platforms. A current funding initiative supports local journalism targeted toward underserved communities, administered by seven independent mandated media organisations.

Related government work programmes

39. The Ministry's broader media work programme is focused on supporting New Zealand media sustainability, independence, and innovation. A suite of reform options under development aims to encourage private investment into the sector and create a modern and enabling media operating environment.

40. Separate, interim RISs analyse high-level reform proposals to:

    40.1. support local content production and accessibility, by encouraging streaming platforms to invest in local content, requiring TV manufacturers to ensure local platforms are accessible, and increasing captioning and audio description; and

    40.2. modernise the broadcast standards system to provide platform-neutral regulation for professional media in New Zealand.

41. Te Puni Kōkiri, with Te Mātāwai,[12] is also progressing related work focused on improving collaboration and maximising efforts in relation to Māori language outcomes. It is currently completing a stocktake of current arrangements, pressures and opportunities across the Māori language entities, including Te Māngai Pāho, which will inform a proposed action plan for the Māori language sector for 2024-25.

42. s9(2)(f)(iv) [redacted]

Counterfactual

43. If no action is taken by Government, NZ On Air and NZFC (along with Te Māngai Pāho) are likely to continue with limited instances of collaboration and efforts to implement *Mahi Tahi* recommendations. The extent and effectiveness of this collaboration will continue to be naturally limited by resource and operational and legislative constraints, including because each entity is required to prioritise core delivery to its existing individual mandate.

44. As audiovisual content production and consumption continues to converge, the overlap of two entities with separate priorities and practices may have further impacts on efficiency (including for funding applicants navigating the system).

45. Government funding for audiovisual content is likely to remain under pressure, and may be subject to reduction or reprioritisation. Potential mechanisms to increase investment into local content, while supporting the screen sector's continued production of high-quality content, may also add to the pressure on government funding via the NZSPR (which is calculated on production expenditure, and currently uncapped).

What is the policy problem or opportunity?

46. The separation between NZ On Air and NZFC does not align with the increasing convergence between traditionally distinct types of content, which is happening across workforce, production, distribution, and consumption. This misalignment with the realities of modern content, particularly screen content, limits the coherence and cohesion of content funding, and the entities' ability to seek and achieve strategic outcomes (for instance, in terms of quality and growth) for the sector and audiences.

47. While the Ministry is not concerned about efficiencies within either entity individually, the overlap in NZ On Air's and NZFC's functions and stakeholders indicates there is opportunity to increase efficiency more holistically. Cross-agency collaboration requires time and resource, and its current success appears at least in part reliant on the relationships of existing leadership and staff. More extensive collaboration, and more substantive opportunities to pursue strategic and operational alignment, are limited by a range of operational and formal differences between the entities.

48. Limits on strategic funding outcomes and efficiency are likely to become more pointed into the future as the screen sector and content production continue to converge. More formal alignment between the entities, including options for possible structural change, could create opportunities to better meet the interests of New Zealand's audiovisual content producers and the broader viewing public.

[12] Te Mātāwai is an independent statutory entity established under Te Ture mō Te Reo Māori (the Māori Language Act) 2016 to provide leadership in promoting the health and wellbeing of te reo Māori.

Stakeholder views

49. Alongside the New Zealand public, key stakeholders for this work include:

    49.1. NZ On Air and NZFC, and Te Māngai Pāho;

    49.2. Government departments with responsibilities and relationships to these entities (alongside the Ministry, this includes MBIE and Te Puni Kōkiri);

    49.3. New Zealand's content production sector (across all forms); and

    49.4. Broadcasters, media platforms (including global streaming platforms), and other entities funded by NZFC and NZ On Air.

50. In early 2024, an initial series of informal workshops with leadership from NZ On Air, NZFC and Te Māngai Pāho indicated general agreement that structural consolidation of NZ On Air and the NZFC would produce efficiencies and more strategic and robust long-term outcomes than lighter-touch regulatory intervention. These workshops, and subsequent engagement, indicate questions remain about other functions outside the core screen sector. It was emphasised that funding for media platforms, journalism, and music funding needs to be managed in a way that supports overall system efficiency and retains positive and strategic outcomes for the sector and audiences.

51. Initial conversations with the New Zealand Music Commission and Creative New Zealand indicate options to transfer music funding to these entities may be feasible; conversations with NZ On Air suggest it would also be an option to bring music funding functions within a consolidated entity. Initial feedback from Government departments that could manage transferred platform funding indicates potential feasibility, subject to further work on how these functions could operate.

52. Limited initial screen sector engagement, for example with the Screen Production and Development Association (SPADA), and media reporting on select stakeholders' perspectives, indicates mostly positive views on the prospect of 'merging' NZ On Air and NZFC. Views of broadcasters, media platforms, and the public are currently unknown; consultation will support a fuller picture of views across all stakeholders.

What objectives are sought in relation to the policy problem?

53. Specific objectives for the Crown's content funding arrangements are to:

    53.1. improve coherence, cohesion, and strategic potential across funding entities, including by reducing duplication of functions across the entities; and

    53.2. modernise funding arrangements to reflect the realities of content production and consumption (particularly audiovisual content).

54. These sit within the context of the overarching objectives for the Ministry's media and content production work programme, which are to:

    54.1. create a modern, fit for purpose regulatory and funding environment; and

    54.2. support healthy and sustainable New Zealand media and content production sectors that deliver for New Zealand audiences.

Section 2: Deciding on an option to address the policy problem

What criteria will be used to compare options to the status quo?

55. The criteria to analyse options are:

    55.1. **Regulatory stewardship:** ensuring fit for purpose, robust and coherent funding arrangements for media content;

    55.2. **Sector sustainability:** enabling healthy and sustainable local media and content production sectors;

    55.3. **Audience and societal interests:** meeting audience preferences and interests, in a way that preserves and enhances broader societal interests;[13]

    55.4. **Government costs and efficiencies:** managing government costs and encouraging efficiencies;

    55.5. **Compliance burden:** minimising costs for affected parties; and

    55.6. **Treaty of Waitangi:** upholding the Crown's te Tiriti obligations.

56. Regulatory stewardship is upweighted, as the criterion most closely reflecting the objectives of this work programme. Ongoing costs and efficiencies are treated as more significant than one-off costs, but there are still trade-offs between costs and other criteria.

What scope will options be considered within?

57. Options have been formulated within the scope of the overarching policy objectives of the Ministry's media and content production work programme, as set out above at paragraph 54. Options include both legislative and non-legislative changes to policy, governance and operational settings for NZ On Air and NZFC.

58. As an interim RIS, the analysis is necessarily high level. Options include transferring some of these entities' existing functions, which would have implications for other entities (existing or new). While initial discussions with a range of entities indicates absorption of these functions could be feasible, further consultation and subsequent analysis would determine how to manage these implications.

59. Similarly, further consultation and detailed analysis would consider specific statutory settings to be carried through, modified, or added to new or refreshed governing legislation if structural change is to be progressed.

60. Specific options ruled out of scope are:

    60.1. In line with Ministerial direction, changes to the entity structure of Te Māngai Pāho, which has a distinct mandate to promote te reo Māori and tikanga Māori through funding for Māori language programming.[14]

    60.2. Additional funding for the entities, for use on collaboration initiatives (based on current Government fiscal constraints and priorities).

[13] While there may be a tension between immediate or individual audience preferences and broader societal interests, this criterion primarily focuses on how options can create complementary impacts across both.

[14] Ministerial responsibility for Te Māngai Pāho sits with the Minister for Māori Development.

60.3. Consolidation of NZ On Air and/or NZFC with media regulatory bodies,[15] which is beyond the scope of the problem definition and specific objectives that this work seeks to address. Initial policy analysis suggests that having both media regulation and content funding within the same entity risks exacerbating public concerns about media independence. It would also likely complicate the governance and operational independence of these distinct functions, even with some form of sub-entity structure to support functional separation. The Ministry is concurrently considering options relating to regulatory oversight of professional media (referenced above at paragraph 40).

61. Assumptions for the purposes of this analysis include:

61.1. a consolidated entity would retain functions related to screen workforce development and rebate administration (which both entities currently perform), as well as NZFC's functions relating to international marketing and promotion of New Zealand as a screen production and post-production location;

61.2. implementation of a preferred option will not involve substantive change to specific funding streams (except to the extent required by the transfer of functions) or to the overall quantum of funding flowing into the relevant sectors; However, the Ministry reiterates that the Government's fiscal constraints, and time-limited funding arrangements, pose an ongoing risk to funding levels irrespective of options progressed. Separate, subsequent analysis will need to consider the future quantum of funding required for the entity or entities.

What options are being considered?

Option 1: Counterfactual

62. Retain existing entity structures and rely on entities (with Ministry support and oversight as appropriate) to determine and implement means of collaboration within existing statutory and funding settings – for instance, as identified through the *Mahi Tahi* review referenced above at paragraph 22 and/or via specific Ministerial expectations for co-funding or shared corporate functions

Option 2: Non-structural change to support greater collaboration and alignment

63. Retain existing entity structures, and build on measures that can be taken under the counterfactual to encourage modern approaches to funding and increased collaboration, alignment, and efficiency (including in back-office operations) through mechanisms such as:

63.1. Increased cross-governance through appointment of common board members.

63.2. Bringing both entities under a single Ministerial portfolio.

63.3. More joined up monitoring and reporting (e.g. shared performance measures).

63.4. Amendments to each entity's legislation.

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[15] Recommended in *If not journalists, then who? A position paper on New Zealand's news media* (Dr Gavin Ellis, Koi Tū: The Centre for Informed Futures, May 2024); https://informedfutures.org/wp-content/uploads/2024/04/If-not-journalists-then-who.pdf.

Option 3 Structural consolidation

64. Consolidate NZFC and NZ On Air (via a merge or creation of a new entity). Streamline entity objectives and detailed functions to reflect the current media sector context and be responsive to future changes in technology and industry developments.

65. This RIS considers three sub-options, outlined below. These sub-options have been structured around potential functions beyond screen content funding, as this is the key area of overlap between the two entities currently.

3A: a consolidated media funding entity

66. A consolidated entity would bring together all substantive functions and powers of NZFC and NZ On Air, including NZ On Air's role in funding music and platforms.

3B: a consolidated content funding entity

67. An entity focused on funding content (in any form) would not have a formal responsibility to fund media platforms. However, depending on the level of prescription in its legislative mandate, it would be possible for the entity to fund some of the initiatives currently supported through NZ On Air's existing platforms stream.

68. Further work would be required on whether, how and to where other existing platform funding would be transferred (which is treated as beyond the scope of this interim RIS). Initial discussions with some relevant entities suggests it may be feasible to, for instance, transfer RNZ funding to the Ministry or the Treasury;[16] access and student radio funding to the Ministry or RNZ; and platform funding catering to specific demographic interests to population-based Ministries.

3C: a consolidated screen content funding entity

69. An entity focused on funding screen (audiovisual) content would not carry through NZ On Air's formal roles in supporting media platforms, audio-only content (including music and podcasts), and text-based media.

70. On top of the options listed in paragraph 68, and again beyond the scope of the analysis in this RIS, NZ On Air's funding for music creation and development could be transferred to Creative New Zealand or the New Zealand Music Commission, which have existing complementary functions.

71. The Ministry has not identified an alternative 'home' for non-audiovisual factual content (particularly given the ongoing need for and issues around perceptions of news media independence from government) – this means option 3C may not provide an avenue for this funding to continue.

[16] RNZ funding comes from Vote ACH. The Treasury advises shareholding Ministers on RNZ ownership, governance, and performance matters. Government (via Ministerial letter post-Budget) determines the quantum of funding that RNZ is to receive via NZ On Air. A more direct route for RNZ's funding could improve efficiency and transparency.

How do the options compare to the status quo/counterfactual?

Key: compared to counterfactual   **+ +** *much better*   **+** *better*   **0** *about the same*   **-** *worse*   **- -** *much worse*   **/** *between scores*

<table>
<tr><th rowspan="2"></th><th rowspan="2">1: CF</th><th rowspan="2">2: Non-structural change</th><th colspan="3">3: Structural consolidation</th></tr>
<tr><th>3A: media funding entity</th><th>3B: content funding entity</th><th>3C: screen funding entity</th></tr>
<tr><td rowspan="3">Regulatory stewardship</td><td rowspan="3">0</td><td rowspan="3">0 / +

Shared and/or more closely aligned Ministerial, Board and executive leadership responsibilities would improve consistency of expectations and decision-making, which could support a more coherent approach to government investment and response to technological, audience, and market shifts.

Legislative change could modernise entity mandates. However, change to clarify and delineate these mandates, while accounting for ongoing sector convergence and the benefits of collaboration, would be a more difficult balance given the tension between these two objectives.

Without additional funding, any increases in collaborative operations (e.g. co-funding initiatives) are likely to be modest, and potentially undermined if mandates are more clearly delineated.</td><td>+ / ++</td><td>+ / ++</td><td>+</td></tr>
<tr><td colspan="3">Would enable entity functions to be comprehensively modernised, streamlined, and clarified, which would improve cohesion and support organisational agility, improving responsiveness to technological, audience, and market shifts.

Would allow consolidated governance, improving strategic oversight at all levels.</td></tr>
<tr><td>Retains lack of transparency in relation to some elements of existing platform funding (which include effective pass-throughs set by government).

Would leave fragmentation across broader music funding landscape, though option to consolidate complementary functions either within or outside the consolidated entity.

Some risk that an over-wide mandate reduces entity's effectiveness (particularly in relation to functions other than audiovisual content funding, which would retain the greatest proportion of funding).</td><td>Excluding media platform funding from the entity's formal remit would support a more internally cohesive focus (on content); retaining a wide remit for content forms would recognise ongoing convergence and potential future shifts.

If existing platform funding is transferred to multiple entities, would reduce coherence of that funding. However, as NZ On Air's platform funding stream is effectively closed to new applications given funding constraints, practical impacts around coherence are not significantly different to the counterfactual (though may increase over time if funding levels change and/or as funding priorities and needs shift).

Transferring elements of platform funding could also create coherence benefits if absorbed by entities with complementary functions, and improve its transparency.

Would leave fragmentation across broader music funding landscape, though option to consolidate complementary functions either within or outside the consolidated entity.</td><td>Would support a clear and coherent focus on functions with the most natural strategic overlap currently (screen content and workforce). However, an exclusive focus on screen content would not account for ongoing convergence and potential future shifts in relation to content forms.

Transferring NZ On Air's music funding function to another entity/ies (with existing functions in relation to other types of music funding) could reduce fragmentation.

Mixed impacts in relation to audio and text-based factual content: would likely leave a funding gap for societally important material, but limiting government funding for this content may support media trust and independence.</td></tr>
<tr><td rowspan="3">Sector sustainability</td><td rowspan="3">0</td><td rowspan="3">0 / +

Modernised legislative mandates may support entities to focus on funding content with greater audience reach in the modern era, which could support sector transition to more sustainable delivery.

Clarified/strengthened expectations around collaboration and strategic alignment may support continuation of current efforts between the two entities to support higher budget content with greater reach and success, but unlikely to have a significant impact beyond the counterfactual (noting limitations and tension between increased collaboration and delivery against clarified mandates outlined in cell above).</td><td>+</td><td>+</td><td>0</td></tr>
<tr><td colspan="3">Subject to funding levels and streams (beyond RIS scope), would enable more strategic decisions about where funding is directed to support sector sustainability, and a more coherent approach to workforce development. Opportunities to build on NZFC's focus on international exports and success.

Potential efficiencies (see below) could allow more of a consolidated entity's funding to be spent on content production and sector development.

Likely market uncertainty and disruption through change process, which could have impacts on content commissioning and investment. Well planned and clearly signalled transition arrangements will be required to minimise these implications.</td></tr>
<tr><td>Would promote cohesive approach to wider media sector 'ecosystem', though levers in respect of platforms are likely to remain limited without significant funding increases.</td><td>A mandate centred on content funding would support more focus on the content production sector's sustainability; limited effect on wider media sector, assuming any transferred platform funding is successfully administered.

Without an entity formally responsible for funding platforms, there may be sustainability risks for platforms not currently receiving funding (though this risk is not substantially different to the counterfactual in the short- to medium-term, given funding constraints). This risk could be mitigated by a less prescriptive legislative mandate for the entity, if a case arose to support other platforms in future that aligned with overall focus on content outcomes.</td><td>A mandate centred on screen content funding would support more focus on that sector's sustainability. Limited impact on music and wider media sectors, assuming relevant functions are successfully transferred.

However, no remit to fund non-audiovisual content likely to have negative sustainability impacts on news and current affairs sector, at least in the short- to medium-term given the financial constraints on the sector.

As for option 3B in terms of platform funding.</td></tr>
</table>

Audience and societal interests	**0**	**0 / +**	**0 / +**	**0 / +**	**0**
		Modernising entity mandates could help to ensure entities are delivering to modern audiences. However, entities are already beginning to shift operational policies to maximise audience benefits – this, combined with the fact that entity budgets and extent of collaboration unlikely to markedly increase under this option, means audience interests and preferences or broader societal benefits are unlikely to be affected significantly compared to the counterfactual.	Subject to funding levels and streams (beyond the scope of this RIS), could support better outcomes for audiences, e.g. through the entity supporting bigger-budget, higher-production value content that can compete with international offerings. Cohesive approach to sector development and sustainability (see above) could indirectly support audience interests.		
			No additional impacts identified to those for all structural change options.	Transferring platform funding to entities with priorities other than ensuring a range of content is available for and reaching NZ audiences may present risks to audience outcomes – however, this risk would be mitigable via careful design and transition planning. It can also be weighed against potential opportunities to enhance outcomes for specific audiences, in respect of currently-funded platforms that are targeted to particular population groups.	As for option 3B in relation to both platform and music funding. Removing remit to fund non-audiovisual content could reduce the range of audio and text-based news and current affairs coverage of the kind NZ On Air currently supports, particularly in the short to medium term.
Government costs and efficiencies	**0**	**0**	**0 / +**	**0 / +**	**0 / +**
		Costs would be dependent on the extent of change. Small potential to create efficiencies for central government in respect of monitoring and Ministerial oversight, and/or more formal legislative expectations of shared back-office operations (ongoing). For the entities, the resource required to continue or enhance collaboration and alignment would retain or increase ongoing costs. There is potential for qualitative efficiency if these costs are offset or outweighed by better product and audience outcomes.	Single entity with one Board, set of corporate services, and business systems would be more efficient (ongoing). However, improvements in process/administrative efficiency likely to be limited given existing administrative models are relatively lean. More potential for efficiencies in relation to cross-funding and other initiatives currently requiring collaboration across entities (ongoing). Would require significant legislative change, including governance design. Costs of transition likely to be substantial (one-off).		
			Retains some inefficiencies of current model, namely pass-through of government funding to specific platforms (ongoing). An over-wide mandate (risk identified above) could create some inefficiency (ongoing).	Not having a formal role around platform funding would have operational efficiencies for the entity. However, this function may need to transition to multiple different entities, meaning potentially higher overall administrative and transition costs (one-off and ongoing). These additional administrative costs could be offset if new arrangements reduced funding double-handling (ongoing), and may be less significant if the relevant platform funding can be administered in a way that aligns with other functions of the entities.	Not having a formal role around platform and non-audiovisual funding would create significant operational efficiencies for the entity, but transition and administrative costs may increase overall given range of entities taking on new functions (one-off and ongoing). Potential to reduce administrative costs for government overall via consolidation of music functions within other entities and reduced platform funding double-handling (ongoing).
Compliance costs	**0**	**0 / +**	**+**	**0 / +**	
		Potential for modest reduction in complexity for content creators / those seeking funding if approach and processes become more aligned (ongoing), subject to initial costs of process changes (one-off).	Reduced complexity for funding applicants due to simplified 'points of entry' and aligned processes (ongoing).		
			Costs of process changes (one-off).	Costs of process changes (one-off) and potential ongoing impacts for platforms seeking funding (e.g. if entities to which the funding is transferred vary the current model of 'closed'/non-contestable funding (though compliance costs for current recipients include annual applications).	

Te Tiriti	**0**	**0 / +**	**0 / +**	**0 / +**	**0**
		Measures not expected to affect Te Tiriti obligations or entity performance in respect of them (clear emphasis in both entities' strategic documents on Te Tiriti principles and commitments, including via respective Rautaki Māori). NZ On Air's primary legislative function to promote Māori language and Māori culture and requirement to consult with representatives of Māori interests would be expected to remain in substance (specifically reflecting principles of active protection and partnership). There may be an opportunity to address gaps in this area for NZFC legislation (currently there is no legislative reference to Māori or Te Tiriti in the NZFC Act). Some opportunity to align and/or clarify expectations and roles in respect of Te Māngai Pāho, including accounting for Te Puni Kōkiri work on Māori language entities. Depending on detail, this could help ensure Crown is holistically upholding obligations, particularly around principles of active protection, equity, options, and self-determination.	Opportunity to set and clarify entity's role and responsibilities under Te Tiriti and with respect to the role and functions of Te Māngai Pāho. With entirely fresh legislation, some stakeholders may consider the flipside of this opportunity creates risks that Te Tiriti obligations will be deprioritised compared to the counterfactual or non-structural change options.		
			No additional impacts identified to those for all structural change options.	Transferring formal platform funding functions is unlikely to have significant Te Tiriti impacts in the shorter term, noting none of the platforms currently funded via NZ On Air specifically cater to Māori audiences or interests (compared to, for instance, funding for the Pacific Media Network). However, if transferred platform funding is divided amongst other entities, may have impacts over the longer term if a need for support for Māori media platforms overtook existing needs for other platform funding. While NZ On Air's current platform fund is effectively 'closed' to new applications, it does at least theoretically allow an overall assessment of need across the wider sector (which dividing existing funding to other entities would not allow).	Removing remit to fund non-audiovisual content, including news and current affairs coverage, may have Te Tiriti impacts particularly in relation to principles of equity/oritetanga and active protection – NZ On Air's current investment in this area is guided by its Rautaki Māori and a focus on diversity and content that is demonstrably different to commercial news and current affairs.
Overall	**0**	**0 / +**	**+**	**+**	**0 / +**

What option is likely to best address the problem, meet the policy objectives, and deliver the highest net benefits?

72. As regulatory stewardship is upweighted, all structural consolidation options are preferable to the counterfactual or non-structural change. By retaining the division between NZ On Air and NZFC, non-structural change could deliver on only half the objectives at most.

73. Options 3A (consolidation of all NZ On Air and NZFC functions) and 3B (all functions except for NZ On Air's platform funding) are preferred to 3C (functions related to screen content). The key reason for this preference is that #A and 3B preserve the ability for the entity to support non-audiovisual news and current affairs content. The Ministry considers this is particularly relevant to audience and broader societal interests in the current context, where the plurality of local reporting is already under strain. It also reflects the Minister's recently conveyed expectations of NZ On Air, which encourage a focus on supporting quality reporting.

74. On current analysis, the choice between options 3A and 3B is finely balanced.

75. 3A would keep responsibility for platform funding with the consolidated entity, which may dilute the entity's focus and reduce effectiveness of delivery against other functions. It would also leave issues around transparency of some elements of platform funding, which are effectively determined by government. Current funding constraints have resulted in NZ On Air's platform fund being effectively closed to new applications, so practical impacts around the coherence of this funding are not significantly different to the counterfactual. However, keeping platform funding within a single entity is likely to be more administratively efficient than dividing it amongst other entities.

76. 3B would provide a balance between sharpening the entity's mandate and ensuring it has the capacity to adapt into the future as content forms continue to converge and change. Subject to detailed design and legislative drafting, it would not prevent music funding being consolidated either within or outside the entity. While the entity would not have formal responsibility for platform funding, a less prescriptive mandate could allow it to support platforms where that was aligned with the overall focus on content development and production, and industry development.

77. For option 3B, short-term risks centre on the successful transfer of some or all existing platform funding, while longer term risks centre on coherence and strategic support for other platforms in future (though there may also be opportunities to support functional coherence within entities that could take on platform funding). Consultation and further analysis would be required to determine how to manage platform funding effectively and efficiently.

78. The most significant costs of consolidation relate to transition. More effective overall outcomes, and potential for modest ongoing cost savings, may mean the transition costs can be justified based on overall efficiency. However, the current fiscal and economic context and the sector disruption risks summarised below may mean there is a question about the right time to progress this change.

79. If structural change is to be progressed, it will need careful management to minimise transition costs and industry disruption. The disruption (and potential flow-on costs) that consolidation is likely to create within the media and content production sector could be substantial, as evidenced by previous review and reform in the media and content

production sectors.[17] However, the Ministry notes previous examples of this disruption have involved the explicit prospect of change to funding; it is possible the impacts in this case would be less severe if it can be made clear that funding levels and specific initiatives such as the NZSPR and GDSR are not part of the change proposal.

80. If funding changes do become a part of the change proposal (for instance, at the detailed design stage), further analysis of impacts will be required. Noting funding changes are a possibility under the counterfactual, and consolidation could exacerbate interim disruption, the Ministry's initial thinking suggests a consolidated entity would be better positioned to absorb funding reductions (or make best use of funding increases).

[17] The previous Government's proposed merger of Radio NZ and TVNZ, which included planned shifts in funding for NZ On Air, created significant uncertainty within the media and content production sectors. The 2022-23 review of settings for the NZSPR, which is administered by the NZFC, contributed to sector uncertainty and appeared to reduce the pipeline of international productions seeking to locate here (which provide significant development opportunities and economic benefits to the screen sector).

What are the marginal costs and benefits of the option?

81. As monetised costs and benefits have not been quantified and evidence certainty is necessarily low (given options are high-level and consultation has not yet been undertaken) the below table compares one-off and ongoing costs and benefits on a general scale.

Affected groups	Comment	One-off	Ongoing
Additional costs of the preferred option compared to taking no action			
Funding applicants (particularly platforms)	Disruption – one-off, monetised and non-monetised, including uncertainty around funding avenues and then administrative/process changes. Some evidence from previous analogous processes.	Medium	
NZFC and/or NZ On Air staff	Role transition or disestablishment – one-off and potentially ongoing, monetised and non-monetised (organisational monetised costs included under Government, below). Evidence from previous analogous processes.	High	Medium - Low
Government	Costs of structural transition – one off, monetised and non-monetised (opportunity costs). Reallocate platform funding functions (subject to further work) – one-off and potentially ongoing, monetised. Evidence from previous analogous processes; further work required to determine quantum.	High	Low
Total monetised costs	*Quantification of monetised costs to be completed post-consultation.*	*High*	*Low*
Non-monetised costs		*Medium*	*Low*
Additional benefits of the preferred option compared to taking no action			
Funding applicants	More navigable processes and more strategic cross-sector funding and industry development support – ongoing, monetised and non-monetised. Limited evidence; uncertainty around ongoing quantum of funding available undercuts certainty of this benefit.		Medium
New entity	Improved clarity of purpose, effectiveness, administrative efficiency – ongoing, monetised and non-monetised. Evidence from discussions with existing entities' leadership.		Medium
Government			Medium
Audiences/ Public	Better content outputs (from more efficient and effective funding) – ongoing, non-monetised. Limited evidence; uncertainty around ongoing quantum of funding available undercuts certainty of this benefit.		Low-medium
Total monetised benefits	*Quantification of monetised benefits to be completed post-consultation. Realisation of benefits contingent on funding levels, though likely to strengthen over time compared to counterfactual.*		*Medium*
Non-monetised benefits			*Low-medium*

Section 3: Delivering an option

How will the new arrangements be implemented?

82. Legislative change via Parliamentary processes, funding, and a carefully managed change process would be required to implement a consolidated screen funding entity. Before these steps are taken, substantive further work would be required; while led by MCH, external support (and governance) would help to steer the overall process.

83. The pre-implementation work includes:

    83.1. consultation with the public, the sector, NZ On Air and NZFC, and other agencies that could take on any transferred functions;

    83.2. detailed design of the entity's functions, powers, responsibilities and governance, followed by further targeted consultation with affected parties;

    83.3. change process planning, including in relation to contractual obligations to existing staff of NZFC and NZ On Air as well as identification of risks and mitigations across the full transition process;[18]

    83.4. costing and securing funding for the change process and consolidated entity; and

    83.5. design and drafting of the entity's governing legislation.

84. Like the existing entities, it is expected the consolidated entity would conform to the standard structural, governance, and monitoring features of Autonomous Crown Entities under the Crown Entities Act 2004. Appropriate expertise in relation to Crown Entities and machinery of government will be required to inform work on the entity's design.

How will the new arrangements be monitored, evaluated, and reviewed?

85. It is assumed that MCH, as the monitoring agency for both NZFC and NZ On Air, would continue to hold this role with regard to the consolidated entity.

86. A new set of performance measures would need to be agreed with the entity, reflecting its revised functions and remit, which could include carrying forward some of the existing performance measures from NZ On Air or NZFC where relevant.

87. Beyond standard Crown Entity monitoring, an evaluation or review of the new arrangements could be planned at a certain point post-implementation. However, given the extensive costs and upheaval of transition, it is expected this would focus on identifying and actioning opportunities to ensure the entity was meeting its objectives (rather than wholesale reversal of changes). Depending on the entity's final shape and the timing and context of any review, it could also consider opportunities to further consolidate media funding (in respect of music and/or Māori content).

88. Whether or not a substantive evaluation or review is carried out, MCH (or whichever Government department is responsible for the entity's governing legislation) would monitor the operations and impacts of the entity from a policy and stewardship perspective, and could initiate change as and when required to ensure it was best placed to deliver both on its objectives and overall for New Zealanders.

[18] Clear communication with the sector in particular would be required throughout the implementation process to minimise uncertainty (and the potential for flow-on implications for projects and financing).