



BRIEFING

2023/24 Supplementary Estimates of Appropriations and 2024/25 Main Estimates: Vote Business, Science and Innovation – Media and Communications portfolio

Date:	17 April 2024	Priority:	High
Security classification:	Budget - Sensitive	Tracking number:	2324-2044

Action sought		
	Action sought	Deadline
Hon Melissa Lee Minister for Media and Communications	Approve content related to your portfolio to be included in the 2023/24 Supplementary Estimates of Appropriations and 2024/25 Main Estimates for Vote Business, Science and Innovation. Approve non-financial performance information, for appropriations you are responsible for, in this Vote.	1:00pm, 23 April 2024

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Betty O'Connor Scurr	Deputy Chief Financial Officer, Corporate Services, Finance and Enablement	Privacy of natural persons	
James Hartley	General Manager - Digital Communications and Transformation		
Privacy of natural persons	Policy Director, Digital, Communications and Transformation, Building, Resources and Markets		✓ (for any queries related to non-financial information)
	Manager, Finance Business Partner, Building, Resources and Markets		✓ (for any queries related to financial information)

The following departments/agencies have been consulted
Commerce Commission, Crown Infrastructure Partners.

Minister's office to complete:

Noted

Overtaken by Events

Approved

Needs change

See Minister's Notes

Declined

Seen

Withdrawn

Comments



BRIEFING

2023/24 Supplementary Estimates of Appropriations and 2024/25 Main Estimates: Vote Business, Science and Innovation – Media and Communications portfolio

Date:	17 April 2024	Priority:	High
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Purpose

This briefing seeks your approval, in relation to appropriations in your Media and Communications portfolio, of:

- the financial information in the 2023/24 Supplementary Estimates of Appropriations and 2024/25 Main Estimates (together known as the Estimates), and
- changes to non-financial performance information (i.e. measures) to be incorporated into the Estimates.

Executive summary

On Budget Day 30 May 2024, the Estimates will be tabled in Parliament as part of Budget 2024.

The 2023/24 Supplementary Estimates include details of all new appropriations and changes to the existing appropriations in the current year since Budget 2023.

The 2024/25 Estimates of Appropriations (Main Estimates) include spending intentions for the next financial year and information to understand what is intended to be achieved with this spending.

All previously approved Ministerial decisions related to your portfolio are captured in the Estimates, including:

- October 2023 and March 2024 Baseline Update decisions,
- all Joint Ministers or Cabinet decisions approved before the Budget moratorium that begins on 29 April 2024,
- the Technical and Significant (Savings, Cost Pressures and “Other”) initiatives included in the Significant Budget package approved by Cabinet on 29 April 2024.

Recommended action

The Ministry of Business, Innovation and Employment (MBIE) recommends that you:

- a **Approve** content related to your portfolio in the Estimates, as set out in Annexes 1 and 2

Approved / Not Approved

- b **Approve** changes to non-financial performance information related to your portfolio in the Estimates, as set out in Annex 3

Approved / Not Approved

- c **Approve** MBIE to make non-significant corrections to the Estimates, following their submission to the Minister of Finance, if required to address feedback from the Treasury

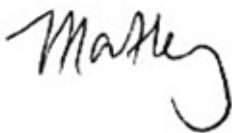
Approved / Not Approved

- d **Note** that MBIE has not provided a list of minor adjustments that have been made to the Estimates documents, like corrections of grammatical errors or inconsistencies

Noted

- e **Note** that, subject to your approval of the Estimates content for your portfolio, you as the lead Minister for Vote Business, Science and Innovation, will submit the Estimates to the Minister of Finance **by 1:00 pm on 26 April 2024** on behalf of all appropriation Ministers within the Vote.

Noted



James Hartley
**General Manager, Digital Communications
and Transformation,**
Building and Resource Markets, MBIE

16 / 04 / 2024

Hon Melissa Lee
Minister for Media and Communications

___ / ___ / 2024

Background

1. On budget day legislation is passed and documents are published showing the funding provided to Government agencies.
2. The Supplementary Estimates set out the changes to the 2023/24 financial year spending since Budget 2023. The 2024/25 Main Estimates detail all proposed spending for the next financial year, to be published at Budget 2024. The Estimates also include performance information for each appropriation (specific areas of spending within portfolios), explaining what is intended to be achieved with the funding.
3. The information in the Estimates supports Parliament's examination of appropriations for the forthcoming year. It also provides a base to assess what has been achieved with each appropriation at the end of the financial year.
4. This briefing presents the 2023/24 Supplementary Estimates and 2024/25 Estimates of Appropriations for Vote Business, Science and Innovation, which include details of appropriations you are responsible for as Minister for Media and Communications. These are attached as Annexes 1 and 2.
5. Subject to your approval of the content related to your Media and Communications portfolio, you as the Minister for Economic Development, lead Minister for Vote Business, Science and Innovation, will submit the Estimates to the Minister of Finance by **1:00 pm on 26 April 2024** on behalf of all appropriation Ministers within the Vote.
Information in the Estimates

2023/24 Supplementary Estimates

6. The attached 2023/24 Supplementary Estimates (**Annex 1**) contains any changes since the prior year's Main Estimates were published at Budget 2023. These include:
 - new appropriations established during the year,
 - changes to baselines approved through the Baseline Updates in October 2023 and March 2024,
 - changes to non-financial performance information approved at MBU, and
 - other baseline changes and funding decisions made by Cabinet or joint Ministers which have an impact on the 2023/24 financial year.

2024/25 Main Estimates

7. The attached 2024/25 Main Estimates (**Annex 2**) set out the spending intentions for the next financial year and include:
 - financial details of all appropriations in your portfolio, including explanations for significant changes for next year compared to the current year,
 - for large appropriations, the components of appropriations above \$50 million,

- details of memorandum accounts, where applicable,
- non-financial performance information for each appropriation and each category of a multi-category appropriation, and where performance results will be reported at year-end, and
- information about current and past Budget initiatives.

Performance measures (non-financial performance information)

8. MBIE has identified some proposed changes to incorporate into the Estimates, as shown in **Annex 3**. These are subject to your approval and if not approved will be removed from the final version.

Significant Budget package

9. Some savings, Cost pressures, New Spending and “Other” initiatives for the Media and Communications portfolio are due to be considered by Cabinet on 29 April 2024. These are detailed in the table in **Annex 4** and have been incorporated into the Main Estimates. We have included our current understanding of these initiatives and seek your approval to update the estimates documents as decisions are finalised by Cabinet.
10. No new appropriations in your portfolio will be established as part of the Significant Budget Package.

Next steps

11. Subject to your approval, please sign and return this briefing to MBIE by **1:00 pm on 23 April 2024**. This will enable MBIE to collate all changes and approvals for the Vote.
12. As the lead for Vote Business, Science and Innovation, Minister for Economic Development, you will submit the Estimates to the Minister of Finance on behalf of all appropriation Ministers in the Vote by **1:00 pm on 26 April 2024**.
13. If you, or other portfolio Ministers within the Vote, wish to make any changes to non-financial performance information, we will incorporate them into the Treasury’s CFISnet system and generate new versions of the Estimates documents for the Vote Lead Minister to submit to the Minister of Finance.
14. MBIE has worked with Treasury officials in preparing the Estimates documents, however Treasury officials may provide us with feedback prior to the publication of the Estimates documents (after you have approved them). We have therefore sought your agreement to make minor (i.e. non-significant) corrections to address Treasury’s feedback if required (see recommendation c above).

Budget approval process

15. On 29 April 2024, Cabinet will be asked to agree to detailed financial recommendations for Budget 2024.

16. The Budget moratorium will start from 29 April 2024. The Budget moratorium is the period beginning on the day Cabinet approves the Budget package and ending after the Minister of Finance has delivered the Budget, during which proposals for changes to appropriations or departmental capital injections cannot be submitted for consideration.
17. At that time no further changes to the Main Estimates will be allowed to be proposed to Cabinet or joint Ministers until after Budget Day, 30 May 2024.
18. No further changes to the Supplementary Estimates will be allowed once the Budget moratorium has started.

Annexes

Annex 1: 2023/24 Supplementary Estimates of Appropriations for Vote Business, Science and Innovation

Annex 2: 2024/25 Main Estimates of Appropriations for Vote Business, Science and Innovation

Annex 3: Proposed non-financial changes for Media and Communications portfolio

Annex 4: Significant Budget package initiatives tables

**Annex 1: 2023/24 Supplementary Estimates of Appropriations for
Vote Business, Science and Innovation**

**Annex 2: 2024/25 Main Estimates of Appropriations for Vote
Business, Science and Innovation**

Annex 3: Proposed non-financial changes for Media and Communications portfolio

New information is underlined, and removed information is ~~stricken through~~:

Appropriation title	Details of change	2023/24 Estimate Standard	2023/24 Supplementary Standard	2024/25 Budget Standard	Reason for change	Minister's Response
Communications: Regulation of Telecommunications Services 2022-2025	Number of determinations (includes determinations, clarifications, reviews, codes and amendments) (see Notes 1 and 3)	At least 7	At least 7	-	Effective from 2024/25 and outyears. This target has increased to reflect the phasing of the regulatory regime for Fibre, Telecommunications and related work programmes. This includes the expectation to publish additional determinations related to Chorus's Price-Quality Path for the second regulatory period from 01/01/2025 to 31/12/2028 (PQP2) alongside a regulatory review.	Approved/ Not Approved
	<u>Number of determinations (includes determinations, clarifications, reviews, codes and amendments) including but not limited to (see Notes 1 & 3):</u> <u>- Seven fibre determinations</u> <u>-At least four telecommunications determinations including but not limited to:</u> <u>Specified Fibre Area (SFA) assessment</u> <u>Telecommunications Development Levy (TDL) determination</u>	At least 7	<u>11</u>	<u>At least 11</u>		

Appropriation title	Details of change	2023/24 Estimate Standard	2023/24 Supplementary Standard	2024/25 Budget Standard	Reason for change	Minister's Response
	<u>Telecommunications Dispute Resolution scheme review (at least once every three years)</u> <u>Mobile Termination Access Services Review (MTAS)</u>					
	<u>Percentage of Telecommunications Act 2001 determinations completed by statutory deadlines (see Note 2)</u>	100%	100%	100%	Effective for 2024/25 only. Added note to performance indicator.	Noted
	<u>Number of reports completed (monitoring reports, summary and analysis reports and information disclosure reports) (see Note 3)</u>	At least 7	At least 7	-	Effective for 2024/25 and outyears, Performance measure and target updated. The target has increased to reflect the phasing of the regulatory regime for Fibre and related work programme with the intent to publish a Fibre Information Disclosure database update	Approved/ Not Approved
	<u>Number of reports completed (monitoring reports, summary and analysis reports and information disclosure reports) including but not limited to (see Notes 3):</u> <u>- Fibre report</u> <u>- At least seven telecommunications reports including but not limited to:</u> <u>Annual Monitoring Report (AMR)</u>	=	=	<u>At least 8</u>		

Appropriation title	Details of change	2023/24 Estimate Standard	2023/24 Supplementary Standard	2024/25 Budget Standard	Reason for change	Minister's Response
	<u>Measuring Broadband NZ (MBNZ) reports</u> <u>Two Retail Service Quality (RSQ) reports</u>					
Notes 2024/25						
<u>Note 1 - A determination is a formal and binding decision made by the Commerce Commission under the legislation it administers.</u> <u>Note 2 - This performance indicator and budget standard were revised for 2024/25 and outyears to better reflect faithful representation and relevancy on regulation of telecommunications services.</u> <u>Note 3 – This measure only includes routine determinations that are completed on a regular basis. Distinct one-off determinations are excluded, as inclusion would skew the average for the year in which they were completed, so it is no longer comparable with other years.</u>						Approved/ Not Approved
Digital Economy and Communications: 3.5 GHz rural and regional connectivity initiatives	Intention 2024/25					
	This appropriation is intended to achieve Crown infrastructure Partners to commission initiatives to support connectivity for rural New Zealanders.				Changes effective from 2024/25 and outyears to improve the clarity for this appropriation's focus on rural connectivity	Approved/ Not Approved
	<u>This appropriation is intended to achieve Crown infrastructure Partners to commission initiatives to support rural connectivity for New Zealanders.</u>					
	Assessment of Performance 2024/25					
Funds drawn down in accordance with the Support		By 30 June 2024	By 30 June 2024	-	Effective for 2024/25 and outyears. Performance	Approved/ Not Approved

Appropriation title	Details of change	2023/24 Estimate Standard	2023/24 Supplementary Standard	2024/25 Budget Standard	Reason for change	Minister's Response
	and Funding Agreement (see Note 1)				indicator and budget standard revised.	
	<u>Rural connectivity improvement works that have been completed in accordance with the funding agreement.</u> (see Note 1)	-	-	<u>By 30 June 2025</u>		
Notes 2024/25						
<u>Note 1 – This performance indicator and budget standard were revised from ‘By 30 June 2024’ to ‘By 30 June 2025’ for 2024/25 and outyears in relation to relevancy, comparability, and verifiability.</u>						Approved/ Not Approved
Digital Economy and Communications: Addressing Māori Interests in radio spectrum	Title					
	Digital Economy and Communications: Addressing Māori Interests in radio spectrum				Effective for 2023/24 only. The original title was approved in MBU.	Noted
	<u>Communications: Addressing Māori Interests in Radio Spectrum</u>					
	Intention 2023/24					
	This appropriation is intended to achieve a strengthened Crown-Māori relationship through an enduring resolution of Māori interests in spectrum, and increased leadership, skills, capability and participation of Māori in spectrum-related sectors. It does this through supporting the Interim Māori Spectrum Commission and its successor Māori spectrum Entity.				Effective for 2023/24 only. The appropriation was approved in MBU.	Noted
	Assessment of Performance 2023/24					
Funds drawn down in accordance with the Funding		-	Achieved	-	Effective for 2023/24 only. The	Noted

Appropriation title	Details of change	2023/24 Estimate Standard	2023/24 Supplementary Standard	2024/25 Budget Standard	Reason for change	Minister's Response
	Agreement by 30 June 2024 (see note 1)				appropriation was approved in MBU.	
	Note 2023/24 Note 1 – This performance indicator in relation to Addressing Māori Interests in radio spectrum was selected for 2023/24 only to better reflect the relevancy and faithful representation of information.				Effective for 2023/24 only. The appropriation was approved in MBU.	Noted
	End of Year Performance Reporting 2023/24 Performance information for this appropriation will be reported by the Minister for Media and Communications in the vote Business, Science and Innovation non-departmental Appropriation Report.				Effective for 2023/24 only. The appropriation was approved in MBU.	Noted
Policy Advice and Related Services to Ministers - MCA	Category <i>Policy Advice and Related Services to Ministers – Media and Communications</i>					
	Category Assessment of Performance					
	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	At least an average of 73%	-	The current MBIE quality of policy advice scale was designed by NZIER in 2015. That scale is from 50% - 90%, with a score of 1/5 equating to 50% and a score of 4/5 equating to 80%. This scale can be difficult to administer and is not aligned with how other agencies measure their quality of policy	Noted
<u>The average quality of policy advice papers, using an appropriately robust assessment process, meets a standard of 'acceptable' as defined by quality advice standards</u> (see Note 1)	-	-	At least 3.3/5.0			

Appropriation title	Details of change	2023/24 Estimated Standard	2023/24 Supplementary Standard	2024/25 Budget Standard	Reason for change	Minister's Response
					<p>advice. The proposed change in the Estimates is to bring MBIE in line with DPMC's standards for measuring quality of policy advice. A score of 3.3/5 on the new measure equates to 73% on the NZIER scale. The proposed change does not represent a decrease in the standard expected of MBIE's policy papers.</p>	

Annex 4: 2024/25 Significant Budget package initiatives table for Vote Business, Science and Innovation

Note that many of the savings included in the table below are as a result of reductions to MBIE enablement and corporate services and other savings of a similar nature identified as part of the Government's Fiscal Sustainability Programme and Budget 2024 Exercise. These savings included:

- Property savings associated with reducing MBIE's property footprint
- ICT savings by reprioritising work and reducing the number of ICT contractors
- FTE reduction savings from closure of aged vacancies and the response to Government decisions to cease functions and programmes
- Discretionary and other savings including changing the approach to recruitment, travel, advertising, staff training, hosting, and attending conferences

Savings initiatives

Appropriation – Departmental	Title	Ministerial decision (\$m)				Total (\$m)
		2024/25	2025/26	2026/27	2027/28	
Media and Communications: Management and Enforcement of the Radiocommunications Act 1989	Engagement and Experience – fiscal savings	(0.170)	(0.159)	(0.159)	(0.057)	(0.545)
Media and Communications: Management and Enforcement of the Radiocommunications Act 1989	MBIE Digital Data & Insights Savings Initiatives – return of funding	(0.030)	(0.030)	(0.030)	(0.030)	(0.120)

Appropriation – Departmental	Title	Ministerial decision (\$m)				Total (\$m)
		2024/25	2025/26	2026/27	2027/28	
Media and Communications: Management and Enforcement of the Radiocommunications Act 1989	MBIE Enablement Services – return of funding	(0.164)	(0.158)	(0.170)	(0.174)	(0.666)
Media and Communications: Management and Enforcement of the Radiocommunications Act 1989	Strategy, Performance and Design restructuring – fiscal savings	(0.031)	(0.031)	(0.031)	(0.031)	(0.124)
Media and Communications: Management of Emergency Telecommunications Capabilities	Media and Communication portfolio fiscal savings	(2.000)	(2.000)	(2.000)	(2.000)	(8.000)
Policy Advice and Related Services to Ministers – Media and Communications	MBIE Digital Data & Insights Savings Initiatives – return of funding	(0.052)	(0.052)	(0.052)	(0.052)	(0.208)
Policy Advice and Related Services to Ministers – Media and Communications	MBIE Enablement Services – return of funding	(0.277)	(0.266)	(0.288)	(0.294)	(1.125)

Other initiatives

Appropriation	Title	Ministerial decision (\$m)				Total (\$m)
		2024/25	2025/26	2026/27	2027/28	
Policy Advice and Related Services to Ministers – Media and Communications	Back-office transformation	(0.013)	(0.014)	(0.014)	(0.014)	(0.055)