



## BRIEFING

### Media and Communications Portfolio Budget 2025 Initiatives

Date:	6 December 2024	Priority:	High
Security classification:	Budget - Sensitive	Tracking number:	0007175

Action sought		
	Action sought	Deadline
Hon Paul Goldsmith Minister for Media and Communications	<b>Approve</b> submission of the Budget 2025 savings and revenue initiative for the <i>Funding to Address Māori Interests in Radio Spectrum</i> tagged operating contingency attached as Annex One  <b>Sign</b> the submission letter to the Minister of Finance attached as Annex Two	17 December 2024

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
James Hartley	General Manager – Communications, Infrastructure and Trade	Privacy of natural persons	
Privacy of natural persons	Policy Director – Communications, Infrastructure and Trade		✓

The following departments/agencies have been consulted
The Treasury have been consulted on the template attached as Annex One.

Minister's office to complete:

☐ Approved

☐ Declined

☐ Noted

☐ Needs change

☐ Seen

☐ Overtaken by Events

☐ See Minister's Notes

☐ Withdrawn

Comments



# BRIEFING

## Title

Date:	6 December 2024	Priority:	High
Security classification:	Budget - Sensitive	Tracking number:	0007175

## Purpose

To seek your approval to submit a Budget 2025 tagged contingency initiative for *Funding to Address Māori Interests in Radio Spectrum* within the Media and Communications portfolio.

## Recommended action

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

- a **Note** the Minister of Finance has invited you to submit a Budget 2025 savings and revenue initiative for *Funding to Address Māori Interests in Radio Spectrum* tagged operating contingency by 1pm on 23 December 2024

*Noted*

- b **Approve** submission of the Budget 2025 tagged contingency initiative for *Funding to Address Māori Interests in Radio Spectrum* attached as Annex One

*Yes / No*

- c **Sign** the submission letter to the Minister of Finance attached as Annex Two.

*Agree / Disagree*

James Hartley  
**General Manager – Communications,  
Infrastructure and Trade**  
Building, Resource and Markets Group, MBIE

09 / 12 / 2024

Hon Paul Goldsmith  
**Minister for Media and Communications**

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## Background

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### Overview of the Budget 2025 process

1. Consistent with Cabinet's decisions on the Budget strategy, Budget 2025 will focus on boosting economic growth in a tight fiscal environment. Core streams of the Budget 2025 process include:
  - a. Savings – there are several exercises underway to identify sufficient savings in Budget 2025 to fund the Government's new spending priorities and critical cost pressures, including a review of Government grants and funds, targeted policy savings, and a review of existing tagged contingencies. This stream covers your *Funding to Address Māori Interests in Radio Spectrum* tagged operating contingency.
  - b. Cost pressures and new spending – cost pressures and new spending initiatives are by invite only. You have not been invited to submit any cost pressures or new spending initiatives for the MBIE-administered components of the Media and Communications portfolio.
  - c. Interaction with performance plans – the Minister for Economic Development recently submitted MBIE's performance plan to the Minister of Finance. In October, you also submitted a shorter portfolio performance plan for the Media and Communications portfolio. Both these plans will be the subject of scrutiny by Budget Ministers as part of the Budget 2025 process.

### *Coordination of MBIE Budget 2025 initiatives*

2. The Minister of Finance has requested that the Minister for Economic Development, Hon Melissa Lee, be the lead Minister for the Budget 2025 process for MBIE. While you are responsible for the development of Media and Communications portfolio initiatives, MBIE has provided Minister Lee with updates on the development of initiatives across all MBIE portfolios.

### *Invitation to submit a savings and revenue initiative*

3. In her letter of 15 November to MBIE Ministers, the Minister of Finance invited you to submit a savings and revenue initiative relating to the *Funding to Address Māori Interests in Radio Spectrum* tagged operating contingency.

### **The Crown-Māori Memorandum of Understanding was designed to rule a line under past disagreements on Māori rights to radio spectrum**

4. In December 2021, Cabinet approved a package of initiatives designed to rule a line under past disagreements about Māori rights to radio spectrum and advance the efficient allocation of spectrum for the benefit of all New Zealanders. Key elements of the package were:
  - a. an ongoing allocation of 20 per cent of national commercial spectrum allocations to the Māori Spectrum Entity at no cost to Māori;
  - b. establishment of a permanent Māori Spectrum Entity (now called Tū Ātea) to give effect to the agreement, together with time limited operational funding of up to \$32m;
  - c. tagged contingency funding of up to \$25m to allow Tū Ātea to invest in spectrum/digital technology businesses, subject to a business case detailing how the investment fits with the agreed objectives of Tū Ātea;
  - d. delegation to the Minister of Finance, Minister for Māori Development, and Minister for Media and Communications jointly to draw down the tagged operating contingency

funding and make any other changes to appropriations necessary to give effect to the agreement.

5. A memorandum of understanding (MoU) between the Crown and Māori reflecting Cabinet's decisions was signed on 2 February 2022.
6. Joint Ministers approved the drawdown of \$14.25m in October 2023 to allow Tū Ātea to acquire Broadtech Limited, an adjacent telecommunications and spectrum management business. This drawdown left a residual of \$10.75m in the *Funding to Address Māori Interests in Radio Spectrum* tagged operating contingency.
7. The tagged contingency is scheduled to expire on 30 June 2025, and we anticipate that Tū Ātea will seek to draw down the remaining funding in the first half of 2025 to purchase another complementary business. While the tagged contingency expires in June 2025, there is no time limit on the Crown funding to invest in spectrum/technological businesses in the Crown-Māori MoU. An extension to the tagged contingency could be advanced through the March Baseline Update (MBU) process if the draw down does not progress in early 2025.

## Tagged contingency initiative and its relationship to broader advice on the Crown-Māori MoU

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8. In line with the Minister of Finance's invitation, we have completed the Budget 2025 tagged operating contingency reflecting the direction you provided at the officials' meeting on 4 December 2024 (see Annex One). Specifically, the initiative seeks to retain the remaining \$10.75m of funding so you are able to fulfil the financial commitments set out in the Crown-Māori MoU.
9. Confidential advice to Government

## Consultation

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10. We have consulted:
  - a. The Treasury on the tagged contingency template attached as Annex One, and
  - b. Tū Ātea on their future plans to utilise the residual tagged contingency funding.

## Next steps

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11. We recommend that you:
  - a. approve submission of the Budget 2025 tagged contingency initiative for *Funding to Address Māori Interests in Radio Spectrum* attached as Annex One
  - b. sign the submission letter to the Minister of Finance attached as Annex Two
12. In parallel, MBIE will submit the initiative to Treasury through the Crown Financial Information System by the Minister of Finance's deadline of 1pm of 23 December.

## Annexes

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Annex One: Budget 2025 tagged contingency initiative for Funding to Address Māori Interests in Radio Spectrum

Annex Two: Submission letter to the Minister of Finance

**Annex One: Budget 2025 tagged contingency initiative for Funding to Address Māori Interests in Radio Spectrum**

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**Annex Two: Submission letter to the Minister of Finance**

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# Annex 3: Budget 2025 Tagged Contingency Template

## Section 1: Overview

Section 1A: Basic initiative information										
Initiative title (max 120 characters)	Funding to address Māori interests in radio spectrum									
Lead Minister	Minister for Media and Communications	Agency	Ministry of Business, Innovation and Employment							
Initiative description (max 800 characters)	This initiative seeks retention of the Māori interests in radio spectrum tagged contingency to enable the Crown to fulfil its commitments under the Crown-Māori Memorandum of Understanding on Radio Spectrum signed 2 February 2022.									
Priority Area (PA) Objective	<input type="checkbox"/>	Targeted policy savings	<input type="checkbox"/>	Reprioritisation						
	<input type="checkbox"/>	Grants and funds	<input type="checkbox"/>	Performance Plan Scrutiny						
	<input checked="" type="checkbox"/>	Tagged Contingency								
Is this a cross-Vote initiative?	Y/N	No.								
Agency contact	Name: Hamish Grant-Fargie Phone: <small>Privacy of natural persons</small> Email: <small>Privacy of natural persons</small>		Treasury contact (Vote Analyst)	Name: Nicholas Hall Phone: <small>Privacy of natural persons</small> Email: <small>Privacy of natural persons</small>						
Section 1B: Summary of savings profile										
Operating funding available for return (\$m)										
2024/25	2025/26	2026/27	2027/28	2028/29 & outyears*	Total					
-	-	-	-	-	-					
*For irregular outyears, add additional rows above to display the full profile of the initiative. Delete "& outyears" for time-limited funding. See Budget 2025 Uploading Initiatives to CFISnet for more information on entering outyears into CFISnet. *expenditure is shown as positives and savings are shown as negatives. Revenue increases are shown as negatives and revenue decreases are shown as positives.										
Capital funding available for return (\$m)										
24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34*	Total
-	-	-	-	-	-	-	-	-	-	-
*Extend the profile above if funding is needed beyond 2033/34.										

## Section 2: Status Update and Risks

### Section 2A: Status Update

The answer to each question must not exceed 1-2 paragraphs

What is the current status of the tagged contingency?

*In February 2022, the Crown and Māori signed a Memorandum of Understanding to move past historical disagreements on Māori rights to radio spectrum. The MoU included the creation of a \$25m tagged contingency to support Tū Ātea (Māori Spectrum & Telecommunications Services) to invest in businesses that would accelerate Māori participation in the telecommunications and technology sector, and underpin its longer term financial sustainability.*

*Joint Ministers approved the drawdown of \$14.25m in October 2023 to allow Tū Ātea acquire Broadtech Limited, an adjacent telecommunications and spectrum management business. This drawdown left a residual of \$10.75m in the Funding to Address Māori Interests in Radio Spectrum tagged operating contingency. Tū Ātea is currently consolidating its investment in Broadtech Limited, and we anticipate that a further business case will be submitted before the current expiry date of this tagged contingency to purchase a complementary telecommunications business.*

### Section 2B: Risks

The answer to each question must not exceed 1-2 paragraphs

What is the risk of fully or partial returning the tagged contingency to the centre?

*Returning the tagged contingency would likely be interpreted by Māori as the Crown renegeing on the Memorandum of Understanding (MoU) on Radio Spectrum. Legal professio*



Hon Nicola Willis  
Minister of Finance  
Parliament Buildings  
Wellington

Dear Nicola

I am confirming that I have submitted the following initiatives for the Ministry for Business, Innovation and Employment in the Media and Communications portfolio:

Savings	Tagged contingency	Funding to address Māori interests in radio spectrum
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Yours sincerely

Hon Paul Goldsmith  
**Minister for Media and Communications**