



BRIEFING

2025 March Baseline Update Submission: Vote Business, Science and Innovation – Media and Communications Portfolio

Date:	20 February 2025	Priority:	High
Security classification:	In Confidence	Tracking number:	0007834

Action sought		
	Action sought	Deadline
Hon Paul Goldsmith Minister for Media and Communications	Approve changes to the appropriations for which you are responsible in Vote Business, Science and Innovation Media and Communications portfolio for inclusion in the 2025 MBU submission. Sign and send one soft copy of the 2025 MBU submission to the Minister of Finance's office by 1.00pm, 24 February 2025.	1.00pm, 24 February 2025

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	
Privacy of natural persons	Head of Finance Partnering, Building, Resources and Markets	-	Privacy of natural persons	✓

The following departments/agencies have been consulted
Treasury

Minister's office to complete:

Noted

Overtaken by Events

Approved

Needs change

See Minister's Notes

Declined

Seen

Withdrawn

Comments



BRIEFING

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Purpose

To seek your:

- approval of recommended appropriation baseline changes, as part of the 2025 MBU process, and
- agreement to submit approved baseline changes to the Minister of Finance by 1.00pm 24 February 2025.

Recommended action

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

a **Note** that:

- The MBU process provides an opportunity to reflect Cabinet or joint Ministers' decisions approved since 2024 OBU and propose other adjustments in line with Cabinet Office Circular CO (18) 2.
- This briefing is accompanied by the 2025 MBU submission to the Minister of Finance (Annex B) and 'Table 2', which is exported from Treasury's Crown Financial and Information System (CFISnet) and provides the authority for financial changes by Vote;
- Table 2 cannot be split by portfolio and therefore proposed financial changes have been provided in Annex A showing only the appropriations you are responsible for.
- Other appropriation Ministers in Vote Business, Science and Innovation will forward their approved MBU changes to the Minister of Finance by 1.00pm on 24 February 2025.

Noted

b **Individually approve** the proposed financial changes to appropriations as set out in Annex A of this briefing

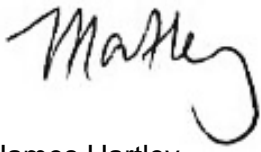
Approved / Not approved

c **Agree** to sign and return this briefing to MBIE by 24 February 2025

Agree / Disagree

d **Agree** to sign and forward **one soft copy** of the 2025 MBU submission as set out in Annex B to the Minister of Finance by 1.00pm 24 February 2025

Agree / Disagree



James Hartley
General Manager,
Communications Infrastructure and Trade,
Ministry of Business, Innovation and
Employment

Hon Paul Goldsmith
Minister for Media and Communications

20/02/2025

___ / ___ / 2025

Background

1. The Government's spending intentions are established as part of the Budget process each year and tabled in the House on Budget Day. During the year there are opportunities to update the agreed spending intentions through baseline updates in October and March.
2. MBU provides an opportunity for Ministers to make changes to their appropriations to reflect or implement relevant Cabinet or joint Ministers' decisions approved since OBU 2024, and to make other adjustments which do not put any new policy in place, do not entail any new funding, or do not require approval by Cabinet.
3. Joint Ministers are requested to approve changes within the criteria set out in the Cabinet Office Circular CO (18) 2, *Proposals with Financial Implications and Financial Authorities*.
4. Below are the types of changes that can be made through MBU:
 - a. **Cabinet decisions or decisions by joint Ministers under delegation** approved after OBU, for example, new funding to implement a policy or service that was agreed by Cabinet, or joint Ministers who have been delegated authority by Cabinet.
 - b. **Expense transfers and in-principle expense transfers (IPETs)**, used to move funding from an appropriation in one financial year to the same appropriation in one or more of the next three financial years.
 - c. **Fiscally-neutral adjustments**, transfers of funding from one appropriation to a different appropriation in the same financial year or increases to appropriations fully offset by increases in third-party revenue (i.e. transfers with no impact on the operating balance or debt).
 - d. **Technical adjustments**, which include technical approvals to give effect to decisions already approved by Cabinet, and adjustments with no cash impact (such as changes to the indicative spending profile between financial years for a multi-year appropriation).
 - e. **Forecast adjustments**, which include changes to the amount incurred under a Permanent Legislative Authority or changes in revenue that are the result of an external factor.
 - f. **Retention of underspends**, which are transfers of departmental underspends, as a result of savings, to the next financial year.
 - g. **Front-loading of spending**, bringing forward of departmental spending from future financial years for specific activities that will reduce spending in outyears.
5. Previous Cabinet or joint Ministers' decisions are not required to be detailed in the Ministerial letter to the Minister of Finance for baseline updates. These decisions are still entered into CFISnet and form part of the Table 2 Vote changes. For your reference Cabinet and joint Ministers' decisions have been included in the annexes.

Proposed MBU changes

6. The financial impacts for the following proposed changes are shown in Annex A of this briefing. A full explanation is provided in Annex B for all changes (except for Cabinet or joint Ministers' decisions as these have already been approved).
 - a. Two fiscally neutral adjustments relating to:
 - i. Transfer of the Emergency Caller Location Information (ECLI) functions from MBIE to the NZ Police, and
 - ii. Regulation of Telecommunications Services 2026-2029 (MYA Expense).
 - b. Two technical adjustments relating to:
 - i. Disestablishment of Emergency Telecommunications services appropriation,
 - ii. Correcting Regulation of Telecommunication Services appropriation
 - c. One other financial matter relating to the establishment of a new replacement MYA for Regulation of Telecommunications Services.
7. In line with the direction you provided at our officials' meeting on 19 February, we have signalled your intention to reprioritise \$6.400 million of radio spectrum restack funding for network capacity, coverage or resilience enhancements via the Budget 2025 technical package. We will provide you with further advice on the options for this funding by 28 February.

Next steps

8. Subject to your approval of proposed MBU changes as set out in Annexes A of this briefing, please:
 - a. sign and return this briefing to MBIE by 24 February 2025, and
 - b. provide **one soft copy** of the 2025 MBU submission for your portfolio(s) to the Minister of Finance by 1.00pm 24 February 2025 (Annex B).

Annexes

Annex A: 2025 MBU – Proposed financial changes for Vote Business, Science and Innovation –

Annex B: 2025 MBU Submission to the Minister of Finance for Vote Business, Science and Innovation – Media and Communications portfolio

Annex A: 2025 MBU – Proposed financial changes for Vote Business, Science and Innovation – Media and Communications portfolio

Adjustment Type	Title	Appropriation	Expense Type	Revenue Source	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s	2028/29 \$000s	Minister's Response
Fiscally Neutral Adjustment	Transfer of the Emergency Caller Location Information (ECLI) functions from MBIE to the NZ Police	Media and Communications: Management of Emergency Telecommunications Capabilities	Departmental Output Expenses	Revenue - Crown	(6,303)	(14,113)	(14,113)	(14,113)	(14,113)	Approved/ Not Approved
		<i>Vote Police – Policing services: Primary Response Management</i>	Departmental Output Expenses	Revenue - Crown	6,303	14,113	14,113	14,113	14,113	Approved/ Not Approved
Fiscally Neutral Adjustment	Regulation of Telecommunications Services 2026-2029 (MYA Expense)	Media and Communications: Enforcement of Telecommunications Sector Regulation	Non-Departmental Output Expenses	Non-Departmental – N/A	-	(14,384)	(14,336)	(14,336)	(14,384)	Approved/ Not Approved
		Media and Communications: Regulation of Telecommunications Services 2026-2029 (MYA Expense)	Non-Departmental Output Expenses	Non-Departmental – N/A	-	14,384	14,336	14,336	14,384	Approved/ Not Approved
Technical Adjustment	Correcting Regulation of Telecommunication Services appropriation	Media and Communications: Regulation of Telecommunications Services 2026-2029 (MYA Expense)	Non-Departmental Output Expenses	Non-Departmental – N/A	-	-	-	164	1,451	Approved/ Not Approved
Technical Adjustment	Disestablishment of Emergency Telecommunications services appropriation	Media and Communications: Emergency Telecommunications Services	Non-Departmental Output Expenses	Non-Departmental – N/A	(1,064)	(1,064)	(1,064)	(1,064)	(1,064)	Approved/ Not Approved

IN CONFIDENCE

Annex B: 2025 MBU Submission to the Minister of Finance for Vote Business, Science and Innovation – Media and Communications portfolio

24 February 2025

Hon Nicola Willis
Minister of Finance
Parliament Buildings
WELLINGTON

2025 March Baseline Update

Submission for Vote Business, Science and Innovation

Introduction

This report covers those items affecting the baseline for Media and Communications appropriations in Vote Business, Science and Innovation for the March Baseline Update.

I confirm that none of the changes contained in this update require Cabinet decisions at this time.

The Table 2 referred to below is attached to this letter/attached to the Minister for Media and Communications letter.

The proposed changes to baselines are as follows:

Changes Requiring Approval of Joint Ministers

Fiscally Neutral Adjustments

An explanation of each proposed adjustment is listed below, and the amounts are specified in Table 2.

Item	Total adjustment across forecast \$000	Explanation
Transfer of the Emergency Caller Location Information (ECLI) functions from MBIE to the NZ Police	62,755	In June 2024 the Chief Executive of MBIE and the Commissioner of Police agreed to the transfer of responsibility for the ECLI function from MBIE to NZ Police. The transfer was endorsed by the NGCC Board in August 2024 and approved by the Ministers of Police and Media and Communications in September 2024.

Item	Total adjustment across forecast \$000	Explanation
		Accordingly, I seek your approval for a fiscally neutral adjustment in 2024/25 and outyears to the relevant appropriations as set out in Table 2.
Regulation of Telecommunications Services 2026-2029 (MYA Expense)	57,392	As per DEV-21-MIN-0071, paras 12 - 23 [confirmed by CAB-21-MIN-0111] Joint Ministers have the authority to approve adjustments to appropriations that correspond to adjustments to the levy. Accordingly, I seek your approval for a fiscally neutral adjustment to the relevant appropriations in Vote Business, Science and Innovation - Media & Communications portfolio, as set out in Table 2.

Accordingly, I seek your approval for a fiscally neutral adjustments to the relevant appropriations in Vote Business, Science and Innovation – Media and Communication portfolio, as set out in Table 2.

Other Technical Changes

An explanation of each proposed technical change is listed below, and the amounts are specified in Table 2.

Correcting Regulation of Telecommunication services appropriation

A technical adjustment is required to amend the Regulation of Telecommunications Services funding multi-year appropriations due to administrative CFIS errors for levy funding [CAB-21-MIN-0111 and DEV-21-MIN-0071 refers], noting that these appropriations are funded by levies on businesses that operate this service.

Accordingly, I seek your approval for a technical adjustment to the relevant appropriations in Vote Business, Science and Innovation – Media and Communication portfolio, as set out in Table 2.

Disestablishment of Emergency Telecommunications services appropriation

This levy funded appropriation no longer required as Budget 2021 provided ongoing Crown funding for the Emergency Caller Location Information function. Function is also transferring from MBIE to NZ Police.

Accordingly, I seek your approval for a technical adjustment to the relevant appropriations in Vote Business, Science and Innovation – Media and Communication portfolio, as set out in Table 2.

Other Matters that Require the Authority of the Minister of Finance

Regulation of Telecommunications Services MYA

As per DEV-21-MIN-0071 refers, paras 12-23 [confirmed by CAB-21-MIN-0111] Joint Ministers have the authority to establish a new multi-year appropriation for 2026-2029 to replace the MYA that expires 30 June 2025.

I am seeking your approval to establish a new appropriation, as set out below, with effect from 1 July 2025 to 30 June 2029

	\$m – increase (decrease)				
Indicative annual spending profile	2024/25	2025/26	2026/27	2027/28	2028/29
Media and Communications: Regulation of Telecommunications Services 2026-2029 (MYA Expense)	-	14.384	14.336	14.500	15.787

Your agreement is sought to establish this new appropriation and is included in the recommendations at the end of this letter.

Reprioritisation of Radio Spectrum restack funding

This funding was to assist in moving and compensating existing users of 600 MHz radio spectrum to allow this spectrum could be re-used for mobile connectivity in rural areas. This project has been suspended due to a high risk of ongoing delays from negotiation difficulties and technical engineering challenges, with relatively low financial return for the Crown. The project was also affecting MBIE's ability to progress other higher priority spectrum allocations – particularly the renewal of access to spectrum for AM and FM radio. Consistent with the original policy intent to improve telecommunications connectivity in New Zealand, I intend reprioritising this funding through the Budget technical package to deliver enhancements to connectivity infrastructure.

Recommendations

This section is for Joint Ministers to agree, subject to CO (18) 2:

I agree and recommend that you:

1. **agree** the changes to those baselines for the Media and Communications appropriations in Vote Business, Science and Innovation that require Joint Ministers' approval, as set out in Table 2;
2. **agree** that the proposed changes to appropriations and departmental capital injections and withdrawals for 2024/25 covered by recommendation one above, be included in the 2024/25 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;

3. **agree** to the establishment of the following multi-year appropriation to run from 1 July 2025 to 30 June 2029 (as outlined in the ‘Other matters requiring Minister of Finance agreement’ section above):

Vote	Appropriation Minister	Title	Type	Scope Statement
Business, Science and Innovation	Media and Communications	Media and Communications: Regulation of Telecommunications Services 2026-2029 (MYA Expense)	Non-Departmental Output Expense	This appropriation is limited to the regulation of telecommunication services under the Telecommunications Act 2001

I recommend that you:

4. **note** that Table 2 includes for completeness other changes to baselines for the Media and Communications appropriations in Vote Business, Science and Innovation that have been approved by Cabinet or Joint Ministers since the previous baseline update or do not require such approval.
5. **note** that I intend to reprioritise \$6.4m of radio spectrum restack funding through the Budget 2025 technical package to deliver telecommunications connectivity enhancements, consistent with the original policy intent of this funding.
5. **note** that the Ministry will work through any Budget 2025 decisions, and some of these are likely to impact our 2024/25 baselines and outyears.
6. **note** any impacts will be submitted via the Budget 2025 technical process due to time constraints and any subsequent decisions.

Signed

Hon Paul Goldsmith
Minister for Media and Communications