

Hon Carmel Sepuloni

MP for Kelston

Deputy Prime Minister

Minister for Arts, Culture and Heritage

Minister for Social Development and Employment

Associate Minister of Foreign Affairs (Pacific Region)



27 MAR 2023

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Tēnā koe Alastair

LETTER OF EXPECTATIONS 2023/24

This letter sets out my expectations for the New Zealand Film Commission (NZFC) in 2023/24. Its purpose is to assist the Board to develop its Statement of Performance Expectations (SPE) for 2023/24 and other strategic planning documents. I expect you to ensure the Board is aware of the expectations contained in this letter. The expectations contained in the Post Budget Letter of Expectations also remain in effect.

Government priorities

The Government is focused very directly on the issues of most concern for New Zealand families and businesses. These are the cost of living, health, education and training services, crime, our climate response, boosting international trade, and providing strong and responsible leadership as we rebuild from Cyclone Gabrielle. Ministers are looking to the Crown entities to increase their contribution to these overarching objectives.

I acknowledge that the current operating environment and economic outlook are challenging and uncertain. However, this environment makes your focus on delivering value even more important. I encourage you to be bold and demanding in your expectations that your entity will:

- support strong public services that ensure our young people are engaged and thriving and support the physical and mental health of everyone
- be financially prudent, increasing resilience and value by making use of commercial disciplines, and balance-sheet and cashflow management
- strengthen its contribution to delivering value through effective use of resources; and
- focus on the recovery, regeneration, and revitalisation of the sector.

Investing in critical infrastructure and public services remains important to our economic recovery, along with fostering a more sustainable sector with opportunities to have a positive impact on climate change.

Enduring letter of expectations

The enduring letter of expectations¹ remains in effect, and I would like to emphasise three aspects of the enduring expectations in particular:

- Supporting a unified, value-based government for all New Zealanders including ensuring 'no surprises'
- Supporting future-focussed Māori Crown relations, including supporting the Maihi Karauna and pursuing further opportunities for partnership with Māori entities and businesses
- Taking active steps to reduce greenhouse gas emissions, improve energy efficiency, and reduce waste outputs.

I reiterate that 'no surprises' refers to the expectation that you will inform Manatū Taonga Ministry for Culture and Heritage in a timely manner about matters of significance within my portfolio, particularly where these matters may be controversial or become the subject of public debate.

Further details on the enduring letter of expectations are set out in **Annex 1**.

Sector priorities

I expect entities within the creative and cultural system to reinforce in their strategy documents that:

- Culture is inclusive and reflective, supporting people to connect and engage with each other, their community and society
- Māori culture is recognised, valued, and embraced by New Zealanders
- People can access and are participating in cultural activities and experiences
- Cultural activity is valued, supported, and nurtured; and
- The cultural system is resilient and sustainable.

To support Māori Crown relations and Maihi Karauna, I ask your entity to continue to implement and develop your Māori language strategy and have your Māori language plan implemented by 30 June 2023.

Strategically, I would like the NZFC to focus on the arts being widely used and recognised as a tool to support the health and wellbeing of New Zealanders. This includes the sector being able to take advantage of new ways of engaging with arts and culture provided by digital technology, equipping Māori to achieve their aspirations for toi Māori through authentic partnership and whanaungatanga, and building an economically sustainable art system with empowered creative professionals and financially robust organisations. Of central importance is all New Zealanders having the opportunity to access and participate in the arts.

I would also like NZFC to engage on the work programme for the social cohesion strategy. This work acknowledges the important role the cultural sector (encompassing arts, media, sport and heritage) plays in strengthening social cohesion in Aotearoa New Zealand and includes guidance for the cultural sector alongside information for businesses, local

¹ Refer to: <https://www.publicservice.govt.nz/assets/DirectoryFile/Enduring-Letter-of-Expectations-to-Statutory-Crown-Entities.pdf>

government and communities. Further information on the social cohesion strategy can be found at [Te Korowai Whetū Social Cohesion tools and resources](#).

Manatū Taonga has now published its first Long-Term Insights Briefing². I also ask that you reflect on the five focus areas and consider how the NZFC can capitalise on the identified trends, risks, and opportunities for the sector.

Entity direction

My specific expectations for NZFC in 2023/24 are that it will:

- Continue to work collaboratively with Manatū Taonga and the Ministry of Business, Innovation and Employment on the review of government investment in the screen sector
- Continue to manage the Screen Production Recovery Fund in line with policy settings and administrative best practice
- Continue to grow diversity and inclusion in the sector; and
- Ensure all conflicts of interest (whether real, potential, or perceived) in funding decisions and administration are managed in line with best practice.

Performance measures

I would like to see the quality of the Statement of Service Performance improved. I note the Office of the Auditor General (OAG), in its review of the NZFC 2020/21 Annual Report, noted the financial and service performance information did not include reporting against the two new performance measures that were established in the Supplementary estimates. To improve the quality, the NZFC could:

- Ensure all new measures that are established through supplementary processes throughout the year are included in the Annual Report for the year they are intended for
- Enhance its process documentation and controls over service performance reporting to ensure appropriation measures are appropriately identified and completely reported against in the Annual Report
- Report its funding allocation history of specific funding pools, including reporting against specific funding pools going forward.

Governance

I expect the Board to continue to oversee the performance and long-term strategic direction of the NZFC and provide best-practice governance. This includes monitoring NZFC's financial wellbeing and long-term viability and ensuring that the NZFC has robust risk awareness and management processes in place.

I expect the Board to undertake an independent evaluation of its governance and provide Manatū Taonga with a report by 1 December 2023. This report should summarise the Board's governance performance and identify areas of improvement. I also expect the Board to work with Manatū Taonga to review its governance manual to ensure policies comply with the Crown Entities Act 2004 and other relevant legislation. The governance manual should include an updated Conflict of Interest policy, which I would like you to share with my officials at Manatū Taonga as soon as practicable.

² Refer to: https://mch.govt.nz/sites/default/files/projects/long-term_insights_briefing_2023-01-19.pdf

While the board has the most immediate and direct responsibility for monitoring NZFC's performance, I expect it to continue to provide Manatū Taonga, as my agent, with information on performance against planning documents and timely information on risks and opportunities.

I also refer to the recent letter from the Public Service Commissioner regarding political neutrality. It is imperative that Boards act in a politically impartial manner, irrespective of political interests. I understand Manatū Taonga has sought assurances that you discuss both the *Code of Conduct for Crown Entity Board Members* and *He Ārahitanga Pōtitanga Whānui General Election Guidance 2023*. It is my expectation that you and your board members have read and understood these documents.

In addition and following the release of the Office of the Auditor General's Report *Improving value through better Crown entity monitoring*³, I have asked Manatū Taonga to start working with you to develop a monitoring agreement to provide a framework on how you will work together to deliver your legislative accountabilities, meet your operating expectations and provide a view on what 'good' performance looks like. This will give clarity to your respective roles and responsibilities and the need to have an agreed approach to monitoring arrangements which indicates what efficient and effective monitoring means.

I invite you to respond to this letter outlining the key strategic challenges and opportunities facing NZFC and how you intend to respond to the specific expectations contained within.

Finally, I would like to acknowledge the significant work of your Board and NZFC staff and look forward to another successful year ahead.

Nāku noa, nā



Hon Carmel Sepuloni
Minister for Arts, Culture and Heritage

cc: Mladen Ivancic, Acting Chief Executive, New Zealand Film Commission
cc: Leauanae Laulu Mac Leauanae, Secretary for Culture and Heritage and Chief Executive,
Manatū Taonga Ministry for Culture and Heritage

³ [Improving value through better Crown entity monitoring — Office of the Auditor-General New Zealand \(oag.parliament.nz\)](https://www.oag.parliament.nz)

Annex 1

Enduring expectations

Below are recently issued or amended Government statements, policies and plans that apply to Crown entities.

Support a unified, value-based government for all New Zealanders

- *Government Workforce Policy Statement*

On 5 May 2021, a [Government Workforce Policy Statement](#) was issued, which sets out the Government's expectations about public sector agencies' management of employment relations and emphasises the importance of pay restraint in the COVID-19 environment and the fiscal context of the Government. Crown entity companies are to have regard to this statement.

Within the overall context of public sector pay restraint, Ministers expect that boards will ensure senior management remuneration is appropriately linked to performance and set at a level sufficient to attract and retain the necessary skills within the executive to enable the Crown entity to operate successfully.

- *Public Service Pay Gap Action Plan*

Consistent with the Government's support for diversity, gender balance and wider ethnicity on boards, boards are encouraged to support diversity and inclusion in the workplace and in leadership teams. On 15 November 2021, the Government launched the [Public Service Pay Gap Action Plan](#), which aims to help close pay gaps and create fairer workplaces for all employees. Ministers look forward to seeing your progress as you implement the Action Plan.

Support future-focused Māori Crown relations

To support Māori Crown relations, I would like the NZFC to have a Māori language plan as one of the ways it is supporting Maihi Karauna by **30 June 2023**. This can be stand alone or included as part of a broader plan.

Contribute to improving wellbeing

Consistent with the Government's support for diversity, gender balance and wider ethnicity on boards, boards are encouraged to support diversity and inclusion in the workplace and in leadership teams. On 15 November 2021, the Government launched the [Public Service Pay Gap Action Plan](#), which aims to help close pay gaps and create fairer workplaces for all employees.

Carbon Neutral Government Programme

In pursuit of our carbon reduction ambitions, the Carbon Neutral Government Programme (CNGP) has been set up to accelerate the reduction of emissions within the public sector. We encourage NZFC to support the Government by joining with businesses and communities already leading the way to reducing their emissions.