



12 May 2023

Hon Carmel Sepuloni  
Deputy Prime Minister  
Minister for Arts, Culture and Heritage

Private Bag 18041  
Parliament Buildings  
Wellington 6160

Tēnā koe Minister,

### **LETTER OF EXPECTATIONS 2023/24**

Thank you for the 2023/24 Letter of Expectations (LOE) dated 27 March 2023. The New Zealand Film Commission's (NZFC) mission to empower and attract distinctive and diverse screen productions for all audiences clearly aligns with your expectations.

We address your specific points below:

#### **Key Strategic Challenges and Opportunities:**

You have invited us to outline the strategic challenges and opportunities faced by the organisation. The NZFC is acutely aware of the evolving environment in which we are working – especially reduced funding for screen content during 2023/24 and the need to adopt a flexible and responsible approach to investment.

The strategic direction set out in the 2022-26 Statement of Intent is reaffirmed, and two strategic priorities have been identified that will provide the focus for work and resources over the next year:

1. *Respond and adapt to the shifting screen sector landscape.*
2. *Strengthen the understanding and value of the New Zealand screen sector proposition.*

The 2023/24 Statement of Performance Expectation sets out how we plan to achieve these strategic priorities and associated work planned in more detail.

#### **Enduring Letter of Expectations**

We note that the enduring letter of expectations remains in effect, particularly the three enduring expectations highlighted in your letter.

As you are aware, the NZFC updated an internal policy around “ensuring no surprises” in 2022 and our focus is placed on keeping Manatū Taonga and your office informed in a prompt manner as and when any matters are identified which may be controversial or the subject of public debate.

The NZFC has developed *He Taonga te reo Māori mahere reo – The Language is a highly valued treasure - NZFC Māori Language Plan (2021-2025)*. The plan supports maintaining core

competencies for NZFC staff and the Board with te reo projects. The NZFC will continue to implement key activities from the plan in 2023/24.

The NZFC is committed to managing and reducing carbon emissions in support of the national target of achieving net zero carbon emissions by 2050. The NZFC joined Toitū Envirocare's carbon reduce programme in 2022 to help identify and measure carbon emissions and establish a base year of emissions data for the NZFC. The results of the initial carbon audit will be used to develop an Emissions Reduction and Management Plan. The Board considered the audit findings at its most recent meeting and has committed to action and mitigation.

### **Government and Sector Priorities:**

The NZFC will continue to work collaboratively with other cultural sector agencies to achieve government and sector outcomes.

The five success descriptors laid out in the Manatū Taonga Strategic Intentions 2021-25 are incorporated into the NZFC Strategic and Performance framework, and the NZFC's five medium-term goals respond directly to them.

The NZFC's ability to ensure that the screen sector is "resilient and sustainable" is largely dependent on the level of funding it receives and invests. We have been advised that Lotto profits are forecast to drop 5% in 2023/24. The majority of NZFC annual funding (70%) comes from Lotto profits distributed via the Lottery Grants Board (LGB). The 5% drop in LGB funding will impact on the level of funding to the sector, particularly as LGB is signalling that the NZFC will no longer be entitled to washup payments from higher than budgeted Lotto profits.

### **Wellbeing**

The recent success of *Red, White & Brass* shows that film is popular when promoting New Zealand culture and communities, and that culturally significant screen stories continue to be accessed and celebrated by all New Zealanders.

Screen stories make a significant contribution to the lives of many New Zealanders who access and enjoy content about themselves; who are employed in the industry; and who drive the creation of original stories, with both economic and wider wellbeing impacts for our society. We note the expectation to focus on the arts as a tool for supporting the wellbeing of New Zealanders, and the NZFC will engage on the work programme for the social cohesion strategy.

Te Rautaki Māori Strategy and He Ara Whakaurunga Kanorau | NZFC Diversity and Inclusion Strategy are mutually beneficial and interwoven strategies. They elevate our commitments and deliver support and funding initiatives that better serve and advance the diverse communities of the Aotearoa screen sector. These strategies will continue to be implemented in 2023/24.

The NZFC has engaged with Manatū Taonga on the development of its first Long-Term Insights Briefing and will continue to reflect on the five focus areas in our strategic thinking and planning.

### **Entity Direction:**

We acknowledge your specific expectations for NZFC in 2023/24 being to:

1. *Work collaboratively with MCH and MBIE on the review of government investment in the screen sector.*

The NZFC continues to support the Screen Sector Funding Review and looks forward to working alongside Manatū Taonga and the Ministry for Business, Innovation and Employment in 2023 to implement any changes to criteria that arise from the review. We are happy to continue administering and evaluating submissions to the programme on behalf of the Government, and with sufficient financial and administrative support.

- 2. Continue to manage the Screen Production Recovery Fund in line with policy settings and administrative best practice.*

We acknowledge that the Screen Production Recovery Fund is intended to end on 30 June 2023. Our primary focus for the year ahead will be on auditing grants to ensure an efficient wash-up of the administration process and working with Manatū Taonga to deliver reporting on outcomes and impacts of the fund.

- 3. Continue to grow diversity in the sector.*

In June 2022, the NZFC published He Ara Whakaurunga Kanorau | NZFC Diversity and Inclusion Strategy, with a central vision to be an industry leader that fosters a diverse and inclusive environment for the Aotearoa screen sector. The NZFC staff Diversity and Inclusion Committee meet weekly to progress the initiatives within the Strategy and meet regularly with the Industry Leadership Group to discuss how we can further support and grow diversity in the Aotearoa screen sector.

Our focus in 2023/24 will be on training for NZFC staff, education and awareness, data collection and analysis and developing diversity and inclusion resources in partnership with the industry.

- 4. Ensure all conflicts of interest (whether real, potential, or perceived) in funding decisions and administration are managed in line with best practice.*

The Board commissioned an independent review of the NZFC Conflict of Interest management policy and process. This report was delivered to the NZFC in August 2022.

The Board has adopted recommendations from the report to update the NZFC Board and Staff Conflict of Interest policy and process. Updates to the policy and processes to manage potential conflicts were presented to the NZFC Finance, Audit and Risk Committee and the NZFC Board and were finalised in May 2023.

As part of this process, Conflict of Interest training and workshops will be provided to all staff very soon and the policies will also be published publicly. Recent lessons have been learned.

#### **Performance Measures:**

We will report on how the NZFC is tracking against the specific expectations in quarterly reporting to Manatū Taonga.

The NZFC is striving to improve the quality and relevance of the Statement of Service Performance. The 2021/22 audit report from EY states that the NZFC's performance framework "provides a meaningful and appropriate basis...to form a view on the performance of the Commission against its goals and targets". It goes on to state that their performance measures verification work didn't identify any matters to report. To further improve our reporting, we will adopt the suggestions in your letter.

## **Governance**

I note the expectation for the Board to undertake an independent evaluation of its governance practices and report to you by 1 December 2023. We will do so and report accordingly.

The NZFC has updated its risk policy and framework and we have implemented new processes, regular reporting, and regular review of risk documents with the Finance, Audit and Risk Committee and the Board.

The NZFC is reviewing its Governance Manual, and I note that the recently updated Conflict of Interest Policy has been shared with Manatū Taonga. Focus has also been placed on Political Neutrality, with workshops held with staff and General Election Guidance and Code of Conduct documents circulated.

The NZFC has an excellent relationship with Manatū Taonga and welcomes collaboration on developing a monitoring agreement and framework to ensure the NZFC is meeting operating expectations.

Thank for visiting our offices recently and engaging with our people, it was uplifting. We look forward to collaborating with you and your staff in the year ahead.

Nāku noa, nā

Alastair Carruthers  
Chair  
New Zealand Film Commission