



Friday 21 March 2025

Media and Screen Policy
Manatū Taonga Ministry for Culture and Heritage
PO Box 5364
Wellington 6140

Via email: mediaandscreen@mch.govt.nz

Kia ora,

Thank you for the opportunity to submit feedback on Manatū Taonga Ministry for Culture and Heritage's *Media Reform: Modernising regulation and content funding arrangements for New Zealand* discussion document.

Please find Spada's submission in this written document. If you have any subsequent questions, please don't hesitate to get in contact.

We understand that these proposals will undergo further policy development, and we look forward to continuing the conversation.

Nga mihi,

A handwritten signature in blue ink, appearing to read 'Sandy Gildea', with a long horizontal stroke extending to the right.

Sandy Gildea
Executive Director



Spada's MCH Media Reform Consultation Response

Spada welcomes Manatū Taonga Ministry for Culture and Heritage's Media Reform discussion document, which shows a good understanding of the issues currently facing our industry.

The past few years have been incredibly challenging for the New Zealand screen industry, with last year being perhaps the toughest yet. The long-term effects of advertising revenue being diverted to Google and Facebook, along with audience shifts toward international streaming platforms, have had a significant negative impact. As a result, two of our largest networks, TVNZ and Three, have made major cuts to news and local production. Spada estimates an annual loss of approximately \$50 million from local production budgets—roughly halving their investment in local content.

We appreciate long-standing Government support for the industry's screen funding agencies, and are very grateful for the New Zealand Screen Production Rebate, which plays a crucial role in our industry. Last year, Spada advocated for changes to ensure that productions funded by NZ On Air and Te Māngai Pāho would qualify. This adjustment has been a positive step, allowing funding to go further.

In its submission, Spada focusses primarily on Draft Proposals # 2 and # 5. We also propose additional refinements to the Rebate that we believe will further strengthen local production. We appreciate that this is outside the scope of the discussion document, but believe it is an important area for our sector.

Draft Proposal 2: Increasing investment into and discoverability of local content

All professional audio-visual media providers including New Zealand TV broadcasters, New Zealand streaming platforms and global streaming platforms would have:

- * Local content investment obligations: to invest a proportion of annual revenue in the creation or acquisition of local content.
- * Discoverability requirements for local content: to put in place measures to promote and clearly display local content and enable users to find new local content.

and

Draft Proposal 5: Streamlining Crown content funders

Establish a content funding entity that consolidates the Film Commission and NZ On Air. Consolidation could improve efficiencies and support strategic funding outcomes, including by pooling resources and focusing industry development efforts.

Draft Proposal 2: Increasing investment into and discoverability of local content

Spada has long advocated for a levy, or some form of regulation on international streaming services, so we are pleased to see this proposal included in the discussion document and support its aims - seeking to increase the volume of and engagement with local content on global streaming platforms and supporting the local production sector's sustainability through increased investment.

Proposal 2 supports an investment obligation model in which all professional audio-visual media providers including New Zealand TV broadcasters, New Zealand streaming platforms and global streaming platforms would have local content investment obligations: to invest a proportion of annual revenue in the creation or acquisition of local content.

Other options considered in the proposal include a levy system, where providers would pay a proportion of revenue to be redistributed for the production of local content.

Spada has previously stated that a levy of 5% would return approx. \$24.6million.¹

Levies of streaming services are a well-established policy mechanism in many other countries. There are currently fourteen European states which have implemented some form of streaming levy and/or investment obligation.

A levy on streaming service or other commercial platform revenues is potentially the most transparent method of providing funding for local content. If disbursed on a contestable basis by an independent funding agency, this permits public interest/cultural interest criteria to be factored into funding decisions. Such a model also supports economic welfare by ensuring a range of producers are able to benefit from the funding.

A levy on international streamers, a position historically favoured by Spada, could provide broader industry benefits, be easier to implement, and be less susceptible to loopholes or workarounds than an investment model.

However, as the investment model has been presented as the government's preferred approach, Spada would support the recommendation with refinements to ensure its effectiveness and to prevent any unintended consequences that could negatively impact the local screen sector.

Spada also recommends that the levy option be kept on the table as a potential alternative; as well as the hybrid model. This hybrid model would comprise both mechanisms and/or includes an option to offset levy requirements by committing higher levels of local content investment.

¹ It is not straight-forward to precisely calculate the total value of the streaming/SVoD/OTT video market, partly because the operators either do not publish earnings reports or do not disaggregate New Zealand revenues from the parent operation. Based on a number of 2.594 million SVoD subscribers in New Zealand, and an average revenue per user (ARPU) of \$15.83 per month, Spada estimates that the current level of annual revenue generated by SVoD services in New Zealand is approximately \$493m, with Netflix, Disney+, Amazon Prime and Sky's Neon being the main market actors.

In relation to the implementation of an investment model, Spada identifies the following potential risks:

1. Impact on Local Broadcasters – *broadcasters already producing local content may not receive additional funding support but would still have to compete with new investments from international platforms.*

If local streamers and broadcasters are included—presumably to align with New Zealand’s trade obligations—it is crucial to ensure that the requirements imposed on them are not so burdensome that they result in severe financial strain or even closure. The obligations should be set at a level comparable to their current local content investment, as they cannot produce more local content without the necessary funding.

2. Risk of Low-Quality Content – *if platforms meet quotas through acquiring cheaper, low-quality local productions instead of investing in high-end content, it may not lead to a sustainable industry.*

Spada recommends a heavier weighting on investment (e.g. an 80/20 split) in new commissions over acquisitions to maximise benefits for the local economy and independent production sector.

3. Local Content Definition/Sub-Requirements - *the definition of local content is key to an investment model.*

As noted in the proposal, further work is required to define ‘local content’, however, Spada supports the current intention:

... to capture content that reflects New Zealand stories, places, voices, and faces. Relevant factors could include if the subject of the content is New Zealand or New Zealanders, if New Zealanders hold key roles in production and if it is filmed in New Zealand.

The definition of local content must be practical and workable for all participants in the investment model, while delivering meaningful benefits to New Zealand’s domestic screen industry and audiences. For the model to succeed the definition must also be flexible enough to ensure our stories remain competitive on international platforms.

Spada recommends utilising the "significant local content" framework from the SPR and extend to official co-productions.

4. Definition of “annual local revenue”

“If a service is being delivered in New Zealand and consumed in New Zealand, then why is the revenue being booked in a different jurisdiction, and why are we not getting any of the corporate tax revenue that comes along with that?” ([Raid on Netflix in Europe gives clues to Netflix NZ’s tiny tax bill](#) - Miller. E. Published, The Post, Feb 2025)

Spada recommends the definition of ‘annual local revenue’ be calculated on gross NZ revenue to ensure a level playing field in company tax obligations.

5. Exclusion of YouTube

The proposal refers to ‘global streaming platforms’ which doesn't differentiate between Advertising-based Video on Demand (AVOD) and Subscription Video on Demand (SVOD) providers. YouTube has been excluded because:

- it is technically not an SVOD; however, YouTube Premium does charge subscribers for an ad-free experience.
- it is not "professional" i.e it doesn't commission its own content. However, it does undertake professional arrangements with creators via a different business model – where instead of commissioning/licensing content it shares the revenue with the platform or creator.

It might be helpful to view this discussion through the lens of “revenue and reach”. As detailed in the Interim Regulatory Impact Statement, YouTube is the most popular video platform in New Zealand, reaching 43% of the population daily (followed by Netflix at 38%, Facebook at 36% and TVNZ1 at 32%). Overall data on revenue for YouTube Premium is not available, however, as a rough proxy, assuming it has ten percent of the subscriber numbers of Netflix², one could tentatively estimate YouTube Premium revenues of around \$27m.

If YouTube were captured, it would incentivise them to work with platforms and producers to make more content available, delivering revenue back to NZ-domiciled platforms and content creators. It would also help future proof the legislation to capture platforms that will continue to evolve their business strategies and expand their market share.

Spada recommends that all AVOD, including YouTube, be included in the definition of streamers.

Draft Proposal 5: Streamlining Crown content funders

As a general comment on the draft proposals, and this draft proposal in particular, Spada supports the concerns of the Māori screen sector regarding the exclusion of Te Māngai Pāho from this discussion due to a separate review being undertaken by Te Puni Kōkiri. Any changes to the sector considered in this review need to take into consideration how they are going to intersect with Te Māngai Pāho and Whakaata Māori.

In regard to the streamlining of the two crown entities NZ On Air and the NZ Film Commission, Spada’s membership is broad, and different views are held on this draft proposal. There is a sense that a merger is an inevitability, however, the timing and the potential for disruption is of significant concern to producers.

In a world where platforms and production companies have been forced to adapt their operations to meet current market challenges, the challenges facing our industry have been well discussed and documented over recent years.

² A [2019 Roy Morgan](#) report on the Australian SVoD market estimated there were 1.24m YouTube Premium household subscriptions which represented just 11% of the number of Netflix subscribers, and that there are around 1.26m of the latter in New Zealand - See attached '[Netflix subscribers and revenue by country: The Numbers](#) - Moody, R. (2021), Comparitech)

Whilst it is an encouraging sign that the Government is looking to support the sector through the draft proposals outlined in this discussion document, any changes made to our industry's funding agencies need to be well thought through and carefully implemented.

The after-effects of the unsuccessful establishment of the ANZPM continue to be felt across the sector. Spada cannot stress enough the need for a clear, well-structured process for implementing any changes to our funding agencies.

The NZFC has just completed a lengthy restructuring process, and whilst this process was done efficiently and as quickly as possible, all change brings with it a level of disruption and uncertainty.

As the dedicated feature film funding agency, the NZFC has played a crucial role in nurturing and developing producing and directing talent, including Taika Waititi (ONZM), Niki Caro (MNZM), Sir Peter Jackson, Dame Jane Campion, Christine Jeffs, Roger Donaldson (ONZM), and Lee Tamahori. Feature filmmaking is both an art and a business. Could this increasingly specialised field have thrived as successfully without a funding body specifically committed to its growth?

In an industry the size of New Zealand³, some producers believe that having multiple funding agencies benefits their businesses and our industry by providing more opportunities and diverse perspectives, as different decision-makers bring varied insights and priorities to the table.

In summary, Spada would like to outline a number of pros and cons for the proposed streamlining of the NZ Film Commission and NZ On Air.

Pros

- One stream-lined and efficient agency could create greater industry cohesion
- More strategic allocation of the financial resources available for funding screen content, with the ability to be more flexible and adapt to the market.
- Reduce duplication and improve support for entire screen ecosystem
- Easier access to funding with simpler application process
- Consolidation of the NZSPR and the Gaming Rebate could provide enhanced financial incentives; cross-sector collaboration; streamlined application process; and potential economic growth.
- A larger, consolidated funding body could be better for global business dealings, and international marketing of our work.

Cons

- Increased disruption and uncertainty at a time when the sector urgently needs stability.
- Different objectives – NZFC has creative and editorial involvement; NZOA does not. This is currently helpful for NZOA when funding (now vulnerable) current affairs shows, and documentaries. This would require careful handling.
- Will the specialist knowledge / focus required for feature filmmaking be retained without the singular agency's focus?
- If NZOA and NZFC cease to exist as legal entities, would this eliminate the cultural protections granted under GATT⁴ for each entity?

³ Nearly half of our workforce operates on a freelance basis and are self-employed without the benefit of job security. This compares to an overall self-employment rate of just 16% nationally.

⁴ *'Seeing More of New Zealand on Air: Local Content Television Broadcast Quotas in an Era of*

- Producers would only have one funding agency door⁵ - narrows variables that different people in different roles creates.
- Will there be one Ministry with responsibility for the new entity? MCH/MBIE?
- What happens to the funding of platforms such as NZ On Screen? Spada recommends retaining the funding of these platforms within the new entity.
- Mergers are expensive: what is the cost V benefit from merging? Spada does not believe there are any substantive savings to be gleaned from a merger (particularly off the back of the NZFC's current restructure). However, if there were, we would want to see those savings re-invested back into local content.

Feedback on Draft Proposals 1, 3 and 4

* **Draft proposal 1: Ensuring accessibility of local media platforms**

Spada supports this draft proposal in principle.

* **Draft proposal 3: Increasing captioning and audio description (CAD)**

Provided it does not come at added cost to platforms and further diminish their ability to fund local content, Spada supports this draft proposal, and Able's⁶ five recommendations:

1. Channels and platforms operating in New Zealand must be accessible; this includes having screen reader functionality, the ability to host audio description, and the ability to host captions.
2. Targets for levels of CAD are put in place that are tiered for different types of content and able to evolve to match the changing media landscape.
3. CAD services for local channels and platforms continue to be publicly funded.
4. CAD services for local channels and platforms continue to be provided by a New Zealand based entity, upholding local expertise and cultural relevance.
5. Integrate the regulatory oversight to uphold and maintain the quality of CAD and safeguard the language and culture of Aotearoa, ensuring they are protected and valued, alongside any quantitative targets, into the new entity outlined in Draft Proposal 3.

* **Draft Proposal 4: Modernising professional media regulation**

Spada would like to make the following points on this draft proposal:

- What is the scale, scope and power of the new entity? Will it be to the level of the UK's Ofcom? Funding will be key to how this new regulatory body operates.
- What is the purpose of the new entity?
- Definition of professional media needs to capture user generated content (YouTube) and social media. Inclusion / exclusion from the definition should reflect "revenue and reach" of the platform/professional media entity.
- The new entity would have to be arm's length from government. Need to insulate a regulator from political interference – so elected rather than appointed regulator.
- Streamline set of standards that apply across the board to bring cohesion and help with enforcement.
- How much teeth will the new regulatory entity have? In Australia they have three strikes and you're out (shut off for one day).
- Burden of compliance by entity, legal ramifications for non-compliance? Financial penalties may not be much of a deterrent for organisations with deep pockets.

Globalisation' Debbie Aukett, Auckland University Law Review 2003.

⁵ As noted, Te Māngai Pāho has not been included in the scope of this review.

⁶ The CEO of Able is a Spada Board member, and Spada's President is a current Able Board member.

Other Ideas for Consideration

Although outside the scope of this review, Spada would like to take this opportunity to present the following ideas to further support a healthy and sustainable media and content production sector that serves New Zealand audiences.

> **Re-establish a screen sector survey for evaluating performance and progress**

Reliable data is essential for our sector. Spada supports reinstating a Screen Sector Survey to help provide insights into the sector's economic impact, workforce trends, and industry needs. The survey would also help policymakers, funding bodies, and industry stakeholders make informed decisions to support a sustainable and thriving screen sector in New Zealand.

> **NZ Screen Production Rebate**

There are some adjustments to the Domestic Screen Production Rebate that would improve its impact, both for local platforms and local production. These changes could include:

** Reduce the 250k threshold for single episode programme – unscripted*

** Support reduction of non-govt funding for television*

In order for productions to successfully acquire the Rebate, they must have funding from non-New Zealand Government sources. For feature films, the minimum threshold for non-New Zealand Government funding is 10%. For television and other non-feature film productions, the minimum is 25% and sometimes higher. Given the current contraction in the domestic market that funding model does not work. Spada recommends that television also be 10% non-govt funding in line with feature films.

** Widen eligibility criteria to include factual or entertainment formats developed in another country but adapted for a New Zealand audience*

While the IP may be developed offshore, the local versions of international format productions do reflect our culture - *MasterChef New Zealand*, *The Block NZ*, *Dancing with the Stars*, *Married at First Sight New Zealand* – feature New Zealanders, and are loved by New Zealanders.

*“Why are so many Kiwis caught up in the communal viewing experience that is *Married at First Sight New Zealand*? How do these shows foster a sense of community and why do we turn to media for this? What does that say about our culture now?” (E. Gleason, NZ Herald, 14 June 2024 - [MAFS NZ what does this obsession say about us?](#))*

NZ Traitors has already picked up Best Adaptation of Existing Format, Asian Academy Creative Awards 2024, Bronze Award 'Best Host', Paul Henry, New York Festivals Film & TV Awards 2024, and is one of only three versions of the show (including the US and Australia) on BBC's iPlayer.

These shows also create jobs and generate a good economic return to our sector and the wider economy. One production company alone estimates a nearly \$25 million p.a. impact to their business affecting 730 jobs across production, postproduction, and talent (over 5,200 weeks of work) with the reduction in direct commissioning of commercial programming (many of them international formats) from Three and TVNZ. It would be a shame to lose these shows from our production landscape - and the impact to audiences who no longer get their favourite Kiwi shows - because of the cutbacks at TVNZ and Three.

Other potential benefits to the domestic industry:

- **Reduced Risk:** Proven formats have a track record of success, making them less risky investments for broadcasters⁷.
- **Attracting Investment:** International format rights holders often partner with New Zealand production companies, bringing in **funding and global distribution opportunities**.
- **Support Local Broadcasters:** Networks like TVNZ, Three, and Prime use these formats to attract reliable viewership, ensuring ad revenue and continued investment in local content.
- **Faster Production:** Instead of developing an entirely new concept, local producers work from an existing framework.
- **Audience Appeal:** Popular global formats often come with built-in brand recognition, attracting viewers more easily. They can effectively be given a Kiwi-ness with casting, etc.
- **Training & Skill Development:** Provide opportunities for our crews to gain on the job training and skill development.

Thank you once again for the opportunity to submit feedback on the *Media Reform* discussion document. If you have any subsequent questions regarding Spada's submission, please don't hesitate to get in contact.

We understand that these proposals will undergo further policy development, and we look forward to continuing the conversation.

Nga mihi,



Sandy Gildea
Executive Director

spada^{nz}
Screen Producers
New Zealand

⁷ Broadcasters must take a cautious approach to ensure the success of new show launches. In the current environment, it is nearly impossible for producers to introduce new formats to the market. This is reflected in international trends - <https://www.c21media.net/perspective/the-cost-of-uk-broadcasters-new-love-of-reboots-and-imported-formats/> and <https://worldscreen.com/tvformats/hat-trick-navigates-a-risk-averse-market-2/>