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Dear Jane

SPADA's RESPONSE TO NZ On Air's Online Rights and Public Access Discussion

1.0 Introduction

- 1.1 SPADA acknowledges and supports NZ On Air's integral and unique role in New Zealand's broadcasting landscape; its commitment to ensuring value for taxpayers, diversity of content; and its support of the domestic screen production industry.
- 1.2 In today's multi-platform screen environment SPADA supports NZ On Air's view that value for taxpayers is achieved by ensuring publicly funded content (local content) reaches as great an audience as possible.
- 1.3 In this paper, SPADA firstly outlines how that is being achieved through:
 - New Zealand screen production businesses creating high quality original content that connects with New Zealand audiences; and
 - Increased opportunities afforded New Zealand audiences in a multi-platform screen environment.
- 1.4 Secondly, in line with the Government's aims and objectives for the screen production sector, SPADA highlights how vital the retention and exploitation of IP is by New Zealand producers and screen production businesses for New Zealand and the New Zealand screen production sector.

1.5 SPADA's response is supported by and includes input from TVNZ, TV3, Screenrights and the Screen Directors Guild of New Zealand.

2.0 Increased Opportunities to See Our Stories on Our Screens

2.1 SPADA believes more opportunities exist now than ever before for New Zealand audiences to access local content. By way of comparison, ten years ago New Zealand audiences had access to local content an average of **three plays over five years on free-to-air television only**.

2.2 Today, multi-platform delivery provides New Zealanders with the following local content viewing options:

- Three plays over five years on **free-to-air (FTA)**
- In addition every "play" means one broadcast on the main **FTA channel**, and one broadcast on the associated '**Plus One**' channel: leading to "1 play" now representing "two broadcasts". So over the life of a "three plays over five years" contract there are now in fact six plays
- **20 play** days over two years on **digital channels**; and
- A **minimum of 30 days available free OnDemand** on Broadcasters websites/iPads/iPhones/tablet devices.

2.3 Currently NZ On Air funded programmes are available On-Demand for a minimum of 30 days, and in many cases broadcasters are able to leave programmes up for far longer (either with the consent of the producer, or because they own the content – such as *7 Days* or *Jono & Ben*). Below are some key Ondemand viewership figures from TVNZ and TV3:

- **TV3/FOUR:** OnDemand site recorded **400,000** unique viewers per month in its peak volume months via desktop; and **70,000** downloads (using tablets/phone apps) in the past seven weeks.

- **TVNZ**
 - Total Ondemand streams for March **5.6m**
 - Total App downloads TVNZ Ondemand^[1] **562,117**
 - UBs for month of February (latest data available)*
 - TVNZ Ondemand (desktop, smart TV, PS3)^[2] **397,784**
 - TVNZ Ondemand smartphone and tablets^[3] **353,656**

2.5 Engagement with online audiences is key to building an audience for future programming. In the new TV market, personalizing on-demand service and driving users to DVR content is a key strategy to drive growth in linear audiences:

“Multi-platform web video services, whether delivered via subscription VoD or catch-up models, create the opportunity for audiences to experiment with new shows at their own convenience. Consumption can now happen anytime or anywhere across a range of new video-capable screens. **However, if consumers become fans of new shows they discover on-demand; this will drive them back to the schedule. Audiences still want high-quality, fresh content as soon as it becomes available.**”¹

2.6 These findings are further supported by research undertaken by the British Audience Research Board. They found that TV sets still accounted for 98.5% of total television viewing in 2013:

“The average UK viewer watched a total of three hours and 55 minutes of TV a day last year. The figures show that predictions of the death of the living room TV continue to be well wide of the mark with 98.5% of average daily viewing – three hours and 52 minutes of the total – done via the traditional set. (The Guardian, Monday 17 February 2014)

^[1] The most recent numbers available are up to the 31st of March for iOS and 30th of March 2014 for Android.

^[2] Source: Nielsen Market Intelligence

^[3] Source: Omniture and Nielsen MI

¹ 3,011 consumers were surveyed across the US, UK, Germany and Brazil (Ovum Consumer [Research](#) Report (2013))

2.7 The Australian Communications and Media Authority research published in March 2014 also found:

“Despite all the talk about audience fragmentation, mobile devices and online viewing, the vast majority of Australians (96%) continue to watch free-to-air television, overwhelmingly live (93 %)”.

3.0 GROWING THE NEW ZEALAND SCREEN PRODUCTION INDUSTRY

3.1 SPADA concurs with the Government’s views that the retention and exploitation of IP by New Zealand screen production businesses is key to building a sustainable New Zealand screen production sector.

3.2 However, IP is only valuable if New Zealand screen production businesses are able to retain the rights for commercial exploitation: to achieve the optimum financial outcome, not only for New Zealand taxpayers but for third-party investors and associated participants. These revenue streams can then be reinvested in new IP, which is integral to growing a screen production sector that has both the means to be financially sustainable and internationally competitive.

3.3 Limiting producers’ rights runs the risk of eroding these important returns; and it also erodes future opportunities to monetize content that may eventuate from the ever-changing multi-platform screen environment that the sector works in.

4.0 CONCLUSION

4.1 As outlined earlier in this paper, SPADA believes NZ On Air’s commitments are being achieved:

- **commitment to ensuring value for taxpayers** - New Zealand audiences have greater access to local content than ever before in the current multi-platform environment

- **diversity of content** - New Zealand screen producers continue to create high quality original content that not only connects with New Zealand audiences; but showcases New Zealand’s creative and technical expertise and talent both at home and abroad; and
- **its support of the domestic screen production industry** - In line with the Government’s aims and objectives for the domestic screen production sector, SPADA supports the retention and exploitation of IP by New Zealand producers and screen production businesses: to ensure New Zealand benefits economically as returns accrue to New Zealand screen production companies who in turn reinvest in New Zealanders and New Zealand stories. At the heart of intellectual property rights is the long-term commitment and investment by producers and all other creatives involved in the “life” of a programme: from concept to broadcaster commitment to production to distribution and exploitation. In this way, New Zealand producers and New Zealand screen production businesses can continue to deliver local content that is both commercially and creatively successful.

4.2 SPADA, and its contributors, would like to thank NZ On Air for the opportunity to present these views for consideration and discussion. Please do not hesitate to contact us if you have any questions.

SPADA

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