

28 January 2025

## **Spada Submission on The Broadcasting (Repeal of Advertising Restrictions) Amendment Bill**

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In 2024, New Zealand's media landscape underwent significant changes due to financial challenges faced by its major broadcasters, TVNZ and Warner Bros. Discovery-owned Three. Both companies experienced substantial declines in advertising revenue, leading to notable reductions in programming and workforce.

### **TVNZ's Financial Challenges and Programming Cuts**

TVNZ reported an operating loss of \$4.6 million for the six-month period ending December 31, 2023, attributing the downturn to challenging economic conditions and market disruptions. In response, the broadcaster cancelled several long-standing programs, including "Fair Go" and "Sunday," as well as the midday and late-night "1News" bulletins. These measures were part of a broader strategy to reduce operational expenses and adapt to the evolving media landscape.

### **Closure of Newshub and Impact on Three**

Warner Bros. Discovery announced the closure of its Newshub operations, citing declining advertising revenue and economic challenges. This decision resulted in approximately 300 job losses and marked the end of Newshub's news coverage in early July 2024.

Spada calculated that about \$50m came out of the local production spend across our two big TV companies, when TVNZ and Three roughly halved what they had been spending on local content. Both TVNZ and Three are grappling with financial difficulties, leading to program cancellations and restructuring efforts.

In response to the significant reductions in commercial programming by TVNZ and Three in December 2024, Media and Communications Minister Paul Goldsmith introduced legislation to repeal all advertising restrictions for broadcasters on Sundays and public holidays.

This proposed new legislation is supported by Spada. It is one of a number of government levers that Spada advocated for to help level the playing field between traditional broadcasters and digital platforms, as the latter were not subject to such restrictions. Industry estimates suggested that lifting these restrictions could generate approximately \$6 million annually for local media companies.

Accordingly, Spada supports the Broadcasting (Repeal of Advertising Restrictions) Amendment Bill, which seeks to:

- **support a level playing field for New Zealand media companies by removing the regulatory distinction between different media platforms**
- **help modernise the Broadcasting Act 1989 by removing restrictions that are out of step with contemporary commercial regulation**
- **allow New Zealand media companies to realise additional advertising revenue, which would help support the ongoing production and distribution of local content.**

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