



SUBMISSION BY

**THE SCREEN PRODUCTION AND DEVELOPMENT ASSOCIATION OF NEW
ZEALAND (SPADA)**

TO

NEW ZEALAND ON AIR

IN RELATION TO

**CHILDREN'S CONTENT FUNDING
DISCUSSION PAPER PUBLISHED MAY 2015**

JULY 2015

NZ On Air
CHILDREN'S CONTENT FUNDING DISCUSSION PAPER
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1.0 INTRODUCTION

- 1.1 The Screen Production and Development Association of New Zealand (SPADA) appreciates the opportunity to make this submission on the Children’s Content Funding Discussion Paper published by NZ On Air (May 2015).
- 1.2 Established in 1982, SPADA is a non-profit membership organisation that represents the creative and economic interests of its screen production members working within the New Zealand screen industry.
- 1.3 SPADA acknowledges NZ On Air’s work on the Children’s Content Funding Discussion Paper (“Discussion Paper”). It is a timely piece of work as it raises the challenges (and opportunities) currently facing funders, producers and broadcasters as they operate in a small de-regulated, fragmented market. Consultation with the screen production industry is key to developing robust policy and SPADA looks forward to the opportunity to discuss these issues further in the upcoming workshop NZ On Air is scheduling for later in the year.
- 1.5 A number of key SPADA members have produced, or are currently producing programming for children/youth audiences, including Whitebait Productions (*The 4.30 Show*, *What Now*, *The Erin Simpson Show*, *2Kaha2*), KHF Media (*Boy Vs Girl*, *Reservoir Hill*: 2010 International Digital Emmy Award winner, Gibson Group (*Operation Hero*, *The Simon Eliot Show*), Production Shed TV (*Kaitangata Twitch*: Finalist in the Prix Jeunesse Festival 2010).

2.0 EXECUTIVE SUMMARY

2.1 **Broadcasting Environment**

NZ On Air’s role in New Zealand’s broadcasting eco-system is unique internationally and integral domestically. As New Zealand’s sole entity with a specific statutory responsibility to support audio/visual content for child and youth audiences it is not only unique, but also faces the rather Sisyphean challenge of carrying out that statutory responsibility in a de-regulated broadcasting environment that does not provide any public broadcasting charters, genre quotas on commercial broadcasters, or regulatory instruments.

In this environment, the funding, production and broadcasting of unique and original local content faces intense competition; challenges that are even more acute when applied to children and youth programming.

2.2 **Content is King**

Ever increasing fragmented audiences navigating a rapidly changing digital landscape is another challenge that faces the screen industry. However, platforms and devices aside, it’s more important than ever to ask the question “what are audiences watching?? Have audience *tastes* changed? Audiences are able to discover and find and watch content in a myriad of new ways – but *what* are they watching? SPADA would argue that all audiences continue to seek out high quality original content.

“If there is a great show, children will find it and watch it. If it’s a half-hour show, they will still consume the whole thing 50 times over. For broadcasters, it’s more of a discoverability issue than a problem of audiences disappearing altogether.” [Wil Stephens, CEO, Cube Interactive, and Chair of Pact’s Digital Group Broadcast, Roundtable: Solving the kids’ TV crisis, 25 June 2015]

2.3 **Online/Broadcast Synergies**

SPADA supports its members - screen producers and screen production companies - make screen content for domestic and international audiences; that is their core business. Therefore the success of their businesses hinge on their ability to make great content that connects with audiences.

Producing content for an ever-growing digitally savvy and discerning audience does present new challenges for the screen industry but it also presents opportunities. SPADA would argue that content – as the main driver for change - is at the heart of the new economic model.

Engaging with online audiences is not an either/or situation, but rather part of our new “content landscape” and that having an online presence is not just something we should do because that’s where kids are, but rather because it 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*

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)

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 %)”.

As referenced in the discussion paper, research undertaken by Ofcom (the UK’s communications regulator) also found that TV is still the most effective way to reach children (71% daily reach); with second and third most effective are the internet (via PC/laptop) at 25% or tablet at 22%.

“TV is the media device that would be most missed overall...”

At an overall level, the television set is the device that children aged 5-15 would miss most, and television is also nominated by 5-15s as the media activity that they would prefer to do when given the choice. However, preferences for media devices and media activities vary greatly by age, and 12-15s are twice as likely to say they would miss their mobile phone, compared to the TV (37% vs. 18%).

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

The TV set is the only media device used almost every day by a majority of children aged 5 to 15. More time is spent watching television every week (14.6 hours) than undertaking any other media activity, although less time is now spent watching television in a typical week than in 2013 (15.4 hours).

Therefore, SPADA recommends supporting the first option under Possible Operational Changes, which states:

“Broadly maintain and enhance the status quo... make occasional special allocations of digital media funding, look for convergence opportunities as they arise.”

This approach provides both production stability, audience engagement and value for money, whilst creating space to build on the opportunities to connect with existing and new audiences through online engagement. As well as explore the opportunities to incubate new ideas in a low-risk (financially) environment.

This approach also speaks to NZ On Air’s current values as detailed in its Statement of Intent 2014-2018:

Innovation:	new ideas, creativity, quality production standards
Diversity:	people, projects, platforms
Skilful investment:	cost-effective content reaching intended audiences

In terms of the policy, strategy and objectives behind any potential operational changes, SPADA supports the retention of NZ On Air’s Mission Statement and its strategies for the funding of children’s content. Its strategies for achieving its mission statement are robust and need only be slightly adjusted (see below) to speak to the specific requirements of children’s content funding (with particular reference to the NZ Children’s Screen Trust core principles detailed under “A Possible Policy”):

THE MISSION

*“To champion local content that engages, stimulates
and satisfies intended audiences.”*

OBJECTIVES

*Invest in diverse, relevant local content
Maximise available funding through skilful investment and collaboration opportunities
Explore and maximise digital opportunities*

[EXCERPT] STRATEGIES

*Maintain a balance of varied mainstream and special interest content
Ensure a sound business case supports each funding decision
Test different and diverse digital initiatives
Better understand our intended audiences’ needs*

(NZ On Air’s [Statement of Intent](#) 2014-2018)

2.4 Funding Constraints/Other Opportunities

“Funding constraints mean there is less drama and animation than is desirable, and the recent reduction of international children’s co-productions (a way to help fund comparatively expensive content) has been noticeable after the global financial crisis. For animation, its inclusion in the Screen Production Grant may help.”

In SPADA’s submission (dated 20/03/15) on the 12-monthly review of the NZ Screen Production Grant (NZSPG) it supported the position that children’s TV drama could be included, along with animation, in being able to access NZ On Air funding (with the existing cap of 75% of NZ government funding).

SPADA believes this change would also further the aims of the NZSPG by encouraging New Zealand producers to develop IP that can be exploited internationally, with NZ on Air’s involvement protecting the New Zealand cultural integrity of any potential programmes.

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.

This change could help augment NZ On Air’s funding in this area, particularly in the more costly budget drama genre. By incentivising production in this genre it also increases opportunities internationally to attract international finance as well as engage with domestic and international audiences.

3.0 CONCLUSION

SPADA would like to once again thank NZ On Air for opportunity to provide this feedback on children’s funding, and looks forward to continuing to discuss the issues raised in this paper further at the upcoming workshop.

Yours sincerely



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SUMMARY OF ISSUES

DISCUSSION POINT 1

Do these key issues effectively summarise the environment as it relates to NZ On Air’s funding strategy? Is anything missing?

SPADA believes it is important to reiterate NZ On Air’s unique role as the sole entity in New Zealand with a specific statutory responsibility to support audio/visual content for child and youth audiences. NZ On Air also carries out this statutory responsibility in a de-regulated broadcasting environment that does not provide any public broadcasting charters, genre quotas on commercial broadcasters, or regulatory instruments. In this environment, the funding, production and broadcasting of unique and original local content faces intense competition; challenges that are even more acute when applied to children and youth programming.

A POSSIBLE POLICY

DISCUSSION POINT 2

Is this an appropriate policy approach to frame NZ On Air’s children’s funding work? Why or why not?

SPADA supports NZ Children’s Screen Trusts’ core principles which align in part with NZ On Air’s current funding criteria:

- innovation and creativity in proposals
- diversity of faces, stories and storytellers to reflect all New Zealanders
- value for money.

A POSSIBLE STRATEGY

DISCUSSION POINT 3

Are these correct assumptions and the most important? Why or why not?

SPADA agrees with these assumptions; but would recommend including “inform, educate and entertain”; as well as align with NZ On Air’s current strategic framework for funding local content.

SPADA believes there would be more opportunities to encourage co-productions and increase production quantity and quality if children’s drama became eligible (along with animation) to access NZ On Air and NZSPG funding.

A PROPOSED STRATEGIC FRAMEWORK

DISCUSSION POINT 4

Is this proposed strategy setting out a strong path? Why or why not?

If a separate strategic framework is required, SPADA recommends the following wording:

Objective

To help grow children and youth audiences in New Zealand by funding content that informs, educates and entertains.

Production Goal

Produce high quality local content that connects with children and continues to engage and stimulate them in new and challenging ways.

[The current proposed production goal “...will form new partnerships to connect content...” is not a production goal; but rather an operational goal. Productions should be high in quality, original and engaging. Partnerships, whether they be financial or non-financial will form naturally throughout the development process.]

POSSIBLE OPERATIONAL CHANGES

DISCUSSION POINT 5

Which is the strongest operational option? Why? Are there others? If change is preferred, what is the best risk mitigator?

SPADA supports “broadly maintain and enhance” the status quo. As detailed in earlier in the submission.

DISCUSSION POINT 6

SPADA recommends including children’s TV drama, along with animation, in being able to access NZ On Air funding (with the existing cap of 75% of NZ government funding).

SPADA believes this change would further the aims of the NZSPG by encouraging New Zealand producers to develop IP that can be exploited internationally, and with NZ on Air's involvement, protect the New Zealand cultural integrity of any potential programmes.

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.