



## “Modernising regulation and content funding arrangements for New Zealand”

# CCIA Comments to the New Zealand Ministry for Culture and Heritage

We write on behalf of the Computer & Communications Industry Association (CCIA) to respectfully respond to this consultation following the publication of the New Zealand Ministry for Culture & Heritage’s consultation into “Media Reform: Modernising regulation and content funding arrangements for New Zealand.”<sup>1</sup> CCIA is an international, not-for-profit trade association representing a broad cross section of communications and technology firms.<sup>2</sup> For more than 50 years, CCIA has promoted open markets, open systems, and open networks. CCIA members invest heavily in the thriving New Zealand content sector and deliver film and TV content online to New Zealand consumers.

## Draft Proposals 1, 2, and 4 Would Undermine Streaming Providers’ Operations; Incentives Should be Pursued Instead

The consultation delves into the important topic of promoting local programming content. As discussed below, this is a goal that CCIA members not only share, but contribute to through participation in the New Zealand market. Industry provides this support through production in-country, providing both New Zealand and foreign content to New Zealand consumers, and by exporting New Zealand content to the rest of the world through their global platforms.

However, several of the proposals sought by the Ministry would prove counterproductive to these goals.<sup>3</sup> Although the specifics are not yet detailed in this consultation, several of these proposals would impose interventions that would harm the health of the streaming market by undermining streaming providers’ operations and, in turn, consumer choice.

**Draft proposal 1**, dubbed “Ensuring accessibility of local media platforms,”<sup>4</sup> would impose “must carry” obligations that would require “local TV services” to be “pre-installed and receive a basic level of prominence in terms of positioning on the home screen on ‘regulated TV devices’ at no cost to the local service.” Local TV services would include New Zealand broadcasters’ programming,<sup>5</sup> while regulated TV devices are defined as “smart TVs and smart TV accessories like streaming sticks.”

Requiring foreign smart TV and interactive smart TV accessories to pre-load and promote the applications of local broadcaster services confers preferential treatment to New Zealand broadcasters and content providers is a highly prescriptive measure based on the untested premise that New Zealand consumers need to be artificially induced to consume local content.

<sup>1</sup> <https://www.mch.govt.nz/publications/media-reform-modernising-regulation-and-content-funding-arrangements-new-zealand>.

<sup>2</sup> For more, please go to: [www.ccianet.org](http://www.ccianet.org).

<sup>3</sup> <https://www.mch.govt.nz/publications/media-reform-modernising-regulation-and-content-funding-arrangements-new-zealand#part-two-draft-proposals>.

<sup>4</sup> <https://www.mch.govt.nz/publications/media-reform-modernising-regulation-and-content-funding-arrangements-new-zealand#draft-proposal-1-ensuring-accessibility-of-local-media-platforms>.

<sup>5</sup> Defined as “TVNZ+, Freeview’s streaming app, ThreeNow and Māori+” by the Ministry for Culture & Heritage.

However, the applications are not generally already available through streaming sticks and other interactive smart TV set-top-boxes, and the programming that the Ministry seeks to promote is also available to consumers on a free-to-air basis. As such, the regulatory intervention pursued through this proposal is unnecessarily intrusive to achieve the public policy goal at the core of this consultation.

The Ministry should seek a policy framework that enables New Zealand consumers to design their personal viewing experience based on their preferences instead of regulatory requirements. Veering from this approach through proposals such as this one could risk creating an imbalanced ecosystem, where local broadcasters are granted advantages over above international services. Further, this approach would not only add costs to devices but could also constrain the ability of connected TV manufacturers to provide innovative new models for recommendation and display of content that could have otherwise driven interest in local content both on and off broadcasters' platforms. Additionally, requiring pre-installation and promotion of local applications hinders global companies' ability to differentiate their offerings in a highly competitive marketplace.

**Draft proposal 2**, dubbed “Increasing investment into and discoverability of local content,”<sup>6</sup> would include requirements for audiovisual suppliers to “invest a proportion of annual revenue in the creation or acquisition of local content” and to “put in place measures to promote and clearly display local content and enable users to find new local content.”

As detailed below, if pursued to the fullest extent, the requirement to invest into local content would likely contravene New Zealand's trade commitments to key partners in the content distribution and creation space; but it would also undermine the vast investments made from international partners into the New Zealand market for film and television and potentially harm “the local screen industry ecosystem and consumers, such as inflating production costs for all participants” or push content providers to either leave or deprioritize the market, as the government itself notes in this proposal.<sup>7</sup> In short, such intervention would likely thwart the very goal espoused—the viability of a sustainable content production market.

Additionally, any considerations to mandate streaming companies promote New Zealand content by prominently displaying it or prioritizing it through browsing or search functions on their platforms would likely require intrusive changes to companies' recommendations algorithms. Sophisticated recommendation engines are one of the most notable and unique positive aspects of an interactive video and audio experience for both consumers and content producers. Imposing requirements for discoverability based on arbitrary definitions for local content would undermine the innovations that make these suppliers so popular in New Zealand and around the world (where consumers can also search for New Zealand content thanks to these algorithms). Further, imposing these obligations could actually lead to deprioritizing content that was filmed in New Zealand or that features New Zealand creative talent, since such programming might not otherwise match the definition set by the government.

<sup>6</sup> <https://www.mch.govt.nz/sites/default/files/2025-02/media-reform-discussion-document.pdf#page=15>.

<sup>7</sup> <https://www.mch.govt.nz/sites/default/files/2025-02/media-reform-discussion-document.pdf#page=18>.

It is true, of course, that consumer interest in local content means that online suppliers have an interest in promoting content responding to such demand. However, the broad scope of online offerings makes such an approach impractical in many cases, particularly where niche or highly curated programming is the focus of the service. For example, requiring BritBox to carry or promote New Zealand content undermines the very nature of the service offered.

**Draft proposal 4**, dubbed “Modernising professional media regulation,”<sup>8</sup> would bring online streaming providers under the same regulatory framework as linear broadcasters. This is a flawed approach to achieving the goal of promoting New Zealand content, as imposing broadcast-era regulations on internet-enabled services fails to account for their fundamental differences. Foreign online streaming suppliers are fundamentally different businesses from New Zealand broadcasters, and are not afforded the same benefits and protections, such as access to spectrum not available to U.S. streaming services.

As such, it would be unreasonable to subject the two entities to the same obligations and to expect New Zealand broadcasters—which have a single domestic market to serve—and global streamers to contribute the same amount of their resources to New Zealand content.

Instead of pursuing mandatory payment obligations for foreign streaming companies, the government should pursue incentives for filming local content—such as that proposed in Draft Proposal 5, “Streamlining Crown content funders”—and promote the foreign-local partnerships that have flourished in the past decade. Positive promotion of the market would better pair with the growth the industry has seen, in large part thanks to the government’s policies that have attracted foreign investment, rather than imposing requirements that disrupt the development of the industry in New Zealand. Such incentives can contribute greatly to expanding the export reach of New Zealand content and supporting the local production industry. And, if a foreign streaming supplier produces content in New Zealand, it has every incentive to distribute that locally as well.

## Investment in New Zealand Content is Strong and Growing

Motion picture and video revenue has increased at a compound annual growth rate of 1.7% in the past five years, reaching \$1.9 billion in 2024.<sup>9</sup> Meanwhile, the over-the-top (OTT) video market is expected to reach \$539.3 million this year.<sup>10</sup> While the popularity of global streaming services is increasing, the government-owned broadcaster—TVNZ—remains the most popular daily provider, according to a recent survey.<sup>11</sup>

North American industry represents 90% of the productions in New Zealand, according to a Dec. 2023 New Zealand government report, with the United States providing a significant

<sup>8</sup> <https://www.mch.govt.nz/sites/default/files/2025-02/media-reform-discussion-document.pdf#page=22>.

<sup>9</sup> <https://www.ibisworld.com/new-zealand/industry/motion-picture-and-video-production/634/>.

<sup>10</sup> <https://www.statista.com/outlook/amo/media/tv-video/ott-video/new-zealand>.

<sup>11</sup> <https://www.nzonair.govt.nz/news/where-are-the-audiences-2024/>;  
[https://d3r9t6niqlb7tz.cloudfront.net/media/documents/Where\\_are\\_the\\_Audiences\\_2024\\_Report\\_Final\\_21\\_08\\_24.pdf#page=12](https://d3r9t6niqlb7tz.cloudfront.net/media/documents/Where_are_the_Audiences_2024_Report_Final_21_08_24.pdf#page=12) (“TV overall has the highest engagement levels. New Zealanders spend 2 hours and 5 minutes consuming TV per day, significantly more time than global video platforms (92 minutes) and SVOD (89 minutes).”).

portion of this activity.<sup>12</sup> This has been a public policy goal and success of the New Zealand government over the past decade.<sup>13</sup>

Filming programming in New Zealand brings broader benefits to the local economy, as highlighted in a study that found that filming one fantasy television show in the country generated \$66 million to New Zealand's GDP, and supported 1,180 full-time and part-time jobs for New Zealanders.<sup>14</sup> The screen industry in New Zealand contributes more than \$NZ 3 billion (\$1.7 billion USD) to the economy each year.<sup>15</sup> In fact, in recent years, employment in the media and broadcasting sector has largely remained stable in the past 20 years, with sustained growth since 2022 and a 2.7% increase projected between 2023 and 2024.<sup>16</sup> Further, the production of content in New Zealand has, in the past, boosted tourism—the Lord of the Rings movies coincided with an uptick in tourism to the country, which saw an annual growth of tourists of 40%, from 1.7 million in 2000 to 2.4 million in 2006.<sup>17</sup>

However, regardless of the nationality makeup of the production team, cast, and creative positions, that investment supports the local content creation ecosystem through direct financial stimulus, mentorship, and upskilling. For example, the recent Lord of the Rings spinoff series both generated jobs for New Zealanders, while also providing apprenticeship to local workers in the industry in the form of an “innovation program.”<sup>18</sup>

These investments and revenues reflect a market operating at a high level. Consider comparisons to similarly-sized markets, such as Portugal, Singapore, and Czechia. All of these countries have a higher GDP than New Zealand,<sup>19</sup> with similar percentages accessing the internet,<sup>20</sup> and either similar or larger populations, but all have lower projected annual revenues for OTT video in 2025.<sup>21</sup>

This activity and investment into the New Zealand market also provides local content with an avenue to reach regional and/or global audiences. Streaming services by their very nature operate internationally—with local productions reaching global audiences and the licensing of New Zealand content possibly reaching regional audiences, depending on the deals struck.

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<sup>12</sup> <https://www.mfat.govt.nz/en/trade/mfat-market-reports/lights-camera-finally-action-and-relief>.

<sup>13</sup> <https://www.hollywoodreporter.com/movies/movie-news/new-zealand-eyes-more-international-597348/>.

<sup>14</sup> <https://www.stuff.co.nz/entertainment/film/131693155/netflix-show-sweet-tooth-brought-66m-to-new-zealand-economy-study-finds>.

<sup>15</sup> [https://comcom.govt.nz/\\_data/assets/pdf\\_file/0019/314326/Sky2C-SPADA2C-MPA-and-ANZSA-Joint-submission-on-draft-guidelines-on-the-application-of-competition-law-to-intellectual-property-rights-10-February-2023.pdf](https://comcom.govt.nz/_data/assets/pdf_file/0019/314326/Sky2C-SPADA2C-MPA-and-ANZSA-Joint-submission-on-draft-guidelines-on-the-application-of-competition-law-to-intellectual-property-rights-10-February-2023.pdf).

<sup>16</sup> <https://www.mch.govt.nz/sites/default/files/2024-03/media-broadcasting-profile-2023.PDF#page=6>.

<sup>17</sup> <https://hauteliving.com/2018/09/how-peter-jackson-increased-new-zealand-tourism-by-billions/661593/>.

<sup>18</sup> <https://qz.com/1997678/amazon-is-spending-a-fortune-on-lord-of-the-rings-in-new-zealand> (“As part of the deal, Amazon agreed to train New Zealand workers, launch an “innovation program,” and partner with New Zealand businesses on projects ranging from healthcare to drones, according to Stuff, a New Zealand online publication, which obtained the document under the country’s Official Information Act. Amazon promised that 90% of the show’s crew and 20% of its cast would be comprised of Kiwis. It will also allow the New Zealand government to use footage from the series to promote tourism as a post-pandemic humblebrag to the world.”)

<sup>19</sup> [https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?most\\_recent\\_value\\_desc=true](https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?most_recent_value_desc=true).

<sup>20</sup> <https://data.worldbank.org/indicator/IT.NET.USER.ZS>.

<sup>21</sup> <https://www.statista.com/outlook/amo/media/tv-video/ott-video/singapore>;

<https://www.statista.com/outlook/amo/media/tv-video/ott-video/portugal?currency=USD>;

<https://www.statista.com/outlook/amo/media/tv-video/ott-video/czechia>.

Undermining the operations of these companies and imposing obligations that could disrupt this relationship could lead to decreased engagement in the market.

Interest in local content is strong and growing, and the market and the availability of local content will balance out to match this demand. However, not every streaming service will have all options for consumers—global streaming suppliers may have some local content, as several do currently. However, many will not provide a notable amount of local content, as it may not be aligned with their business operations or overall place in the market.

For example, a consumer may subscribe to different services for different needs, such as those for local content (e.g., local broadcasters’ streaming services); specific foreign content (e.g., BritBox, Crunchyroll); global offerings that also include New Zealand content (e.g., Netflix, Prime Video); and then U.S. and other foreign streaming services that have smaller libraries with programs they are interested in watching that may or may not include New Zealand-specific content (e.g., Apple TV+, HBO Max). The availability of New Zealand content on any one specific platform should not be the focus, rather, the availability of New Zealand content across the entire ecosystem.

With strong interest in domestic content in New Zealand, for streaming companies operating in the market, they will tailor their libraries to better entice local consumers to pay for the service—for global streaming services providers, this will necessarily at some level include licensing or producing domestic content to ensure they provide the services demanded by the population.

## **Mandatory Funding Obligations Could Impact New Zealand’s Position as a Leader in Digital Trade Openness**

CCIA appreciates the Ministry’s attention to New Zealand’s international trade obligations in the Interim Regulatory Impact Assessment as it assesses various options for promoting local programming content.<sup>22</sup> New Zealand’s approach to international trade and its commitment to secure open and fair trade with partners has seen it become a leader in the space, particularly as it relates to digital products and services. Maintaining New Zealand as an attractive market for production will depend on not putting that leadership in jeopardy.

This support for promoting strong digital trade commitments has been significant in fora as the World Trade Organization’s Joint Statement Initiative on E-Commerce, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership and subsequent agreements such as the Singapore Digital Economy Partnership Agreement, and the Indo-Pacific Economic Framework, to name a few recent examples. Anecdotal evidence of this open regime includes a market

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<sup>22</sup> <https://www.mch.govt.nz/publications/interim-regulatory-impact-statement-supporting-local-audiovisual-content-production>; New Zealand’s trade commitments implicated by this proposal include audiovisual commitments in the World Trade Organization’s General Agreement on Trade in Services (GATS); and specific rules in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP); the New Zealand-Singapore Digital Economy Partnership Agreement (DEPA), and more. Any new measure putting foreign content at a competitive disadvantage or mandating pre-installed applications on foreign services suppliers in the New Zealand market would likely be inconsistent with such commitments.

with relatively few obstacles to digital exports and a relatively strong level of imports and exports of digital services.

This advocacy has made New Zealand a key ally of the United States in this realm, where there is a strong history of partnership in digital trade between the United States and New Zealand. Bilateral trade in digitally-deliverable services reached over \$2 billion in 2023, with \$524 million generated by New Zealand digital services imports to the United States.<sup>23</sup> The United States is the top destination for services exports from New Zealand,<sup>24</sup> and services made up about 28% of New Zealand exports in 2023.<sup>25</sup>

Trade and Export Growth Minister Damien O’Connor has noted that digital services have been a “major contributor” to this growth, and that U.S. trade and investment has “also played a key role in the development of the New Zealand space industry.”<sup>26</sup>

The importance of digital services to the economies of both countries cannot be understated, and promoting cross-border ties in this space shores up investment important for regional cooperation.

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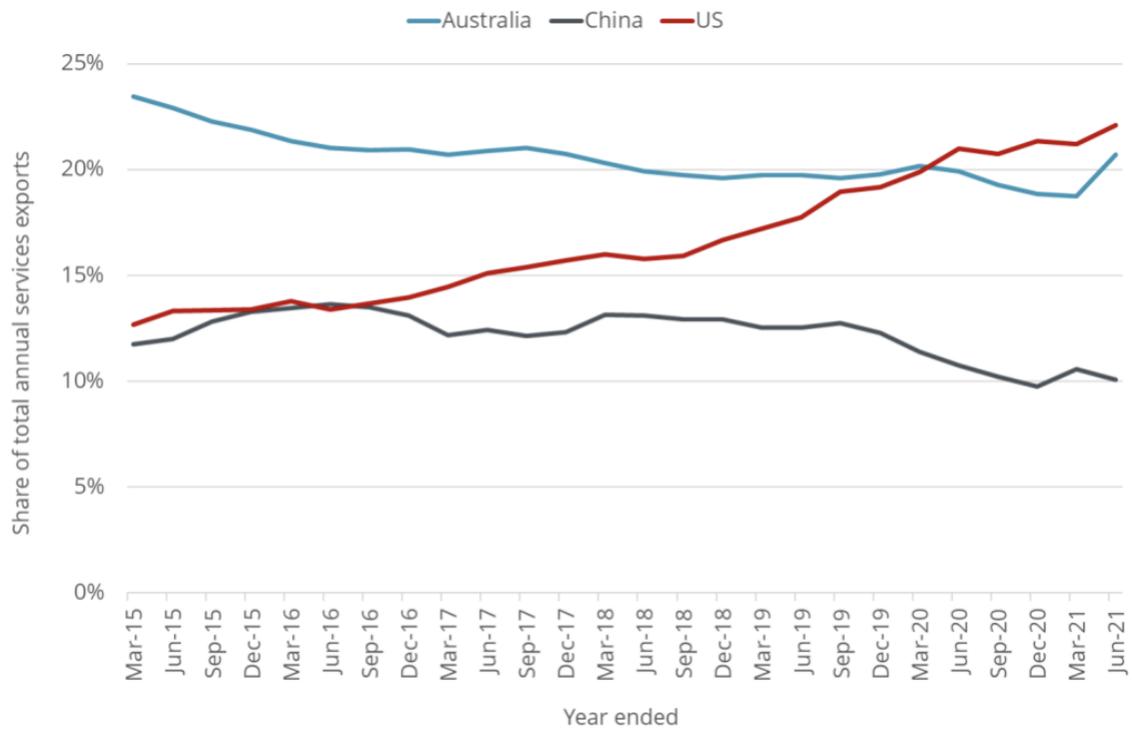
<https://apps.bea.gov/iTable/?reqid=62&step=9&isuri=1&product=4#eyJhcHBpZCI6NjIsInN0ZXBzIjpbMSw5LDZldCJkYXRhIjpbWyJwcm9kdWN0IiwuNCJdLFsiVGFibGVMaXN0IiwuMzU5Il1dfQ==>.

<sup>24</sup> <https://www.nzuscouncil.org/wp-content/uploads/2022/03/REPORT-NZUS-trade-relationship-Stability-and-diversity-in-a-time-of-change.pdf>.

<sup>25</sup> <https://www.mfat.govt.nz/en/trade/nz-trade-policy#:~:text=Services%20made%20up%20around%2028,reduce%20costs%20and%20increase%20productivity..>

<sup>26</sup> <https://www.beehive.govt.nz/release/exports-usa-show-success-new-zealand%E2%80%99s-emerging-high-tech-sector>.

Figure 5 NZ's services exports to the US, China and Australia



Source: StatsNZ

**Source: NZUS Council<sup>27</sup>**

In audiovisual services specifically, U.S.-New Zealand bilateral trade is relatively balanced—U.S. audiovisual services exports to New Zealand generated \$77 million in 2023, while imports from New Zealand earned \$49 million the same year.<sup>28</sup>

This symbiotic relationship, and the strong partnership that New Zealand and the United States have forged in global trade, is important to nourish. The two proposals detailed in the sections above that are being pursued in this consultation would confer unfair treatment for U.S. and other foreign digital services providers, disrupting this balance and threatening the benefits that are associated. This would come as a result of the granting of benefits to New Zealand providers that would not be available to U.S. companies, thereby implementing a non-reciprocal regiment for U.S. providers.

Although the government has yet to adopt a definition for New Zealand content in these proposals, Draft Proposal 2 notes that “the definition of ‘local content’ is intended 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

<sup>27</sup> <https://www.nzuscouncil.org/wp-content/uploads/2022/03/REPORT-NZUS-trade-relationship-Stability-and-diversity-in-a-time-of-change.pdf>.

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<https://apps.bea.gov/iTable/?reqid=62&step=9&isuri=1&product=4#eyJhcHBpZCI6NjIsInNOZXBzIjpbMSw5LDEwLDddLCJkYXRhIjpbWyJwcm9kdWN0IiwuNCJdLFsiVGVFibGVMaXN0IiwuMzA1NjgiXSxbILRlRmYmxiTGlzZDFuY29uZGFyeSIsIjMwNTgwIl1dfQ==>.

key roles in production and if it is filmed in New Zealand.”<sup>29</sup> The Interim Regulatory Impact Assessment includes six considerations for choosing a definition, including “the primary subject matter”, “key roles in production”, “the primary production location”, “the overall production spend”, **“the production company [being] based in New Zealand”**, and the content including Māori content.<sup>30</sup>

If the government is to pursue these priorities for the definition of New Zealand content, it would likely disadvantage foreign streaming providers compared to locally-based production companies. Further, depending on how far the government pursues the requirements for “key roles in production” for New Zealand content, this could lead to *de facto* requirement of New Zealand ownership of the intellectual property of a program, if not an outright requirement.

If U.S. and other foreign streaming suppliers are required to pay certain amounts of their annual revenue towards creating or procuring content that these suppliers are themselves not able to own, that would put them at a disadvantage to New Zealander suppliers that *are* able to produce their own qualifying content.

Further, imposing broadcasting regulations on internet-enabled services, while contradictory to the characteristics of these value-added services, could result in the same discrimination to foreign audiovisual services suppliers if they are not allowed to count content they own towards payments for local production or the purchase of local content.

## Conclusion

CCIA appreciates the opportunity to provide feedback on the Ministry’s proposed actions to catalyze production in New Zealand. Mandatory payment obligations, regulations that intervene in recommendation algorithms, and imposing rules for linear broadcasters on internet-enabled services would all bring unintended consequences that would be counterproductive to the government’s goals. As such, the Ministry should consider incentives for local production that tap into the existing growth and activity in the market, rather than burdensome requirements.

Respectfully submitted,

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<sup>29</sup> <https://www.mch.govt.nz/sites/default/files/2025-02/media-reform-discussion-document.pdf#page=17>.

<sup>30</sup> <https://www.mch.govt.nz/publications/interim-regulatory-impact-statement-supporting-local-audiovisual-content-production> (emphasis added).