

Ruth Harley gave this year's address: "Activating the Reset Button". The text of the address follows

Tena Koutou, Tena koutou, Tena Koutou Katoa

Greetings all.

It is a real honour to be invited to commemorate John O'Shea's legacy by making this address. Thank you to Spada for the opportunity.

I knew John in my roles at TVNZ, NZ On Air and NZFC. I had the same deep regard for him that many other speakers have recalled on this podium as our tupuna in this industry. It was John's tenacious imagination and ambition for independent screen storytelling in New Zealand that set the foundations for where we are today. I pay my respects to John and his descendants including every one here in the NZ screen industry.

And I want to take the opportunity to pay my respects to one of John's descendants in particular. Caterina de Nave. I have taken the title of this talk from an inspiration Caterina left me with. One day in hospital when we were reeling from the news that Caterina needed not only a bone marrow transplant but also a heart valve replacement Caterina was quiet for some time then said she was having trouble with her reset button. She told me that she could normally reset quite quickly and accept whatever new health status had been announced. But on this occasion she could not find her reset button.

A few days later she told me she had found it and activated the reset and was prepared for what lay ahead. Caterina's reset button was the power of her imagination that enabled her to go on her very arduous health journey with hope.

In preparation for this speech I read a number of previous speeches given in honour of John. They left me feeling like Elizabeth Taylor bedding her 8th husband on the wedding night. I knew what to do but how was I going to make it interesting?

In the spirit of channeling Caterina, and with a nod to John as well, I decided to focus on tv drama. I don't think I ever had a conversation with Caterina that wasn't about tv drama somewhere along the line. It is the engine room of the industry and the genre with the biggest potential for growth: growth which could drive the whole industry to the next level as well as engaging local and international audiences with our own particular view of the world.

Earlier this year I was invited to be part of the judging panel for the Logies. To do this I had to view 56 hours of television drama covering some 30 shows from Neighbours and Home and Away to Top of the Lake and Caterina's mini series Better Man. That's a lot of tv drama even for an aficionado like me. I set out a nightly schedule of viewing for the best part of a month. It turned out to be a fabulous experience. The work is just so good. And it is not only Australians that think so. We know that a lot of Aussie drama has worked in NZ and we know that it is on a roll internationally.

I have had the fascinating opportunity to have a ringside seat in both the New Zealand and the Australian screen industries. I have worked at TVNZ, NZ On Air, Saatchi and Saatchi the NZFC in New Zealand. I was on the board on FNZ for 10 years.

Since then I held the role of CEO of Screen Australia for 5 years. I was briefly on the board of Ausfilm. Screen Australia brought together the television funding arrangements in Australia with the film funding arrangements. Ausfilm, the FNZ equivalent stands outside these arrangements in Australia as it does in NZ.

I started thinking about the similarities and differences between the

Australian and New Zealand tv drama sectors. Size is obvious but there are structural differences too. I am going to look at dimensions of philosophy, policy instruments, public broadcasting, and sector capability firstly with reference to Australia.

1 The Australian industry has a clear philosophy underpinning it. Even the dries in Australia understand the centrality of local content in the cultural debate. It is tough times in Australia at the moment and there are cuts in public expenditure everywhere including funds for TV drama through cuts to ABC, Screen Australia and SBS. But there is total acceptance of the importance of local identity in television and its central role in expressing Australian identity.

2 Policy instruments: Local content regulation (by this I mean quota and the expenditure levy on the pay channels) is central to the success of the Australian tv industry. In NZ we lost that argument. I remember back in 1989 believing that the changes in the television landscape such as spectrum becoming a commodity rather than being a scarce resource and the vision of multi-channelling meant that quota as an instrument was a dinosaur. I was wrong. We were all wrong. In the meantime the Australian industry fought a trenchant battle in the GATS negotiations that saw their quota protected. It has proved resilient and the Australians have a robust commercial market for cultural drama as a result. They also have a minimum broadcaster licence fee that in the current climate acts as a floor not a ceiling. Networks compete for audiences and creative talent and ideas. This drives creative enterprise and capability.

Government support arrangements at the commonwealth level are aligned. Screen Australia brought together the film and television functions that had previously been packaged under three separate agencies. Screen Australia and the state agencies are generally in synch. The Screen Australia Enterprise program has supported a number of production companies that have either built on existing

drama production capability or developed it from scratch. Most of the state bodies created company support programs to ensure pathways into the SA Enterprise program.

The Producer Offset is an unqualified success though there is a strong lobby for it to be raised to 40% for tv to match film (and New Zealand). It has increased production, given producers a tradeable equity stake, and enabled producers to improve company margins and retain a greater share of IP in the process.

3 Public Broadcasting. Primarily the ABC but also SBS. The ABC has had a huge impact on drama that generates cultural outputs, creative capability, businesses with attendant economic outcomes and product with international visibility

4 Sector capability: There is a critical mass of companies capable of playing globally. This is incentivized by the requirement to have significant market funds attached to any project before it is presented to Screen Australia. There is a number of production companies of scale operating in Australia; some wholly Australian owned like Playmaker and Hoodlum; some like Matchbox and Screentime were recently purchased by international players and others are global players with Australian arms like Southern Star. Companies that used to be players in one segment of the market like Fremantle are moving into drama because it has so much international potential and is competitive cost-wise with shiny-floor shows. The appointment of Kate Harwood as the new MD of the rebooted Euston films shows they mean business.

By comparison, what does the NZ landscape look like?

1 Philosophy: We do not have the same level of political support as the Australian industry. ***I think an argument could be made that we the NZ screen industry gave up too easily in 1989 when the BCNZ was restructured and the current regime was put in place. We accepted the rhetoric of the funder/provider/policy maker***

split and the cultural debate was subsequently lost under the prevailing ideology of commerce and populist television. We lost our moral compass in the process and as a result we do not have an authentic cultural case to make to government.

2 Policy instruments: New Zealand took the specialized purchasing route instead of quotas when NZ On Air was set up. As a result we have the transparent and low cost model that is NZ On Air. But we do not have the robust market place that Australia has. There isn't the same competition for ideas, or the development of capability both on and off screen and in the international marketplace. The New Zealand model is domestically focused relative to the Australian model that has a dual domestic and international focus.

The broadcasters have little skin in the game so the pot does not grow. If one judges by the scale of production there is not the same level of entrepreneurialism in NZ as there is in Australia. But why would an entrepreneurial, globally oriented tv drama industry grow when it is possible to function almost entirely on the public purse? The incentive just isn't there. Some revenues are flowing back into NZ from the sale of finished product into Australia under CER as a result of the Project Blue sky initiative but it is a drop in the bucket compared with the potential of the global market.

The government arrangements are fragmented when looked at from a strategic industry development point of view. Numerous reviews have come to this conclusion. It remains to be seen whether the alliance of NZ On Air, the NZFC and Film NZ will deliver the joined up strategic approach that will be required to enable NZ to take its share of the global television drama opportunity.

The Screen Incentive is a real success story...I mean the achieving of it...television production at 40% is a terrific competitive lever the sector has to build from especially while Australia has not yet been able to achieve a matching level.

3 Public Broadcasting...we seem to have completely lost this

argument with TVNZ 's mandate being more about yield than quality or culture. It is a tragedy for the development of the industry, for diversity of content for audiences as well as for civics.

4 Industry structure. There is strength in the NZ companies that can play globally like Pukeko. There are robust international players like SPP, Screentime and Eyeworks. And there are local companies like Great Southern and now Rachel Lang and Gavin Strawhan's new company. Newbies like Libertine are looking very promising with a development deal out of the UK. There is a good foundation to build from and the NZFC's Business Development scheme has the potential to support this growth.

So why talk about change? I hear people saying, "it ain't broke so why fix it?" I don't know why they say this. As long ago as 2003 when the industry task force was set up the assumption was that it was broke back then. Every review since has said the same thing. The task force said

"If significant growth is to be achieved, industry practitioners, funders and support industries must expect and prepare for significant change – in outlook and attitudes, imaginative leadership, in strategic direction and in modes of operation." And the sad fact is that the change did not happen and nor did the growth. But it still could. There is a big world out there and if NZ is able to access it in tv drama there would be a bigger sector, with more powerful players capable of telling our stories to the world.

Lets look at the opportunity from the Australian perspective.

Australian tv drama is very healthy indeed and there are some stellar stats to support this assertion.

2004/5-2008/9 Screen Australia (and the FFC) funded 196 hours of

adult drama

After an average of 7 years in the market place the average number of sales recorded by SA was 81 per year for an average value of \$92000 per hour.

2009/10-20012/13 SA funded 222 hours of adult drama. After an average of only 2.5 years in the market place there were 100 sales per year recorded by SA with an average value per hour of \$151000.

What this means is that the dollar value per hour has increased by over 50% in 2.5 years with nearly 5 years still to run in the sales cycle. The number of sales is also on track to increase significantly.

By contrast I believe that NZ On Air's figures show that while funding for tv drama has increased by around 75% in the past 5 years, revenues from sales are static or declining.

Over the past few years a number of Australian dramas have sold as finished programs and several as formats. I don't want to romanticize. The format recreations are difficult from a creative control point of view but as the producers become more experienced in this space so their rights are improving.

I want to look at a case study of an Australian company that only a few years ago was not in the drama business. I was given the information on the condition that I did not name the company so I will respect that. The company's revenues were previously from a different part of the value chain and were declining so they changed course. Now they have 6 dramas in paid development in the US and one in the UK. They have sold and coproduced a format in the US. Every deal they do they are able to negotiate a better position in respect of their IP. Their buyers in the US include

the networks – ABC and NBC, new over-the-top companies like Amazon and Hulu and cable channels like Disney. There are so many platforms now. It is a global market and the competition is global but in the halo of what some are calling the “Nordic effect” the market knows that audiences will watch good quality content regardless of language or accent.

It’s worth taking a look at the key features of the Scandinavian shows like *The Bridge*, *Borgen* and *The Killing*. The key creator is the writer and the show is based on his/her unique voice. DR the public broadcaster in Denmark and the driving force behind this Nordic effect describes its practice as “one vision”. Australia’s Playmaker company adopted the same philosophy from the get-go and their shows *House Husbands* and the recent *The Code* are testament to how successful this model is on our side of the world too. They have a clear focus on social issues. They believe that television has a role in educating people and influencing their view of the world and the social realities. So now we know...social issues with local character can and do travel.

Interestingly the Danish screen industry makes no visible differentiation between film and television. Both are approached with the same respect and filmmaking interest. There is no crossover angst; no divisions in arrangements. And...I have saved the best for last...50% of the head writers are women.

What might a road map for the future look like if we were to take Michael Stedman’s advice in his John O’Shea speech and speak with one voice. We would speak about a strategic approach to the enormous opportunity that is the global tv drama market where small countries like Denmark and Israel as well as Australia have shown the way? What would it take to activate our reset button?

1. Philosophically, we would have to rediscover our moral purpose as storytellers; as definers and defenders of our

humanity, as singers of the songs of our social conscience, as image-makers of the ways we relate to each other. Of course Maori never lost touch with this discourse so it IS in the room. I tip my hat to The Dark Horse. Kia Ora Koutou.

2. In terms of policy instruments, we would have to overcome patch protection and self-interest and take the wider view. The Screen Council was a promising initiative but as its Chair Julie Christie said in her John O'Shea address, it failed.

Strategic collaboration IS possible as demonstrated by the successful industry case to government to increase the Screen Incentive to 40%.

However a single issue like this is an easier meal to swallow than a broad-based initiative like building a global tv drama strategy. It is going to be a mighty challenge for the screen agency alliance to achieve this level of strategic coordination under three separate structures. International marketing will be key. Who will be responsible for this? NZFC who have a commitment to international marketing for film but not the budget to do it for tv? NZ on Air who have the money and the tv mandate but no industry support role? Or Film NZ who are very focussed in the international marketing space but have constrained resources and therefore sphere of operation?

The same problems will inhibit a strategic focus on talent development particularly visionary writers. The writer with the clear and unique voice is at the heart of the tv drama process. The local audience may be static but the international audience and the number of routes to market grows apace. The market is there for the right product as *Libertine* has shown with their development deal out of the UK and Rob Tapert has shown for a decade or more from *Herc* and *Xena* on. But we will need the producer capability to be able to access it as well as the creative capability. Where will the development funds come from? Some will be from partnerships with international players but some will have to come from local sources. Is the NZFC business development pot going to be big enough? Is that the NZFC's job? Are the amounts going

to each company sufficient? They are big relative to NZFC resources that's for sure; but they are a lot smaller than the extremely successful Super Pods were back in the day on a real dollar basis.

There are great storytellers in New Zealand. Top of the Lake produced by Philippa Campbell is as much New Zealand's as Australia's. That's the level we can aspire to. I was told that the 40 or so international sales agents who attend the 37 degrees South market in Melbourne consistently rate NZ projects over Australian projects. I understand that Tim Sanders and Emma Slade were in the top projects at the very competitive PFM in London.

Congratulations. But who is going to invest in this? Since the Super Pods, structures to date have not produced robust companies despite a billion dollars of television drama production investment.

3. Public Broadcasting. NZ is too small for a behemoth like the ABC. Heck, the current Australian government seems to think Australia is too small for it! We need a mixed model. The Charter was an attempt to codify a mixed model but it failed. People will advance different reasons for this such as lack of transparency and conflicting objectives. It could work if the will was there. ***What is lacking is the focus on our moral and social purposes as cultural storytellers. We have enabled the discourse to be limited to economic rationalism that cannot encompass the deeply felt human need for a sense of belonging to a universe that is larger than ourselves. It is our responsibility to develop the cultural conversation located in the shared imagination of us all. Michael Stedman said it better than I can:***

“At the heart of television are creative and innovative ideas, ideas that are given life by the production industry. This industry must use this gift for creativity and innovation to unite in the common goal of preserving public service broadcasting.”

4. Sector capability. If we are to achieve the export-led growth vision for an industry that is less dependent on government we need more local production companies developing their IP for the

international market and increasingly developing the muscle to retain larger shares of downstream revenues. The factual sector of the New Zealand industry with companies like NHNZ and Imagination provide models here. The companies need to be capitalized and run their own development slates. The purely project-funding model has produced a lot of really good local tv drama but it has not built the companies with long term business strategies capable of participating in the huge growth of the global tv drama business.

In conclusion, it is taking our industry a very long time to activate the reset button. The symptoms of poor health have been around for a decade and industry and government reports alike have described both the causes and the treatment. But so far we have not had the imagination and will to activate it.

In the end, as we know, Caterina was not able to run her race any longer. But the fierce will and imagination that sustained her for so many years was as much for the potential of our storytelling industry as it was for herself.

The imagination is evident in many of the elements that comprise the New Zealand screen drama sector. We have local dramas, film and television that have achieved huge audiences. SPP's Shortland Street is 22 years old and a cultural icon. Top of the Lake was one of the best independent dramas produced last year getting 7 Emmy and 2 Golden Globes nominations winning one of each. Film is having a vintage year with What we Do in the Shadows, The Dark Horse and The Deadlands. It is instructive that the films are all Maori themed in one way or another. We have a very competitive screen production incentive that at 40% for both film and television is the strongest offering in the region. Our producers have the ability to foot it on the international stage.

We certainly have the imagination. What we need is the fierce will to take the next step into the global television drama arena to grow our whole industry.

Whatever we do will be the legacy of everyone in this room.

It is our collective responsibility to ensure that it is as fine a legacy as Caterina and John O'Shea would have imagined.

Thank you.