



Australian Writers Guild
Screen Producers Association of Australia
Joint Submission

**Australian Communications
and Media Authority**
Children's Television Standards Review
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AWG: The Australian Writers Guild

SPAA: The Screen Producers Association of Australia

Australian writers and producers, through the AWG and SPAA, have joined together to prepare this submission for ACMA. As the primary creators of Australian children's content, and with great concern for the sector, they represent a strong combined voice.

The Australian Writers Guild (AWG) is the peak professional body representing performance writers in Australia. On behalf of its 2600 members the AWG works to improve professional standards and conditions, to protect and advance creative rights, and to promote the Australian cultural voice in all its diversity, including supporting our members to succeed in the global marketplace.

SPAA is the industry body that represents Australian independent film and television producers on all issues affecting the business and creative aspects of screen production. SPAA members include television, feature film, animation, documentary, TV commercial and interactive media production companies as well as services and facilities providers such as digital effects and post-production, finance, distribution, casting agencies, law firms and other service based companies.

With affiliations extending across the world, the AWG and SPAA are recognised internationally as being the voice of Australian producers and writers.

AWG/SPAA appreciates ACMA providing the opportunity for industry to provide comment and recommendations on the current review of the Children's Television Standard (CTS). The discussion papers, including the Children's TV Production Project Research paper, have effectively identified the key issues challenging the production and accessing of Australian Children's programs.

In preparing our response to the review, SPAA has conducted a series of producer forums for members specifically involved in the production of children's TV. In addition, The AWG and SPAA held two joint producer-writer forums.

AWG/SPAA have addressed the Review with an Executive Summary, followed by direct responses to key questions as listed in Appendix 4 of the Report.

Executive Summary

The revolutionary impact of the internet and the rise of international media conglomerates dominating the increasingly fragmented airwaves mean that the current generations of children are, more than ever before, in need of locally generated media content across all genres.

Australian children's television is a vital contributor to guiding Australian children to learn about Australia, its history, its values and who we are as Australians. Children comprise 20% of the television audience – a significant and important constituency.

The Australian independent children's production sector has a worldwide reputation for quality, integrity and innovation. Programmes consistently win awards and rate highly on international channels.

However, in Australia, child audiences are disappointingly low - particularly on free-to-air commercial networks, and appear to be in further decline. It is clear that the child audience exists and is actively watching FTA television, however as ACMA's research indicates, they are not watching at 4 p.m. The child audience grows most dramatically from 5- 6 p.m., and peaks in early evening.

This represents a policy failure of the CTS, that programming, often substantially paid for by the taxpayer, and given a space on the public airways, is not being seen by its intended audiences – Australian children.

In analysing the effectiveness of the CTS, four areas need to be considered:

- Production – the efficiency and responsiveness of the industry¹
- The platform environment – timeslots, marketing and cross-platform
- Audience – characteristics, habits
- Programmes – diversity, content and quality

Production

The CTS is not an onerous burden. Despite children comprising just over 20% of the overall population, the commercial networks only spend 1.8% of their program expenditure on Australian children's content. This figure illustrates the lack of resources allocated by the networks on the child audience.

The CTS is essential for the production of children's television. While the license fees paid by broadcasters are modest, they are vital financial levers.

Independent producers are the major source of children's television drama and supply at least 60% of non-drama programmes. The total size of the Australian production industry is estimated to be approximately \$125 million per annum. The broadcasters only contribute between 10-30% of the independent production

¹ Broadcasting Services Act 1992. Section 3. Objects of the Act: (b) to provide a regulatory environment that will facilitate the development of a broadcasting industry in Australia that is efficient, competitive and responsive to audience needs;

budgets, primarily the high quality and drama programmes.

The free to air broadcasters' Australian content programming is heavily subsidised by a combination of direct government subsidy and the international market. This subsidisation, coupled with the fact that license fees have remained relatively static over the past decade belies any argument that the CTS requirements are too expensive for the broadcasters to meet.

Almost all the budgets for Australian children's TV drama were spent in Australia in 2005/06. The 2005/06 slate of Australian and co-produced children's TV drama comprised 139 hours (14 programmes), with expenditure in Australia amounting to \$78 million from total budgets of \$94 million.

Children's production plays a valuable part of the health of the entire sector and represents 42% of the overall drama production activity in Australia.

The Platform Environment and Audience

The current shift and drift in the Australian child audience numbers on commercial television is a result of a number of mitigating factors. The AWG and SPAA believe the greatest impact on audience numbers has been the heavy reliance on the weekday 4 p.m. scheduling slot for 'C', the absence of "block" scheduling of children's shows, and the overall lack of brand development and promotion. This includes the lack of cross-media marketing of children's programming in an increasingly crowded media environment. Attracting a television audience requires a combined approach of good programming with sophisticated, perceptive marketing campaigns shaped through understanding the audience.

The lack of marketing undermines the effectiveness of the platform's ability to build audience loyalty and creates a cycle of diminishing audience exposure to programming. Any decline in audience numbers in turn provides broadcasters with further justification for their calls to be released from their Australian children's programming requirements.

This is not a new issue. There is significant frustration from the independent sector. It is with reason, concerned that broadcasters motivated by advertising revenue and commercial bottom-line results are not motivated to support Australian children's programming.

The AWG and SPAA contend that bare minimum compliance by the networks represents a lack of commitment to the CTS and is the major cause of audience decline.

The appeal of pay TV and the ABC children's programming is not simply the quality of the programming, but the level of awareness children have of these brands, their strong and consistent marketing, their "block" programming, their web sites, other complementary exposure across new media outlets and parents' ability to trust the safety of both the television channels and their websites.

Programmes

Over the last 25 years, the program 'C' and 'P' classifications within the CTS have contributed significantly to the success and quality of Australian children's programming. An indication of this success is the domination of 'C' program winners at the AFI and the Logies.

Australian children's 'C' and 'P' program standards are recognised internationally and trusted as ethical and entertaining program brands.

There are benefits for Australian children to witness their culture operating on an international stage and enjoying the 'mass media excitement' of brand success in secondary markets.

Conclusion

The environment created by the broadcasters is not serving the child audience's needs. While the CTS is resulting in high quality programming and the stimulation of production activity and expenditure in Australia, the role of the CTS is not simply to ensure quality content is made and broadcast. The CTS must also ensure that the broadcast environment facilitates real and effective access to the target child audience.

AWG/SPAA strongly opposes any dilution of the current standard, and together propose new measures to assist the broadcasters fulfill not only the black letter but the intent and spirit of the regulation – providing for the child audience.

These new measures include:

- Encouragement of 'block' scheduling on weekdays
- Encouragement of timeslots after 5 p.m.
- Regulation of minimum marketing requirements and standards; and
- New ACMA mandate to regulate new media in conjunction with the CTS.

Classification

The AWG and SPAA consider the classification standards themselves to be appropriate. The classification's broad and non-proscriptive rules can encompass a diversity of styles and approaches.

ACMA interpretation of the 'C' classification has become more conservative in recent years which in turn is a major contributing factor to building the dynamic risk taking environment that may or may not surround the 'C' classification process. A forum of industry members, child development specialists and ACMA to discuss the contemporary child audience, emerging program trends and international developments and alternative interpretation of the classifications would challenge assumptions and reinvigorate the dynamics of the classification system.

The current administration of certification for 'C' and 'P' classification is slow and laborious, placing an onerous bureaucratic burden on the producer and needs to be modified and improved. In particular, recognition of experienced production teams and fast tracking of programmes with broadcaster commitments will improve efficiency. Such change would be straightforward and non controversial.

Tradable Quotas

Tradable quotas remain contentious. There is concern that while seeking engagement is a valid function of the Review the framing of the discussion implies tradable quotas are fait accompli. AWG/SPAA consider serious issues of competition and diversity to be at stake, and extensive further research and analysis by ACMA must be undertaken before AWG/SPAA could provide detailed analysis or firm recommendations on behalf of our members.

Advertising

Advertising and the CTS quota requirements must be considered in isolation from each other. It has been established that the CTS quota requirements do not impose an onerous burden on the broadcasters, and these segments of the CTS should not be linked together.

AWG/SPAA recommend a change to the certification process so as to include assessment of suitability for the child audience is included in the general certification process.

AWG/SPAA Recommendations

Recommendation 1: At an absolute minimum, the current quota levels should be retained. However the CTS needs to adjust its parameters to better service the child audience.

Recommendation 2: The assessment process be amended to reflect different levels of expertise. An efficient assessment time frame must be established and enforced. In the case of experienced producers with broadcasters attached, assessment to be made on episode synopsis vs. scripts.

Recommendation 3: ACMA hold annual or bi-annual forums with children's producers, writers and broadcasters to focus on the dynamics of the classification system.

Recommendation 4: There is an absolute need in children's media policy for encouragement of cross-platform promotional material.

Recommendation 5: Child services and entertainment supplied through the internet and/or other new media platforms need to be subject to regulation consistent with the CTS.

Recommendation 6: ACMA must be mandated to develop a regulatory framework for new and emerging media platforms serving Australian child audiences. ACMA must also develop complimentary policies recognising the effectiveness and interrelationship of the CTS with other digital platforms.

Recommendation 7: ACMA allow 'C' program of less than a commercial half hour to be calculated as delivering proportionately on quota within minimum 'C' scheduling 'blocks'.

Recommendation 8: AWG/SPAA supports ACMA introducing an additional regulatory device to deliver a proportion of 'C' programming in the 5 - 8.30 p.m. time slot, as a part of the week day service.

Recommendation 9: The 'C' time band prior to 5 pm should not be given the same weighting as later time bands.

Recommendation 10: AWG/SPAA support the introduction of additional scheduling flexibility in exchange for 'block' scheduling.

Recommendation 11: ACMA should impose additional regulation for promotion, based on the current guidelines for displacement of programming, to assist the broadcasters to successfully fulfill their obligations under the Broadcasting Act. In addition, all reporting on such activity should be public.

Recommendation 12: All advertisements to be accessed against the "C" criteria as part of the required CAD classification process.

Recommendation 13: Removal of “major sports event” as legitimate criteria for short notice rescheduling of children’s weekday or weekend programming.

Recommendation 14: AWG/SPAA rejects the proposal to allow greater flexibility in scheduling of children’s programming due to displacement from sport in the absence of any commitment and loyalty to the child audience as currently demonstrated by the broadcasters. Timeslots, which are predictable, safe and convenient for the child audience, are of the utmost importance in ensuring effectiveness of the children’s television content standard.

Recommendation 15: AWG/SPAA have not undertaken detailed analysis of the public benefit of a dedicated Commercial Children’s FTA service. It is therefore recommended as an area for further research and discussion by ACMA.

AWG/SPAA responses to the ACMA Criteria

Quota levels

I. Are the current 'C' and 'P' quota levels still appropriate for today's Australian child audience?

It is not whether children learn from television, it is what they learn from television. -Joan Ganz Cooney, Originator of Sesame Street

Importance

The children's sub quota remains a vital contributor to the development of Australian children's television and Australian social and cultural life.

New Australian children's programming is vitally important in the context of television's role in developing a child's sense of identity, and requires ongoing commitment from ACMA and from the commercial broadcasters.

It is beyond dispute that quality television has diverse and long lasting positive outcomes for children.

Screen content is one of the most egalitarian and affordable cultural activities available to children and the rapidly developing new media environment commensurately expands the scope and depth of engagement. In this context ensuring children's television continues to be created that reflects our own stories, issues and locations, provides important contribution to community harmony and cross-cultural understanding is vital. Further it publicly confirms our own local creativity and empowers a sense of local capability beyond any one program.

In the recent Federal Government's Media Reform Options Review leading media placement company, Mitchell and Partners, noted in their submission:

"Not to address the problem of the Australian film and television industry is to ignore one of the best tools we have for selling the Australian brand, but also ignores the importance of building our national identity in a global marketplace. Not to address this problem is to forego our place on the world stage".

The television industry's contribution to the economy is not solely based on market place performance or economic activity. This is particularly true of children's television. As the UK OFCOM *The Way Forward 2004* report observes, there is a "presence of externalities":

"An individual's viewing can have additional benefits for society as a whole, for instance through his or her engagement in the democratic process as a more educated citizen. However, each individual may not account for such benefits when making viewing choices. The market will therefore tend to under-provide programming that yields this kind of broader social benefit. The provision of merit goods: Individuals themselves can get more value from a program, for example in terms of news and information, than they realise. However, because they do not always appreciate that value, they would not necessarily choose to pay for such a program in an open market. Again, the market, left to itself, would tend to under-provide this sort of programming, since the individual does not recognise its full value when exercising consumer choice."

Australian children's television is a vital contributor to guiding Australian children to learn about Australia, its history, its values and who we are in Australia. It needs a strong regulatory environment to flourish.

Internationally, governments are lifting levels of national content in response to the media environment, which is dominated by international media conglomerates across all platforms. For example, recent UK research found:

- Two thirds of people think it is important that enough children's programmes are made in the UK
- 70% agreed that UK produced programmes contributed to the UK's cultural identity
- TV is the medium children would miss most
- 80% of people believe children's television helps their children learn and develop²

ACMA's own discussion paper clearly states that broadcasters themselves would not provide Australian original programming if the CTS regulations did not exist and there is no doubt that Australian children's interests are not best served from simply buying in imported programming largely financed by overseas broadcasters.

Programming is originally created due to the underpinning CTS regulations for FTA, but can and should then be accessed in alternative ways e.g. online, via schools, DVD purchases etc. Thus the CTS can have a much greater impact on children than simply television.

AWG/SPAA agree with ACMA's view that *'commercial free-to air television continues to play a significant role in children's media consumption and still has a role to play in providing high quality children's content and in promoting Australian identity.'* (ACMA, CTS Review, p.12)

In analysing the effectiveness and relevance of the CTS, four areas need to be considered:

- Audience – characteristics, habits
- Programmes – diversity, content and quality
- Production - the efficiency and responsiveness of the industry
- The platform environment – timeslots, marketing and cross-platform

Audiences

ACMA's research may indicate a change in the viewing habits of Australian children, including an overall decline in the size of the child audience particularly in the early afternoon period, but this does not mean the 'C' content itself is not meaningful or useful.

² As supplied from PACT, UK.

There is a bias towards commercial viewing by Australian children. For 5-12 year olds, the ACMA survey demonstrates that of their top 50 rating programmes in 2005, only 16% were ABC programmes; the remaining 84% were spread across 7, 9, and 10. These programmes were predominately broadcast after 6 p.m.

While there is clearly a place for programming of broad appeal, it is essential that children are absorbing child-specific programmes including child driven concepts and storylines. This is the role of CTS. The CTS needs to ensure child specific programming is screened during children's actual viewing times.

Programmes

Over the last 25 years, the program 'C' and 'P' classifications within the CTS have contributed significantly to the success and quality of Australian children's programming. An indication of this success is the domination of 'C' program winners in the AFI list of Best Children's Television Drama Series in recent years. 'C' title winners in this decade are:

| | | |
|------|-----------------------------|------------------------|
| 2001 | <i>Cybergirl: Episode 1</i> | Broadcaster Channel 10 |
| 2002 | <i>Short Cuts</i> | Broadcaster Channel 7 |
| 2004 | <i>Wicked Science</i> | Broadcaster Channel 10 |
| 2005 | <i>Holly's Heroes</i> | Broadcaster Channel 9 |
| 2006 | <i>Mortified</i> | Broadcaster Channel 9 |

Hi-5 has won three national television awards (Logies) for Most Outstanding Children's / Pre-School series. Recent Best Children's programmes Logie winners include the 'C' programmes *Fergus McPhail* and the *Upside Down Show*.

The quality and appeal of Australian 'C' programming is further demonstrated by the international success of many programmes shown on commercial FTA from *Erky Perky* (which rates as number one in its Canadian prime time slot), *Hi 5* (showing in 83 countries around the world), *H²O* (currently the number one drama on kids pay in the UK) and *Mortified* (multi-award winning drama).

Australian children's television programmes, in particular 'P' programmes are also a major catalyst for significant secondary economic activities in publishing, entertainment, education and leisure. *Hi-5* demonstrates the potential of 'P' programming (see appendix 4). Internationally these activities are increasingly relied upon for investment returns and increasingly influence which programmes are made. While there is an absolute need to ensure alternative material is made to offer our children diversity, there is also cultural and economic benefit in ensuring Australian content of this kind can flourish. It can be a lucrative market, and one that creates major cultural movements, with market capital to promote and thereby grow a programmes' own ability to attract audiences.

Platform Environment

It is the view of AWG/SPAA that the appeal of Pay TV and the ABC is not

necessarily the quality of their shows alone, but also the level of awareness children have of these platforms. Both platforms feature aggressive marketing of their brands, highly developed cross platform strategies and web sites, 'block' programming, and programming running into early evening and primetime. Parents evidence a trust in the safety of the television channels and their websites.

The FTA networks, on the other hand, feature Australian programming as stand-alone half hours at 4 p.m. without a meaningful marketing strategy or brand to attract or retain their audience.

There is a lack of on air promotion, online cross promotion, long term planning for airdates and associated launches for programmes aired on FTA's. This failure in marketing has combined with instances of active moves to stop independent producers providing promotional materials and activities.

For the majority of members' this represents an abandonment of the broadcasters' role to faithfully fulfill the intent of the regulation. Broadcasting without corporate promotion or consistent and convenient scheduling undermines audience growth and loyalty. With the network's level of relative inaction at a time of increased competition from Pay TV it is not surprising some audience loss has occurred.

In addition to marketing, 'block' scheduling is likely an effective way of attracting audiences, particularly where there is greater period of perceived 'safe programming' rather than a short 30-minute program being surrounded by inappropriate adult material. This "appointment" scheduling is contrary to the child audience's less developed understanding and control of time.

The ABC is not required to broadcast programmes in accordance with the 'P' and 'C' standard. In building its 'block' schedule, the ABC screens a combination of quality programming across age groups. It also screens young people's programming that is aimed at the above 14 age group and 'G' programming that may cross over with a mixed audience during the early evening time zones. While viewed as a successful in attracting audiences, its ability to attract young audiences to material aimed at the teen market is not ideal.

In the future, scheduling may not be an issue should DVR systems, such as TiVo, allow time shift viewing via FTA services. But this is a projection of future possibilities. According to data released in August 2007, penetration of DVRs in the more mature US market currently is only 20% and is only forecast to reach 50% of homes by 2011.³

Scheduling therefore remains a vital issue for the current review period. Irrespective of any technical developments, children's interaction with present or future environments will remain deeply influenced by the marketing efforts supporting the current content on any platform. The broadcasters need to build their children's audiences now.

³ Leichtman Research Group data in http://www.mediaweek.com/mw/news/cabletv/article_display.jsp?vnu_content_id=1003628570

The ACMA report clearly identifies that the CTS regulations are the single most important reason networks schedule Australian Childrens' 'C' and 'P' programming. Therefore AWG/SPAA supports the retention of the current quota levels for 'C' and 'P' programming as a bare minimum.

FTA Television Reach

There is virtually no other media destination outside FTA television in which Australian children can access locally produced programmes designed for their specific age group. Nor a place where programmes meet a minimum standard that assures viewers and their guardians that the content is safe and age appropriate.

Television/video viewing is the only selected cultural or leisure activity with near universal participation by children aged 5–8. The Longitudinal Study of Australian Children noted that 89.3 per cent of 4–5 year-old children watched television, a video or a DVD for an average of 2.3 hours per day and almost half (45%) of Australia's infants (3–19 months) watched television/videos/DVDs for an average of 1.4 hours a day.

The purpose of the current standard is to provide for all children. Regardless of pay-tv or TiVo or VHS/DVD recording, the reality is that commercial FTA television is the most widely viewed and accessible medium for children. All other platforms do not have the reach of FTA television, and, importantly, have an additional cost. Children's television has educational and social benefits for children. Good public policy does not discriminate against individuals due to financial, technological or regional barriers, as it would be contrary to the desired outcomes of regulation.

AWG/SPAA does not accept that technological changes abrogate the FTA broadcasters' obligations. Instead, it will be the complex task of the regulator to ensure that all children are served by appropriate regulation in whatever mediums emerge in future.

Production Industry

Production

The CTS is essential to stimulate production of children's television in Australia. While the license fees paid by broadcasters are modest, they are vital financial levers. (Appendix 2 para 9) Children's programming faces significant hurdles if left purely to market forces; it is true that some high profile children's programmes generate strong sales from merchandising around the world (with the corresponding benefit to Australian exports), but these are largely in the pre-school genre for kids younger than five. The vast majority of programmes in other genres, such as children's drama or children's factual, do not have such a blue-sky outlook.

Independent producers are the major source of children's television drama and supply at least 60% of non-drama programmes. The total size of the Australian production industry is estimated to be approximately \$125 million per annum. The

broadcasters only contribute between 10-30% of the independent production budgets, primarily the high quality and drama programmes.

Almost all the budgets for Australian children's TV drama were spent in Australia in 2005/06. The 2005/06 slate of Australian and co-produced children's TV drama comprised 139 hours (14 programmes), with expenditure in Australia amounting to \$78 million from total budgets of \$94 million.

Children's production plays a valuable part of the health of the entire sector. It offers particular opportunities to developing new talent and represents 42% of the overall drama production activity in Australia.

Local Affordability of CTS Policy

AWG/SPAA is concerned that some broadcasters may have suggested the current changes in the media environment are threatening the stability of the FTA's commercial future and that as a result the FTA's may seek reduction in their regulatory environment. As the networks only devote 1.8% of their programming expenditure on Australian children's programming, it is difficult to defend this position.

The free to air broadcasters' Australian content programming is heavily subsidised by a combination of direct government subsidy and the international market. This subsidisation, coupled with the fact that license fees have remained relatively static over the past decade belies any argument that the CTS requirements are too expensive for the broadcasters to meet.

AWG/SPAA view these arguments as opportunistic and supporting of outcomes that increase the FTA networks' overall commercial profitability.

The current media changes are in their infancy. AWG/SPAA members do not accept the inevitable changes to media landscape from digital take up will be financial ruin or market collapse for current analogue media services (Appendix 1 para 10). Regulation is crucial in ensuring basic socially desired outcomes are constantly "on the table" when shaping services within the new environment ACMA's history of children's media regulation notes the historical recognition of tension between cultural and financial consideration in the area of Children's television.

'In retaining mandatory program standards for children's television in the Broadcasting Services Act, the Government recognised the potential for conflict between broadcasters' commercial imperatives and the public interest.' (www.acma.gov.au)

FTA's remain the overall mass media leaders and broadcasters continue to operate profitable and growing businesses. Whilst their growth rates are lower than new media services, they are growing from a substantially developed market base and have generated significant returns for investors over many years.

B & T reported in April 2007 that:

There has been a great deal written about the probable effects of new media on traditional media. ... online has moved strongly from a low base to be the fourth largest medium in 2006 of Print, Television, Radio, Outdoor and Cinema. This has been achieved in just a few years. On the other hand, the main media mentioned above are also continuing to increase their share but at a slower rate than online. It is difficult to assess just how much online and other new media are affecting traditional media. It would seem that there is the probability that online is enjoying a degree of new money.

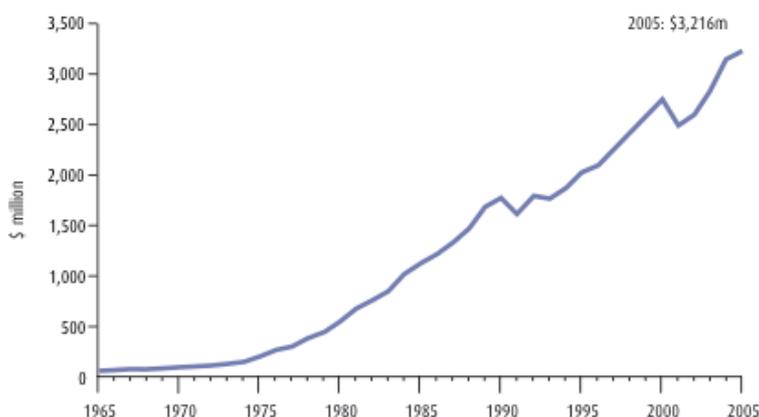
ACMA's own data suggests financial performance of the FTA's is cyclical and that that broadcasters have met their regulatory obligations during previous cyclical changes.

Broadcast profit margin before tax of Australian commercial television stations, 1958–2005



Australian broadcasters' revenue performance follows international trends, and as in the UK (see Appendix I para I0), is cyclical. In the UK, analogue advertising revenues are today higher than they were a decade ago. They peaked in 2000 far beyond all previous levels, then fell back from this record high, but have climbed since. In Australia, advertising revenue performance has also demonstrated relative strength and followed similar fluctuations as the UK (see graphs below).

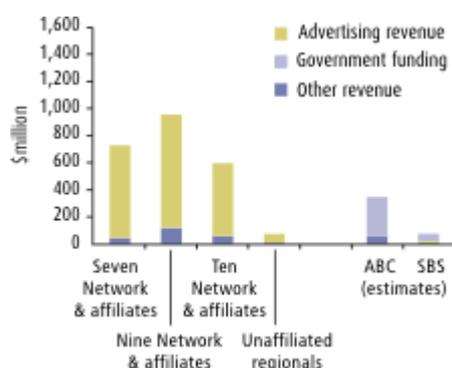
Free-to-air television: value of advertising



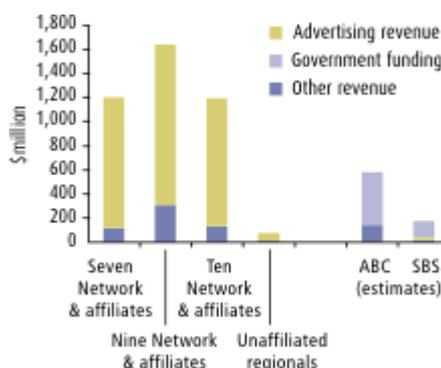
In the financial year ending 30 June 2005, industry revenues totalled an estimated \$4,876 million, which represented a 76% increase over a 10-year period.

Estimated Revenues

1994/95



2004/05



The recent financial reporting of the three networks stated:

Ten Network Holdings Limited (Ten Holdings) today reported that revenue from the Company's television division rose 10 per cent, with earnings before interest, tax, depreciation and amortisation (EBITDA) rose by 20 per cent. Television revenue for the year-to-date came in at a healthy \$597.6 million, up 3.5% on the same period in 2006.⁴

and

The Seven Network has attracted a billion dollars in advertising revenue for the financial year, official TV market share figures have confirmed.

Seven equaled its December half revenue haul of \$524 million for the six months to June, a \$65 million jump on the same period last year, pushing it to \$1.05 billion over the 12 months. . . .

The total television market equaled bullish growth predictions, with total revenues up 6.6 per cent to \$1.74 billion in the June half. Regional TV stations beat their capital city counterparts, up more than 8.5 per cent to \$402 million, compared with metropolitan growth of 6 per cent to \$1.338 billion.⁵

Program Expenditure

While revenues and profits continue to grow, expenditure on Australian drama, including Australian children's drama, has remained relatively static.

Despite children comprising just over 20% of the overall population, the commercial networks only spend 1.8% of their program expenditure on Australian children's content.⁶

⁴ Screenhub (www.screenhub.com.au), 20 June 07

⁵ *The Australian*, "Seven rakes in \$1bn ad revenue", July 24, 2007

⁶ Source: AFC Analysis of Broadcasting Financial Results, Australian Communications and Media Authority (ACMA), formerly the Australian Broadcasting Authority (ABA) in Get the Picture Online www.afc.gov.au/gtp/wftvprogexpenditure

| FTA Children's Program Expenditure | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Year | 99/00 | 00/01 | 01/02 | 02/03 | 03/04 | 04/05 |
| | \$m | \$m | \$m | \$m | \$m | \$m |
| AUSTRALIAN | | | | | | |
| Kids Drama | 8.7 | 9.5 | 13.5 | 15.1 | 9.3 | 13.4 |
| Other Kids | 11.7 | 8 | 4.2 | 3.6 | 3.6 | 8.1 |
| Total Expenditure on Australian kids' programmes | 20.4 | 17.5 | 17.7 | 18.7 | 12.9 | 21.5 |
| Total expenditure on Australian programmes | 596.4 | 701.5 | 706.3 | 723 | 674.7 | 812.8 |
| Expenditure on Australian kids' programmes as percentage of total expenditure on Australian programmes | 3.42% | 2.49% | 2.51% | 2.59% | 1.91% | 2.65% |
| TOTAL PROGRAM EXPENDITURE | 863.6 | 987.9 | 1,007.0 | 1,030.3 | 1,005.5 | 1,163.4 |
| Expenditure on Australian kids' programmes as percentage of total (Australian + Foreign) program expenditure | 2.36% | 1.77% | 1.76% | 1.82% | 1.28% | 1.85% |

FTA's contribute as little as 10% to 25% of total budgets as the figures below demonstrate.

Between 1995/96 and 1999/2000:

- **25%** of the finance for Australian and co-production children's TV drama between 1995/96 and 1999/2000 came from government sources,
- **35%** of the finance for Australian and co-production children's TV drama came from foreign sources.
- **28%** of the finance for Australian and co-production children's TV drama financed from the **combined** efforts of Australian broadcasters **and** production/distribution companies.
- **12%** came from Australian private sources. ⁷

Further, the CTS minimum levels of children's programming have in effect operated as the maximum level. Program budgets are constantly under pressure with broadcasters actively seeking to meet their 'C' and 'P' obligations for as little money as possible.

⁷ AFC, Get the Picture

And while the figures are not available, based on viewer observation and industry feedback, it is reasonable to believe that the marketing expenditure for developing the child audience is an even smaller fraction of broadcaster's overall promotional budgets.

Importantly, the networks are not spending exorbitant amounts on foreign produced children's content either. Much of the foreign material screened would comprise part of a bundle of content from studios, and the foreign children's material would be included for low or no cost - supplied for the promotion of merchandising ancillaries.

As aforementioned, following a decade of relatively static license fees, there can be no justification for arguments that the CTS requirements are too expensive for the broadcasters to meet.

The CTS is not an onerous burden on the broadcasters.

There is powerful argument that quota levels should be raised. Australian children need more intervention, rather than less, in their specialised market and certainly *not* the status quo.

Some of these arguments are that:

- with the growth of the internet and more international content largely provided by huge vertically integrated media groups, primarily American, there is a greater need to produce more Australian content for children, to ensure they can find programmes which reflect and promote their own culture.
- the new media ownership laws have seen significant changes in the ownership and corporate structures of the networks, and there is more flexibility for continued change. Some owners are on the record of stating they are or will be on the market within three years. The impact of these changes must be considered in the overall policy framework of the CTS.
- a change in the CTS to encourage 'block' scheduling and/or early evening scheduling would be easier to carry out if the networks were producing more content. More content and reliable 'block' scheduling in the early evening would dramatically increase child audiences. This would present an opportunity for brand growth versus merely a regulatory obligation.
- in the context of the overall spend by the networks on children's programming; an increase in children's 'C' drama would not be onerous. For example, the addition of one 26 episode 30 minute drama would raise the network spend from 1.8% to 2.7% of their current overall programme expenditure.⁸ But the benefit to children of having three new drama series would be substantial.

⁸ Based on \$3.25 million expenditure per network, (25% of a \$5000,000 per hour budget), and 2005 figures from the FTA Expenditure chart.

Summary

- Australian children need to access and engage with a diverse range of Australian created content specially designed to meet their developmental needs.
- Broadcasters can afford to retain their current CTS commitment.
- The drop in audience numbers is due to many factors and does not present a lack of quality programming, a lack of need for this material, nor that other platform providers can replace that FTA services. It does not represent a failure in the CTS itself.
- There is a need for the quota to be complimented by additional effective innovative marketing, including cross platform marketing, combined with 'block' scheduling. This is highly likely to generate better audience attraction and retention for the FTA networks.
- There remains a real opportunity and need for complimentary cross platform content development. The broadcasters need to bear some responsibility for their development; and, at the very least, not hinder producers' efforts to promote their shows and build audiences. ACMA should be mandated to include children's cross platform media in conjunction with the CTS.
- The Independent sector is a major supplier of Australian children's programming. Without the CTS obligations, demand for content from FTA networks, production would decline. This would negatively impact on the development of skills as well as the business viability of a significant proportion of the television sector and have flow-on effects for the entire industry.

Recommendation I: At an absolute minimum, the current quota levels should be retained. However the CTS needs to adjust its parameters to better service the child audience.

2. Is the current balance between CTS sub-quota requirements (for example, first release Australian drama) appropriate for today's Australian child audience?

AWG/SPAA consider the current balance between the CTS sub quotas to be appropriate. The FTA's have historically proven to only deliver the minimum requirement across all the sub quotas in children's programming and, in light of the fact that children's drama is the most costly of 'C' programming, any reduction in the drama quota will undoubtedly result in a direct and immediate decline in drama production. Given children's drama represents 42% of the overall drama production in Australia, such reductions would have an immediate and deleterious impact on the overall health of the production industry.

When looking at Appendix 7 of the Children's Viewing Patterns on Commercial television report, 'C' drama clearly dominates children's preferences across the three networks. Among the general television viewing statistics, children ranked child and family focused movies highly. Therefore it is reasonable to suggest Australian children have a preference for Australian drama.

Broadcasters habitually commission low budget 'C' shows, and pay very low license fees, irrespective of the quality, simply to ensure their 'C' quota is fulfilled. This is despite the continuing success of children's channels on Pay TV indicating that there is a market for drama if broadcasters are prepared to build the audience and spend the money required

Therefore, if ACMA were to change the balance of the CTS sub-quotas, AWG/SPAA would only support an increase in the drama quota.

3. Are the changes to film funding announced in the 2007–08 Budget likely to affect the production of children's television in Australia?

The new rebate may become an important financing tool for high quality children's drama. To be eligible for the new rebate, all television drama series productions must have a budget of above \$500,000/hour of Australian expenditure (QAPE).

If broadcasters are able to access the rebate directly, as is provided for in the draft legislation that provides an enormous incentive for the broadcasters to take production in-house. The result of that is an inevitable decline in the quality and diversity of children's programming.

Direct funding will remain critical. Government has suggested additional direct funding may be available within the current budget allocations but this is predicated on the assumption the rebate will reduce demand on direct federal government funding from other genres. This assumption will take some time before it can be tested.

It is noted that the FFC have been effective in placing upward pressure on broadcaster license fees in recent years. Their role and that of the new ASA in direct investment in children's programmes remains critical; not only the funding amounts but also how the funds are administered so as to leverage maximum commitment from the broadcasters. This is a delicate balance which to date has achieved better public outcomes than that of the previous minimum license fee approach as stipulated within regulation.

AWG/SPAA does not agree that the FFC effect is 'unraveling' as suggested in the Children's TV Production Report'P'23. The AWG/SPAA acknowledge the likely consolidation of the commissioning process that would occur in a tradable quota environment would reduce the ability of Federal Government direct investment to influence license fees.

Criteria for 'C' and 'P' programmes

4. a) Are the classification criteria for 'C' and 'P' programmes still appropriate for today's Australian child audience? Why?

5. Can the current classification criteria for 'C' and 'P' programmes be easily understood and interpreted?

6. Do the current classification criteria for 'C' and 'P' programmes impede innovation in 'C' and 'P' programming?

Whilst the classification criteria remain appropriate, elements of the administration process could be greatly improved. An assessment of the success of the CTS must prioritise issues of marketing, scheduling and branding over the classification process itself.

The classifications' broad and non-prescriptive rules can encompass a diversity of styles and approaches. However, the assessment process can be cumbersome, vulnerable to subjectivity and runs the risk of being out of date with current child audience sensibilities.

The processing of applications has seen a default interpretation of particular types of criteria. In assessing if a project fulfils the appropriate age group criteria, assessors have required that the protagonist must have the sensibility and/or be of an age that is in close proximity to the target audience. Such detail or default criteria are not published and may not even be the only way in which the criteria can be achieved.

There is widespread industry understanding of what is unofficially required to get through the assessment process. Producers operating on tight development schedules and within tight budgets ignore those elements at their peril. The unofficial criteria must arguably inhibit innovation and risk-taking.

A forum of industry members, child development specialists and ACMA to discuss the child audience and the interpretation of classifications would challenge assumptions and reinvigorate the dynamics of the classification system.

Issues raised by members to AWG/SPAA which could be explored in a forum include:

- editorial interference;
- appreciation of changing children's viewing habits and media access of current generation;
- recent ACMA assessments skewing to lower age ranges;
- lack of recognition of professional experienced teams when accessing applications, lengthy assessment process; and
- the small number of assessors.
- diversity of child audience taste and sensibilities
- critical data required for accurate and fair assessment of projects to determine their status under the CTS
- valid classification criteria vs. creative taste and values

New models

An audit model based on self-assessment by broadcasters is unlikely to address the situation if a program counted as 'P' or 'C' could be overturned in a subsequent audit. Such an approach would increase broadcaster risk. It is evident that broadcasters only commission Australian 'C' & 'P' programming because of regulation imperatives. Any audit occurring that reveals a program did not gain its intended 'C' or 'P' status after the event would be a major set-back for the broadcaster and the supplying production company. Such an administrative approach would encourage a yet more conservative approach.

AWG/SPAA would be willing to work with ACMA to develop a peer assessment system. However, while acknowledging the need to have current marketplace knowledge used within the assessment process, we have concerns that adding a peer assessment model would not fix identified issues of timeliness and cost.

Experienced practitioners recommend greater recognition of the professional standing of the producers, writers and child development advisors during the initial assessment and that projects with a broadcaster attached should be fast-tracked to avoid unnecessary and lengthy delays.

Members have reported that they find the compilation of explanatory notes, character explanations and lengthy discourses as to plot and script mechanisms intrusive and counter productive to innovation and creative process. One member describes how *'literally boxes of paperwork are transported to the Sydney assessor for each series. This is followed by detailed and extremely subjective inquisition about why our teenage characters are kissing including the duration of the kiss and very subjective judgments about danger that often result in a blunting of the story.'*

AWG/SPAA recommends the processing of classifications:

- recognise professional experience and reduce the required supporting paperwork required;
- recognise a less onerous application process is required for subsequent series;
- fast track projects with broadcasters attached;
- restate the assessors' boundaries in relation to creative interpretation of the projects being assessed; and
- ensure assessor's training and awareness of children's media trends.

Recommendation 2: The assessment process be amended to reflect different levels of expertise. In the case of experienced producers with broadcasters attached, assessment to be made on episode synopsis vs. scripts.

There is merit in organising an assessors' and industry forum to stimulate awareness of innovative opportunities and trends in children's programming as well as future possible direction for Australian children's programming. This would ensure current knowledge of the child audience and the international and national children's content industry is used as a base for assessment.

Recommendation 3: ACMA hold annual or bi-annual forums with children’s producers, writers and broadcasters to focus on the dynamics of the classification system.

7. a) Do the current CTS impede the development of specific forms of innovative content, such as user-generated content or television content that also utilises cross-platform delivery, for example, the internet or mobile phones?

“In the age of media convergence, it is important to consider the entirety of children’s experiences of their media environment rather than discrete elements of it. This convergence is not simply technological. There is also an erosion of boundaries between education and entertainment and, particularly for this age range, between sites of learning and play.”

Plowman & Stephen, 2003⁹

Today’s children are the first truly multi-channel generation, growing up with the Internet as part of their everyday life. Children today grow up immersed in all forms of electronic media – from multi-channel TV, DVDs/videos, Internet, computers, ipods and electronic games.

Currently new media is not part of CTS regulation. AWG/SPAA see a relationship between the performance of ‘C’ and ‘P’ on the commercial networks and the existence of related cross-platform material.

Whilst young audiences are early technical adopters, there is little outside the ABC that is Australian and safe for our children on the net. The supply of innovative websites and other new media designed with equivalent ‘C’ or ‘P’ standards to support ‘C’ and ‘P’ programming on FTA’s would be a major cultural benefit to audiences and is highly likely to build audience loyalty, awareness and offer additional avenues for quality material to resonate.

Clearly as ACMA’s report outlines, broadcasters persistent in engaging in ‘C’ and ‘P’ content at the minimum level required by ACMA. Producers report that there is no broadcaster interest, or incentive at this point in supporting the development of projects that are specifically innovative with technology use. Similarly program innovation that requires additional audience development, additional production development or any other resource-based expense is likely to be at a disadvantage.

The contrast between the FTA networks and the local pay TV channels and the ABC is dramatic. The networks’ web presence for children is tokenistic, with sites often having one information page only and no activities. In contrast the ABC has literally thousands of web pages for children in both the preschool age group and older kids. The ABC even features a web section that is entirely focused on kids in regional and rural Australia, and a section dedicated to parents and guardians of children. One ABC project, *The Zimmer Twins*, which allows kids to create animated movies online from the ABC site, has over 50,000 movies contributed by children available.

⁹ *Developing a policy on ICT in pre-school settings: the role of research*, Paper presented at the British Educational Research Association Annual Conference, Heriot-Watt University, Edinburgh, 11-13 September 2003.

Clearly media that has cross-promotional links and engages children on a variety of platforms (including user generated content) will have a greater chance of success than those that do not.

This failure has two major effects on the success of the CTS:

1. From the child audience point of view, there is significant demand for new media. Programmes which do not have a strong accompanying new media presence will undoubtedly be disadvantaged and find smaller audiences than those with well-rounded and highly developed ancillary platforms; and
2. For the production industry, the lack of support for new media by Australian broadcasters has several ramifications. Children' television is an international business. On the great majority of overseas channels and pay-tv networks, all new television shows must be planned with a complete package of new media – internet, games, pod casts, music, etc. Not only are Australian producers not being supported to produce materials which enable international finance, they are also losing expertise in new media production through lack of demand from the broadcasters.

Currently the CTS has no mandate to regulate in this area.

Recommendation 4: There is an absolute need in children's media policy for encouragement of cross-platform promotional material.

Recommendation 5: Child services and entertainment supplied through the internet and/or other new media platforms need to be subject to regulation consistent with the CTS.

Recommendation 6: ACMA must be mandated to develop a regulatory framework for new and emerging media platforms serving Australian child audiences. ACMA must also develop complimentary polices recognising the effectiveness and interrelationship of the CTS with other digital platforms.

b) If so, how could they be amended to encourage that type of content?

As above. ACMA leads the way in research regarding children and their internet use. This current and timely information presents an excellent opportunity for ACMA to widen the scope of the CTS to include new media.

8. a) Do the current criteria encourage the production of 'C' and 'P' programming that is contrary to international trends in content and style of programming?

The lack of inclusion of new media platforms in the CTS definitely impedes the success of Australian children's programmes. Productions, which included a full range of innovative and exciting new media products would have a much higher potential for international finance and markets.

For example, international broadcasters demand a range of new media for all new programmes. International pay television channels are also multi-platform.

The other area where the CTS could be examined is in the length of programming – currently set at 30-minute series. There is a growing trend towards short animations and short shows interspersed with user-generated content and other bridges. AWG/SPAA is open to the possibility of this increased flexibility for series.

Recommendation 7: ACMA allow 'C' program of less than a commercial half hour to be calculated as delivering proportionately n quota within a minimum 'C' scheduling 'blocks'

Program Placement and Timing

9. a) Are the current 'C' and 'P' time bands prescribed in CTS 3 appropriate for Australian children today?

10. a) Should ACMA provide more incentives to licensees to show children's programmes in more desirable timeslots?

11. a) Is the requirement to show 'C' and 'P' programmes every weekday still appropriate?

12. a) Does the requirement to show 'C' and 'P' material in 30-minute 'blocks' impede the scheduling of 'C' and 'P' material in larger 'blocks'?

The success or failure of the CTS cannot be determined by a simple measurement indicating that children are watching more or less television. The real test is when they do switch on, are they able, and are they encouraged, to access quality child centred programming as a significant part of their broadcasting experience.

If a child accesses quality 'C' or 'P' programming on Wednesday and Thursday and another on Friday and Monday the CTS is effective. Success cannot be limited to ratings results alone. If, however, a significant proportion of children are only accessing commercial programmes at a time when there is no chance of accessing programmes as prescribed within the CTS, then the time band settings must be deemed to be inadequate.

Broadcasters have exhibited a strong preference for scheduling 'C' programming in the earliest part of the time band, that is, at 4 p.m. Yet the Oztam audience data demonstrates the available audience at that time is only marginally larger than the available audience during school hours. Accelerated switch on rates for the child audience occur between 5 pm and 6 pm for all age groups 0-14 years. The 7 am to 9 am time band peaks at a similar level to the early 4 p.m. time, attracting an audience that is only half the child audience available after 5 pm.

It should be noted that while commercial broadcasters schedule a large proportion of their weekday 'C' programming in the 4pm slot currently, it has not always been so. Broadcasters did, in the 80's, schedule a significant proportion of children's

programming after 5 pm.

Further research into the viewing habits of young Australians currently being undertaken by ACMA will provide additional insight into the influences on children's media habits.

AWG and SPAA contend that lifestyle rather than program content is the dominant factor influencing television switch on times. This is partly based on the audience rating success of many 'C' programmes in overseas markets, where the programmes have been positioned in later, more popular time slots, accompanied by extensive marketing campaigns. Recent examples include *Erky Perky*, which wins its primetime slot in Canada and *H²O*, which is the leading live action program on cable TV in the United Kingdom.

AWG/SPAA acknowledge there are commercial reasons, which influence broadcasters' decisions of where in the 7-9am and 4-8.30 p.m.-time slot children's 'C' programming will be placed. Currently this has been the early 4 p.m. and early-morning, the less lucrative time of the zone.

The ABC 6am-7am child audience figures average at around 35,000 and yet rise to 140,000 over the following hours. This also demonstrates that there is no compelling reason to extend the 'C' viewing zones earlier into the day.

ACMA recognises the CTS's role is to balance the economic imperatives so as to best deliver a quality service to Australian children. It is reasonable to assume that the broadcasters' economic choices will, without any other forces at play, lead to a continuum of this scheduling regardless of the child audience availability. Meanwhile, the ACMA report clearly demonstrates this is not the best time for the child audience. It is preferable that 'C' be programmed after 5 pm.

Children's programmes should be screened in time slots where the majority of the potential child audience is watching television. To achieve this, AWG/SPAA does not believe an incentive is needed to encourage broadcasters to change their scheduling. In light of the networks' continued profitability and static spending on children's shows, AWG/SPAA instead recommends that there be disincentives for showing programming before 5 pm.

Recommendation 8: AWG/SPAA supports ACMA introducing an additional regulatory device to deliver a proportion of 'C' programming in the 5 - 8.30 p.m. time slot, as a part of the week day service.

Recommendation 9: The 'C' time band prior to 5 pm should not be given the same weighting as later time bands.

Minimum daily requirements

Members are rightly wary of any proposal that would reduce the minimum requirements per weekday of 'C' and 'P' below half an hour. FTA's have a responsibility to service a general audience every day of the week, and children, comprising 20% of the total population, comprise a significant proportion of that audience. Parents and their children have a right to a diverse range of appropriate programmes for children. It is preferable that children are able to access suitable program on a daily basis.

In the case of 'P' the daily half hour minimum needs to be retained.

There is also concern that a fragmented scheduling of 'C' and 'P' programming makes it difficult to find and market the schedule. Members support moves to encourage 'block' scheduling of children's program weekdays.

Hence, in the case of 'C' while it is preferable for programming to be scheduled each weekday, the following changes in time band requirements are offered as an alternative approach which will achieve a better service for the child audience through provision of 'block' scheduling and scheduling during child 'friendly' times.

'Block' scheduling of 1.5 hours is likely to be more effective in building destination times for child viewers, however given the other competing Broadcast programming interests SPAA/AWG have developed a shorter one hour 'block' option for further consideration. Success of these 'block's depends equally on quality and promotion of both the actual program and the 'block' itself.

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| <p>Recommendation 10: AWG/SPAA support the introduction of additional scheduling flexibility in exchange for 'block' scheduling.</p> |
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In exchange for the requirement that broadcasters program at least half an hour of 'C' programming every weekday it is suggested broadcasters could choose one of the following schedule approaches in a programming year:

- 1/ Schedule a minimum 1.5 hour 'block' schedule comprising of a combination of C,'P' and child-focused 'G' where there is a minimum half hour of 'C' two out of five weekdays plus one weekend day per week.

Or

- 2/ Schedule a minimum 1 hour 'block' schedule, with a weekday start time of 4.30pm onwards, comprising of a combination of C,'P' and child-focused 'G' where there is a minimum half hour of 'C' three out of five weekdays each week plus two weekend 'block's of 1 hour (this may take the form of one 2 hour 'block' on Saturday or Sunday or two 1 hour 'block's on either Saturday or Sunday.

Or

- 3/ If 'block' scheduling and later scheduling cannot be achieved within these flexible parameters then ACMA must change the time band for 'C' from a start time of 4pm to a start time of 5pm on weekdays.

Note:

- Each broadcast must continue to screen a minimum of 5 hours of 'C' content per week.
- Regardless of the option adopted the 'C' time band prior to 5 pm should not be given the same weighting as later time bands.
- AWF/SPAA also note the merit of 'C' programming being scheduled at the later time period of 7-8pm.
- Scheduling of 'C' at this time would not be subject to 'block' scheduling one-hour minimums in the first instance.

AWG/SPAA believe programmes should not be restricted to a 30 minutes minimum but, provided programming is a part of a minimum 'block', could comprise of shorter segments shown together as is now commonplace in children's formats internationally.

The introduction of a new Australian child-focused 'G' classification within a minimum half hour weekday screening has been discussed as a possible way to support quality 'block' scheduling on FTAs. This is an area considered as part of the argument that additional quota is needed for children, not simply the status quo (see page 18).

As the networks expenditure on children's programming is small and further offset by the level of revenue they are raising through advertising. Growth or change in CTS requirements cannot be considered onerous.

As detailed earlier and in Appendix I, the advertising market is growing. Specifically, there has been a significant demographic shift, with children and young people now representing a substantial consumer force in their own right.

In 2006 the UK charity Childwise estimated that children in the UK spend £4.2bn (A\$10.4 billion) annually, an increase from £3.9bn in 2005. Other figures suggest that children assert an influence over almost 10 times that amount.¹⁰ A newspaper from Australia reports, "In Australia the Federal Government suggests young consumers are worth at least \$4 billion each year to the economy."¹¹

Regardless of the outcome of any changes to the types of advertising allowed with children's programming, there is no doubt that quality programming shown after 5 p.m. would attract advertisers and produce revenue for the networks.

¹⁰ *The Guardian*, July 31, 2007

¹¹ *Sydney Morning Herald*, "Cashed-up kids get a grip on the family finances", June 4 2003

Program promotion

13. a) Should program promotion be addressed within the CTS?

Program promotion should be addressed within the CTS.

A lack of quality and goals-driven marketing and promotion, combined with schedule changes and scheduling at non-child viewing hours is contrary to the intention of regulation. It undermines loyalty, creates a cycle of limited audience exposure and at its most cynical delivers a failed result, which broadcasters can use to further their call to be released from their Australian children's programming requirements.

AWG/SPAA are dismayed with the lack of improvement or demonstrated change in the marketing undertaken by the broadcasters after ACMA specifically identified promotion as a significant issue.

AWG/SPAA understands a confidential report on promotional activities was issued to ACMA following the introduction of a reporting requirement as an outcome of the last CTS review. AWG/SPAA believes it is unreasonable for this report to remain confidential, given the strong industry concern in this areas and the current level of membership feedback describing no practical improvements in this area.

AWG/SPAA believes that a large share of the promotional activity of children's television is initiated or implemented by producers rather than the networks.

SPAA has held several Producer forums in the last 18 months, including two joint forums with the AWG, to discuss the issues affecting programming and audience sizes. Anecdotal evidence from members exposed some of the difficulties faced when publicising programmes, these include:

- A producer being told not to arrange additional radio interviews or supporting publicity for a show as all marketing was the responsibility of the broadcaster. The producer then reported the broadcaster did little if any promotion and the program launch date was changed without the producer being advised.
- A producer reported a broadcaster's marketing department staffer advised that no online presence was given to the children's programming, as it "wasn't a commercial priority".
- A children's drama series with a significant percentage of Federal government subsidy was re-scheduled on several occasions. This led to support publicity generated through schools and teachers' notes etc being tagged with incorrect dates – leading to further confusion and disenfranchising the child audience.
- Following announcement of FFC funding for a new show, a producer wrote about this success in their own newsletter. The broadcaster's legal department contacted them and told them they were not allowed to do publicity, only the broadcaster could.
- Producers and writers often reported being unable themselves to determine

when their show was to be broadcast ahead of the television guide.

These examples are not exceptions. They represent an almost universally shared experience by producers consulted, and represent a broadcast marketing culture of active disregard and abandonment of the child audience.

This is despite clear evidence that in other areas of programming broadcasters are recognising the need to develop cross platform audience interaction. The enormous sums spent on web, mobile phone and other content for popular programmes such as *Big Brother* and *Australian Idol* clearly demonstrates the new media expertise available at the networks. .

Little or no cross platform development in children's programming clearly demonstrates the lack of commitment to the child audience as children's broadcasting fails to keep pace with audience evolution and developments in broadcasting as a whole. It is time for ACMA take a robust and decisive action to encourage cross media, especially internet and children's publications.

Program displacement requirements in the current regulations provide a precedent in designing mandatory promotional activities. Promotion including effective marketing time lines, development of audience engagement through PR, sponsorship, cross platform promotion (eg publications, internet, etc), on air announcements during both adult and child viewing times and on screen banners with both text and logo messaging are options that can be included in a mandated marketing requirement of both the programme and the 'blocks' themselves

Recommendation 11: ACMA should impose additional regulation for promotion, based on the current guidelines for displacement of programming, to assist the broadcasters to successfully fulfill their obligations under the Broadcasting Act. In addition, all reporting on such activity should be public.

14. ACMA is of the view that the following provisions of the CTS are operating effectively:

programme promotions and station identifications AWG/SPAA disagrees. See above.

community service announcements
AWG/SPAA agrees.

news flashes and announcements
no comment.

**unsuitable material
advertising during 'P' time**
AWG/SPAA agrees.

time limits for advertising during 'C' time
AWG/SPAA agrees.

separation of advertisements and sponsorship announcements
AWG/SPAA agrees.

repetition of advertisements
AWG/SPAA no comment

undue pressure in advertisements
AWG/SPAA no comment

competitions
AWG/SPAA no comment.

use of program personalities and characters
AWG/SPAA no comment

advertising of alcoholic drinks
AWG/SPAA no comment

Advertising Issues not specifically addressed

Advertising

AWG/SPAA's expertise in this area is limited and therefore defers to industry and community specialists. AWG/SPAA does believe that specific requirements on advertising to children placed on FTA's must equally be fair and measured and be consistent across all platforms.

Broadcasters have commented in discussion that the number of actual commercials cleared for 'C' viewing are low and that this limits advertising scheduling options and suggests these zones require special treatment. SPAA/AWG recommend all commercials apply for 'C' as part of the initial classification process and only those advertisements that are rejected for 'C' broadcasting are then prohibited from being

scheduled. While it will require a small amount of additional assessment work it will also assist broadcasters commercial programming processes and provide increased flexibility.

Recommendation 12: All advertisements to be assessed against the 'Cc' criteria as part of the required CAD classification process.

As previously stated in this paper, the low programming expenditure on Australian children's programming means changes to improve the CTS requirements will not be onerous. It follows that if broadcasters develop and grow their child audience, additional revenue streams and future market development opportunities will also grow.

AWG/SPAA reiterates the need to consider advertising and the quota requirements in isolation from each other. The quota requirements do not impose an onerous burden on the broadcasters and these arguments should not be linked together.

Schedule variation and displacement

26. a) Should the current notification requirements (as contained in CTS 3) for the variation and displacement of 'C' and 'P' programmes be maintained in their current form? If so, why?

b) If not, how could the notification requirements be amended, while still ensuring accountability in scheduling?

Schedule variation and displacement of 'C' programming needs be considered on several levels:

- How it affects the child audience;
- Development of the audience;
- Ability of the audience to find programmes;
- Commercial considerations leading broadcasters to change the schedule in the first place;
- Potential commercial returns; and
- Priority given to one audience over another.

AWG/SPAA maintain that the networks are continually failing to provide adequate publicity and promotion for children's programmes, thereby preventing the target audience from easily locating programmes at broadcast. This undermines the objectives of the content standard and impedes the delivery of high quality programmes to the child audience.

Given the lack of improvement since the last review, AWG/SPAA sees no pressing imperative or benefit for audiences in providing broadcasters with greater schedule variations or flexibility.

CTS 3. 1 (k) (i) states

The failure to broadcast as specified in the schedule provided under CTS 3 (1) (e) was due to the unexpected:

(A) cancellation; or

(B) postponement; or

(C) early completion; or

(D) overrun; or

(E) availability;

of live coverage of national importance, or a major sports event, that is suitable for viewing by children and that intrudes into a 'C' period or 'P' period;

AWG/SPAA believes sporting events including overruns should not be prioritised over Australian children's programming. Broadcasters are aware of their obligations and need to manage accordingly.

Recommendation 13: removal of "major sports event" as legitimate criteria for short notice rescheduling of children's weekday or weekend programming.

A failure to broadcast should be a breach of the Standard. Similarly if adequate notification has allowed for a rescheduling of children's classified programming, broadcasters cannot then reinstate the original programming if live coverage for one reason or another is cancelled or shorter than expected. Broadcasters may choose to schedule additional 'C' programming to fill empty timeslots, but this does not absolve them of the obligation to reschedule the original 'C' and/or 'P' program.

Current requirements of 14 days' notice are inadequate, particularly in terms of sport. For a sporting event to be of "national significance" we contend that the broadcaster must have extensive advance notice of its broadcast.

Reporting of the rescheduling should be communicated to all stakeholders, the target audience and their guardians; the producers of the program; media services; Screenrights; electronic and published program guides and cross platform bulletins or similar.

Recommendation 14: AWG/SPAA rejects the proposal to allow greater flexibility in scheduling of children's programming due to displacement from sport in the absence of any commitment and loyalty to the child audience as currently demonstrated by the broadcasters. Timeslots which are predictable, safe and convenient for the child audience are of the utmost importance in ensuring effectiveness of the children's television content standard.

27. a) Should the displacement restrictions for 'P' programmes be brought into line with the requirements for the displacement of 'C' programmes?

b) Why or why not?

It is not clear why 'P' and 'C' currently have different displacement restrictions. AWG/SPAA would prefer to explore this further with ACMA and the broadcasters.

28. a) Should displacement requirements for 'C' programmes be amended to allow for displacement in a case where a major sporting event can reasonably be expected to run overtime? b) Why or why not?

No – as above.

The child audience currently has difficulty finding their programmes and therefore it cannot be argued that more flexibility is warranted. More 'block' programming and timeslots more clearly defined and available for children might alleviate this problem but until the broadcasters operate in good faith regarding the promotion and publicity of children's programming, there cannot be more flexibility available to them in this area.

Tradable obligations

32. What would be the benefits of a tradable obligations scheme?

33. What would be the challenges for such a scheme?

34. Could a tradable obligations scheme better position the CTS for the future media environment?

35. a) Would a tradable obligations scheme assist in achieving the CTS objective of providing for children to be specifically catered for in programming?

36. How would a tradable obligations scheme be best structured to ensure the desired outcomes for the child audiences were achieved?

37. What structure or conditions would need to be put in place to facilitate trading?

38. If a tradable obligations scheme were to be introduced, who should be able to participate in trading?

Public policy needs to consider the implementation of the CTS regulations and the performance of broadcasters in meeting their obligations - both to the letter and in the spirit - before reviewing the current regulations in relation to tradable quotas. At present, FTA's remain the 'main game' for Australian content for children. Access is equitable, safe, inexpensive and universally accessible. While there are new areas of media competition to consider, they are not the reason in themselves for good public policy to be undermined.

Tradable quotas systems such as carbon emission quotas operate to place a controlling or downward pressure on the particular activities being traded. ACMA should consider models and approaches that increase the variety, sustainability and availability of Australian children's programming for the Australian child audience. The framing of the tradable obligation argument in the ACMA paper does not appear to be impartial.

It is important to offer children a diverse range of high quality programming. Without the highest quality, we fail to maximise the educational and social value of Australian content. Without diversity, we risk offering children only a limited array of choices and paths for expressing their views.

AWG/SPAA has not seen any new arguments that would support the use of tradable quotas to achieve CTS desired outcomes. ACMA would need to provide more detailed information regarding tradable quotas, which could demonstrate tangible public benefits. An alternative path of investigation is recommended towards establishment of a dedicated service supported by the networks similar to the UK ITV type model.

The Impact of Tradable Quotas

AWG/SPAA has significant concerns about tradable quotas. The principal one is lack of diversity. In all likelihood children's programming outlets would concentrate down from the current three commercial broadcasters and one national broadcaster to some other less diversified arrangement.

Tradeable quotas will result in further concentration of commissioning and the already in-equitable trade balance will be tipped further in favour of the broadcasters. This will place greater downward pressure on budgets and increase broadcaster's ability to leverage additional program rights and returns from production activity.

Each network has different preferences for its children's programming –in both the content and choice of production teams. As it is, networks 10, 9 and 7 draw on one or two main suppliers for specific genres within their 'C' and 'P' quotas. Further consolidation and or concentration in the form of tradable quotas will deliver less choice for children in terms of content and encourages 'ghettoisation' of the genre and undermines the cultural objectives of the BSA

Tradable quotas could also result in the unfortunate occurrence where Australian children's quota traded to a particular channel comes up against foreign children's programming on the original network. Foreign programming is often provided for no or little cost, and carries enormous brand and marketing awareness. This result would be a disservice to Australian children.

Tradable Quotas between Commercial Networks and National Broadcasters

Any form of trading between Free to Air and national broadcasters stands to undermine the integrity of the Public Broadcaster and the spirit of the quota system. AWG/SPAA rejects outright tradable quotas between commercial entities and the ABC, SBS, datacasters or community services (Appendix I para 5c).

Absolutely no trade for broadcast content or related secondary content should be allowed between a commercial service and ABC. Such trade would diminish the role of the commercial broadcasters in providing diversity and competition to the national broadcaster's output. There is no benefit to the viewer or the independent production industry in reform that enables commercial broadcasters the ability to trade regulatory obligations with public broadcasters.

Commercial alternative(s) to the national broadcasters are essential for issues of diversity as highlighted earlier in the report. A lack of creative competition and contrasting broadcasting charters as currently exists between FTA's and the ABC risks leading to complacency, inefficient production, lack of innovation, lower quality programming, a narrowing of perspectives, consolidation of suppliers and market, and marginalisation of a major population group to public services.

The ABC currently struggles to achieve an adequate level of Australian original

programming. However efforts to secure ongoing funding sources and adequate Australian content for the ABC should not be mixed with the current issues facing the FTA's. They are separate structural and political issues and are outside the scope of this Review.

ABC TV has generated significant children's programming over the years although the content standard does not apply and there are no minimum hours of Australian children's content or equivalent classification requirements. This has meant the ABC has actually broadcast lower levels of Australian children's content compared to the commercial free to air broadcasters. While the ABC states a strong commitment to children's programming, it currently does not commission the level of Australian content required by the commercial broadcasters under the Standards.

In 2001/02 and 2002/03 imported children's programming to ABC accounted for around 1,200 hours (approximately 14 per cent of total hours broadcast) and since 2003/04 has increased to over 1,400 (16-17 per cent). Local children's programming has maintained a range of 400–500 hours (5–6 per cent) over the same period.

The requirements of the commercial broadcaster should not be confused or redirected to address shortcomings within the National Broadcaster.

The only area where tradable quotas may generate benefit is in providing greater flexibility and potential growth in earnings to Broadcasters. Tradable quotas will enable FTA's to 'free-up' additional FTA time, which they can then devote to other adult programming, and attract additional advertising revenue. Broadcasters choosing to trade their quota benefit from reduced overheads in both administration and executive employee services.

Based on current evidence, tradable quotas are not supported as a regulatory method for the future.

A theoretical example of how tradable quota system can reduce diversity can be understood through the following scenario;

Channel 10 may choose to trade the drama quota and buy in additional other 'C' quota. These extra 'C' hours are then fulfilled through mass production of additional 'Totally Wild' episodes, an in-house series. This does not provide diversity in program content, style or genre. Further it consolidates program suppliers and reduces the scheduling predictability of the drama quota as it moves from one broadcaster to another across different periods. It is inevitable that any trading of drama quota is most likely to see longer running series of a particular title. This delivers cost savings at the expense of diversity.

AWG /SPAA have identified benefits in 'block' scheduling and the predictability of the broadcaster environment for children. In the future, as the media landscape is further fragmented, it can be expected that competition for audiences will increase. FTA's have been characterised as providing a broad-spectrum services in past and current eras. Their services may change in the digital environment. ACMA needs to ensure the specialised child audience continues to be serviced by commercial broadcasters and not ghettoized or abandoned.

Dedicated Children's Channel Alternatives

A tradable quota scheme will not provide the regulatory stimulus to improve the broadcasting service for Australian Children. However, the AWG/SPAA are aware of the positive impact dedicated children's channels have had on the viewing experience of child populations overseas, in particular the UK. (see Appendix I para4)

Australian broadcast service must grow in such a way that the entire population is serviced as well as support the industry growth in a sustainable and culturally relevant way. In particular a healthy service will be characterised by:

1. Diversity of broadcaster services is critical. Plurality of outlets is needed so that viewers do not have to be reliant on a single provider.
2. Plurality of commissioning, which means a range of commissioners working for different organisations, bringing their different perspectives to bear on the system.
3. Plurality of production ensures there are different creative organisations competing for commissions. The independent production sector is key to ensuring a plurality of supply, providing creative competition for broadcasters' in-house production departments and an alternative to imported programming.
4. Recognition of a need to provide a level of diversity to a diverse population. That is, no one major population group that should be marginalised to a niche or ghettoized type service.
5. Sustaining a plurality of Commercial and National providers who complement each. This is important in ensuring that programme diversity is maintained. This remains true in the area of Children's television services.
6. Active and effective promotional activities on and outside the program's media platform.

AWG/SPAA recognises in the run-up to switch over, ACMA is likely to come under increasing pressure from commercial broadcasters to allow them to reduce their public service obligations as they face fragmenting audiences and a different rate of growth in advertising revenues. Notwithstanding this pressure, AWG/SPAA also notes the data previously presented above that documents the healthy financial returns across a range of cyclical conditions for the FTA networks, and the very small percentage of costs that investment in children's programming represents of their total spending.

Establishment of a UK ITV type model (a channel jointly owned by the three commercial broadcasters with three commissioning doors reporting to a single separate administration) for creation of a commercial dedicated children's channel is a possible alternative approach that retains commissioning diversity, develops destination television and offers a program alternative to the national broadcasting service. It allows the commercial networks to continue to contribute and service the child audience with greater channel scheduling flexibility.

A commercial dedicated children's channel similar to an ITV model being carried on one of the new FTA's multi-channels would offer both an opportunity to retain diversity of content, diversity of access and diversity of creative endeavor whilst also providing children 'block' scheduling and in the long term, once technology is in place, greater accessibility.

Such a service is only universally accessible once digital switchover has been achieved. It could be developed in the lead up to switchover. However in the meantime, analogue services need to be retained and improved.

It is envisaged that a dedicated commercial children's service would need to be seen as a long term activity that commercial broadcasters must underwrite at all times. Any failure to succeed would lead to the content requirement being automatically switched to their primary channel.

In development of a new model such as this, ACMA must reserve the right to increase quota requirements or introduce additional quota or sub quota requirement to ensure the child audience is served.

Recommendation 15: AWG/SPAA have not undertaken detailed analysis of the public benefit of a dedicated Commercial Children's FTA service. It is therefore recommended as an area for further research and discussion by ACMA.

Other

AWG/SPAA remain engaged and supportive of the establishment of a viable dedicated children's channel on the ABC. It will require appropriate public funding and must be developed as a separate strategy to child audience services supplied by the commercial operators.

AWG/SPAA also recognise that ACMA in designing future policy initiatives for the child audience must monitor and where appropriate regulate broadcasting services that emerge for Australian children on other platforms including broadcasting across the internet, mobile phones etc.

APPENDIX

Appendix I: International finance

- 1) International finance is undergoing significant restructuring and is under pressure. Australian's ability to rely on the UK and others to help fund our own content is less assured in the future.
- 2) Funding of Children's programming internationally is static yet the number of outlets has increased.
- 3) 'Screen Digest's *The Business of Children's Television* shows broadcaster investment in the genre has remained virtually unchanged over the past five years, falling slightly from €1.1bn (US\$2.26bn) in 2002 to €1bn in 2006. The UK, Germany and North America have seen a decline in spend, compared with Belgium, Italy and Spain, which have enjoyed a moderate increase in expenditure. ... The amount of money spent around the world on children's programming fell from €1.1bn in 2002 to €1.03bn in 2006.
- 4) There are now 14 kids channels in the US, 17 in the UK and France, and nine in Germany. *The Business of Children's Television* also said there has been a dramatic change in the shape of the market. In 1985 there were three dedicated children's television channels in Europe and now there are 110.¹²
- 5) PACT (the UK producers association) has provided the following facts.
 - a) Investment into production of new UK kids programming is approximately 30% lower compared to 1998 – despite a strong rise in investment from BBC channels.
 - b) This is because of 80% collapse in investment from commercially-funded broadcasters. ITV, the biggest investor in new UK children's programming in advertiser-funded sector, stopped commissioning new UK children's programming 18 months ago. Five, traditionally the second biggest commercial investor, has cut programming for older children.
 - c) As a result, the BBC has a near monopoly in some areas of children's programming. Government, Ofcom, and the BBC have acknowledged that a BBC monopoly would damage creative competition and plurality.
 - d) While the UK has a vast range of child programming services, the new digital services are dominated by foreign and cheap programming.

¹² *Screen Digest*, Antony Reeve-Crook, _23 Jul 2007.

- 6) The current situation in the UK is cause for concern but it must also be remembered the Government is keen to address the issues and several solutions are under consideration.
- 7) The UK industry is working with Ofcom for a remedy that includes the introduction of minimum children television quotas and a new production fund. The fact that the situation was able to arise in the UK, leading to ITV to ignore its responsibility to the child audience, demonstrates the vulnerable position the child audience is in, and the need for robust and steadfast regulation in a changing media environment.

Advertising Revenue

8) The phenomenal growth in online advertising revenue with media reports of 60-64% growth on last year's rates need be considered from the point of view that such growth though rapid has come from a very low base. Broadcasting advertising activity continues to report growth each year. This combined with the network's continuing growth in profit suggests the advertising 'pie' is not static, the total value of advertising is growing, online advertising is a new product, it may attract some expenditure from FTA's as it does Pay TV but it also offers a new service attracting its own discreet expenditure.⁸⁾ In the UK debate has raged about whether the slowing of advertising growth on analogue channels is due to cyclical factors, or structural changes linked to the growth of digital media. Given its media environment is a more mature environment to our own the observations are a helpful counterbalance to sense of unknown the new media landscape generates. PACT's recent submission to Ofcom observes:

- 9)
 - a) *'Clearly there are certain pressures on advertising at the terrestrial channels, but in overview these concerns may have been exaggerated. Broadcasters often have a vested interest in arguing that their dominant position could be undermined in the multi-channel era. In reality, current pressures are at least in large part due to cyclical trends in the advertising market, along with regulatory mechanisms particular to ITVI, rather than just structural issues such as fragmenting audiences.*
 - b) A recent independent study concluded that as much as 70% of the recent decline in growth in the advertising market is due to cyclical factors such as the wider economy, with the remaining 30% downturn reflecting structural issues such as fragmenting audiences and internet advertising.
 - c) Going forward, commercial terrestrial networks are likely to remain the dominant force in the advertising market well into the digital age. Terrestrial channels are predicted to account for 60% to 70% of available advertising revenues by 2015, according to independent research commissioned by Pact from Oliver & Ohlbaum Associates.
 - d) Predicted advertising revenues for the terrestrial-based broadcasting

groups grow further once their digital spin-off channels, such as ITV2 and E4, are factored in. These groups are likely to account for 75% to 80% of advertising revenues. Their spin-off channels, while not commanding the advertising prices of the main networks, sell at prices considerably higher than other thematic channels.

- e) Channel 4 chief executive, Andy Duncan, recently warned that Google would shortly earn more advertising revenue in the UK than his channel. In Pact's view, this should not be viewed as a threat to television. On one level, much of Google's income derives from keyword advertisers, not traditional television advertisers. But more importantly, such new services offer broadcasters, along with content suppliers, an opportunity to develop potential new income streams, while providing greater choice for consumers.
- f) This has been shown in the new services that terrestrial broadcasters are beginning to develop. Channel 4's E4 channel has shown robust growth since switching from a pay service to an advertising-driven model. Last year, E4's advertising revenues hit £60 million, compared to £38 million in 2004. We understand that E4 is forecasting between £90 million and £100 million this year. ITV's new participation channel, ITV Play, launched in April 2006 and *made £9m profit in the first half of the year.*
- g) *As Ofcom has pointed out, new services and traditional broadcasting do not have to represent a "zero-sum game."* ‘

Appendix 2: International Markets

BROADCAST Magazine

Comment - Why distributors still believe in kids

By Dominic Schreiber 29 August 2007

1. Life might be getting tougher for children's programme makers in the UK, but distributors remain upbeat about the genre ahead of October's Mipcom Junior.
2. The latest piece of bad news for the beleaguered sector came over the weekend when BBC children's controller Richard Deverell revealed that his department was facing budget cuts of around 5% each year for the next five years.
3. That followed on the back of Ofcom's recent finding that overall spending by the UK's public service broadcasters has fallen by over a third since 2002, thanks largely to ITV's decision to pull out of commissioning children's programming altogether.
4. Plus the BBC got a lower than expected licence fee increase.
5. Yet, ironically, the kids distribution sector appears to be in better health than it has been for a number of years with new players like RDF, Parthenon and Cake Entertainment ramping up their activities and established companies like Hit Entertainment enjoying strong growth.
6. Boutique distributor Cake, for example, recently poached Ed Galton from French animation studio Xilam to head up its growing sales business, and has just sold Cartoon Saloon's animated series Skunk Fu! to US broadcaster Kids' WB!.
7. RDF, meanwhile, is heading to Mipcom with a strong slate of kids shows and an experienced new head of sales, while Parthenon continues to enjoy success with Calon's pre-school series Hana's Helpline and will launch its new animated series Kat and C.a.T at September's Cartoon Forum in Spain.
8. Add to that the presence of larger players like BBC Worldwide, Granada International and Target, and it is clear that producers are faced with more potential distribution partners than they have for a number of years. The only problem is, with broadcasters cutting back on commissioning, there's likely to be fewer shows around to pick up. So where does that leave the sector?
9. One inevitable consequence is that distributors are having to turn to other markets to pick up new product. Despite being based in the UK, much of Cake's catalogue is from France and Canada, where broadcasters are required to invest a certain amount of their budgets in locally produced children's programming and tax breaks can help to make up deficits.

10. Likewise, RDF is looking to other countries to grow its slate of third-party shows, while Hit is also turning its attention to other media for new properties that can be developed for TV, like the publishing brand Rainbow Magic, which it acquired earlier this year.
11. The good news for now is that none of the key players are thinking of throwing in the towel - unlike ITV. But unfortunately a healthy distribution sector alone is not enough to sustain the UK's vibrant children's TV sector.
12. If only some of the UK's broadcasters were as committed to the genre as the likes of Hit and RDF.

Appendix 3: Commercial Broadcasters Profit Margin 1957-2005

Source: Australian Communications and Media Authority Authority (ACMA) and Global Media Analysis.

Appendix 4

HI 5 Market report 2005

AUSTRALIA

Hi-5 debuted on Channel 9 in April 1999. Soon after launching, **Hi-5** became a household name and now, six and a half years on, they remain the Number 1 children's television show in Australia (source: OzTam ratings).

Series 8 screens on Channel 9 at 3.30pm, Monday through Friday. Series 5 is currently running on Nickelodeon.

Hi-5 has achieved outstanding successes in many areas. Below is a snapshot of some of the accomplishments achieved to date:

Ratings success:

- **Hi-5** has won three national television awards (Logies) for **Most Outstanding Children's / Pre-School series**
- **390** half hour episodes have been produced to the end of series 9.

Publishing Success

- **Hi-5** is Australia's leading children's publishing license with over **2.4 million** books sold to date, across **75 titles**, in Australia since 1999. This equates to over A\$12 million retail.

Video success:

- One of Australia's #1 selling children's video properties
- Over 2.8 million units sold to date (includes DVD & VHS sales)
- 5 videos have won ADVIA's (Australian DVD and Video Industry Association Awards)
- Action Heroes DVD Marketing campaign won and ADVIA award in 2006
- 23 DVD titles and 20 Video titles released to date
- **Hi-5** videos consistently reach multi-platinum or double platinum status
NB: Platinum sales = 70,000 units, Double Platinum = 140,000 etc...
- **Hi-5** is consistently in the top 10 on release of ALL DVD titles in the market (*not just children's titles*)

Music success:

- Australia's #1 selling children's music property
- **Hi-5** won a record breaking 5 consecutive ARIA awards for *Best Children's Album*
- 10 releases including new CD 'Wish Upon A Star' released June 2006.
- Over 900,000 gross units sold to date in Australia alone
- **Hi-5** has achieved both Platinum and Gold sales with 5 of their CD's released so far

Merchandising success:

- **Hi-5** is Australia's Premiere Children's licensed brand
- **Hi-5** dominates the children's major licensed category of apparel in Kmart
- Some of the categories to date include:
 - Fashion (Boys & Girls)
 - Pyjama sets
 - Hats
 - Sunglasses
 - Footwear
 - Underwear
 - CD Roms
 - Homewear Products
 - Dinnerwear
 - Games and craft products
 - Party goods products
 - Bags, backpacks and luggage
 - Christmas and Easter confectionery
 - Hi-5 jumping castle and Ride on Carousel

Live shows:

- **Hi-5** have toured six live sell-out shows, with over 1200 specific performances in total in Australia, Asia, New Zealand and the UK.
- **Hi-5** have just completed the Australian leg of their 'Live Action Heroes' tour. Over a quarter of a million fans are expected to experience the 'Live Action Heroes' tour.
- More than 1.8 million tickets have been sold
- **Hi-5 Alive** stage show won the Helpmann award in 2002 for **Best Children's Presentation** of a live show

HI 5 International Success

Screening first in Australia and now screening in 81 other countries around the world. **Hi-5** has made a huge impact in the Asia, USA, and the UK.

It was estimated that in an average week Hi-5 reaches a global audience in excess of 1,000,000 children.

UK success of the Australian 'P' program outlined below is replicated in other territories such as the US, Asia.

Facts about the success of Hi-5 in the UK

- ❑ **Hi-5** is the top rating show in the Milkshake! Children's 'block' on Channel 5.
- ❑ **Hi-5** airs Monday - Friday
- ❑ **Hi-5** is cutting edge television! For the first time in October 2004, Series 6 and 7 ran simultaneously with Australia, demonstrating the phenomenal success and demand in the UK. Series 8 is currently airing.
- ❑ **Hi-5** launched on the Cartoon Network as part of the 'Cartoonito' childrens 'block' in 2006, currently airing series 8.
- ❑ **Hi-5** launched on Five TV's 'Five Life in 2006, currently airing series 3
- ❑ World first, **Hi-5** dance classes launched by LittleMagicTrain, September 2004 in Cannons and Holmes Place across the UK

Video/DVD success:

- ❑ Debut release *Five Alive/Playing Cool* Video/DVD was released February 2004 and went platinum in first week on sale
- ❑ Over 270,000 units sold to date (includes DVD & VHS sales)
- ❑ *It's a Hi-5 Christmas* special video/DVD was released November 2004
- ❑ *Magical Treasures* Video/DVD was released May 2004
- ❑ *Space Magic / Lets Celebrate* Video/DVD was released March 2005
- ❑ *Hi Energy /Come on & Party* Video/DVD was released October 2005
- ❑ *Action Heroes* Video/DVD was released March 2006
- ❑ *Wonderful Journey's* Video/DVD was released July 2006

- Universal have committed to a five-year release schedule.

Music success:

- SONY BMG are Hi-5's music partner both in the UK and Australia
- *Boom Boom Beat* **Hi-5's** debut UK CD release is the No.1 selling children's audio product to date
- *Boom Boom Beat* was such a hit in the UK that a special edition was released to meet demand
- *Celebrate* CD released September 2004
- *It's a Hi-5 Christmas* CD was released November 2004
- *Space Magic* CD was released March 2005
- *Hi-5 Hits* CD was released March 2006

Live shows:

- February to April 2004 **Hi-5** completed a 108 show tour of the UK and Eire with their *Five Alive* Stage Show.
- The *Hi-5 Alive* tour saw 10 sold out shows (30,000 tickets in 3 days) at the prestigious Hammersmith Apollo in London.
- **Hi-5** *Space Magic* stage show toured the UK and Eire in 2005.
- In 2006 **Hi-5** staged their third consecutive tour of the UK with '*Live Action Heroes*' which is unprecedented for a pre-school property in recent years.
- **Hi-5** is considered to be one of the leading, if not the leading, pre-school concert theatre shows. With sellout performances **Hi-5** played to an audience of over 100,000 one month.
- **Hi-5** tour merchandise saw unprecedented sales success as a result of the unique **Hi-5** style and quality