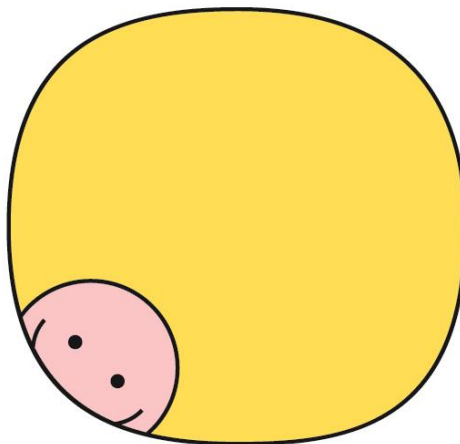


House Standing Committee on Communications and the Arts

2017 Inquiry into the Australian film and television industry



**AUSTRALIAN CHILDREN'S
TELEVISION FOUNDATION**

Introduction

The ACTF is a national children's media production and policy hub and performs a wide range of functions in children's media:

- as a voice in policy matters;
- as a distributor of and investor in Australian children's content;
- as an instigator of new, innovative and entertaining children's media; and
- as a developer of valuable screen resources for the education sector.

We were established in 1982 through a commitment from the Commonwealth government and all State and Territory governments.

We have a proven track record in supporting the creation of quality local content for children.

Our unique position in children's television – which straddles initiation, development, production, distribution and policy – gives us valuable experience, knowledge and insights into the issues facing the industry.

Terms of Reference

We welcome the House Standing Committee on Communications and the Arts 2017 Inquiry into the Australian film and television industry as a key part of Government's ongoing engagement with the screen sector.

Our submission focuses on matters relating to Australian children's television.

We note that the terms of reference set out by the Committee have identified 'growth' and 'sustainability' as key areas of inquiry.

"Factors contributing to the growth and sustainability of the Australian film and television industry."

This submission sets out the critical importance of creating high quality, distinctively Australian screen content for child audiences. Factors relating to the growth and sustainability of the industry are fundamental to the overall health of the industry, and importantly, the outcomes for audiences and the Australian community. However, it is critical to also examine the qualitative outcomes of the current media landscape. What shows is the industry making? Do they resonate with Australian audiences? Do they reflect the culture and community in which we live? Otherwise, ensuring growth and sustainability, but without cultural engagement and relevance, may serve some sectors of the industry – but short change audiences.

The current vulnerability of the children's genre, and the continuing challenges facing producers of this content, are areas of real concern. For if the structural issues facing children's content creation are not effectively addressed, then high quality, distinctively Australian content, may well disappear from our screens.

Children's television has the best story to tell

Australian children's television has an amazing story to tell, perhaps the best story of any sector in the film and television industry.

For more than three decades Australia has been regarded as a world leader in the production of children's drama.

Distinctively Australian children's dramas have defined childhood for many generations of children here and around the world. Programs that include *Round The Twist*, *The Girl From Tomorrow*, *Spellbinder*, *Lift Off*, *Ocean Girl*, *Mortified*, *H2O:Just Add Water* and *Lockie Leonard* have been to air in Australia many times over, made an indelible imprint on Australian culture and been exported to more than 100 countries. These types of programs have left an extraordinary legacy that few adult drama series could match, and have been characterised by their enduring appeal.

Recent and current series that are keeping this tradition of quality Australian drama alive, are series like *Dance Academy*, *Nowhere Boys* and *Little Lunch*, which we can expect to be entertaining new generations of children (regardless of the platform they are watching them on) for years to come.

This success story was made possible through the direct support of successive Commonwealth Governments and the establishment of a regulatory framework that targeted support for the creation of Australian children's content.

Round the Twist (4 series from 1989 – 2001)



But children's television is now the most vulnerable sector in the industry

Convergence and digital disruption have brought about many new opportunities. But changing business models, shifting audience viewing habits, and regulation and support mechanisms that have struggled to keep pace with these changes, have revealed children's television to be the most vulnerable sector in the industry – a sector that could potentially be wiped out without significant reforms.

This paper will endeavour to tell this story.

Mortified - 2006



Why Australian children's television has an outstanding history

The Australian children's television production industry has been described as a "policy construct."¹ Successive Australian Governments have long recognised that market forces cannot be relied on to ensure the continued creation of high quality, Australian content for children.

Broadcasters can import children's content for a fraction of the cost of production of local content. Indeed quite often children's cartoons are provided to commercial broadcast free of charge in a bundle of other content for adults supplied by large US studios, or because the distributor just wants the shows on air in order to support a merchandising program (for example *Pokemon*). With an infinite supply of cheap or free content, there is little incentive for a commercial broadcaster to invest in quality, locally made children's programs.

The Australian children's television success story has therefore been made possible through a combination of government support and content regulation, on the basis that there is public value in television that speaks directly to Australian children, reflecting Australian themes, language and social values.

The history of support for children's television dates from the 1970s with the introduction of the 'C Program' classifications for commercial free-to-air broadcasters, which in 1979 established minimum amounts of age specific quality children's programs. The 1980s saw the establishment of the Australian Children's Television Foundation, which was a catalyst for improving children's television, and which was followed by the introduction of a children's drama sub-quota in 1984.

Since then, regulation (via content quotas) and development and production funding (via the Film Finance Corporation / Screen Australia and the ACTF), have specifically targeted children's production.

In 2008 the Producer Offset was introduced as a content support mechanism in the form of a refundable tax offset, accompanied by a proportionate reduction in funds available for Screen Australia to invest in content.²

The 2009 launch of the dedicated children's channel ABCME (formerly ABC3) transformed the children's television landscape in Australia. In its first year of operation the ABC went from commissioning around 6 hours a year of live action children's drama to 26, alongside other genres which included animated series, light entertainment, news and factual content for children.

¹ Anna Potter, *Creativity, Culture & Commerce – Producing Australian Children's Television with Public Value*, intellect, Bristol UK/Chicago USA, 2015, p 117.

² These arrangements have had an uneven impact on different genres. Feature film enjoys a 40% Offset, while television content receives 20%. Furthermore, to create high quality content, producers must combine Screen Australia funding and the Offset to finance their programs, whereas creators of cheaper content can rely on the Offset alone – putting them at a significant advantage.

Government support

<i>Direct Support</i>		<i>Indirect Support</i>		<i>Regulation and Content Quota</i>
<i>Screen Australia - Production Investment</i>		<i>Producer Offset</i>		<i>Australian Content Standard</i>
<i>ACTF</i>		<i>20% Offset for qualifying Australian expenditure on television (40% for film)</i>		<i>(Minimum hours – Free-to-Air – Broadcast)</i>
				<i>Children's Television Standard</i>
				<i>New Eligible Drama Expenditure (Pay TV)</i>

The reason why Australian children's drama series, particularly live action ones, continue to engage children decades after they first air is because of their high quality. In a global market place, filled with US and UK productions, Australian children are drawn to good quality programs that are made especially for them. They expect high production standards and respond to programs with familiar settings, characters and voices that are recognisably Australian. Australian live action drama is important because it reflects a child's own world, stage of life, fears, hopes and aspirations and includes an Australian child's point of view.

Dance Academy (3 Series and a feature film – 2010-2017)



'This show covers genuine issues for its target age group... Dance Academy offers inspiration and an opportunity for reflection with a deftness of touch and a good grasp of the lexicon.'

Bridget McManus, *Sydney Morning Herald*, 5 August 2013.

What threatens the future sustainability of this industry?

A range of interrelated factors are undermining the sustainability of high quality children's television production. Several key issues that we briefly consider below are:

- the regulatory framework and commercial broadcaster's attitudes and treatment of children's television
- the ABC's inconsistent commitment to children's television
- shifting viewing habits

The regulatory framework and commercial broadcaster treatment of children's television

The children's drama sub-quota (the C Drama quota) was introduced in 1984 to ensure minimum levels of children's drama on the commercial broadcasters. Back then, broadcasters were required to screen a minimum of 8 hours of children's drama a year. The quota gradually increased and is now 96 hours of drama over a 3 year period (or an average of 32 hours of children's drama a year.) It was under that drama quota that broadcasters commissioned shows like *Round The Twist* (Seven Network), *Spellbinder* and *Mortified* (Nine Network), *H20:Just Add Water* (Ten Network).

Content Requirements under the 'Australian Content Standard' and the 'Children's Television Standard'

<i>Type</i>	<i>C Programs (Documentaries, magazine shows etc)</i>	<i>P Material (Preschool)</i>	<i>First release Australian C Drama</i>	<i>Repeat C Australian drama</i>
<i>Minimum Hours</i>	<i>260 hours p.a.</i>	<i>130 hours p.a</i>	<i>96 hours in a 3 year period, but at least 25 hours each year. (Equivalent to three 26 half hour episode series per year)</i>	<i>8 hours each year.</i>
<i>When</i>	<i>C Band</i> <i>Mon to Fri (7am - 8.30am, 4pm - 8.30pm)</i> <i>Weekends and School Holidays (7am - 8.30pm)</i>			<i>Weekdays</i> <i>(7am – 4.30pm)</i>

A shift from high quality distinctive Australian content, to generic cheaper international content

Up until around 2008, the commercial broadcasters fulfilled their children's drama quota requirements with a mix of live action drama and animation.

Typically live action drama was more expensive to produce and a larger proportion of the production budget had to be raised out of Australia. This meant that the producer had to obtain FFC or Screen Australia investment in their project, which in turn meant that the broadcaster had to pay a licence fee at the level required by the FFC/Screen Australia to trigger production investment. Broadcasters tended to offer those licence fees to meet some of their quota, and pay lower licence fees for animated series that were financed with overseas partners (and did not therefore need FFC/Screen Australia participation) to meet the balance of their quota.

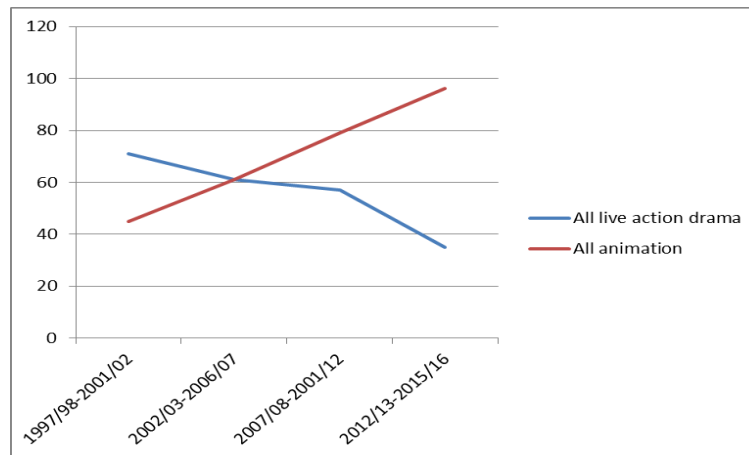
Around the time that the Producer Offset and PDV Offset were introduced in 2008, this balance between live action drama and animated drama appearing on the commercial broadcasters changed. Access to the Offset or PDV Offset meant that animated series that were commissioned for lower licence fees than Screen Australia required, were able to access Commonwealth support. Perversely, the licence fees paid for that content by commercial broadcasters began to steadily decline as producers were able to access the Offset funding and bring international partners (and frequently internationally originated concepts) to the table.

The outcome is that whereas the C drama quota previously showcased a range of Australian drama for children, animated drama with (frequently with generic or 'international' settings) now dominates. These projects are typically co-financed by local and foreign broadcasters and aimed at a global audience. While they are an important component of our screen industry, they rarely contribute to the audience's developing Australian identity. The following chart illustrates the dramatic shift over the past decade³:

*All Live Action Drama compared to All Animation - Total Hours -
1997/98-2001/02 to 2012/13-2015/16⁴*

³ There has been a slight overall increase in children's content over the past decade, due to the launch of ABC3 in 2009. But high quality, distinctively Australia content, in particular locally produced live action drama, has declined overall.

⁴ Figures from *Child's Play – Issues in Australian Children's Television 2013*, May 2013, pg 6 – revised to 2012/13-2015/16 from data provided by Screen Australia. 5 year average figures are calculated to preserve confidentiality of projects, with the last block covering the period 2012/13-2013/14 being comprised of a 4 year block.



Nowhere Boys (Matchbox Pictures) 3 series and telemovie 2013-2016



Here's the thing. The elements that make an entertaining, engaging, satisfying teen drama are precisely the elements that make an entertaining, engaging, satisfying adult drama. Either through research, experience or instinct, you have to have a thorough understanding of your subject. And one of the things that strikes you first about Nowhere Boys is the way it pitches to its audience perfectly, without ever condescending to them. Showrunner Tony Ayres and his crew understand above all that the people watching their show are as clever as they are witty, and treat them that way. So we get a story constructed around familiar touchstones: the thirst for independence, the push and pull of family, the central place of peers. Super powers. Fat jokes. Slapstick. But it's delivered with enormous intelligence and respect, as well as style and verve. Great direction, combined with an extraordinarily talented young cast (Doug Baldwin, Joel Lok, Rahart Adams and Matthew Testro are uniformly fantastic), help make every moment ring true, even as our heroes are chanting incantations and travelling between dimensions. There are laugh-out-loud moments. There are moments that bring you to tears. And then there are all the little things. The cast is effortlessly multiracial in a classically Australian way. A mongrel cast, if you will. Filmed on the outskirts of Melbourne, the setting is distinctively beautiful, simultaneously wild and suburban. And if you really wanted to go to town you could also read this as a clever metaphor for every teen's struggle for independence – thrilling, scary, finding yourself in a world that's the same but different, your own parents don't recognise you.

Melinda Houston, *Sydney Morning Herald*, 22 November 2014

ABC's inconsistent commitment to children's content

Throughout the upheaval in the media environment brought about by digital disruption, the ABC has played a critical role in the continued viability of high quality children's content.

Since its launch in 2009, ABCME (formerly ABC3) has transformed the children's television landscape. Compared to the patchwork scheduling of children's programming offered by commercial broadcasters, and an increasing indifference to live action drama, the ABC has provided a consistent and reliable source of high quality content for children via its dedicated children's channels.⁵

Yet despite this, in recent years the ABC's commitment to children's content has actually declined.

The three year tied funding agreement that established ABCME ended long ago and the allocation of funding for children's content now depends entirely on how the ABC allocates its general appropriation. This is an entirely discretionary process as there are no KPIs that require the ABC to achieve any targets for Australian production or particular genres. The ABC set a target of achieving 40% Australian content on ABCME's launch date, with a target of 50% local content by 2010.⁶ But in 2015/16, ABC executives indicated that they were working towards a significantly diluted target of 25% Australian content across both children's channels.

By considering the ABC's recent output, it is clear the children's programming budget has been cut significantly since the end of the 3 year tied funding, possibly by more than a third. This reduction is disproportionate to the overall funding cuts made by the Federal Government. And because expenditure on children's content is entirely discretionary, it is subject to broader cost cutting by ABC management.

What this means is that there is constant pressure to squeeze funding for children's content from within the ABC, at a time when the continued production and availability of high quality children's content on Australian screens is more than ever before dependent on the ABC.

The delivery of high quality locally produced content to children is very dependent on a well-resourced ABC that has clear commitments to delivering children's content. Investment in local children's content production by the ABC mitigates the risk of a failure by the market to provide distinctly Australian content suitable for child audiences.

⁵ Children have responded accordingly, with ABC channels in the top 65% of children nominate an ABC children's channel as their favourite, with subscription TV coming a distant second at 22% and the closest stand-alone commercial free-to-air channel "Go" at 4%. For children under 5, the preference is even clearer, with around 70% preferring ABC2. ACMA, *Children's television viewing, Research Overview*, p 10.

⁶ <http://about.abc.net.au/speeches/abc3-launch/>, Address by ABC Chairman Maurice Newman AC – ABC3 Launch, 4 December 2009.

Little Lunch – Gristmill (Series and 2 half hour specials 2015)

It's quite possible that the best of Australian children's television is actually better than the best of our grown-up television. Lockie Leonard, Dance Academy, Nowhere Boys: they've all been absolutely world class, and now this completely delightful series for sub-tweens joins the ranks. It helps that kids' TV traditionally has a pretty flimsy budget, wherever it's made. So while often an Australian mainstream drama – even an excellent one – can seem a little pale in comparison with, say, a US series in which millions are spent on every episode, in this genre it's a much more level playing field. That means the things we do splendidly – storytelling, characterisation, acting – really shine.

Melinda Houston, The Age, 18 July 2015



There's a great tradition of Australian kids television that doesn't dumb things down, from The Ferals to Ship to Shore and Round the Twist. Even Play School, with its simple format, acknowledges its audience as clever people ready to thrive and learn – and I still take life lessons away from it. As kids mature, the successful shows deliver big drama and genre twists without glossing over what it's really like to grow up – shows like the Wayne Manifesto, Heartbreak High and, more recently, Dance Academy, Nowhere Boys and the remake of Puberty Blues.

Australian television more broadly has been caught up in a swell of quality over the past five years. Best-of lists have been occupied by The Kettering Incident, Cleverman, Glitch, Barracuda, No Activity, Please Like Me, The Family Law, The Katering Show and The Code. They're all decent shows, but most have been outclassed by a program that runs for only 15 minutes, on ABC Kids and iView.

Introducing: Little Lunch.

Cameron Williams, The Guardian, 2 February 2017

Consequence of audience drift

Free-to-air broadcasting has long been the most universally accessible platform for audiences. But a revolution in viewing habits has seen a trend away from scheduled 'appointment' viewing of broadcast television, towards on demand viewing of content online, increasingly via tablet and mobile devices.⁷ While this trend applies to audiences generally, it has had a profound impact on children's viewing habits.

In an analogue environment where households gathered around a central television, children's viewing choices were often secondary, and had to make way for adult preferences. But the flexibility of on demand platforms combined with tablet and mobile devices allows child viewers much greater choice and autonomy in their viewing habits. They can now watch what they want, where they want, and whenever they want.

Commercial free-to-air broadcasters reluctantly scheduled children's content, and barely promoted it when they did. So their old arguments that children weren't interested in children's programming were always unconvincing given the way they treated the content. Indeed, the popularity of children's content on children's destinations on the ABC and subscription services demonstrated that argument to be false.

But the decline in free-to-air audiences caused by a drift away from appointment based free-to-air television broadcast is now providing them with more fuel for their argument that they should not be required to invest in the genre. The current regulatory framework was simply not designed for this kind of media environment.

For example, while commercial free-to-air broadcasters must still ensure they meet minimum levels of content under the Children's Television Standard, they are competing against more nimble tailored niche services, sourced from global platforms operated by multi-nationals, which do not have any such obligations.

Free-to-air broadcasting remains the most widely accessible distribution platform for content, and the free-to-air broadcasters are all developing free online children's destinations (which they appear to be filling with the low or no cost international animation that comes to them via output and distribution deals with international players). But current regulation effectively turns a blind eye to the fact that children are looking beyond broadcasting for their content. Children are now free ranging across a range on online platforms - the providers of which are not required to provide any local content, or invest in any content at all.

Commercial FTA broadcasters are now refusing to commission high cost quality content and are meeting their quota requirements by commissioning lower cost content. Indeed, the commercial broadcasters have virtually killed the children's drama quota by simply refusing to pay enough to commission high quality content.

⁷ FTA viewing reveals an overall decline of time spent viewing from 2001 to 2013. Within this decline in time spent viewing commercial channels declined sharply, while there was an increase in time spent viewing ABC channels: *Children's television viewing - Research overview*, ACMA, March 2015, page 5. Increasing online viewing by children and young people is summarised at ACMA's snapshot, *Aussie-teens-and-kids-online*, 5 February 2016.

What can we do?

It's not like the old days, when there simply wasn't an alternative to the programs that were scheduled by broadcasters. The drift away from 'appointment' viewing is real and it is growing. However, it does not mean that demand for high quality distinctively Australian children's content is diminishing. Far from it.

Children are hungry for high quality Australian shows.

The response from children to shows like *Nowhere Boys*, *Dance Academy* and *Little Lunch* demonstrate that children embrace contemporary Australian children's drama.

This content has a long shelf life and the investment we make in it is returned to the Australian community many times over:

- In the careers and jobs that it provides to the talented people who work in the sector;
- In the priceless cultural diplomacy that is achieved when these programs are watched by millions of children all over the world; and
- Most importantly of all, in the shared memories, and imaginative life of Australian children.

To this end, we believe that it is necessary to develop a new policy framework that includes:

- Adequate, sustainable and ongoing funding for the ABC to commission and transmit high-quality children's content across its screen platforms and meet transparent targets for the commissioning of new, original Australian children's content. The ABC Charter should be amended to include a commitment to children's content, the ABC should have agreed Key Performance Indicators that set out the levels of Australian children's content that it will achieve, and it should be required to report publicly against those KPIs.
- A new regulatory framework for commercial screen content distribution platforms (including FTA and subscription broadcasters and online/on-demand services) that is platform agnostic, and which applies to all screen content providers offering commercial services in the Australian market and ensures that they include Australian children's content amongst their offerings; and
- An adequate provision of discrete government funding to a contestable content fund for the production of original, high-quality Australian children's drama.

In a globalised marketplace for screen content, we are reliant on government support to ensure that the domestic industry has the capacity to tell our stories. Digital technology has caused significant disruption in existing business models and regulatory frameworks. However, it has also created new opportunities in the screen landscape – and we should tailor our support mechanisms to take advantage of these new opportunities.

The community's expectations are aligned with the Government's policy objectives. We all want a viable, diverse, sustainable industry producing high quality content that entertains

and informs, and provides Australian children with relatable stories and the impetus to dream Australian dreams.