

**INQUIRY INTO AUSTRALIAN CONTENT ON BROADCAST, RADIO AND STREAMING
SERVICES**

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Executive Summary

This submission addresses the economic and cultural value of Australian children's television and children's content, and the value and importance of local content requirements for Australian children's television and children's content. It contains some material from previous submissions prepared by the author for the House of Representatives Standing Committee on Communications and the Arts inquiry into factors contributing to the growth and sustainability of the Australian film and television industry; and the Australian and Children's Content Review.

In many countries, including Australia, locally produced children's television is perceived as having cultural value, because of the important contribution it makes to national cultural representation, social cohesion and sustaining citizenship/allegiance. Since 1979 Australian policy instrument the Children's Television Standards (CTS) has obligated free-to-air commercial networks Seven, Nine and Ten to transmit minimum hours of children's content including first run, Australian C drama that situates Australian children in their own cultural context. The CTS, combined with other forms of state subsidy, have contributed to the establishment of a vibrant children's screen production sector with a global reputation for excellence.

Television is now available in apparently abundant supplies on multiple platforms, on-demand and on the move. A proliferation in offerings includes internet-distributed television services like Netflix and Stan. In this thoroughly disrupted and fragmented television market, locally produced children's content—which has always been at risk of market failure—is particularly vulnerable. Since the mid-2000s, networks Seven, Nine and Ten have reduced their budgets for children's television. As a result, animation designed for distribution in global markets has largely replaced culturally specific live action drama in the filling of C drama quotas. The threat to local story telling is compounded by the ABC's refusal to safeguard funding for children's content, and the absence of any children's content quotas on its services. The ABC is under no specific statutory obligation to produce and broadcast content for the child audience.

In order to counter the significant risks current industrial, regulatory and economic circumstances pose to Australian children's television, measures must be taken to ensure that all television services, including the ABC, and subscription video on demand (SVODs) like Netflix and Stan, invest in domestically produced children's television. These measures might include content quotas, or contributions to contestable funding schemes, or a combination of the two. National funding schemes administered by organisations like Screen Australia should also recognise that licence fees paid in Australia for children's content are low and that the shortfall in funding for culturally specific high-quality children's content cannot always be made up by international investors.

Introduction

Australian free-to-air commercial broadcasters have not, historically, been interested in the child audience because this audience is economically unattractive; supplying dedicated children's content tends not to be financially rewarding for advertiser-funded free-to-air networks. Nonetheless a combination of content quotas, direct funding and tax incentives has helped to support the production of Australian children's television since the late 1970s. The most important of these supports is the Children's Television Standards (CTS), first introduced in 1979 and last reviewed in 2007. Content quotas enshrined in the CTS ensure minimum amounts of Australian children's television on Australia's free to air commercial networks, including 32 hours per year of first run Australian Children's or C drama. As well as ensuring supply of television that helps situate Australian children in their own cultural context, the CTS have contributed to the establishment of an Australian children's television industry with an international reputation for excellence.

The findings of the 2015 Memory Project suggest that the Australian children's television our adult respondents viewed as children in the years following the introduction of the CTS had a significant role in shaping and reinforcing their perceptions of Australian life. Live action dramas such as *Round the Twist*, *Blue Water High*, *Mortified*, *Lift Off* and *Genie from Down Under* (the majority of which aired on Seven, Nine and Ten, during the 1990s and 2000s, as part of their children's C drama quota obligations) held a special place in the imaginations of Australian children when compared to imported programs. Australian children's programs were valued for their humour, relatability, quirky storylines and characters, their portrayal of a range of Australian lifestyles, and their values, including mateship and egalitarianism.¹ (Screen Australia research provides further evidence of the value to audiences of domestically produced television, and their preference for Australian content).²

Despite the importance of the local, the size of the Australian market has always meant international investment and sales are crucial to the funding of domestically produced children's television. The international distribution of Australian children's television, particularly live action drama, allows the portrayal of Australia, its culture and peoples to the rest of the world. However, since the mid-2000s, Australia's commercial networks have increasingly filled their quotas with animation rather than live action drama. Animation is generally cheaper to produce than live action drama, attracts international investment more easily and can be re-voiced for global markets, all of which give it a significant competitive advantage.³ Much of the animation currently produced to satisfy Australian content quotas is made with international partners and designed to move easily in global markets. It is rarely based on Australian stories and generally will not feature Australian accents or locations.

The threat to live action drama

From the mid-2000s networks Seven, Nine and Ten gradually reduced their investment in their quota obligations, which meant that by 2013–2015, animation was making up an average of 77% of the networks' C drama hours, rather than the higher cost live action drama.

¹ The Memory Project see [www. http://actf.com.au/news/10249/lasting-memories-of-australian-childrens-television](http://actf.com.au/news/10249/lasting-memories-of-australian-childrens-television)

² Screen Australia 2016, *Screen Currency: Valuing Our Screen Industry*.

³ Potter A 2015, *Creativity, Culture and Commerce: Producing Australian Children's Television with Public Value*, Intellect, Bristol.

The share of C drama taken up by animation is likely to increase, based on the programs that have recently been submitted to ACMA for classification. These figures show a downward trend in the live-action share: in the reporting year 2013–2014, 25% of the hours submitted were live action, in 2014–2015 it was down to 15% live action, and in 2015–2016, not one live action program was submitted for classification as children’s drama.⁴

Clearly animation is a perfectly legitimate genre, enormously popular with children all over the world. Some exemplary Australian-made animations have been produced in recent years, including Cheeky Little Media’s *Bottersnikes and Gumbles* (Netflix’s first ever children’s Original which also aired on Network 7 as part of its C drama quota obligations). Based on Australian books and with an Australian look, feel and accents, *Bottersnikes and Gumbles* is unusual in its cultural specificity, because most animated series produced to fill the CTS quotas carry no recognisably Australian content.

A recent example is Network Ten’s submission for C drama classification in 2015–2016: the second season of US pop superstar Gwen Stefani’s animated girl group spin-off project *Kuu Kuu Harijuku*. A synthesis of California pop and Japanese “kawaii” (cute) culture which screens on Nickelodeon in the US and internationally, *Kuu Kuu Harijuku* doubtless appeals to contemporary Australian children. It does nothing however to situate them within their own landscape, society, and cultural context. Because it was partly produced in Melbourne, *Kuu Kuu Harijuku* was duly classified by the ACMA as Australian children’s C drama.⁵ Regulator ACMA in fact only rejected one show for C drama classification between 2008 and 2012, of the 78 applications submitted, and only two programs of the 38 submitted between 2013 and 2016.⁶

The risk to domestically produced live action drama is compounded by the conditions that apply to one of its key sources of funding. A range of national funding supports exists for Australian children’s program production; one of the most important is a direct funding scheme administered by Screen Australia. However, Screen Australia’s investment in children’s television is currently capped at \$2 million for any one program, which makes it impossible to fund more than 13 episodes of a series at a time. It is much harder for producers to sell a series of only 13 episodes in international markets, which makes the stitching together of live action drama budgets even more challenging. Further, in order for producers to be able to access Screen Australia funding, a presale of at least \$100,000 per broadcast half hour is required from an Australian broadcaster. Given Seven, Nine and Ten’s refusal to pay anything approaching this amount for children’s content, the ABC has now become the primary commissioning body for live action drama in Australia. The ABC’s dependency on Screen Australia’s limited funding puts a cap on the amount of live action drama that can be commissioned for ABCME. It also means that any cuts to Screen Australia’s budget could have a catastrophic impact on production levels of children’s live action drama.

⁴ <http://www.acma.gov.au/theACMA/programs-granted-c-and-p-classification>

⁵ <http://www.acma.gov.au/theACMA/programs-granted-c-and-p-classification>

⁶ ACMA Annual Reports 2010–2016

The ABC and Children's Content

When the ABC launched its children's channel ABC3 (now ABCME) it was funded with a specific additional allocation of government funding of \$27 million a year. The ABC promised to use this money for a comprehensive channel of offerings and to set an objective (NB not a quota) of 50% local content. While the ABC took a leadership role in Australian children's television in 2009 with the establishment of a dedicated children's channel ABCME, it has since diverted funding that it had set aside specifically for children's television. So by 2014, the ABC's overall children's budget had been cut by an estimated 50% and its Australian content objective slashed from 50% to 25%.⁷ ABCME's linear offerings are currently made up of approximately 36% Australian content, although much of this (1388 of 1558 hours in 2016-17) is repeats.⁸ Kim Dalton summarises the situation thus: 'the reality is that the ABC has over the years demonstrated that it does not have a commitment to its children's services or programming'.⁹

While the ABC continues to commission some live action children's drama series and other domestically produced children's genres including animation and factual, the public service broadcaster has no specifically legislated responsibility to provide children's television. Neither does the ABC have transparent reporting processes about the funding of its children's linear channels, the amount it is spending on domestically produced children's content or, importantly, how much it is investing—and planning to invest—in children's live action drama. The ABC has commissioned a number of excellent live action dramas since 2009, including *Dance Academy*, *Nowhere Boys* and, most recently, *Mustangs FC*. Nonetheless the lack of quotas and minimum funding levels for its children's services combined with the absence of budget detail means the ABC simply cannot be relied on as the sole source of children's content that situates Australian children in their own cultural context.

International Perspectives

The challenge of ensuring supply of identifiably local children's television in contemporary television systems is not confined to Australia of course. Children's television has long been subject to powerful globalising forces, with US conglomerates such as Disney and Nickelodeon controlling both content and carriage in fiercely commercialised operations that see children all over the world embracing their offerings, and associated merchandise. Neither are the transformations that are occurring within the Australian screen industries, which see more and more independent producers of children's television either abandoning the genre entirely, or allowing their companies to be bought up by very large, transnational production companies, unique. In New Zealand, a country with no state-funded system of public service broadcasting where all public funding for children's content is contestable, culturally specific children's content is a rare commodity. The pressures associated with reduced funding for children's content are compounded in New Zealand by a de-regulated media system with no dedicated public service provision. Local children's television competes for funding from state body NZ on Air with other genres at risk of market failure,

⁷Potter A 2015, <https://theconversation.com/no-dramas-what-budget-cuts-signal-for-homegrown-childrens-shows-on-abc3-50004>

⁸ Source: Investing in Audiences: ABC Annual Report 2016-17

⁹ Dalton K 2017, 'The ABC of Trust', *Media International Australia*, Vol 163, issue 1, May 2017.

meaning most local children's content is inexpensive, magazine style programming with a short shelf life.¹⁰

In the UK, content quotas were removed on commercial public service broadcasters ITV, Five and Channel 4 in 2003; between 2003 and 2014 investment in children's television by these broadcasters fell 95 percent, from £59m to £3m. Over the same period the number of first run originations on these channels fell 85%, from 621 hours to 93 hours, leaving the BBC responsible for funding and distributing 97% of original children's programming in the UK.¹¹ In July 2017, the BBC announced an extra £34m for children's content, most of which will be spent on online offerings, partly to counter Netflix's influence. BBC Director General Tony Hall said the BBC's investment was attempting to ensure that UK children were able to watch British shows reflecting their own lives back to them as well, as American TV programmes. In 2017, amidst growing alarm at the decimation of local children's content production and the industries which had previously produced that content, regulator Ofcom was given the power to reintroduce content quotas on ITV, Five and Channel 4, to supplement existing quotas on the BBC. Then in December 2017 UK Culture Secretary Karen Bradley announced that up to £60 million will be made available for children's content creators to receive up to 50 per cent of the production and distribution costs of original TV shows. The cash will be distributed over three years as part of a pilot starting in 2019. The fund is still in development, but would be available for content broadcast on commercial Public Service Broadcasters (PSBs), as well as for other free and widely available channels and on-demand platforms, and potentially also online.

The UK's concern about the threat to national cultural representation posed by SVODs like Netflix which tend not to invest significant amounts in local content should be noted. In 2017 32% of Australian homes had an SVOD subscription, with an estimated 7m Australians living in homes with access to Netflix, and 2 million subscribing to the service compared with 867,000 Stan subscribers. Approximately 2 to 2.5% of Netflix Australia's catalogue is estimated to be Australian, compared with 9.5% on Australian-owned SVOD Stan. NB this is all content, not children's content.¹² Without local content obligations, US-based SVODs are unlikely to invest consistently in Australian children's content, despite obtaining subscription revenues from Australian markets.

Conclusion

Domestically produced children's television has been at risk of market failure since television's 1956 introduction to Australia. While the Children's Television Standards are starting to show signs of age, the UK experience reveals what happens when commercial broadcasters are relieved of longstanding content obligations and the perils for local content, and local screen industries, of quota removal. In the Australian context however, the option to reinstate quotas, as Ofcom has done, does not exist, because of Australia's commitment to the

¹⁰ Zanker, Ruth 2017, 'The future isn't coming; the future is here: The New Zealand Children's Screen Trust's engagement with media policy for children' Media International Australia, Vol 163, issue 1, May 2017.

¹¹ CAMRI, 2016, Policy Solutions and International Perspectives on the Funding of Public Service Media Content for Children: A Report for Stakeholders <https://camri.ac.uk/wp-content/uploads/2016/06/1.-UoW-final-14-June-1.pdf>

¹² Lobato R and Scarlata A 2017, Australian content in SVOD catalogues: availability and discoverability Submission to the Australian and Children's Screen content review.

US-Australia Free Trade Agreement. This agreement prevents local content requirements being increased after they have been reduced. The Australian context of public service broadcasting is also different, because of the absence of quota obligations for ABCME (unlike UK counterpart CBBC) and the ABC's demonstrated willingness to re-allocate funding from the children's budget to other areas, in what remain fairly opaque processes. Measures must therefore remain in place to support domestically produced children's content that situates Australian children in their own cultural context and these should be extended to new services, including SVODs. Screen Australia rules for investing in children's television, which effectively limit commissions of live action drama series to thirteen episodes, exacerbate existing pressures on the genre caused by commercial networks' plummeting investment in local content. These funding mechanisms also require an overhaul and one which safeguards future investment in high quality, culturally specific children's screen content.

The children's content production ecology is fragile, and the television industry in Australia is in a state of flux. As the UK and New Zealand experiences show, the production of local children's content depends on a range of measures that includes quota obligations, funding subsidies and the allocation of public service broadcasting's resources to the child audience. They also reveal that if market forces are allowed to prevail, children's content that situates its audience in their own cultural context is likely to be rapidly displaced by the offerings of largely US-based, commercial streaming services.

This submission outlines some of the elements that have eroded the production of culturally specific children's television in Australia, and internationally. I would welcome the opportunity to discuss any part of this submission in greater detail.

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