

Stories to Tell

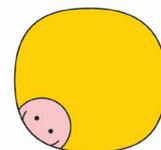
Protecting Australian Children's Screen Content

By Emma Dawson



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AUSTRALIAN CHILDREN'S
TELEVISION FOUNDATION

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Executive Summary

For more than 30 years, Australia has led the world in the production of high-quality children's screen content. Australian children's series are broadcast in more than 100 countries, and have won numerous international children's television awards.

In Australia, the value of locally made, original screen stories for Australian children has long been recognised in public policy.

Children's content is, however, expensive to produce and difficult to monetise. Restrictions on advertising during children's programs mean that the rate of return to commercial broadcasters on an original Australian children's series is unfeasibly low. Networks can buy international children's programs for a fraction of the cost of production of local content, and often obtain kids' TV series from international distributors without cost, either as part of a larger distribution deal or in order for large global producers to drive the market for associated merchandise.

There is, therefore, no commercial incentive for Australian broadcasters to produce original children's screen content.

Successive Australian governments have, since the late 1970s, recognised that the market cannot be relied upon to provide high-quality, original and distinctly Australian screen content for children, and have supported production and distribution through a mix of content quotas, direct subsidies and tax incentives.

Speaking at the Australian Content Conversation conference on Tuesday 16 May, the current federal Communications Minister, The Honourable Mitch Fifield MP, said:

Australian stories need to be told. People need to hear our stories, our perspectives, our ideas. We have got a lot to share, and our stories and voices do matter. Our children need to understand the inherent uniqueness of our nation, and the character and diversity of our people. (Fifield, 2017).

The Minister subsequently announced a government inquiry titled *Securing the Future of Australian and Children's Screen Content*. The inquiry commences in June and will report to government by the end of 2017.

In recent years, the landscape in which screen content is consumed has undergone significant disruption due to the advent of digital broadcasting and other distribution platforms. This is particularly true for Australian children's content: the advent of the ABC's dedicated children's channel, ABC ME, and block preschool programming on ABC2, along with the arrival of international on-demand content services such as Netflix, have rapidly transformed the market for the production, distribution and consumption of local content.

Australian children's screen content is facing an existential threat as a result of several distinct, but interrelated factors, including:

- an outdated regulatory framework and a related significant reduction in investment by commercial broadcasters;
- the ABC's inconsistent and discretionary commitment to children's television; and
- changing viewing habits among Australian children.

This paper outlines these challenges and proposes a way forward for the ongoing support of original Australian children's screen content in the digital age.

Introduction

Stories are the glue that binds the community together. They give children a shared purpose, a roadmap for their lives and teach them about their feelings, their tribe, their culture and their place in the world. A cohesive national culture and identity that requires development through education from an early age would not be possible without shared cultural experiences which film and television programs enable. That is why Australian and local programming is important for children. (Edgar, 2008)

Australians understand the value of original children's screen content that reflects their own culture and tells their own stories. A survey of 1000 people undertaken last year by Deloitte Access Economics for Screen Australia's *Screen Currency* report found high levels of support for the production and distribution of original Australian children's film and television:

...of the survey respondents with children under the age of 13, around 76% said it was at least slightly important that their children watch Australian film and TV. Of those that said it was important, around 61% said it was important because Australian children's content is educational and 46% said it was because the content contributes to children's cultural identity. (DAE 2016, P. 42)

These results reflect long-standing public support for the provision of Australian stories to Australian kids, going back half a century.

Beginning in the late 1960s and continuing throughout the 1970s, there was growing public agitation about the availability of local content on Australian television; at the same time, scholars and public advocates internationally were beginning to develop an interest in the educational impact of television on child viewers. (Greene et al, 1979)

These interests coalesced in Australia to generate considerable public pressure on government to increase and improve Australian television programs for children. In 1977, the Senate Standing Committee on Education, Science and the Arts conducted an inquiry into "the Impact of Television on the Development of Learning and Behaviour of Children".

The Committee handed down its report in October 1978, including recommendations for the new regulator, the Australian Broadcasting Tribunal (ABT), to introduce a set of standards to ensure the quality and suitability of original Australian programming for children. (APS, 1978)

In 1979 the ABT, introduced the children's commercial television program classification (C) along with a set of regulatory requirements aimed at ensuring that minimum amounts of age specific, high quality children's programs would be broadcast on Australian commercial television.

These regulations were the basis of the evolving Children's Television Standards (CTS), now administered by the current regulator, the Australian Communications and Media Authority (ACMA).

Since that time, support mechanisms for the production and distribution of Australian children's screen content have evolved to meet the requirements of contemporary audiences and take advantage of new production and distribution technologies and platforms.

Current Regulation and Funding for Australian Children's Screen Content

CURRENT REGULATORY FRAMEWORK

Commercial Free-To-Air Television

Current regulations governing the production and broadcast of children's television content on commercial free-to-air television are contained in the Children's Television Standards (the CTS), and the Australian Content Standard (ACS).

The objectives of the CTS are to ensure that children have access to a range of quality television programs made specifically for them, including Australian drama and non-drama programs, and to protect children from the possible harmful effects of television. (BSB, 1992)

Under the CTS, the ACMA classifies programs as either C (for children) or P (for preschool children).

The CTS currently apply to terrestrial free-to-air commercial television broadcasters – Channels 7, 9 and 10, and their regional affiliates – and dictate that those broadcasters must broadcast each year:

- 260 hours of C classified programs within designated C bands for children under 14 years of age; and
- 130 hours for preschool children within designated P bands.

This mandated content must be shown at specific times.

The current C bands are:

- 7am-8:30am Monday to Friday
- 4pm-8:30pm Monday to Friday
- 7am-8:30pm Saturday, Sunday and school holidays

The current P band is:

- 7am to 4:30pm Monday to Friday

The Standards also specify key criteria that must be met in order for programming to qualify towards the broadcast quota, and a range of "child protection" measures that regulate content during C and P bands.

In addition to the requirements of the CTS, commercial broadcasters must meet the obligations set out in Part 7 of the ACS to screen a minimum of 96 hours of Australian Children's Drama (the C-Drama sub-quota) over a three-year period, or an average of 32 hours of children's drama a year, as well as 8 hours per year of repeat Australian Children's Drama.

The National Broadcasters

The Australian Broadcasting Corporation (ABC) and Special Broadcasting Service (SBS) are governed by Acts of Parliament (the ABC Act 1983 and the SBS Act 1991), both of which include Charters that outline the ongoing functions and responsibilities of each national broadcaster.

Neither the ABC nor the SBS Act include any obligations or regulatory requirements in relation to the production or distribution of children's screen content.

Subscription Television

Subscription television services (Foxtel) in Australia are not subject to regulations that specifically target the production and distribution of original children's television content.

Under Division 2A of the Broadcasting Services Act 1992, STV is required to meet the eligible drama expenditure requirement, under which expenditure on new eligible drama programs for each financial year must be at least 10 per cent of total program expenditure for any channel defined as a subscription TV drama service. Eligible drama programs under this regulation are Australian programs, Australian/New Zealand programs, New Zealand programs or an Australian official co-production.

STV in Australia has successfully argued that its children's channels for pre-schoolers are educational channels, and as such they are not subject to the eligible drama expenditure requirement. Channels for older children, including Disney and Nickelodeon are classified as drama services and are subject to the requirements, but STV predominantly meets this requirement by acquiring the second run of children's dramas from the commercial free-to-air networks; as such, they are not producing or distributing significant amounts of new original Australian children's television content under the provisions in Division 2A of the BSA.

Other content services

There are currently no regulations that specify minimum content quotas in terms of production or broadcast / distribution of Australian children's screen content for over-the-top / on demand / streaming services (such as Netflix) or other content platforms that now present significant competition to free-to-air television broadcasters in Australia.

CURRENT FUNDING AND INVESTMENT FRAMEWORK

The friction between the clearly identified importance of original Australian children's content and the ability of broadcasters to monetise and fund its production has been a constant in Australia. As Screen Australia described the situation in its 2013 report *Child's Play: Issues in Australian Children's Television*:

Quality children's drama is expensive to produce, but because of its more limited ability to generate advertising revenue (due to restrictions on advertising during C programs), it attracts smaller licence fees from the commercial broadcasters than many other types of content. Even projects made for the ABC, which does not have the same commercial imperative, often rely on government support and foreign sources to complete financing. (Screen Australia, 2013)

As we have seen, successive governments have recognised this tension and, to support the regulated production of original Australian children’s screen content, have provided funding through a range of direct and indirect measures over the last three decades.

This funding is delivered via the federal screen agency, Screen Australia, and various state-based screen agencies, as well as through the Australian Children’s Television Foundation (ACTF).

Current government funding mechanisms for children’s screen content are outlined in the table below.

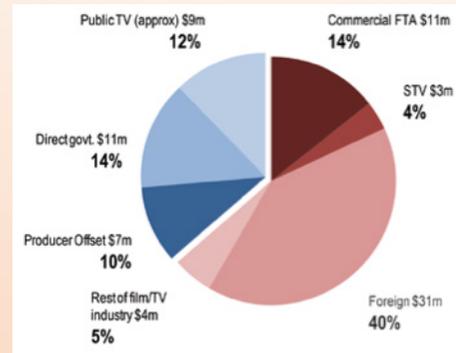
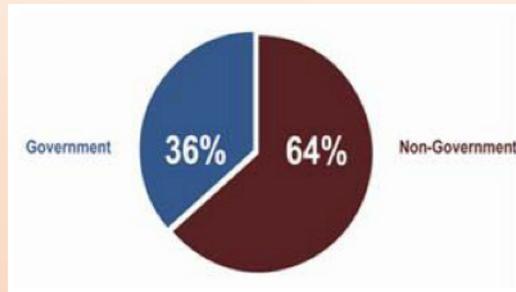
Direct Support	Indirect Support
Screen Australia Production Investment	Producer Offset
Australian Children’s Television Foundation	20% Offset for qualifying Australian expenditure on television (40% for film)
ABC Funding	

Government subsidies underpin the production of Australian content across a range of genres, particularly scripted drama and documentary, which are difficult to monetise in Australia due to the high cost differential between original production and imported content from large English speaking markets, particularly the US and UK, and the limited advertising revenue return for broadcasters in the relatively small Australian market.

Children’s content, as noted above, is particularly challenging to monetize, due to specific restrictions on advertising during children’s programming. As such, children’s television drama relies on a greater level of direct government finance – roughly double that of adult drama – and is to a much greater extent dependent on international co-productions and/or sale to international markets.

This is captured in the graphic below, from Screen Australia’s submission to the Convergence Review in 2011.

TV DRAMA FOR CHILDREN 2009/2010



For children's television drama, the Government to non-Government ratio was similar to that for adult drama – 64 per cent from non-Government compared to 68 per cent for adults.

However, the proportions within those splits showed different patterns, with a much lower level of finance coming from the commercial broadcasters (14% from the commercial free-to-air broadcasters and 4% from subscription). This reflects the relative difficulty broadcasters have in monetizing children's content. Because of this difficulty, children's drama is often made through co-production arrangements and/or sold into international territories, and as a consequence foreign finance is high at 40 per cent (compared to just 7 per cent for adult's drama).

Screen Australia, Convergence Review Submission, 31 October 2011, P. 13

It is important to note here a specific issue related to the quality and educational value of children's content under current funding arrangements for local content in Australia.

In *Creativity, Culture & Commerce – Producing Australian Children's Television with Public Value*, Anna Potter asserts that "...international distribution and co-production arrangements frequently entail a loss of cultural specificity and with it a capacity to speak directly to Australian children". (Potter, Pp x – xi)

This loss of Australian cultural specificity and a large component of the educational and cultural value of children's television content for Australian children has, according to Potter, been exacerbated by the advent of digital broadcasting and online screen distribution:

The effects of internationalization on Australian children's television were amplified during the digital transition, when a combination of market forces and new policy settings encouraged international investment in both Australian programmes and in the production companies creating them. (Potter, P xi)

The ACTF shares this concern. While the producer offset introduced in 2008 has been welcomed by Australian content producers, in its submission to the Australian Government's House of Representatives' Inquiry into the Australian Film and Television Industry in April 2017, the ACTF identified a significant consequence for children's television content.

Where previously, Screen Australia investment, with specific conditions and licence fees, was the method by which broadcasters could access Commonwealth support for production, the introduction of the offset created a new mechanism for broadcasters to access government funding for local content.

The ACTF believes this has led to a significant decline in the quality and distinct Australian identity of children's television content:

The outcome is that whereas the C drama quota previously showcased a range of Australian drama for children, animated drama (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. (ACTF, 2017, P 8)

The dilution of Australian identity in children's screen content, due to changes in funding formulas and the increased homogenisation of the international children's television market, has significant implications for the cultural and educational value of original Australian children's screen content.

In a second report for Screen Australia's *Screen Currency* report, on the cultural value of Australian content, Olsberg SPI found that:

In general, it is apparent that while any high-quality and well-designed children's production has value for childhood development, domestically made ones are most important. These have the particular value of placing things in context for children, helping them to understand where they come from, and what their place is in the world. (Olsberg. SPI 2016, Pp56-57).

Without the retention of those distinctively Australian features that underpin the educational and cultural value of original Australian children's screen content, ongoing government regulation and funding is hard to justify – and without ongoing government support, Australian children's screen content will cease to exist.

Such a loss is unsupportable.

The benefits children gain from seeing and hearing their own country and culture through local screen content are widely recognised. Programs such as Play School contribute to learning, language acquisition and school readiness. Programs for older children, such as Little Lunch, Round the Twist and Dance Academy, help children understand the world and their place in it, with age-appropriate guidance around complex issues such as birth, death and bullying. Many are used as learning and discussion tools in the classroom. (SA, 2016, P.11).

The Role of the ABC

Any consideration of policy and regulation to support Australian children's screen content must take account of the role and influence of the ABC.

The most significant development in Australian children's television in recent years is the arrival of the dedicated ABC children's channel. Originally known as ABC3, the channel was launched in 2009, following a sustained campaign by the ACTF and the then-head of ABC Television, Kim Dalton, among others. This resulted in a funding allocation in the 2009 triennial budget of \$136.4million over three years, specifically targeted to "develop an advertising-free digital children's channel and increase output of Australian content". (ABC, 2012)

In his recent essay for Currency House's Platform Papers, series, *Missing in Action: The ABC and Australia's screen culture*, Dalton noted that this "...staged increase in funding across the triennium would by the third year total \$67million per annum—\$40 million for drama programs and \$27 million for the establishment of a dedicated children's channel with a commitment to deliver 50 percent Australian programs" (Dalton, 2017, P.5).

When the channel, now known as ABC ME was launched, the ABC's goals were indeed lofty, and its commitment to Australian children's television sounded unassailable.

"ABC3 is based on a premise – that Australian kids deserve better", proclaimed the Corporation's media release on the date of the launch.

Better quality content, that speaks with an Australian voice. A better variety of programs, that caters to different interests and tastes. Better scheduling and timing, so that when they want to watch TV, there's something on for them. And better ways to interact and be part of ABC3 and influence what it is.

Director of Television, Kim Dalton, says the launch of ABC3 will usher in a new era of television in Australia. "Australian kids will get an innovative, new entertainment experience; one which is designed to challenge and excite them. It's the television of the new century – accessible on many platforms, interactive and customisable. ABC3 is something we're extremely proud of, and I'm confident it will become an important part of Australian kids' lives." (ABC, 2009 #1)

Beyond these bold claims about the new channel's cultural and technological features, came a concrete commitment to original Australian children's content: a publicly declared target of achieving 40 per cent Australian content at launch, with an increase to 50 per cent local content by 2010. (ABC, 2009 #2)

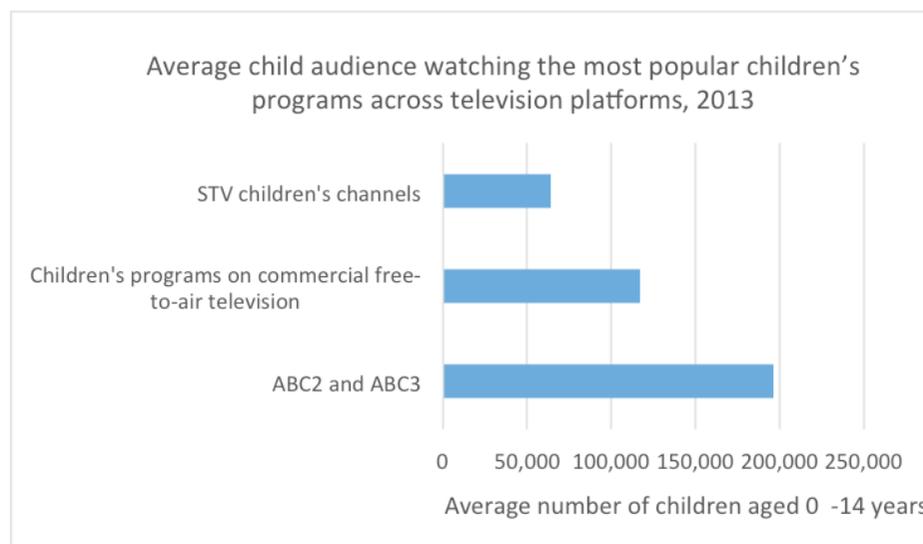
Dalton now says that "[t]he Australianness of the service was fundamental. It was about citizenship, about nationhood, about ensuring Australian children grew up hearing Australian voices and Australian stories" (Dalton, 2017, P. 10-11).

At the same time as launching ABC3 for kids aged 8-14, Dalton took the decision to dedicate ABC2 to programming for preschool aged children between 6am and 7pm daily. This resulted in two advertising-free channels dedicated to broadcasting children's content for at least 13 hours a day.

The launch of the ABC's dedicated children's channels built on a long-standing view within the ABC that digital television would afford them the opportunity to build loyalty to the national broadcaster among a generation of viewers whose commitment to television could not be taken for granted. In a submission to the 1999 Productivity Commission Inquiry into Broadcasting the ABC stated:

Children, like the rest of the audience, will be confronted by an increasing number and range of channels, services and programming. This provides enormous opportunities for gaining access to the best entertainment and information from around the world. It requires, also, the ability to ensure that children have access to the best of locally-made programming.” (ABC, 1999)

The impact of the arrival of the ABC's children's channels was immediate and significant. Data recorded by Oztam in 2013 showed the massive shift away from commercial and subscription TV to the ABC by child viewers, as reported by the ACMA in its March 2015 *Children's Television Viewing, Research Overview*.



Data provided by OzTAM Pty Limited. Children 0–14 years, five metro cities, 1 January – 31 December 2013, Consolidated. (ACMA, 2015)

Such an extensive commitment to Australian children's screen content, however, proved to be highly unstable.

Contrary to a widespread belief that the funding for ABC3 was “tied” to that purpose by the government, this was not the case. As Dalton has noted, “[A]ll of this funding, \$77 million in total, was to be ongoing beyond the triennium in which it was provided. It went into base funding and was subject to the ABC's annual indexation” (Dalton, 2017, P.5).

That is, the original funding endowment that supported ABC3 and the increase in Australian content across the ABC was never formally “tied” by any regulation to the children's or local content purpose to which the ABC put it in 2009.

The intention was honourable: by putting the money into base funding and subjecting it to annual indexation, the then Government was seeking to embed the additional funding into the ABC's core operating budget, making it harder for any future government to remove it by simply discontinuing a specific activity-tied grant.

This reflects long-standing practice by successive governments, based on the principle that it is for the ABC to determine its programming priorities, and for the government to allocate funding to the organisation as a whole.

While this is an important principle of ABC independence, it leaves commitments such as the one made by Dalton to children's television content entirely at the mercy of the ABC management and board.

This means that, when funding declines, management may choose to reduce its commitment to expensive operations such as the production of original Australian content – and that is just what happened at the ABC.

As Anna Potter reported for *The Conversation* in November 2015:

Following the Abbott government's unexpected announcement of a 4.6% cut in its funding over five years late in 2014, the ABC quietly reduced its local content target from 50% to 25% on ABC3 – a reduction confirmed to me by the ABC's Head of Children's TV Deirdre Brennan. (The Conversation, 2015)

Dalton provides insight:

Notwithstanding the very specific allocation from the Rudd Labor Government, within less than four years the ABC was reallocating these funds. While Labor was still in power up to a third of the budget had been transferred out of children's. Further cuts have been imposed in the years since: it is estimated since 2012–13 the ABC's children's budget has been reduced by 50 per cent or more than \$20 million, an amount that is disproportionate to cuts the ABC received from the Abbott Coalition. The ABC also quietly halved its Australian content objective from 50 per cent to 25 per cent and with fewer funds the children's department has inevitably been commissioning a less diverse slate (Dalton, 2017, p. 12).

As noted, there are no obligations contained in the ABC Act or Charter that require it to provide any minimum level of children's content, or indeed to invest in the production of original Australian content for adults or children.

As Potter notes, “[t]he ABC's charter has historically been considered an adequate safeguard for the child audience” (*The Conversation*, 2015) and, perhaps with the independence of the national broadcaster in mind, successive governments have not sought to impose obligations on the ABC to match those currently on commercial free-to-air television.

In all its dealings with government and public statements, the ABC has been careful to evince a commitment to the children's audience, telling the ACMA in 2007 that:

The ABC understands its legislative role to encompass a clear obligation to its children's audience. Accordingly, the ABC Editorial Policies state that “the ABC presents content for children of all ages. Material for young audiences is extensive and designed to reach different target groups in accordance with their needs, age and level of maturity.” (ABC, 2007)

However, this commitment is always couched in terms of the independence of the ABC from government direction, and the instruments for establishing its commitment to children's content are deliberately offered only within internal ABC policies; the resistance to any change to the ABC Charter remains fierce.

Dalton makes it clear that the ABC's internal commitment to children's content is weak:

[T] the ABC had never internalised the idea that children's television was important. Children's programming is just not in the DNA of the ABC. Ultimately, in the absence of commitment from individual senior managers, children's TV is not prioritised. The institutional commitment is absent. (Dalton, 2017, P. 11)

It seems evident, then, that without an explicit and enforceable obligation to minimum levels of children's content in the ABC Charter, and the commensurate provision of production funding, the ABC cannot be expected to provide Australian children with the amount and quality of screen content they need, particularly given the challenges of monetising children's content facing the commercial sector.

While the ABC must be a universal broadcaster, it also fulfils an important role in addressing market failure, and the provision of sufficient amounts of high quality, original Australian children's screen content is an obvious instance of market failure in the Australian screen sector. The ABC must be adequately supported and regulated to address this in the interests of Australian children.

International Case Study - United Kingdom

To assist our understanding of the implications of various regulatory options available to Australian policy makers, it is instructive to consider recent developments in the UK.

After years of intense lobbying by commercial channels FIVE and ITV in the UK, the Broadcasting Act 2003 abolished all regulated requirements for those two channels to broadcast children's programming. This led to a 93 per cent fall in spending on kids' TV by the commercial sector in ensuing years.

Shortly after the 2003 legislative changes, in 2006, the UK Government introduced a ban on the advertisement of foods deemed to be high in fat sugar and salt (HFSS) during all children's programming. This led directly to the collapse of advertising revenue for the remaining children's content on commercial channels, and those channels soon reduced or entirely ceased to commission and broadcast children's television content.

The number of hours of original children's content on these two channels declined by more than 90 per cent between 1998 and 2005, from 424 hours per year to 42 for ITV, and from 353 hours per year to just 30 for FIVE. Over the corresponding time period, Channel 4's spending on children's television has fallen from 49 hours to zero (The Telegraph, 2017).

Combined with the launch of the BBC's dedicated digital multichannels, CBeebies and CBBC, for children's television content in 2002, these developments have led to a situation in which the proportion of first-release, British children's programs fell to less than 1 per cent of all children's programming broadcast in the UK (Screen Australia, 2013) and the almost total domination of children's screen content production by the BBC.

The Children's Media Foundation has led a strong campaign against these changes, pointing out that a market in which more than 90 per cent of UK children's screen content is reliant on the commissioning editors at the BBC has profoundly undermined the competitiveness, creativity and profitability of the UK screen production sector and reduced the cultural and artistic diversity of screen content available to British children (SKTV, 2012).

This campaign, hard fought over more than a decade, has recently led to the successful passage in the House of Lords of an amendment to the Digital Economy Bill, approved on 26 April 2017, that gives UK Media Regulator Ofcom the power to impose children's programming quotas on commercial broadcasters, ITV, Channel 5 and Channel 4. This goes some way to reinstating the regulatory powers that were lost in the 2003 Communications Act, although how Ofcom will exercise its new powers remains to be seen.

Supporters of the campaign to reinstate quotas on commercial broadcasters in the UK are cautiously optimistic, noting that "...after many years of claiming that it had little power to intervene in halting the decline of children's production, Ofcom will finally have powers to make a difference..." (Steemers, 2017). However, there is no definition of quotas in the Lords Bill, so Ofcom will have to publish criteria for children's programming on commercial broadcasters and undertake public consultation; the definition of these criteria will be crucial.

It is critical to note here, that Australia does not have the luxury to experiment with abolishing quotas and reinstating them should that prove as catastrophic as it did in the UK: provisions in the 2005 Australia-United States Free Trade Agreement prohibits the reintroduction of cultural content quotas once they have been removed. It is imperative, therefore, that we implement an updated regulatory regime to underpin the production and distribution of original Australian children's screen content in the digital, multi-platform market, before repealing existing regulations.

Supporting Original Australian Children's Content in the Digital Era

Screen Currency reported that “[a]round 76 per cent of Australian[s]...believe the government should provide support to the (screen) sector; compared to 12 per cent who are opposed to the idea and 12 per cent who said they don't know”. (SA, 2016, P.8)

So in the face of changing media markets, evolving distribution technology and shifting content consumption habits, what should government support for kids' screen content look like? First, let's take a look at some recent developments.

In 2013 the Government enacted a number of relatively small legislative changes to the Broadcasting Services Act (BSA), intended to address shifting television consumption and altered market forces resulting from the move to digital, multichannel television.

These included the ability for broadcasters to meet their local content obligations through programs premiered on their digital multichannels, and a reduction in broadcast licence fees.

These changes were intended to be the first step in a significant reform of media and content regulation in response to the 2011 Convergence Review. However, since that time, reform to the BSA has stalled, and the Australian content production and distribution industries now find themselves governed by a suite of policies and regulations that do not adequately address the challenges of a transformed media landscape.

Anna Potter described the situation in relation to Australian children's content thus:

The various digital transitions that occurred in the Australian, UK and US broadcasting systems brought abundant supply, multi-platform delivery, the ability to cater to niche audiences and a remarkable change in status for the child audience. Digital regimes therefore offer enormous opportunity for new ways of producing and distributing children's television, including dedicated destinations for children on Australia's commercial networks for the first time. Nonetheless Australia's small domestic market means that without appropriate state support, particularly content quotas and a well-funded public service broadcasting service, local children's drama is unlikely to be made available to the child audience. The recalibration of these supports and a renewed emphasis on the creation of public value became increasingly important during Australia's digital transition. (Potter, 2015, P 171)

This “recalibration” is now long overdue; without a comprehensive review and reform of regulations and support mechanisms for the production and distribution of original children's screen content in Australia to bring them in line with contemporary viewing habits and changing market forces, there is a very real risk that Australian stories for children will disappear from our screens.

It is worth noting here that, aside from the cultural value of original Australian children's screen content, the economic contribution of the Australian production sector is significant.

In its 2016 report for Screen Australia's Screen Currency project, Deloitte Access Economics assessed the economic contribution of the Australian screen sector to the national economy. While the report didn't delineate an economic contribution from children's content, it included children's content in its definition of "Core Australian content", described as "... scripted, narrative content, capturing feature film, drama TV and documentaries", and found that:

In 2014-15, the total economic contribution of the Australian screen sector for Core Australian content is an estimated \$847 million in value add and 7,650 in full-time equivalent (FTE) jobs. This total value add is the equivalent of around 7% of Australia's arts and recreation services industry. Free-to-air (\$212 million) and film and television production (\$153 million) were the largest contributing subsectors to estimated direct value add, with the production subsector the greatest contributor to employment (2,683 in estimated FTE jobs). (DAE, 2016, P2)

Given the demonstrated cultural, educational and economic value of producing and distributing original Australia children's screen content, then, it is imperative that we uncover the regulatory solution to support the production and distribution of high-quality, distinctively Australian children's stories on screen for the digital, multi-platform era.

There are various factors at play that necessitate a new policy and regulatory framework to support the production and distribution of original Australian children's screen content, not the least of which is the changing viewing habits of Australian children.

At the time the Convergence Review was conducted, Australians still spent 40 per cent of their media consumption time viewing television, against 25 of time spent on the internet, and free-to-air television held 29 per cent of advertising revenues, compared to just 17 per cent for online advertising. (Convergence Review, Pp 7-8)

In the intervening half decade, viewing habits have continued to shift away from broadcast television to online, on-demand services – this is particularly true for younger audiences, including children. A 2016 report from Think TV found that "the average Australian home now has 4.5 connected screens in addition to their TV sets, up from 3.9 four years ago". (ThinkTV, 2015)

Children's Television Viewing, Research Overview found that this shift away from free-to-air commercial television is pronounced among child viewers.

In relation to children's content in particular, the broadcasters called for the abolition of all broadcasting quotas under the CTS and ACS:

Monetising [children's] content has always been extremely difficult for broadcasters due to the very stringent restrictions that apply to advertising during C and P programming. The sharp decline in audiences exacerbates that difficulty.

Reform is urgently required to ensure that the framework that applies to commercial free-to-air broadcasters' serves their audiences, including child audiences, and allows them to deliver content in a sustainable way. Abolition of the outdated C and P quotas would facilitate this. (FreeTV 2017, P 16)

Abolition of the quotas protecting the production and broadcast of C and P programs without their replacement by a new suite of policies and regulations would almost certainly lead to the collapse of the Australian children's screen content production industry, and see levels of original Australian children's screen content on television drop precipitously, as happened in the UK.

Conclusion

As this paper has demonstrated, current regulations governing the production and distribution of original Australian children's screen content are in need of urgent review.

Current regulations are not serving the production or broadcasting industries, nor the child audience they were established to protect and provide for.

The Convergence Review, in its 2011 report, considered carefully the regulation of local content. A study undertaken for the Review by PriceWaterhouseCoopers (PWC) found that, if content requirements were removed from Australian broadcasters, there would be a significant reduction in the amount of local content available.

Alarming, the PWC report found that investment by Australian broadcasters in children's content, both drama and other forms, would cease completely if the quotas were removed.

Estimated change in Australian program expenditure from the removal of Australian content requirements

	2008–09 expenditure (\$m)	Change in expenditure (%)	Estimated new expenditure (\$m)	Estimated % of expenditure after the removal of content quotas
Total Australian (excludes sport)	619.8	-43	350.8	57
Adult drama	132.1	-90	13.2	10
Children's - drama	12.7	-100	0	0
Children's - other	9.8	-100	0	0
Documentaries	26.7	-50	13.4	50
News & current affairs	111	-25	83.	75
Light entertainment - variety	176.7	-25	132.5	75
Light entertainment—other	132.3	-25	99.2	75
Other programming	18.5	-50	9.25	50

Note: Excludes sport. Estimates are based on compliance results (where averages for each network have been aggregated) and adjusted ABS 8679.0 publication data from 2006 for non-regulated categories (figures have been normalised). Figures are indicative only. (PWC, 2011, P 49)

In light of these findings, the Convergence Review, while agreeing that current quotas and related local content protection measures were outdated, cautioned against repealing current regulations until a new regulatory regime had been agreed and was ready to be implemented. (Convergence Review, P xviii)

The Review's final report called for a "repeal and replace" approach, rather than the abolition of current regulations in the absence of a new structure, as now advocated by the free-to-air commercial broadcasters.

This approach is supported by all evidence that has emerged since the Convergence Review handed down its final report; nothing has eventuated in the intervening half decade to give any cause to believe that local production and distribution levels would survive the immediate abolition of current quotas and regulation until a new regime could be implemented.

On 23 May 2017, the Federal Government announced a government review, titled *Securing the Future of Australian and Children's Screen Content*. The inquiry commences in June and will report to government by the end of 2017.

This review must proceed on the basis that the protection of Australian children's screen content can only be achieved through ongoing government regulation, but that such regulation must be fit for changing content consumption habits and able to evolve with technological and market development over ensuing years.

Policy Recommendations

To ensure the ongoing provision of culturally relevant, educationally beneficial and sustainable original Australian children's screen content in the digital and multi-platform market, we make the following high level policy recommendations, noting that details of the operation of a new regulatory and funding regime will be developed further through the current government inquiry process.

RECOMMENDATION 1:

A new regulatory framework that ensures that obligations to produce and distribute original Australian children's screen content OR to contribute to a contestable content fund, be applied to all major content service providers operating in Australia

The Government should enact legislation to establish such a scheme for children's screen content. The Final Report of the Convergence Review explained how such a scheme would operate:

The uniform content scheme will require qualifying content service enterprises, with significant revenues from television-like content, to invest a percentage of their revenue in Australian drama, documentary and children's programs.
(Commonwealth of Australia, 2012, P 12)

This paper endorses the approach set out in the Final Report to support the production of Australian drama, documentary and children's programs. As this paper is concerned specifically with children's programming, an outline of how this might operate to support original Australian children's screen content is provided here, noting that this may also be applicable to adult drama and documentary programs.

A new regulatory framework for children's screen content in Australia should be platform neutral; that is, it should impose the same requirement to invest a percentage of revenue in the production of original Australian children's content on all commercial content service providers operating in Australia, as defined against an agreed threshold of audience reach and/or revenue. This would be expected to include, at least, the commercial broadcasters, Netflix and Amazon.

The investment should be made in accordance with guidelines agreed by industry and regulators to ensure a diversity and minimum amount of content for children that includes content of cultural and educational benefit. This may take the form of sub-quotas which stipulate that a minimum number of hours per platform, or percentage of content, must meet certain qualitative requirements.

Further, mechanisms that require eligible content service providers to report their Australian revenue and commensurate investment in content production to the regulator on an annual basis must be enacted in the relevant legislation.

Current regulations requiring commercial broadcasters to broadcast minimum hours of C and P content on their broadcast channels should be repealed and replaced with a requirement for all regulated content service providers under the new framework to provide children's content on any platform, including streaming services provided by the commercial broadcasters. An agreed mechanism to promote the availability of such content should be included in the regulation.

This new framework should replace the Children's Television Standard (CTS) and include appropriate safeguards for children against exposure to inappropriate content, advertising and other such protection measures as are currently included in the CTS.

RECOMMENDATION II:

The creation of a contestable content fund to be administered by the Australian Children's Television Foundation (ACTF)

The Government should create a new contestable children's content fund to be administered by the ACTF, and invest sufficient funds to support the production and distribution of significant levels of high quality, original Australian screen content for children.

Currently, screen funding bodies provide investment for children's content primarily from general government funding that is open to producers of adult content.

Creating a dedicated fund to support the production and distribution of original Australian children's screen content would ensure that government funding was quarantined from competition with other kinds of Australian screen content.

The ACTF is the recognised expert body in relation to the production and distribution of original Australian children's screen content that meets the cultural and educational objectives that justify government regulation and funding. As such, it is best placed to administer the new fund.

To support the effective operation of the uniform content scheme for original Australian children's screen content, the fund could also receive contributions from content service providers who are required to invest a percentage of their revenue in Australian children's content but who do not wish to distribute that content themselves. As recommended in the final report of the Convergence Review:

Alternatively, a content service enterprise will be able to contribute a percentage of its revenue to a 'converged content production fund' for reinvestment in traditional and innovative Australian content. (Commonwealth of Australia, 2012, P 12)

RECOMMENDATION III:

An increase in ABC funding to support a return to a 50 per cent content share on ABC children's channels for original Australian children's screen content

The Government should immediately reinstate the full, indexed amount of annual funding sufficient to support the original commitment to deliver Australian content on ABCKids and ABC ME and ensure that the total percentage of Australian content on each channel is at least 50 per cent.

RECOMMENDATION IV:

A charter obligation for the ABC to produce and distribute minimum amounts of original Australian children's screen content

The ABC Charter should be amended to include a specific obligation to deliver original Australian children's content on dedicated platforms. The Charter should also explicitly require that at least 50 per cent of all children's content on such platforms is Australian content made for children.

While the ABC can be expected to oppose the imposition of a charter requirement, this would not constitute editorial interference in the independence of the national broadcaster; rather, it would impose a requirement for a transparent commitment to serve the national interest in the provision of screen content for children that the market cannot otherwise provide.

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