

AUSTRALIAN CHILDREN'S TELEVISION FOUNDATION

3 July 2020

The Hon Paul Fletcher MP
PO Box 6022
House of Representatives
Parliament House
CANBERRA ACT 2600

RE: Supporting Australian Stories on Our Screens: Options Paper Response

Dear Minister

We enclose the response of the Australian Children's Television Foundation (ACTF) to the Options Paper prepared by Screen Australia and the ACMA. This follows an engaging and stimulating period of consultation which you have led. Thank you for including the ACTF in your roundtables.

It is impossible to underestimate the importance of the process that you are undertaking. In many ways Australian children's television is riding high. During the consultation period Northern Pictures' *Hardball* series, produced in Western Sydney, won highly coveted awards at the Prix Jeunesse in Munich and the Banff Rockies. International demand for Australian children's series is on a roll, with the ACTF currently negotiating contracts with, among others, the BBC, ARD Germany, Netflix and Hulu. At the same time, we don't expect that there will be too many submissions to this Review offering to do more for the children's audience, whilst we know that the commercial broadcasters will seek to do less. So it feels very much as though we stand on the brink of a great opportunity, or an irretrievable loss for our nation's children, the broader community and our local screen industry.

In this submission the ACTF is championing significant change. It is vital that current policy levers are updated to reflect the way in which content is commissioned and watched today. We argue that the social impact of children's content means that there is additional public value in every dollar spent on it, and that by:

- Elevating the role of children's content at the public broadcasters; developing a platform neutral expenditure model for commercial platforms which includes expenditure on children's content; and
- Supporting Australian children's scripted content with an increase to the Producer Offset to 40% and enhancing the role of the Australian Children's Television Foundation;

It is possible to secure the future of Australian children's content in a way that puts the children's audience at the centre of the Commonwealth Government's policy response.

We look forward to discussing our Submission with you.

Yours sincerely,

Janet Holmes à Court
CHAIRMAN

Jenny Buckland
CEO

AUSTRALIAN CHILDREN'S TELEVISION FOUNDATION

ABN 93 005 986 952

Level 3, 145 Smith Street, Fitzroy Victoria 3065, Australia
P: +61 3 9200 5500 E: info@actf.com.au W: actf.com.au

SUPPORTING AUSTRALIAN STORIES ON OUR SCREENS.

AUSTRALIAN
CHILDREN'S
TELEVISION
FOUNDATION

OPTIONS PAPER

ACTF RESPONSE: 3 JULY 2020

"WHEN WE SEE OURSELVES ON SCREEN,
WE REALISE THE FUNDAMENTAL
HUMAN TRUTH THAT WE'RE ALL
THE SAME. AND THAT WE HAVE
MORE IN COMMON THAN WE
HAVE THAT'S DIFFERENT"

JULIE KALCEFF,
DIRECTOR, *FIRST DAY*

Artwork from the
credits of the
Thalu series.

SUPPORTING AUSTRALIAN STORIES ON OUR SCREENS.



ABOUT THE ACTF

The ACTF is unique in the world; a not-for-profit organisation with a singular purpose to deliver quality screen content about children to children all over Australia, and all over the world. The ACTF has been at the forefront in creating a world class Australian children's screen industry with an enviable reputation. We currently stand on the brink of a great opportunity or an irretrievable loss for our nation's children, the broader community, and our local screen industry.

The ACTF makes Australian children's lives better through screen content that reflects our culture and our values. We act as a catalyst for the production of quality Australian children's screen content which reaches and connects with children on all the platforms they engage with. We achieve this by providing:

- Script development funding;
- Capacity building/enabling/nurturing producers and emerging talent;
- Production investment (via distribution advance and/or equity);
- Promotion, worldwide distribution, advocacy for children's screen content; and
- Education resource development and scaffolding, and educational outreach.

The ACTF is a not-for-profit public company, independent of commercial or other interests. We receive funding of \$2.89 million from the Commonwealth Government (through the Department of Infrastructure, Transport, Regional Development and Communications) and much smaller contributions from the governments of all States and Territories. We generate additional income from our sales and distribution activities. Our governing body are a Board of Directors, all of whom serve in an honorary capacity. They come from every State and Territory and their expertise ranges across the screen sector and creative industries, educational practice and leadership, child psychology, public companies and private enterprise.

We occupy a singular position at the intersection of the screen business, education, Australian culture and social impact. No other organisation comes to the table with the same bundle of attributes: the cultural remit, the financing expertise, the distribution insight, and the educational background and reach. We have a proven and renowned track record and internationally unparalleled expertise in how children's content is commissioned, made, promoted and distributed into the world. Working across multiple platforms we operate across different parts of the value chain – from development, to Executive Producer on production, to international distribution, educational development and promotion. Importantly, we don't always perform all these roles on all the productions we support. We operate in a nimble and flexible way, depending on an individual production's needs and a producer's experience and expectations.

For 38 years we have embraced, championed and adapted to changing times and opportunities, whilst maintaining our focus on achieving quality outcomes for the child audience. The ACTF consistently delivers industry leadership, as we are uniquely placed with the sole interests of the children's audience at the centre of what we do. It was the ACTF that originally floated the proposal for a public broadcaster digital children's channel in 2006, which culminated in the funding of the ABC children's channels in 2009. We championed this idea, in response to changing viewing habits, with children around the world at that time embracing destinations where they could find content made especially for them.

The productions we support deliver exceptional public value as they are accessible to generations of children via multiple plays in Australia and around the world, and are used as a springboard for education and learning, shaping our young audience's sense of identity and the community to which they belong. This is the great opportunity for our nation that Australian children's content delivers.

**"A SHOW LIKE SPACE NOVA IS ASPIRATIONAL AND VERY CURRENT. WHO KNOWS. IT MIGHT
INSPIRE A FUTURE AUSTRALIAN ASTRONAUT OR SCIENTIST TO TRAVEL BEYOND THE STARS."**

SUZANNE RYAN
SPACE NOVA PRODUCER

WHY AUSTRALIAN CHILDREN'S CONTENT MATTERS

Children's screen content is both a mirror and a window in a child's life. Screen content made about and for children has the capacity to influence our young audience in the most positive ways; to bolster their sense of identity, to help them understand their significance in the world, and to shape our nation's future. Without it, we dilute the next generation's sense of self, compromising their connection to each other and undermining their place in the world.

When Australian children see their lives reflected on screen, they experience recognition, affirmation, and gain positive role models; the characters and stories help them to imagine all the possibilities for someone who looks and sounds like them. But our nation's kids are not a homogenous group. We need an array of Australian stories, from different producers and from around our country, reflecting the full diversity of children and their lives, on all the platforms children turn to for entertainment.

The screen stories we watch influence how we think about others, as well as how we think about ourselves. Quality local content exposes children to a range of faces and voices that is genuinely representative of their community. Becoming engaged in a television drama is an opportunity to try on someone else's shoes and consider what it's like to be them. In doing this, it encourages understanding and acceptance of others in 'real life'. Australian children's television is building empathy, kindness, social cohesion and shared values.

The production of children's content also plays a vital role in the screen sector eco-system, employing people all over Australia, including in the regions, and offering training opportunities that are not available on other types of production. Many of our most skilled practitioners on camera and behind the scenes have learned their craft on a children's television project.



"IT IS HUMBLING TO THINK A CHILD IN A COMMUNITY IN THE TOP END OR TASMANIA CAN LOOK AT LITTLE J AND BIG CUZ, MADE ONLY OF A FEW CURVING LINES MOVING ACROSS A SCREEN, AND RECOGNISE THEMSELVES."

TONY THORNE
DIRECTOR AND DESIGNER, *LITTLE J AND BIG CUZ*

EXECUTIVE SUMMARY

Why Support Australian Children's Screen Content – the Purpose

Today's children are inundated with screens during their formative years, right at the time when they are developing their values, identity and self esteem. It is vital they be provided with screen content that is made especially for them. Yet the creation of children's screen content is disadvantaged because it does not command the levels of investment from broadcasters or others that adult content does. It is the clearest example of market failure in the screen sector, but also the greatest example of public value. Successive Australian governments have supported the provision of high-quality, original and distinctly Australian television for children, through a mix of regulation, direct subsidies and tax incentives. As a result, Australia has been a world leader in the production of high-quality children's screen content. It is now necessary to re-design the policy framework to secure Australian children's content on all the platforms children are now engaging with.

ACTF Recommendations

We are recommending:

ALL CONTENT SERVICE PROVIDERS HAVING OBLIGATIONS TO AUSTRALIAN AUDIENCES

Acknowledge the different and complementary roles of public broadcasters and commercial service providers.

- Bring the public broadcasters inside the policy and regulatory framework, recognising the vital role they play in delivering Australian content to audiences. Ensure funding for children's content at the public broadcasters **which is quarantined and protected** and that high levels of new Australian children's content are commissioned by the public broadcasters and reported to the ACMA.
- Replace all current regulatory requirements with a platform neutral expenditure model, requiring all commercial content service providers (including subscription services), to invest a percentage of their revenue in new (first release) Australian scripted content, including children's, and to report that investment to the ACMA.

UNIQUE FUNDING ASSISTANCE FOR CHILDREN'S SCREEN CONTENT

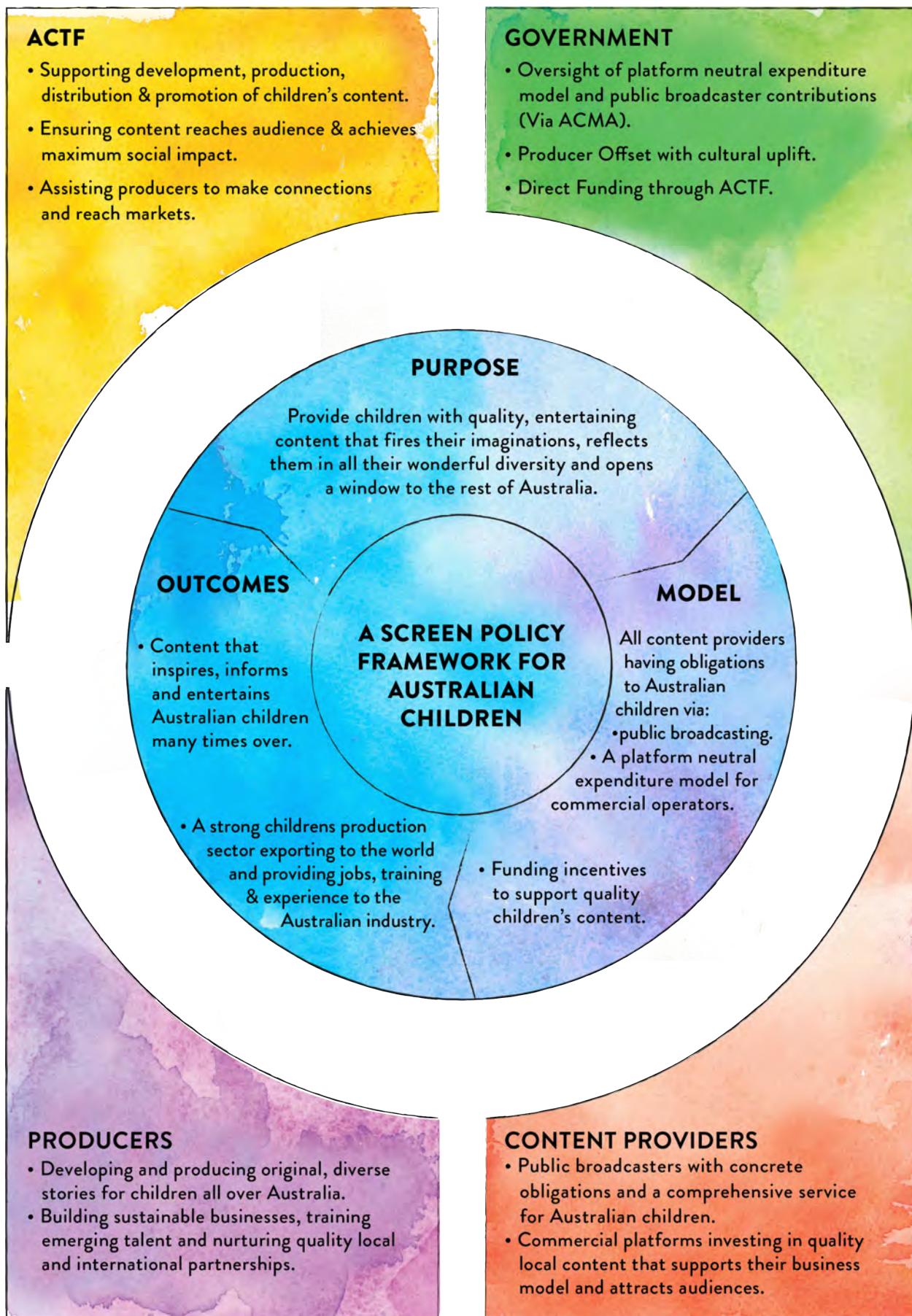
Acknowledge the vulnerability of Australian children's content and the difficulty in financing this content. Make increased funding available for children's content as its Australian features and distinctive cultural and public value increase.

- Begin with a harmonised Producer Offset for scripted content of 30%, with a "cultural uplift" to 40% for all scripted children's content with significant Australian elements.
- Enhance the role and capacity of the Australian Children's Television Foundation by providing it with additional funds to invest substantial amounts in high quality Australian children's content.

What This Will Achieve – The Solution

Adopting this suite of measures will achieve:

- A comprehensive, predominantly Australian service for children up to 16-years-old on the public broadcasters; and Australian content on commercial platforms wherever those platforms target a children's audience;
- An attractive financing environment for children's content, which favours scripted content with significant Australian cultural elements, without risking that funding being appropriated or re-allocated to other forms of content;
- Content that inspires, entertains, informs and educates Australian children and their families, contributing to wider national priorities such as mental health, anti-bullying and school readiness initiatives; and
- Production activity, jobs, training and a diversified screen sector all around Australia, including regional Australia.



ACTF RECOMMENDATIONS

An adapted version of Significant Change Model 3

The Australian screen sector is supported by interconnected policy levers that comprise a regulatory framework on the one hand, and funding and incentives on the other. As the Options Paper demonstrates, those interconnected levers need to be updated and made fit for purpose in an era which has seen transformational change in the way that content is delivered and watched by audiences.

The ACTF is recommending:

PART 1:

CONTENT SERVICE PROVIDERS HAVING OBLIGATIONS TO AUSTRALIAN AUDIENCES

Acknowledge the different and complementary roles of public broadcasters and commercial service providers.

- (a) Bring the public broadcasters inside the policy and regulatory framework, recognising the vital role they play in delivering Australian content to audiences and community expectations around their role in the children's space.
 - Ensure funding for children's content at the ABC and SBS/NITV which is quarantined and protected, and that very high levels of new Australian children's content are commissioned by the public broadcasters and reported to the ACMA.
- (b) Replace all current regulatory requirements with a platform neutral expenditure model, requiring all commercial content service providers (including subscription services), to invest a percentage of their revenue in new (first release) Australian scripted content, including children's content, and to report that investment to the ACMA.
 - We prefer a version of this model that sees providers actually commission content for their services (rather than contribute to a fund), to ensure Australian content ends up on screen.
 - The model should enable commercial platforms the flexibility to commission scripted content that works for their business model and audience, rather than a "one size fits all" approach.
 - The model should ensure that a balance between quality content and volume of content is achieved, and that wherever one finds adult drama, children's drama or documentary content on commercial platforms, local content is a vital part of the mix.
 - The model should provide ACMA with parameters with which to negotiate bespoke content models with each provider.

PART 2:

UNIQUE FUNDING ASSISTANCE FOR CHILDREN'S SCREEN CONTENT

Acknowledge the vulnerability of Australian children's content and the difficulty in financing this content because of the low licence fees paid for it by broadcasters. Implement measures which increase the funding available for children's content as its Australian features and distinctive cultural and public value increase.

- Begin with a harmonised Producer Offset for scripted content of 30%, with a "cultural uplift" to 40% for all scripted children's content with significant Australian elements.
- Enhance the role and capacity of the Australian Children's Television Foundation by providing it with additional funds to invest substantial amounts in high quality Australian children's content, intended for exhibition on any content platform (public or commercial) which reaches the child audience.

"WHEN YOU'RE IN THAT MINDSET OF A LITTLE KID SEEING SOMETHING FOR THE FIRST TIME, THE WORLD IS BIG. THESE KIDS (IN LITTLE J AND BIG CUZ) ARE DISCOVERING THINGS ABOUT THEMSELVES, ABOUT THE WORLD AND ABOUT EACH OTHER."

DEBORAH MAILMAN
LITTLE J AND BIG CUZ VOICE ACTOR

THE SUBMISSION

Children are the most important audience of all

For more than three decades, Australia has produced high quality children's programs which have entertained audiences at home and around the world many times over. Australian children's television production has been made possible through a combination of content regulation and government support, on the basis that there is public value in screen content that speaks directly to Australian children and which reflects Australian themes, culture, language and social values. The establishment of the Australian children's television regulations, and the ACTF, combined with direct subsidy through the former Film Finance Corporation and then Screen Australia, have ensured the creation of world class children's television.

The regulation and subsidy that underpins our industry and supports local content were set up to recognise the value of Australian cultural content and to address the market failure which would otherwise prevent Australians from having this content. It is expensive to produce local content and comparatively cheap to import high budget programs from other English language territories.

Within the broader context of supporting Australian content, our existing regulatory framework recognises that children are a special audience (21% of the population is aged 0 – 16) and that they deserve to see Australian content that is made especially for them. Indeed, children are perhaps the most important audience of all. The United Nations Convention on the Rights of the Child requires that information of social, cultural and linguistic benefit should be made available to all children via the mass media. As children grow, they are developing their sense of self, their national identity and their understanding of their place in the world in relation to others. The need for local content for children is more important now, than ever before:

This newest generation are part of an unintentional global experiment where screens are placed in front of them from the youngest age as pacifiers, entertainers and educational aids. This great screen age in which we are all living has bigger impacts on the generation exposed to such screen saturation during their formative years. From shorter attention spans to the gamification of education, from increased digital literacy to impaired social formation, these times impact us all but transform those in their formative years.

McCrindle Research 2020

Children's content is, however, the most vulnerable of any type of screen content.

It is expensive to produce high quality content that children love to watch, and which lasts a long time in the marketplace. It is difficult to finance because broadcasters do not pay the same amounts for children's content that they pay for adult content. The Options Paper spells out that the Commonwealth Government provided more than \$510 million to the Australian screen sector over and above the amounts it provides to the public broadcasters in 2018-19. This included \$383.7 million via tax rebates and a one-off investment of \$22 million to attract one feature film to shoot in Australia (around a quarter of the \$81 million provided to Screen Australia for direct investment in Australian content). These are considerable sums. And yet in the ACTF's experience any funds invested in children's content within that large envelope are hard fought, sparse and frequently resented by other sectors of the industry. The ACTF campaigned vigorously for the ABC to be given the additional funding it received for children's content in 2009, only to discover that three years later that funding was being allocated to other areas of the broadcaster. We have watched as Screen Australia funding for children's drama has steadily declined in proportion to adult drama since its inception in 2008 (and graphed this trajectory in previous submissions to Government reviews).

The production of Australian children's screen content is therefore the clearest case of market failure of any sector of the screen industry. On the other side of the ledger, however, it is the clearest example of public benefit.

Quality scripted children's content is re-run many times over, and entertains a fresh generation of children every few years. It is also used extensively in schools as an educational resource, and it travels the world over. *Mortified*, for example, produced for the Nine Network in 2006, has been repeated on Australian TV 27 times and is currently available to watch on iView. It has also travelled to 190 countries. Quality Australian children's content does cost money to produce upfront – but it delivers to audiences over a long period in a way that content made for adults (especially light entertainment and reality television) simply cannot match.

The rationale for supporting Australian content, especially Australian children's content, has not changed. Australian audiences want and deserve this content, but market forces mean that it won't be made without Government intervention and support.

What has changed – dramatically – are the ways in which audiences view and consume content. As the Options Paper demonstrates, it is beyond time that the Australian framework for supporting Australian content was re-imagined and re-designed to be fit for purpose for the audiences of today and tomorrow.

THE OPTIONS

Responses to this Options Paper will follow a well-worn path.

Content platforms, be they subscription services (including SVODs), free-to air commercial broadcasters or even public broadcasters, will push back against any form of regulation, expenditure requirement or other means that guarantee the production of Australian content – at least in so far as it applies to them individually.

At the same time, it is likely that the commercial free to air broadcasters (and large production companies) will want changes to the Offsets to enable them to be accessed by light entertainment and reality programs. In particular, they will want the budget levels required to access the Offsets to be decreased and definitions of supported content to extend beyond scripted content. Commercial broadcasters may even argue, as they have done previously, for Screen Australia investment to be applied across a wider range of content and that they should be able to apply directly to Screen Australia. In other words, the argument for de-regulation will be accompanied by a push for vastly increased subsidy for all manner of content and formats, irrespective of the impact that would have on vulnerable genres such as adult drama and documentary content, and with complete disregard for children's content.

The SVODs will be keen to have access to Australian tax-payer funded incentives too, but will not be signing up voluntarily to any expenditure requirements, as they have already been required to do in other jurisdictions.

It will be necessary for Government to model numbers, establish priorities and be very clear about the rationale for each policy mechanism it prefers as part of the reform process, as well as possible unintended consequences. In the period since introducing the tax offsets, for example, the PDV Offset has already been extended to light entertainment and reality television, a policy outcome we are not sure was intended when the PDV Offset was designed and which has extended the funding envelope in ways that might not have been anticipated.

We raise these issues to demonstrate the challenge for children's content and highlight its vulnerability. Rather than being swept aside in the rush to support content which advertisers already support and which would appear on our screens no matter what – we should be prioritising content that is made for the most important audience of all, and which does not happen without special, unique support and attention.

As we weigh up all the Options, we need to ensure that we meet the needs of audiences, including the children's audience, first and foremost.

"SEEING YOURSELF REPRESENTED IN A STORY YOU LOVE CAN BE A LIFE-CHANGING EXPERIENCE. IT MAKES YOU SIT UP AND FEEL NOTICED; ULTIMATELY LESS ALONE AND LESS AFRAID."

JENNA GUILLAUME
FREELANCE WRITER AND EDITOR

COMPARING THE WAY THE 4 MODELS DEAL WITH REGULATION

The Options Paper sets out (at high level) four potential regulatory options:

1. Maintaining the status quo.
2. Minimal change which would include tweaking current regulations to provide commercial free-to-air broadcasters increased flexibility and reduced requirements around children's content (possibly having them contribute to a fund for children's content instead of screen it); inviting subscription services to make voluntary undertakings around Australian content; and requesting the public broadcasters to report on their expenditure on Australian content to Parliament.
3. Significant change, which involves moving all commercial platforms to an expenditure requirement based on a percentage of revenue model; a requirement that national broadcasters allocate specific funding to children's television and to report to Parliament on their spending on Australian drama, documentary and children's programming.
4. Complete de-regulation which would remove all regulatory requirements.

The Options Paper itself effectively discounts Model 1. It is not tenable to apply an inflexible regulatory structure to one section of the market – which is contracting – and ignore the shift in the way that audiences view content, and the opportunities that new platforms bring. The outcomes for both audiences and the industry are dismal under this model. Furthermore, the status quo model is inherently flawed because it does not contemplate a role for the public broadcasters within the policy framework.

If Model 4, complete de-regulation, were implemented, Australian children's content would disappear from all commercial platforms, and Australian adult drama and documentary content would be imperilled as well. (As the PwC paper "How Do Local Content Requirements Impact Local Productions" cited in the Options Paper demonstrated.) The sector would be even more reliant on public broadcasters for this content. Not all Australian content would disappear from our commercial screens under Model 4. News, current affairs and sports broadcasting would all continue to be broadcast on commercial free to air television. "Event" television such as the reality tv and entertainment formats would also be broadcast as they attract both audiences and advertisers.

This leaves Models 2 and 3, about which we raise the following issues.

Public Broadcasting

Both models 2 and 3 contemplate the role of public broadcasting in the policy framework, but in the most timid fashion. Model 2 suggests "requesting the national broadcasters to report annually to Parliament on expenditure on, and hours of, Australian drama, documentary and children's content" to provide greater transparency and acknowledgement of their Australian contribution. Model 3 goes a little bit further by proposing that ABC and SBS "would be required to allocate specified amounts of funding for Australian children's programming to distribute on their services".

In this submission the ACTF is raising public broadcasting ahead of regulation for commercial platforms because it should be the foundational bedrock on which Australian content is secured. We are also strongly of the view that it is not possible to consider replacement of the current Children's Television Standards (which we would support) without securing adequate levels of Australian content for children on the public broadcasters.

In the United Kingdom, the BBC reports to Ofcom each year on how it has reflected, represented and served the diverse communities of the UK, including reporting audience satisfaction with how the BBC reflects the UK population with particular regard to first-run content across all its genres. Ofcom assesses the BBC's performance in delivering on its Mission and Public Purpose – with one of those purposes being to show the most creative, highest quality and distinctive output and services. This is not simply a public relations exercise for the public broadcaster. It has minimum levels of British originated content that it must meet across all its channels and platforms. On the BBC's two children's channels, 70% of the content must be British as a percentage of all hours of programming. The CBBC channel (for school aged children) must show 400 hours of first-run British content in a year and the pre-school channel (CBeebies) must show 100 hours of first-run British content in a year.

Germany has two public broadcasting systems, ZDF and ARD. ZDF is a national public broadcaster, while ARD is a “family” of nine regional broadcasters that jointly operate a national channel as well as their own regional channels. Both ZDF and ARD channels commission their own children’s content and together they also run Kika (the Children’s Channel), which takes content from both ZDF and ARD, and also commissions its own children’s content. As in the UK, all public television in Germany is financed via a licence fee from households and from that Kika receives a budget of about 80 million euros in addition to the amounts invested by its parent public broadcasters in children’s content.

Children in the UK and Germany enjoy high levels of public service screen content made especially for them. Their services contain a majority local content across a wide range of genres – news, current affairs, documentary, high quality drama and animation as well as light entertainment.

It is an anomaly that Australia has regulated in favour of children’s content on the commercial free-to-air broadcasters, but that the public broadcasters operate outside this framework.

The ABC plays a vital role in the lives of Australian children and families, who look to the ABC’s channels and iview platform for content for pre-school and primary school-aged children. There can be little doubt that there is a community expectation that the ABC, consistent with its public broadcaster obligations, would undertake the heavy lifting in terms of commissioning, producing and scheduling the widest and most distinctive range of Australian content for the children’s audience.

The ABC has no formal requirements in respect of children’s content, however, and its history of providing locally produced children’s content is inconsistent.

In the early and mid-2000s, the commercial broadcasters were frequently the drivers of high quality, distinctively Australian children’s live action drama. In the three years 2005, 2006 and 2007 for example, the Nine Network’s slate of children’s drama included *Mortified*, 26 episodes filmed in Queensland, *Lockie Leonard*, 52 episodes based on the Tim Winton novels of the same name and filmed in Western Australia, *Double Trouble*, 13 episodes filmed in Alice Springs and Sydney about the different lives of Aboriginal twins separated at birth. These shows were commissioned alongside a range of animated series to meet the Nine Network’s 32 hours of C drama commitment. Over the same period the ABC commissioned 13 hours of children’s drama each year – three series of *Blue Water High*.

Prior to the announcement in 2009, of additional funds provided to the ABC to establish its children’s channel, the ABC Children’s Department was working with a budget of \$12 million per year. The Commonwealth Government announcement in 2009, provided additional funding of more than \$22 million per year for children’s content, effectively increasing the ABC’s children’s budget to \$35 million a year for the three financial years beginning 2009/10. The ABC announced that it would achieve 50% Australian content on ABC3 (for school aged children) within a year of receiving the additional funding. There was no local content target for its pre-school content on ABC2. This additional funding transformed the children’s television offering in Australia, with a range of live action dramas, animated series, factual content, sketch comedy, game shows and news.

Although the announcement that accompanied the funding linked it to the establishment of a children’s channel, it was not tied funding and three years later, the additional funding began being allocated to other areas within the ABC, and the ABC revised down its Australian content targets for children. Figures circulating on ABC content spending (in response to various questions asked of the ABC in Senate Estimates and Parliamentary Inquiries) conveniently start at the 2012/13 financial year, ignoring the three prior years which saw the establishment of the children’s channels and a budget for children’s content of \$35 million a year.

The ABC is the leader in the children’s space, with a dedicated team commissioning a diverse array of children’s content. It is currently aiming to achieve around 30% local content. It is believed to now be working with a budget of around \$18 – \$20 million a year. It needs to be spending at least double that to increase its new and original Australian content output to a higher level, to be commissioning a wider array of content.

SBS does not have any formal obligation towards children, and has not traditionally served this audience. The establishment of NITV, however, has seen it move into the children’s space, with some outstanding commissions for Indigenous children. The public value of programs like *Little J and Big Cuz*, which encourage a positive relationship between school and communities, and *Thalu* which celebrates country and community, are enormous.

To build an audience and be most effective, NITV and SBS-OnDemand need content at sufficient scale that an audience knows it is there and comes looking for it. There is a great potential to build a library of content that will reach all Australian children and teens, and which celebrates Indigenous and multicultural Australia, with sufficient funding set aside for this purpose. The ACTF would love to support SBS and NITV promote that content and take it to the world.

The ABC should have at least \$40 million to commission and produce children's content, and the SBS \$20 million, to commission children's and youth content. The amount each public broadcaster invests in children's content should form part of a triennial (or five year) funding negotiation with the Commonwealth and outcomes should be reported to the ACMA and made available to the public.

The ACTF believes that removing children's program obligations from commercial broadcasters, without securing Australian children's content at much higher levels than currently occurs on the public broadcasters, is insupportable.

Commercial Content Service Providers

Model 2 sees the commercial free-to-air broadcasters continuing to have formal regulatory obligations. A transmission quota would be required but measured across all channels (rather than the primary channel) affording the broadcasters "greater flexibility". Apart from ditching obligations to pre-school and non-drama children's content, this model would provide the commercial broadcasters with flexibility around sub-quotas for adult drama, documentary and children's drama. It would enable them to focus on one or more of these sub-quota areas, and, in the case of the children's drama quota, buy out of the obligation altogether, by making a contribution to a children's content fund. Meanwhile the SVODs would make voluntary "undertakings" to commission Australian content.

Model 3 sees all commercial platforms, including subscription services, required to invest a percentage of their revenue in Australian scripted programming and report that expenditure to the ACMA. It contemplates a role for the ACMA in determining what that investment rate would be, to ensure that it properly reflects the various platforms' business models, program formats and content genres. Under this model, two sub-options were presented: one enabling each platform to invest either by commissioning content for their platform; or paying the investment into an Australian Content Fund. The second sub-option would see the ACMA play a more pro-active role negotiating bespoke Australian content investment plans with each service provider, to achieve outcomes that are in the public interest.

Model 2 does not deliver a vision for the future or provide the Australian production sector with new opportunities. It does not deliver Australian content for audiences on all the platforms where they consume content. Commercial free-to-air broadcasters will continue to lobby for relief from a system that does not draw in all other platforms, and payment into a content fund will be characterised as a "tax". The SVODs are obligated to invest in local content in other parts of the world and will necessarily put actual obligations elsewhere ahead of voluntary obligations here. Australian audiences and the Australian production industry will miss out if Australian reforms are insubstantial by international standards.

In 2018 regulatory changes in the European Union required that online streaming services (including Netflix, Amazon, etc) are required to fund European content by either commissioning European content, acquiring it or paying into national film funds through a surcharge added to their subscription fee. Individual countries within the EU then imposed sub-quotas or production fees to apply within their own countries. For example, Germany created a surcharge, the so called "film levy" to support its national film production fund ("German Federal Film Board" (FFA)). Netflix tried unsuccessfully to fight the German surcharge in court.

The ACTF supports a version of Model 3 where all commercial content service providers, including subscription services, invest a percentage of their revenue in new Australian scripted content and report their investment to the ACMA.

We note that Model 3, as drafted, refers to scripted content (which, for the avoidance of doubt, we take to mean live-action drama, animation, comedy and documentary content, whether for an adult or a children's audience).

We prefer a model which sees commercial platforms investing in content for their own platforms, rather than avoiding commissioning Australian content by paying into a fund. We would rather see Australian content on commercial platforms.

If a “one size fits all” expenditure requirement is adopted, then it will need to be designed in such a way to ensure that it delivers volume, quality and diversity. There should be an expectation that 20% of overall expenditure will be applied to children’s scripted content. Because a “one size fits all” approach does not recognise different business models and audience strategies, it may be preferable for content service providers to negotiate bespoke content investment strategies with ACMA, and set principles and parameters for those negotiations so that ACMA can ensure that across the broad scope of commercial platforms the end result ensures diversity of content for multiple audiences. The outcome of that approach would not necessarily see children’s content on every service provider – it would mean that wherever a commercial service provider is targeting a children’s audience, there will be significant Australian children’s content on that service. It should require each free-to-air public broadcaster to include some scripted content for children aged between 0 – 16 on their services, but there should be flexibility around the type of content to ensure its success and value to the broadcaster.

The ACTF’s vision for the children’s audience is for public broadcasters to provide a comprehensive, predominantly Australian service for children up to 16 years-of-age, and for additional Australian content for children to be provided wherever a commercial service targets children.



“LITTLE LUNCH HAS RESONATED WITH SO MANY CHILDREN BECAUSE... IT’S ABOUT THEM. AND IT’S MADE FOR THEM. IT’S SMART AND IT’S FUNNY, LIKE THEM. AND IT’S ABOUT AN AUSTRALIAN PLAYGROUND, SO THEY UNDERSTAND WHAT THAT MEANS. IT’S ABOUT SUNHATS AND LUNCHBOXES, NOT BASEBALL CAPS AND CANTEENS. THEY UNDERSTAND THIS WORLD, AND IT GOES STRAIGHT TO THE SOURCE OF WHO THEY ARE.”

**HEIDI ARENA
ACTOR, LITTLE LUNCH, THE INBESTIGATORS**

COMPARING THE WAY THE 4 MODELS DEAL WITH FUNDING AND INCENTIVES

The Options Paper sets out four potential funding and incentives models for the screen industry:

1. Retaining all existing arrangements in their current form.
2. Tweaking those arrangements to enable a 40% offset to be applied to feature films regardless of distribution platform and also allow children's scripted content to qualify for a 40% producer offset, and removing the 65 hour cap on drama series obtaining the producer offset. There would be no other changes, unless a children's content fund is established into which broadcasters pay a levy to avoid an obligation to screen children's content.
3. Harmonise offsets to 30%, and then include a "cultural uplift" to 40% for feature films and children's scripted content. This model might include an Australian Production Fund into which commercial platforms would contribute to meet Australian content obligations (rather than commissioning content themselves).
4. Remove all funding support altogether.

The Options Paper spells out that the overall funding envelope for the screen sector is more than \$510 million a year.

We note the large sums invested in attracting foreign films to produce in Australia, and that the PDV Offset is now available to be accessed by light entertainment/reality projects.

We assume that Commonwealth Government funding capacity is not unlimited, and that extensive modelling would need to be carried out to establish what the overall cost to Government of various funding models would be.

The ACTF maintains that when considering the overall allocation of public funding awarded to the Australian screen industry, children's content, especially distinctively Australian scripted content, should be quarantined and protected for that purpose.

We propose that the Government should closely examine the overall funding envelope, which includes all of the tax offsets and incentives, the additional grants made to support the production of foreign films in Australia, direct funding via Screen Australia and the ACTF, and determine its priorities. We maintain that within that funding envelope, the production of Australian children's content should be prioritised and funding for this audience quarantined and protected, with the Commonwealth ensuring:

A PRODUCER OFFSET AT 40% FOR AUSTRALIAN SCRIPTED CHILDREN'S CONTENT, TOGETHER WITH ADDITIONAL INVESTMENT CAPACITY FOR THE ACTF

To acknowledge the vulnerability of Australian children's content and the difficulty in financing this content because of the low licence fees paid for it by broadcasters, we recommend that Government implement measures which increase the funding available for children's content as its Australian features and distinctive cultural and public value increase.

We support a harmonised Producer Offset to 30% for all scripted content, with a "cultural uplift" to 40% for all scripted children's content with significant Australian elements.

In addition, the role of the Australian Children's Television Foundation should be enhanced by providing it with additional funds to invest substantial amounts in high quality Australian children's content, intended for exhibition on any content platform (public or commercial) which reaches the child audience.

"IT'S QUITE POSSIBLE THAT THE BEST OF AUSTRALIAN CHILDREN'S TELEVISION IS ACTUALLY BETTER THAN THE BEST OF OUR ADULT TELEVISION. LOCKIE LEONARD, DANCE ACADEMY, NOWHERE BOYS: THEY'VE ALL BEEN ABSOLUTELY WORLD CLASS. AND NOW THIS COMPLETELY DELIGHTFUL SERIES FOR SUB-TWEENS (LITTLE LUNCH) JOINS THE RANKS ..."

**MELINDA HOUSTON
THE AGE/SMH**

No other Government funded organisation has a singular focus on the children's audience. This is critical, because without that focus the funding for children's content is too easily marginalised, or re-allocated away to adult content, which is more glamorous or higher profile.

The ACTF has direct contact with the children's audience all over Australia via its educational outreach arm and connections with the education sector. It has an international reputation and connections. Each project that the ACTF supports lives the longest possible life through our promotion and distribution networks, to ensure that it is continually reaching new audiences.

The ACTF is currently equipped to make a modest financial contribution to a small number of projects. We currently provide significant production investment (usually via a distribution advance) in one major production a year, with much smaller contributions in a further two projects if funds allow. There is high demand for these funds, and we are already fully committed for the 2020-21 financial year, before it has even begun.

ACTF should be provided with significant additional funding to enable it to invest in a greater number of children's projects, over and above the 40% producer offset recommended to apply to scripted children's content. This funding would:

- Counteract the lower licence fees paid for children's projects by Australian broadcasters and commissioning platforms;
- Make distinctively Australian projects more competitive when vying for broadcaster commissions, with the certain knowledge that there is a means to finance and distribute them; and
- Be exclusively available for children's content.

The ACTF should be able to invest as an equity investor where a project already has a competitive distribution deal attached, or as a distributor, or both. The organisation already does do all these things, efficiently and flexibly.

In this response to the Options Paper, the ACTF has not favoured a model whereby commercial platforms can opt out of their obligations to commission Australian content by paying into a fund. If Government were, however, to go down that path, the ACTF should be given the responsibility to administer any funds raised that way in respect of children's television, for all the reasons given above.

CONCLUSION

It is impossible to underestimate the importance of the process the Commonwealth Government is undertaking. There are critical decisions to make, and the future of Australian children's screen content is at a crossroads.

Australia has been a world leader in the content it provides for children, and now has the opportunity to secure that content for future audiences.

Children's content employs people and pulls all the same economic levers that production for adults does, with the added benefit of more training opportunities, especially over longer running series. On top of that, it is content for the most precious audience of all, right at the time when they are developing their values and identity, and which lasts a very long time in the marketplace.

The social impact of children's content means that there is additional public value in every dollar spent on it. By:

- Elevating the role of children's content at the public broadcasters; developing a platform neutral expenditure model for commercial platforms which includes expenditure on children's content; and
- Supporting Australian children's scripted content with an increase to the Producer Offset to 40% and enhancing the role of the Australian Children's Television Foundation;

It is possible to secure the future of Australian children's content in a way that puts the children's audience at the centre of the Commonwealth Government's policy response.