



18 September 2017

**RE: A STARK PRODUCTION PTY LTD (ASP) RESPONSE TO THE AUSTRALIAN AND CHILDREN'S SCREEN CONTENT REVIEW, CONSULTATION PAPER OF AUGUST 2017**

A Stark Production is pleased to provide a response to the Australian and Children's Screen Content Review consultation paper.

ASP recognizes the changing landscape of the broadcast industry and would like to offer some key suggestions that blend with current methods. As the children's content industry is diverse and many perspectives need to be considered on both the Producing side and the delivery side of the industry, it is difficult to suggest that one avenue will fit the entire industry and so in this light ASP in addressing some of the questions is focussing mainly on the children's animation sectors of the industry. Please find responses to questions 1-4 below:

**1. Are the policy objectives and design principles articulated in the discussion paper appropriate? Why?**

ASP is in agreement with both the policy objectives and design principles articulated in the Australian and Children's Screen Content Review consultation paper.

The development, creation and distribution of Australian children's content is essential in order for Australian audiences to continue to have a sense of both our cultural identity and our place in the world. It is of vital importance to have our own unique cultural and social worldview represented to us through the telling of our own stories. The continued development, creation and distribution of Australian children's content is also essential due to its valuable contribution to the Australian economy and workforce and also in sharing our unique perspective in the global market.

ASP specialises in the development and production of high quality children's animated content . and has been supplying Producing services to studios within Australia and producing children's content since the company's inception, bringing to life over 100 hours of 'C' classified animated children's content.



ASP is the producer of the Globally successful series “The Deep” currently screening in over 130 countries and based on an all Australian property (Graphic novels Written and illustrated by Australians). This series alone (in it’s 3<sup>rd</sup> season) has created employment for over 200 artists (writers, designers, storyboards, composers, sound designers, actors) and production support staff (Lawyers, accountants, Financiers, Production managers etc) in Australia. It is rating in the top 1-3 animated series with children both at home in Australia and globally.

ASP prides itself on mentoring creative and production talent in order to support the on-going industry. Each project produced by ASP attaches early talent (be it in the artistic or business field) to that program/series. In 2015 ASP was the recipient of the “Enterprise People” grant - mentoring a Producer of children’s content over a period of 24 months, with the aim of that Producer being in a position to independently create, finance and produce further content independently at the end of the period and in turn to create further industry and on-going employment opportunities within the industry and to keep Australian stories and culture alive.

The high level of creative talent within Australia has been a source of attraction in the animation industry for overseas partners who team with Australia to tap into this creative talent – providing further employment opportunities within Australia and also allowing Australia to retain it’s creative talent pool.

It is therefore imperative that any changes to the media landscape introduced by the Government as a result of this review ensures the continued development, creation and distribution of media content that promotes Australian culture and identity and talent.

This is particularly the case in relation to children’s content because it is one of the most vulnerable areas of our industry. Australian children deserve to have unlimited access to high quality local content which not only reflects their diverse Australian culture and lifestyle but also their unique Australian identity.

ASP believes there are a number of ways in which these objectives can be realised and has listed them in detail in addressing questions 2-4 below:



## **2. What Australian content types or formats is the market likely to deliver and/or fail to deliver in the absence of Government support?**

In the absence of Government support the market will certainly fail to deliver children's content.

Due to the advertising restrictions that are placed around the broadcast of children's content, it has always been argued by the Commercial FTA networks that they cannot monetise this content.

Without a regulated commitment in the form of quotas for the creation and development of Australian children's content, the networks will cease to commission local children's content and instead buy cheap imported product (such as game shows, formats, foreign animation and reality TV) from international studios.

An example of this can be seen in the UK where after years of intense lobbying by commercial channels Five and ITV, the Broadcasting Act 2003 abolished all regulated requirements for those two channels to broadcast children's programming. This led to a 93% fall in spending on kids' TV by the commercial sector in ensuing years. The number of hours of original children's content on these channels declined by more than 90% between 1998 and 2005, from 424 hours per year to 42 for ITV and from 353 hours per year to just 30 for Five. (The Telegraph, 2017).

## **3. What types of Australian screen content should be supported by Australian Government incentives and/or regulation?**

Children's screen content is extremely vulnerable and requires support and protection by Government incentives and regulation.

In the absence of government support for the commissioning of Australian children's content in the form of quotas, or financial support in the form of offsets and funding schemes, then in addition to Australian kids having no access to content made specifically for them, production companies which specializes in the creation and production of children's content, would in effect go out of business.



**4. The current system of support for screen content involves quotas, minimum expenditure requirements, tax incentives and funding. What are the strengths and weaknesses of the current systems? What reforms would you suggest?**

The strengths of the current system work towards ensuring that a number of hours of new children's content is created and broadcast. The quota regulations ensure that children have access to locally produced content and that the industry that produces that content can continue to thrive and in turn provide an on-going quality cultural experience to Australian children.

Weakness are that the Commercial FTA broadcasters are not able to monetise their children's content. Furthermore, most FTA broadcasters pay the minimum license fee for children's content, as there is no incentive for them to pay more than the minimum. This creates a challenge for securing all of the finance for children's animation, which must then seek the remaining finance required to produce a series from the rest of the world. Often even with the minimum license fee, a producer is still challenged to secure the required budget to produce the show. This can lead to commercial networks having to, at times, in order to reach their quota (a) putting more funds into one or two shows – or (b) for broadcasters to create low quality cheap children's programs in order to meet their quota. Neither the Australian children or the production industry thrive culturally and from a business perspective.

With the rapid pace of change driven by the digital delivery of new services and subsequent migration of children's viewing habit away from traditional FTA broadcast platforms necessitates a range of interventions to ensure that Australian kids continue to enjoy access to high quality local children's content across all content platforms. To this end, we need to implement a regulatory system that future proofs and safeguards quality Australian children's content in a constantly evolving media landscape.

With this in mind ASP would like to put forward the following proposals/models in relation to the commercial free-to-air networks:

**Commercial Free-to-air Networks**

- Allow 'P' and 'C' Drama quota to be tradeable across all of the wholly owned Commercial FTA platforms that are free to the end user, such as digital, catch up services, VOD services and apps;



- At a minimum maintain 32 hours annually of C Drama within the C Band of CTS for each FTA network;
- Increase the upper age limit of C Drama from 14 years to 16 years to allow for more family friendly content;
- The definition of C Drama to be restricted to quality animation and live-action drama only (removing sketch comedy programs and dramatized documentary);
- Introduce measures to ensure quality preschool programs are made by introducing 16 hours annually of P Drama within the P Band of CTS for each FTA network;
- The definition of P Drama to be restricted to quality animation and live-action drama only;
- Implement a minimum licence fee on all FTA networks that guarantees a feasible level of finance to producers. In the case whereby the FTA networks might wish to invest more than the minimum licence fee, this should be encouraged on commercial terms between the producer and the network, (for example an investment over and above the minimum licence fee could be an equity investment);
- Allow FTA networks to take on the responsibility of classifying their own children's content and deciding on what is age appropriate for their audience;
- Allow FTA networks the opportunity to monetize children's television, by relaxing advertising restrictions around the broadcast of children's content;
- Relaxing broadcasting time restrictions and allowing variable time formats and series lengths within this obligation (for example time formats could be 5 mins, 7 mins, 10 mins, 15 mins or 22 minutes as a series length in any combination, as long as the overall annual quota is met);
- Provide tax concessions that apply to the expenditure of FTA Networks on Australian children's content to satisfy mandated quota.

Quotas and minimum spends are essential to ensure that a commitment to commissioning children's content is maintained by the networks and other platforms. Tax incentives and funding are essential as, even with the introduction of some form of minimum licence fees, Australian producers will require financial support to maintain the high quality of programming for which they have a well-deserved reputation, both here and internationally.



Whilst the above suggestions are reforms that could be implemented to accommodate the challenges faced by the commercial free-to-air broadcasters as a result of the proliferation of new, digital broadcast platforms. We would also like to propose the following reforms to ensure the continued creation and production of local Australian children's content across all transmission platforms:

### **The Australian Broadcast Corporation**

- Amend the ABC Charter to include a specific obligation to deliver original Australian children's content for both preschool and school aged children on all their dedicated platforms with an explicit requirement that at least 50% of all children's content on such platforms is Australian content made for Australian children, with a percentage to also be guaranteed as first run content;
- Following on from the above point, it is also our belief that the Government should reinstate the full, indexed amount of annual funding sufficient to support their commitment to ensure that the total percentage of Australian content on ABC kids platforms is at least 50%;
- The implementation of minimum licence fees which guarantee a feasible level of finance to producers;
- The ABC should be also required to commit to a variety of children's programming working with independent producers on genres such as animated and live action dramas, documentary, dramatized documentary, sport, news, comedy sketch programs, formats, game shows, factual entertainment programs, reality programs and music videos so that they are a comprehensive service for all Australian Children.

### **Tax Incentives - Producer Offset and PDV Offset**

- Raise the producer offset for live action and animated drama children's content to 40% to match the offset currently in place for feature films;
- Lower the QAPE threshold for children's content (to access the offset) at the level commensurate with that afforded to non-feature documentaries;
- Extension of the producer-offset scheme to access any content production fund to include interactive content (a form of content taken up at higher levels by young audiences);
- Maintain the current PDV Offset at 30%.



### **Set up of a Children's Content Fund**

- Consider the setting up of a specific Australian children's content fund as a method of ensuring all content service providers make a contribution to quality Australian children's programming. Such a fund would also support and grow the children's production industry.
- Content fund would require the introduction of legislation obligating content service providers across all transmission platforms that broadcast any form of children's content (including social media) outside of Commercial FTA, ABC and Subscription Television to commit an annual percentage of their budgets or revenue (reflective of their programming, e.g. a network that is solely broadcasting to children would have a higher commitment) to a children's television content fund which would then contribute to the funding of Australian children's television programs.
- Government to contribute significantly to the Children's Content Fund. Allocating reasonable levels of children's funding to the fund. Funds to be accessed by independent production companies and producers only.
- Content fund to provide top-up funds over and above the minimum licence fee commitments from networks giving Australian children's programs the ability to be positively financed in a competitive global environment.
- Children's content fund to be accessed if a program has ( a) a minimum licence fee  
And (b) a guarantee to be broadcast on one of the platforms from Commercial FTA, ABC, Subscription Television and content service providers like Netflix, Stan, Amazon, YouTube and so forth.
- Children's content fund to engage employees on a maximum two year contract in order to keep the operation and perspective of the fund current, fresh and dynamic.

### **Content service providers and social media platforms**

- In addition to funding a children's content fund, content service providers and social media platforms could be required to make available a minimum of 20% of new Australian content on their own platforms, including children's content. (The European Council has recently agreed that there should be a minimum 30% quota on European works of VOD services providers, including international providers such as Netflix and Amazon).



## **Subscription Television**

- Subscription television currently operates under an expenditure obligation where at least 10 per cent of the total programme expenditure for each subscription drama channel must be spent on new Australian drama programs;
- Increasing the expenditure obligation from 10% to 20% for children's channels with a platform within Subscription Television. This would allow for more reasonable levels of Australian children's quota to be introduced on channels such as Nick Junior, Nickelodeon, Disney Junior, Disney Channel, Disney XD, Boomerang, Cartoon Network, CBeebies, Discovery kids. This would offset the vast amount of foreign content these channels currently broadcast, often made by their US or UK parent companies and broadcast in Australia at little or no cost to them;
- Allow quota to be tradeable across all of their wholly owned platforms, (digital, catch up services, VOD services and apps);
- Introduce some form of minimum licence fee (as proposed for the ABC and FTA networks) to guarantee a feasible level of finance for independent producers.

### **Summary:**

The need for Australian kids to hear and see their own stories is as important, if not more important now than ever, given the increases in level of globalisation taking place every year. It is therefore imperative that continued government support and protection remain in place to ensure the creation and transmission of children's content across all transmission platforms.

Our diverse children's programs are awarded annually at prestigious events including BAFTA, Emmys, Annecy, Kidscreen, Stuttgart, Cartoons on the Bay, Asian Television Awards, Prix Jeunesse, Gold Panda, Hiroshima, Ottawa, Chicago and BANFF Rockies to name a few.

If Children's producers in Australia are to continue to create and produce high quality children's content it is imperative that any reforms introduced by the Government in relation to Australian children's content must ensure the continued viability of the Australian children's production





industry and must also ensure that Australian kids and their international counterparts continue to have access to their shows across all transmission platforms.

Submission made on 21 September 2017 by:



**Avrill Stark**  
**CEO/Principle**  
**A Stark Production Pty Ltd**  
**Suit 102, Level 1**  
**11 Chandos Street**  
**St. Leonards, NSW 2065**

**Tel: +61 (0) 2 9439 6201**  
**[www.avrillstarkproduction.com](http://www.avrillstarkproduction.com)**