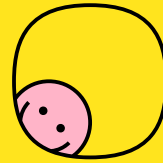


Streaming Services Reporting and Investment Scheme.



Australian
Children's
Television
Foundation

DISCUSSION PAPER

ACTF RESPONSE: 22 APRIL 2022



Streaming Services Reporting Investment Scheme Discussion Paper Response



ABOUT THE AUSTRALIAN CHILDREN'S TELEVISION FOUNDATION ("ACTF")

The ACTF is 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. We have been at the forefront in creating a world class Australian children's screen industry with an enviable reputation.

The ACTF makes Australian children's lives better through screen content that reflects Australia's culture and values. We act as a catalyst to produce 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;
- Education resource development and scaffolding, and educational outreach.

The ACTF is a not-for-profit public company, independent of commercial or other interests. 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.

For 40 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 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.

WHY AUSTRALIAN CHILDREN'S CONTENT MATTERS

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. And 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.



Successive Australian governments have supported the provision of high-quality, original and distinctly Australian television for children, through a mix of regulation, direct subsidy/investment and tax incentives. As a result of this combined suite of measures, Australia has been a world leader in the production of high quality children's screen content for four decades.

This long-standing policy framework is currently being reformed by the Commonwealth Government to acknowledge a dramatically changed media landscape. In carrying out this reform, we are standing on the brink of a great opportunity or an irretrievable loss for our nation's children. The Streaming Services Reporting & Investment Scheme Discussion Paper ("the Discussion Paper") strongly suggests it may be the latter, as the paper ignores the children's audience altogether. This is deeply concerning. We have now arrived at a position where concrete obligations to screen locally produced content for children do not exist on any platform, whether free-to-air broadcast, subscription or video-on-demand.

It is essential that the policy framework be designed to secure Australian children's content on all the platforms children are now engaging with.

Throughout the reform consultation process of the last few years the ACTF has consistently recommended a suite of complimentary policy recommendations, that draw in public and commercial platforms, as well as direct and indirect funding.

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 is quarantined and protected and that high levels of new Australian children's content are commissioned by the public broadcasters and reported to the Australian Media and Communications Authority ("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 Australian revenue in new (first release) Australian scripted content – specifically including children's – and to report that investment to the ACMA.

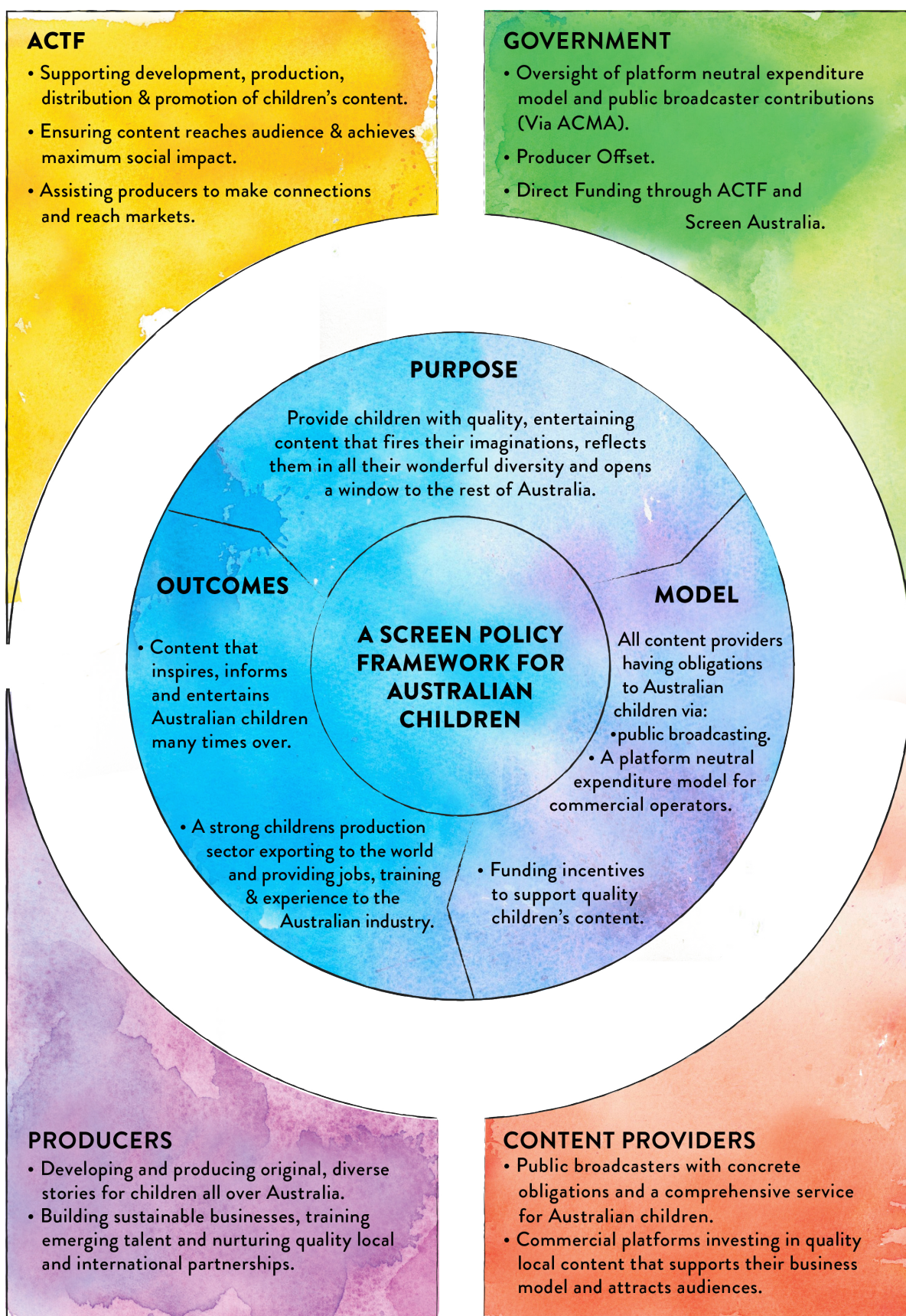
Unique Funding Assistance for Children's Screen Content

Acknowledge the vulnerability of Australian children's content and the difficulty in financing this content. Make increased funding available for children's content with distinct Australian features and cultural and public value. Ensure the Australian Children's Television Foundation is able to invest substantial amounts in high quality Australian children's content to assist and incentivise both public and commercial providers to commission children's content. This funding to be additional to funding available through offsets and other agencies, to acknowledge the particular challenges and value of 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;
- Production activity, jobs, training and a diversified screen sector all around Australia, including regional Australia.



1. THE DISCUSSION PAPER DISREGARDS THE INTERESTS OF THE CHILDREN'S AUDIENCE

The Discussion Paper is fundamentally flawed in the way it construes children's television as one of several genres of screen content (along with adult drama, documentary content, reality television, light entertainment, and so on).

The Discussion Paper seeks to afford streaming platforms maximum flexibility to determine which "genres" they commission, so it avoids any obligations toward "sub-genres".

Children are an undervalued and vulnerable segment of the audience. Children's television itself might consist of several genres, but children's television more broadly, is simply screen content for that vulnerable audience.

CHILDREN ARE THE MOST IMPORTANT AUDIENCE OF ALL

For more than 40 years, 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 have underpinned our industry and supported 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, measures specifically supporting children's content recognise 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 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. With the current increase of time children spend with screens, 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

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. This is amply demonstrated in all the research cited in the Discussion Paper.

It is also demonstrated in a research paper recently published by Swinburne University – Parents Perspectives on Australian Children's Television in the Streaming Era.¹ The Swinburne Research demonstrated that:

- the top ten most popular "channels" for children are almost exclusively streaming services and the ABC;
- that whilst the ABC is favoured by the youngest children, older children gravitate toward Netflix, YouTube and Disney+;
- that streaming services with demarcated children's sections are the most popular with Australian children and their parents, but that Australian content is often hard to find;
- that Australian parents value Australian children's content, and like a broad range of Australian children's content;
- that co-viewing children's content together is a popular activity in Australian families.

The Discussion Paper, however, does not make specific provision for the children's audience.

A Streaming Services Reporting & Investment Scheme should ensure that within any expenditure obligation on Australian content, a minimum proportion of that expenditure obligation should be set aside for the children's audience. The ACTF suggests this should be 25% of the ultimate expenditure obligation.

¹ Parents' Perspectives on Australian Children's Television in the Streaming Era, Australian Children's Television Cultures, (Associate Professor Liam Burke, Dr Joanna McIntyre, Dr Jessica Balanzategui, & Dr Djoymi Baker): <https://actf.com.au/assets/documents/parents-perspectives-on-australian-childrens-television-in-the-streaming-era.pdf>

2. THE DISCUSSION PAPER SETS THE EXPENDITURE OBLIGATION VERY LOW

The ACTF agrees with the position arrived at in the Discussion Paper wherein the expenditure obligation is confined to expenditure on new content (as opposed to re-licensing older content), to ensure that it acts as a stimulant for new production.

The expenditure obligation has been set at a level which is commensurate with the expenditure level that some of the streaming platforms claim to have already reached. This is low and lacks ambition when compared with countries like France and Canada, which have similar aspirations to Australia in relation to building a screen industry which is significant to both local culture as well as attracting international production.

Instigated by the EU's Audiovisual Media Services Directive (AVMSD), France has now implemented the AVMSD into law, and as a result platforms must invest 20% of their French revenue into local production. In Italy, draft legislation seeks to require platforms to invest 25% of their net revenue in Italian and European content in 2025. In Canada, reform processes are underway, and it is anticipated that platforms will have similar obligations as Canadian broadcasters (25-45% of Canadian revenue to be spent on local content).

The ACTF maintains that a 20% expenditure obligation is achievable and will bring about the desired outcome of a sustainable film industry and a good amount of local content on all screens.

3. THE DISCUSSION PAPER ENABLES A HIGH DEGREE OF MINISTERIAL DISCRETION, CREATING UNNECESSARY UNCERTAINTY

The two-tiered approach introduces a high degree of Ministerial flexibility, which in turn involves uncertainty, and is not necessary.

The entire scheme should be run by the ACMA, as this ensures predictability, transparency and arm's length administration.

4. TWO ISSUES OUTSIDE THE REACH OF THE DISCUSSION PAPER ARE FUNDAMENTAL ADDITIONAL LEVERS OF EQUAL WEIGHT

(a) Role of Public Broadcasters

The proposal to introduce transparent reporting requirements around investment and transmission of Australian content to the public broadcasters is welcome.

The ACTF continues to argue that specific obligations to the children's audience should be a fundamental

feature of a public broadcast mandate. The Charter Renewal process which the BBC undergoes every 11 years in the United Kingdom, alongside regular reporting to the Office of Communications (Ofcom), demonstrate that this level of accountability is achievable and does not interfere with editorial independence.

It is not clear to what degree the newly imposed reporting obligations on public broadcasters will even clarify the extent of their obligation to the children's audience. As the commercial free-to-air broadcasters are no longer obliged to transmit children's content, it should be acknowledged that there is a general community expectation that public broadcasters will commission significant levels of children's content, and their commitments to the children's audience and expenditure on children's content should be reported to the community transparently. These exceptional obligations of public broadcasters to the children's audience should also be a significant consideration in funding arrangements for the public broadcasters, and funding for children's content should be ring fenced and quarantined for that purpose, so that it cannot be directed to other activities.

(b) Direct Funding

Children's content is especially vulnerable and does not attract the licence fees that content aimed at adult audiences does. Production costs, however, can be just as high for children's content. Indeed the expectations of audiences now, as well as broadcasters and streaming platforms, is for content with exceptional high end production values. In Australia we have a tradition of making this kind of content for the children's audience and we are getting even better at doing so. This current generation of screen practitioners – our writers, directors, producers and others – are the generation that grew up with the Australian content created for children in the 1990s when the children's drama quota and funding arrangements were in their first "hey day". They have a shared cultural experience derived from these shows and they strive to deliver to the audience content that is just as memorable and more ambitious than that which they grew up with.

This talent base, the world-wide demand for Australian children's content, and the expectations of Australian parents that their children will have access to this content, all represents a magnificent opportunity. It is therefore essential that we support Australian children's content with special and targeted funding which acknowledges both its vulnerability and its possibility.

The additional funding provided to the ACTF out of the Supporting Australian Stories Options Paper review, was only provided for 2 years, and was provided at the same time that the obligations for children's content were removed from commercial broadcasters.

Special and targeted funding, specifically for children's content, needs to be maintained long term, to ensure that children's content continues to be delivered.

CONCLUSION

It's 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.

We cannot end up in a position where 40 years of support for children's television is effectively unpicked, without substituting a robust and future-proofed suite of support measures.

Australia has been a world leader in the content it provides for children. We need a suite of interconnected policies to secure that Australian children's screen content, and this must include recognising the importance of children's content on the subscription video on demand ("SVOD") and public broadcaster platforms.

It is extremely troubling that the Discussion Paper does not even acknowledge this audience.

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. Also, due to a children's audience that is refreshed every few years due to a new cohort of children reaching a certain age bracket, children's screen content lasts a very long time in the market place.

On top of that, it is content for the most precious audience of all, right at the time in their lives, when they are developing their values and identity. The social impact of children's content means that there is additional public value in every dollar spent on it.

Specifically including children's content within realistic expenditure obligations required of SVOD platforms should be a key component of the policy measures designed to elevate and support Australian children's screen content.