



20 September 2017

RE: SLR PRODUCTION'S RESPONSE TO THE AUSTRALIAN AND CHILDREN'S SCREEN CONTENT REVIEW, CONSULTATION PAPER OF AUGUST 2017

SLR Productions welcomes the opportunity to provide a response to the Australian and Children's Screen Content Review consultation paper.

The measures set out below are proposed as cumulative, in some form of mix, rather than alternate mechanisms (except where stated). SLR Productions does not consider a 'one size fits all' approach is workable given the current market for the commercialisation of content. Furthermore, a mixture of supply side (producer) incentives and demand side (transmission) obligations is required to ensure a workable dynamic for the creation of children's content and to ensure it reaches Australian audiences.

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

SLR Productions 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, rather than foreign 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.

SLR Productions is one of Australia's leading Emmy and multi award winning children's entertainment companies, specialising in the creative development and production of world-class media content.

Established in 2002, SLR Productions is recognised for producing successful brands such as three seasons of the animated preschool series Guess How Much I Love You; two seasons of the animated C Drama series The Skinner Boys: Guardians of the Lost Secrets; one season of C Drama live action series Sam Fox: Extreme Adventures; and one season of animated C Drama series Gasp. SLR Productions has also won a Daytime Emmy for its animated series I Got A Rocket™.



For the past 15 years, SLR Productions has produced more than 160 hours of children's content exported to 165 countries. The company has provided work for over 2,000 people in the Australian children's television industry. We have also provided training in the form of internships, professional placements, work experiences and production attachments in the areas of production, writing, design, storyboarding, acting, directing, editing, sound and music.

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.

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.

SLR Productions believes there are a number of ways in which these objectives can be realised and has listed them in detail in the body of this submission.

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. The decrease in viewing audiences has exacerbated this problem.

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?

As outlined above, in the absence of meaningful quotas, the networks would not commission Australian children's content. It is for this reason that continued government intervention and protection are essential to ensure the creation and distribution of Australian children's content at meaningful levels.

Even in the current quota environment, the Networks, in the absence of Screen Australia funding where a minimum licence fee is set, often pay licence fees of up to 50% less than they did ten years ago.

To put it plainly, if there is no government support for the commissioning of Australian children's content in the form of quotas, and no 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 such as SLR Productions, which specializes in the creation and production of this content, would in effect go out of business.

Having said this, SLR Productions also recognises and acknowledges that the rapid pace of change driven by the digital delivery of new services and the subsequent migration of children's viewing habits 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, SLR Productions would like to propose the following proposals/models in relation to the commercial free-to-air networks:

Commercial Free-to-air Networks

- 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;
 - 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;
 - 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.
- 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?**

As already indicated, whilst we accept that the current support system for screen content may need to be reworked to take into account the changing media landscape, it is our firm belief that the only means by which a vibrant, dynamic local children's content industry can survive is through the continuation of all of these support systems in some form or other.



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.

SLR Productions has provided above suggestions of 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.

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 be eligible across multiple seasons of a show and access to 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%.

Children’s Content Fund

- A specific Australian children’s content fund is worthy of consideration as a way of making sure all content service providers and social media platforms make a contribution to quality Australian children’s programming. This content fund would require the introduction of legislation obliging content service providers across all transmission platforms that broadcast any form of children’s content (including social media services) 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 should also contribute significantly to the Children’s Content Fund allowing for decent levels of children’s funding specifically for the fund and only accessed by independent production companies and producers. Creating this fund would foster growth and production.
- This content fund would be a top-up fund over and above the minimum licence fee commitments from networks so that Australian children’s programs have the ability to be positively financed in a competitive global environment.
- The Children’s content fund should only be accessed if a program has a minimum licence fee and 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.

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;
- SLR also proposes 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.

5. What types and level of Australian Government support or regulation are appropriate for the different types of content and why?

Unlike originally produced Australian adult drama, which can easily be monetised by the networks, and is in fact a mainstay of their broadcast platforms (Tim Woner, Seven Network, made the point recently that the top 40 shows in Australia last year were all Australian), original children's content is expensive to produce and difficult to monetise. Indeed, it would be much simpler and cheaper for networks to buy international children's programs for a fraction of the cost of producing local content. Many international distributors even give kids programming away at no cost in order to drive the market for associated merchandising.

Australians understand the value of original children's content that reflects their own culture and tells their own stories. The long-standing public support for Australian kids having access to their own stories goes back half a century. In 1978 the Senate Standing



Committee on Education, Science and the Arts inquiry into the 'Impact of Television on the development of Learning and Behaviour of Children' handed down its report recommending that the ABT introduce a set of standards to ensure the quality and suitability of original Australian programming for children (APS. 1978).

Whilst the media landscape has changed dramatically since this time, the need for Australian kids to hear and see their own stories is as important, if not more important now 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.

6. What factors constrain or encourage access by Australians and international audiences to Australian content? What evidence supports your answer?

Australia is a world leader in the production of high-quality children's content. Australian children's content has longevity and strong international market appeal because of its world-class talent and crews in both live action and animation. Australian children's programs export into multiple territories and translate into various languages.

We know that both Australian kids and kids from outside our country love our stories. These stories are made by Australians for Australians under the control of Australian creatives. If quotas are abolished without any safeguards put in place to protect the Australian children's production and distribution industry, there is a real risk that Australian stories will disappear altogether.

Without Australian market attachment local producers compete against countries such as Canada, UK, France, Spain, Italy, Ireland to name a few, who have their own local content requirements. Content needs to be commissioned by Australian networks in order for producers to secure funding from outside Australia i.e. securing an international broadcast presale, co production partner or a distribution sales agent.

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 SLR Productions and other 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.

7. What would the Government need to consider in transitioning to new policy settings?

It is critical to note that, unlike in the UK, Australia does not have the luxury to experiment with abolishing quotas and then reinstating them should they prove to have catastrophic consequences. Under the 2005 Australia-United States Free Trade Agreement, it is prohibited from reintroducing cultural content quotas once they have been removed. It is therefore imperative that an updated regulatory system to ensure the continued creation, production and distribution of original Australian children's screen content is implemented before repealing existing regulations.

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