

AUSTRALIAN CHILDREN'S TELEVISION FOUNDATION

SUBMISSION TO THE DEPARTMENT OF BROADBAND, COMMUNICATIONS AND THE DIGITAL ECONOMY: ABC and SBS: Towards a digital future

It is longstanding Commonwealth Government policy to provide Australian television audiences with local content.

This is a worthy policy objective. Not only do these programs entertain the audience, they also allow us to see and hear ourselves, our language and our own unique life experiences. Australian audiences want to see stories on television to which they can relate.

However, the free market conspires against the creation and delivery of Australian programs, especially Australian drama.¹ Providing local content is effectively a gift of Government. The content is produced and broadcast through a suite of measures including Government financial assistance, regulation on broadcasters and funding to the national broadcasters.

These measures are all elements of Australia's cultural infrastructure. They enable our programs to be created and screened, in turn reinforcing our view of ourselves as Australians.

We have recognised that to build as a nation, we need to invest further in the nation's infrastructure. The Government has identified that funds are now needed to bolster our roads, ports and broadband networks, for example.

Our cultural infrastructure also needs further investment. Without cultural growth, our nation-building will be incomplete and hollow.

Of all the elements of this cultural infrastructure, it is the public broadcasters that most need Government intervention. The role of the public broadcasters as trustees of local content will become paramount in the multichannel digital age.

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Regulation on commercial broadcasters will become more difficult. The era of the media barons is coming to an end. Private equity companies will transform our broadcasters, further trimming costs. Continuing audience fragmentation will put more pressure on their business models, especially expensive cultural pursuits such as local content. There is no reason why pay television providers will not be subject to the same economic pressures.

The audience fragmentation is to new, mostly unregulated media platforms. Platforms to which concepts such as local content requirements may not even be possible, even if the Government is willing.

Without strong, well funded public broadcasters, the delivery of local content in the multichannel digital age will be greatly compromised. The Government needs to invest significantly in the ABC and SBS to ensure that they are up to the challenge.

Local children's content

The delivery of Australian content to children is arguably even more important than that to adults.

Childhood is the age when we form the building blocks of our identity. If we are not telling our children Australian stories, how will these future generations see themselves as adults?

The Australian Communications and Media Authority (**ACMA**) has recently reiterated the importance of television to children's social interaction and 'cultural literacy'.² Rightly or wrongly, children learn about themselves from television.

The importance of the public broadcasters in the future delivery of local content is magnified in respect of local children's content.

For adults, the other elements of the cultural infrastructure can still play significant roles. Local content regulation on the commercial broadcasters under the Australian Content Standard, for example, generates shows that reach large numbers of the audience.

This is not the case with local children's content.

In respect of children's content, the Government primarily uses the mechanisms of:

- the Children's Television Standards (the **Standards**) which apply to the commercial free-to-air broadcasters. The Standards require that each broadcaster screens at least 390 hours of children's programs per year (including drama, non-drama and preschool). At least two thirds of this content must be Australian, and an average of 32 hours per year must be new, local children's drama.
- content creation requirements on some children's pay television channels under the New Eligible Drama Expenditure (**NEDE**) scheme. Under the NEDE scheme, 'drama' pay television channels, which includes Nickelodeon, Disney Channel, Playhouse Disney, Cartoon Network and Boomerang (but, despite its similar programming to Playhouse Disney, not Nick Jr) must spend 10% of their total program expenditure on local drama programs; and
- funding for the ABC,

in conjunction with significant amounts of development and financial assistance for children's programs through both Screen Australia and the Australian Children's Television Foundation (the **ACTF**).

Unfortunately, this infrastructure is not robust enough to fulfill its purpose in the digital age.

The role of commercial broadcasters

The regulation on the commercial broadcasters is hopelessly compromised and inefficient.

It generates hours and hours of children's programs that compete with, if not beat, the best children's programming from around the world.

However, the potential child audience is probably only 20% of the total viewing audience. Broadcasters therefore consider children's content to conflict with their business imperative of delivering advertisers the biggest possible mass audiences.

Accordingly, the broadcasters screen almost half of their children's content at 4.00-4.30pm, with the rest screened early in the mornings, mainly on weekends. Children now predominantly watch television in the evenings, between 6:00pm and 9:00pm.³ The tragedy of the Standards is that magnificent shows are being created, but are being screened at times when hardly any of the child audience is actually watching.

The chances of this changing are slim. In a recent review of the Standards, ACMA made recommendations which it hopes will increase the reach of programs to the child audience. But it has effectively thrown in the towel at trying to encourage the commercial broadcasters to air local children's programs in slots later than 4.00pm, even on a Saturday or Sunday.⁴

No effort is being made on commercial free-to-air television to provide the child audience with children's programs at the time they most want to watch.

If programs created under the Standards continue to fail to reach their intended audience, the future survival of the Standards must be under threat.

The role of pay television

Children have responded to the problems of accessing children's shows on commercial broadcasters by turning to dedicated pay television children's channels. These are channels where they know they will be able to find programs made for them at times they want to watch. In pay television homes, up to three quarters of children's television viewing is of pay television channels.⁵ In 2008, the number of pay television viewers 15 and under increased by 71%.⁶

While the growing importance of pay television for the local child audience is undeniable, lack of universal penetration mitigates against its ability to meaningfully contribute to the cultural objective of delivering local children's content. More than two thirds of Australian families do not have pay television. Already there are more households with free-to-air digital television than pay television.⁷

Another important factor is the level of Australian content broadcast by the pay children's channels.

A number of pay children's channels are increasing their commitment to local content. Some of this programming will be in response to the regulatory requirements of the Government's NEDE Scheme.

Unfortunately, it is virtually impossible to determine whether there are any concrete outcomes for the child audience from the NEDE regulation. The transparency of compliance with the regulation is a far cry from that required by the commercial free-to-air broadcasters under the Standards.⁸

To get a better idea of the role pay television channel plays in delivering local children's content, the ACTF carried out a review of Australian content screened. The review was carried out for a 12 month period from July 2007 to June 2008 and looked at all programming between the hours of 6.00am to 9.00pm.

The data shows that children's channels devote only a small proportion of their airtime to Australian programs. Around 5.7% of the Nickelodeon, Nick Jr, Disney Channel, Playhouse Disney, Cartoon Network and Boomerang broadcast hours (within the time band) was Australian children's content. The vast majority of content broadcast was from the United States.

Results differed significantly from channel to channel, with Nick Jr and Playhouse Disney performing the best (13% and 8% of broadcast hours, respectively) while Cartoon Network and Boomerang showed virtually no Australian content during the period.

This lack of universal access combined with relatively low levels of Australian content means that pay television children's channels remain a relatively minor component in the mix of measures aimed at delivering local content to children.

This is a position which is unlikely to change significantly. The pay television sector has consistently sought to distance itself from being tied to cultural outcomes.⁹ Furthermore, most pay television local children's drama relies on significant funding from the commercial broadcasters under the Standards.¹⁰ As pressure on the levels of content created by the Standards continues to grow, the pay television business model for acquiring local children's drama content will also come under threat.

The role of the ABC

Given the problems associated with the Standards and the relatively small contribution from pay television, the importance of the ABC in delivering local content to the child audience becomes paramount.¹¹

On first inspection, it appears to meet the challenge.

It absolutely dominates the free-to-air preschool audience,¹² and typically outrates the commercial broadcasters for children's programs for older audiences.¹³ At the 4.00-4.30pm timeslot when almost half the commercial broadcasters' children's content is shown, the ABC's children's programs can outrate the combined audience of the commercial broadcasters by more than 2 to 1.¹⁴

While the commercial broadcasters seek to marginalise their children's programs in their schedules, the ABC devotes a significant proportion of both its ABC1 and ABC2 schedules to children's content.

Importantly, it is the only free-to-air broadcaster that programs children's content (other than major Hollywood films) after 4.30pm. The ABC's *Rollercoaster* block for older children broadcasts until approximately 6.00pm, closer to that audience's peak viewing times. ABC1 has also screened programs until 6.30pm in school holidays.

The children's slots on the relatively new ABC2 digital channel are eroding pay-TV's share. During these times, more children are watching ABC2 than Disney Channel, Playhouse Disney, Nickelodeon or Nick Jr.¹⁵

For the last four years, ABC1 has reported screening, on average, in excess of 500 hours of Australian children's content per year. This means it is screening significantly more hours of local children's content than any of the commercial broadcasters.

However, due to limited funding the ABC actually creates less new children's content than the commercial broadcasters under the Standards, averaging around 60 hours of new content each year.

Therefore, the ABC is in the peculiar position of being the most important television destination for Australian children, while contributing the least new Australian children's content of any of the free-to-air broadcasters.

Furthermore, while the ABC is not subject to the same commercial imperative of seeking large, mass audiences in prime time as the other free-to-air broadcasters, there remains an expectation that its evening schedule will be kept for larger, more general audiences on both ABC1 and ABC2. Accordingly, it cannot schedule children's programs during children's peak viewing times.

For as long as these funding and scheduling constraints remain, the role of the ABC to deliver local content to the Australian audience will continue to be heavily compromised.

It is fortunate for the audience that the broadcaster wants to do much, much more. However, it needs significant further investment from the Government to do so.

The proposed ABC3 channel

For the last three years the ACTF has been raising awareness of the need for a free-to-air children's channel to meet the challenge of delivering content to Australian children in the multichannel age. It supports the proposed ABC3 channel.

A provider of local children's content

The problems in delivering local children's content outlined earlier in this paper are not limited to Australia. These problems are happening all over the world.

It has been the creation of public broadcaster backed, dedicated children's channels that has led the fightback for access to local children's media: CBBC and CBeebies in the United Kingdom, Ki.Ka in Germany, Gulli in France and Barnkanalen in Sweden.

An Australian dedicated children's channel would be following world's best practice at delivering local content to children.

The ABC has stated that its aim for the channel is to broadcast a minimum of 50% Australian content. This is far, far more than any other broadcaster.

If we use the proposed viewing day of 6.00am to 9.00pm, the amount of Australian children's content would be more than double that screened on the combined metro commercial broadcasters, and almost 1,000 hours more than is screened on the combined children's pay television channels.

In fact, as proposed, ABC3 would screen almost the same number of hours of Australian children's content as the commercial broadcasters and the pay television children's channels combined. It would probably exceed the combined total in regional areas.

However, simply being “local” is not enough. The content needs to treat the child audience as one which has as broad a range of interests as the adult audience. It needs to create and broadcast content across genres. It should entertain, engage, inspire and educate.

The ABC has proposed that ABC3 feature programming including drama, animation and educational programs. Of particular interest to the ACTF, is the potential for children’s news. A daily children’s news program has the potential to inform our children in the ways of society and our nation, as well as providing a window to the issues affecting the world.¹⁶ We expect our children to mature into informed citizens. Such a program provides them with basic societal tools to do so. The ABC has proposed expanding its *Behind the News* program to provide such a service on ABC3.

With a broad range of programs, ABC3 has the potential to be everything that a public broadcaster is and does, but for the child audience. For the first time, children can be treated by the free-to-air broadcasters as an *audience*, rather than a *genre*.

Appropriate content at appropriate times

No free-to-air broadcaster provides children with children’s content, local or otherwise, at their peak viewing times.

Politicians and interest groups speak out in dismay about the numbers of children watching television programs made for adults and the effect this might have on children’s exposure to violence and even their premature sexualisation.

Neither children nor their parents are to blame. Children have nothing else to watch at the times they want to watch television.

Having a dedicated channel will allow the ABC to deliver children’s content, be it local or from overseas, to meet our children’s viewing patterns.

This does not mean children will not watch adult programs. Children have always enjoyed watching a mix of content, including programs made for older audiences.

It will simply give the child audience a choice that they currently do not have unless they subscribe to pay television. Certainly, the experience in the United Kingdom is that the rise of the dedicated BBC children’s channels CBeebies and CBBC lead to children watching a greater proportion of children’s television relative to television made for older audiences.

A solution for the digital age

In this era of emerging broadcast and on-demand technologies, establishing a new free-to-air television channel may seem outdated.

However, it is clear that the ABC’s proposal for ABC3 goes far beyond a contemporary television channel.

The proposal is for a true ‘multi-platform’ service for Australian children. A service which incorporates both broadcast (be it on terrestrial, cable or mobile television) and broadband (on both computers and handheld devices).

This is important. Many Australian families are technology rich, and children are keen to embrace new delivery methods for content. To effectively deliver the cultural objective, content needs to be delivered to children wherever and whenever they wish to view it.

No one is better suited than the ABC to deliver such a service to Australian children.

Only a public broadcaster will ever be truly willing to reach out to its audience over any media platform. While commercial broadcasters have and will continue to experiment with delivery over new formats, these opportunities will always be limited to those situations to which a sponsor or subscription requirement is attached. The public broadcaster's goal is the delivery of content to viewers, as opposed to the delivery of viewers to advertisers.

In every respect, the ABC has shown it is the market leader among broadcasters at delivery content on multiple platforms.

Its 'Playground' website is the top Australian online destination for preschoolers.¹⁷

It is a market leader in the delivery of mobile content to children, launching the ABC Kids mobile television channel in 2005. According to the ABC, the channel was the first mobile streaming channel for preschool programming in the world.

It was the first Australian media company to establish an internet based on-demand kids channel in its *Kazam* iView channel. A second channel is planned for 2009.

However, it is vital that these relatively new delivery platforms lever off a free-to-air television broadcast.

First and foremost, watching free-to-air television remains the number one media related pastime for Australian children. While there has been some drop in overall child viewer numbers, the medium is still, by far, the one to which children most turn to engage with content.

A television broadcast also ensures equity of access. As well as being the most popular media, access to free-to-air television access is also the most consistent media across demographics.¹⁸ The use of media platforms other than free-to-air television differs significantly with age and means. Fast broadband connection, and therefore access to downloading or streaming rich audio-visual content, is strongly linked to household income.¹⁹ While older children spend significant amounts of time online, younger children use the internet far less.²⁰ Therefore, while media platforms other than television remain important, they cannot, in themselves, be the solution.

Australian content should be a gift of government to the entire child audience. A digital channel like ABC3 will ensure universality of access for all Australian children.

Impact of the channel on the broader media environment

Increased competition

For as long as free-to-air broadcasters continue to avoid screening children's programs into peak children's viewing times, there can be little competition for the audience between the two market sectors.

A dedicated ABC3 children's channel would create genuine competition for the local child audience between the free-to-air and pay television sectors by contesting for the audience in prime viewing times.

In terms of local content, it will allow local children's programs to compete for viewers in pay television homes.

Increased production

If it receives funding to the level requested by its recent triennial funding bid, the ABC's intention is to create around 360 hours per annum of new programming for school-age children for ABC3. In other words, this is programming additional to its existing preschool programming.

These forecasts include over 50 hours per annum of children's comedy/drama.

Such additional production would have a huge impact on the local production industry, especially in relation to children's comedy/drama production. Over the past five years, the combined total of Australian children's drama programs across all broadcasters on free-to-air and pay platforms averages at around 130 hours of content per annum.²¹

In this respect, the establishment of ABC3 will greatly assist with the Government's goal of creating a more self-sustainable local production industry.

While the ABC has indicated that it will continue to make a significant number of programs in-house, it has also acknowledged that to meet these production targets the ABC will need to further engage with independent producers. The independent producer will seek finance from international broadcasters and distributors to produce the program, which means that the ABC needs to put in far less money for the program than if it funded it itself.

The ABC has received some criticism in respect of outsourcing production to independent producers. This criticism mainly involves concerns about the independence of the ABC, and is misguided. ABC staff, as Commissioning Editors, will have approval rights over all elements of productions commissioned from independent producers.

Importantly, if the Government provides funding to the ABC for ABC3, the child audience must not be shortchanged. The ABC will need to spread that funding into as many new children's projects as possible and engagement with independent producers enables this.

Increased use of existing content

In addition to new content, the establishment of ABC3 can also increase access to existing content.

The Commonwealth Government has already committed significant funds into assisting the creation of Australian children's content. Through the former Government agency the Film Finance Corporation Australia, over \$280m of public funds were invested into local children's programs.²²

This has created a substantial catalogue of quality Australian children's programs. Many of these programs are audience favourites and award winners, both in Australia and around the world.

Unfortunately, much of this tax-payer funded content is no longer available to the child audience. Children's programs commissioned by the commercial broadcasters are often not fully exploited and almost never relicensed.²³ The focus of the broadcast quotas in the Standards is on 'first run' content, so the commercial broadcasters have little interest in repeat Australian children's content.

This is despite children's programs having greater longevity as repeat content than adult programs. Younger viewers are less concerned as to whether a program is a premiere or a repeat. Indeed, audience numbers often increase for children's programs on repeat

broadcasts. Furthermore, the child audience is regularly refreshed with new viewers, who have not seen existing programs, every year.

Australian children deserve better access to this vast library of Australian children's programs made with the help of public funds.

The ABC has stated that ABC3 can be an effective outlet for the best of these shows to be seen again.

Impact on the Standards

It has been argued that the establishment of ABC3 would allow commercial broadcasters to abrogate their responsibilities to children's programming. The implication is that the establishment of the channel would undermine the need for the Standards.²⁴

There has been no suggestion that ABC3 should replace the Standards.

Nevertheless, a channel such as ABC3 should be a consideration in any future reviews ACMA holds in respect to children's regulation. The ACTF has consistently maintained that ACMA cannot consider the commercial broadcasters' responsibilities in isolation from the role of the public broadcasters and the pay television industry.

The focus should not be a particular broadcast sector, but on the audience. It is entirely appropriate for the Government to amend existing regulation if it believes that the Australian child audience can be better served in another way. Certainly the ACTF recommended a number of changes to the Standards in ACMA's recent review.

Regardless, the Government and ACMA should reflect on the recent experience in the UK. In 2003, the UK Government changed its regulation on the commercial broadcasters. It no longer became a requirement for ITV to carry children's programming. Instead children's programming becoming optional. In the past four years, ITV's children's output has fallen from 20 hours to 2 hours per week and across the spectrum of children's channels available in the UK, newly UK produced programs now constitute only 1% of children's broadcast hours.²⁵

Relationship with other Government objectives

ABC3 can be a 21st century solution to the policy objective of delivering local content to the Australian child audience.

But it can also play an important role in other Government initiatives.

The channel and the Digital Education Revolution

The intersection between media, education and culture has always been at the core of the ACTF's philosophy, it is particularly interested in the proposed channel's role in education.

As the review discussion paper notes, it is a specific ABC charter requirement that the broadcaster provide educational content. The ABC has flagged interest in establishing a dedicated educational multichannel at some stage in the future. ABC3 also has immediate potential to be a contemporary educational tool.

All State and Territory Ministers at the Ministerial Council on Education, Employment, Training and Youth Affairs (MCEETYA) have endorsed the establishment of a free-to-air children's channel for its potential use in education.²⁶

Indeed, the channel could form a true partner to the Government's Digital Education Revolution.

The Government has recognised that content and curriculum resources will need to be created to take full advantage of the revolution. ABC3's programs can form part of these resources. Through the Government's initiative to provide classrooms with fibre-to-the-premises broadband, ABC3 content, even shows of a significant duration, can be truly 'on demand' for teachers.

Content can extend far beyond didactic, instructional programming to local children's drama and documentaries. This is important, as children learn much more effectively when their emotions and senses are engaged. Segments from Australian children's drama programs already form a significant part of The Learning Federation's digital resources detailed in the Government's Digital Education Revolution policy document.

ABC3 can deliver these digital resources to teachers ready for use, cleared of rights issues.

The ACTF is proposing to support the educational potential of ABC3 by creating online teacher resources (such as study guides and lesson plans) for many of its programs. The ACTF is one of the leading providers of such assistance on Australian audio-visual content. More than 50,000 teacher resources are downloaded from the ACTF website each year and thousands of teachers attend ACTF professional development sessions, training teachers on how to effectively use local content in the classroom.

The channel and the National Broadband Network

The National Broadband Network will mean that the channel's on-demand services will not be limited to the classroom.

Once the network is completed, children will be able to view programs on their home computers, handheld devices or televisions (through set top boxes) with only short download times, if any. ABC3 can be one of the key participants in the entertainment revolution that the broadband network will enable.

Importantly, in the context of a medium without local content regulation, it will provide an Australian online alternative for our children.

The channel and digital conversion

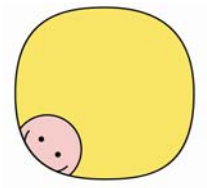
The international experience is that public broadcaster backed children's channels have been drivers for the uptake of terrestrial digital reception.²⁷ As the countdown to the analogue switch off continues, the establishment of ABC3 would be a proactive initiative which encourages Australian families to move to digital television.

The channel and children's health

There is a clear public concern about the effects of so-called junk food advertising on Australian children, including a potential effect on obesity.

ABC3 is not the solution to this issue, but it will assist. It will provide parents with an advertising free option for their children's media leisure time.

For further information



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Endnotes:

- ¹ The 'secondary market phenomenon' has been well documented. See, for example, ACTF, *Submission to the ABA in relation to the Australian Content Standard* (2002), 14.
- ² ACMA, *Media and Communications in Australian Families* (2007), 3.
- ³ ACMA, *Media and Communications in Australian Families* (2007), 4.
- ⁴ ACMA "considers that further incentives to show C programming in prime time would be ineffective given that current incentives have been overwhelmingly unsuccessful": ACMA, *Review of the Children's Television Standards 2005 Report of the Review* (2008), 18.
- ⁵ Australian Subscription Television and Radio Association, *Media Release*, 2 March 2005.
- ⁶ David Dale, Kids Muck Up ABC Ratings as SBS Soars, *The Sydney Morning Herald*, 1 December 2008.
- ⁷ 42% of households could receive free-to-air digital television in April 2008: ACMA, *Press Release: Majority of households still to turn to digital free-to-air television* (9 April 2008).
- ⁸ Despite the fact that the expenditure obligation under the scheme falls to particular channel providers, ACMA is unwilling to report on compliance with the scheme other than on a 'whole of industry' aggregated basis. Compliance therefore lacks the transparency of the free-to-air television sector's reporting. A free-to-air equivalent would be reporting on compliance with the Standards using a cumulative hourly figure from the fifty-odd commercial licensees. Furthermore, significant amounts of important information are withheld from the public in commercial confidence. The end result is that there is no way of actually determining what a children's channel is actually contributing to local production.
- ⁹ For example, ASTRA, *Australian Content on Subscription TV* (2003), 7-9.
- ¹⁰ The pay television channels only contribute between 2%-4% of production budgets, while the free-to-air broadcasters contribute over 20%.
- ¹¹ SBS has typically not engaged with the Australian child audience. Accordingly, this discussion is focused on the role of the ABC.
- ¹² The ABC had 47 of the top 50 programs for preschoolers in 2005: ACMA, *Children's Television Standards Review Issues Paper* (2007), 46.
- ¹³ All of the top 20 children's programs for children 14 and under in 2005 were broadcast by the ABC: *Children's Television Standards Review Issues Paper* (2007), 32.
- ¹⁴ ACMA, *Children's Television Standards Review Issues Paper* (2007), 25.
- ¹⁵ Amanda Meade, First Digital Statistics Show ABC2's Success, *The Australian*, 22 September 2008.
- ¹⁶ The BBC provides an excellent example in its daily, half hour, *Newsround* program. This program uses footage from the BBC's nightly news programs, but presenters deliver the news items in a manner and language appropriate for the child audience. Additional background information, of which adults would be aware but children may not, is superimposed over footage so that children can better contextualise the information. *Newsround* is consistently in the most watched children's programs in the United Kingdom.
- ¹⁷ Hitwise rankings: #1 Lifestyle Children's Site July – September 2008.
- ¹⁸ ACMA, *Media and Communications in Australian Families* (2007), 3.
- ¹⁹ ACMA, *Media and Communications in Australian Families* (2007), 52.
- ²⁰ ACMA, *Media and Communications in Australian Families* (2007), 8.
- ²¹ Screen Australia, *2007/08 Drama Production Survey* (2008), 8.
- ²² This funding has occurred through the Film Finance Corporation Australia. Funding until 2006/07 is identified in FFC, *Annual Report* (2007), 45. Additional funding was provided to children's projects in 2007/08 but has not been reported due to the merger of the FFC into Screen Australia.
- ²³ The ABC does relicense some programs commissioned by the commercial broadcasters.
- ²⁴ David Crowe, "New TV channels under attack", *The Australian Financial Review*, 2 November 2007.
- ²⁵ Nigel Pickard, Save Kids TV (UK), speech at *Australia – You're Watching It* (2 December 2008).
- ²⁶ 20th MCEETYA meeting – Brisbane, July 2006
- ²⁷ P Barwise, *Independent Review of the BBC's Digital Television Services* (2004), 29.