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Policy Solutions and International Perspectives on the
Funding of Public Service Media Content for Children:
A Report for Stakeholders

Communications and Media Research Institute
(CAMRI)
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PREFACE

This project on *Policy Solutions and International Perspectives on the Funding of Public Service Media Content for Children* began on 8 February 2016 and concludes on 31 May 2016. Its outcomes contribute to the policy-making process around BBC Charter Review, which has raised concerns about the financial sustainability of UK-produced children's screen content.

The aim of this project is to evaluate different funding possibilities for public service children's content in a more challenging and competitive multiplatform media environment, drawing on experiences outside the UK.

The project addresses the following questions:

- *What forms of alternative funding exist to support public service content for children in a transforming multiplatform media environment?*
- *What can we learn from the types of funding and support for children's screen content that are available elsewhere in the world – in terms of regulatory foundations, administration, accountability, levels of funding, amounts and types of content supported?*
- *How effective are these funding systems and funding sources for supporting domestically produced content (range and numbers of projects supported; audience reach)?*

This stakeholder report constitutes the main outcome of the project and provides an overview and analysis of alternatives for supporting and funding home-grown children's screen content across both traditional broadcasting outlets and emerging digital platforms. The report has been made publicly available, so that it can inform policy work and responses to the UK Government White Paper, *A BBC for the Future*, published by the Department of Culture, Media and Sport in May 2016.

The research project was borne out of discussions with stakeholders, who felt that there was a need for more research on experiences with funding children's screen content outside the UK.

We, the authors, would like to thank the Children's Media Foundation, PACT (Producers Alliance for Cinema and Television) and Voice of the Listener and Viewer (VLV) for their assistance with dialogue about the issues, important contacts and sources of information for this report. As important stakeholders in the debate about the future of children's content in the UK, we hope the report is useful for informing their policies on the funding of public service media content for children in the UK.

We would also like to thank respondents in Argentina, Australia, Canada, Chile, Denmark, France, Germany, Ireland and New Zealand for talking to us about the funding of children's content in their countries. Details of our methods can be found in Appendix C at the end of this volume.

EXECUTIVE SUMMARY

Introduction

The White Paper, *A BBC for the Future: A broadcaster of distinction*¹ has been published, and the government has announced plans to pilot a new public service content fund. This will be used for public service genres that it has identified as in decline. One of those identified 'genres' is children's programming. This report considers international policy solutions for the funding of public service media content for children and represents a contribution to the consultation about the criteria for the new scheme and the most appropriate body to administer the fund. It focuses primarily on experiences in Australia, Canada, Denmark, France, Ireland and New Zealand, six countries with experience of content funds for a range of screen content including children's content.

UK Children's TV Content Production in Decline

The production of children's television content in the UK has declined inexorably over the last decade. The removal of transmission quotas for commercial public service broadcasters following the 2003 Communications Act was a big blow, because ITV, in particular, no longer felt obliged to support either the transmission or production of children's content on its mainstream channel after quotas were abolished. A ban in 2006 on advertising for junk food and fizzy drinks on UK children's TV made children's content even less attractive to commercially funded PSBs (ITV, Channel 4, Five).

The consequences of these regulatory changes are worth remembering because they go some way to explaining partially the causes of the UK children's production sector's woes. It is the withdrawal of Tier 3 transmission quotas and the ban on HFSS (high, fat, sugar, salt) advertising within children's broadcasting that has left the BBC as virtually the sole commissioner of UK-originated children's television content, because commercial broadcasters are not financially incentivised to commission UK children's programming. The key problem is a lack of demand from broadcasters and other content providers for new UK originated content.

- Between 2003 and 2014 investment by commercial PSBs (ITV, Five, Channel 4) in first run UK originations fell 95 percent from £59m to £3m.
- Between 2003 and 2014 the number of first run originations on commercial PSBs fell 85% from 621 hours to 93 hours.
- Some of the decline in investment by commercial PSBs was masked in 2002 by the BBC's launch of CBeebies and CBBC when the corporation significantly increased its children's output and expenditure.

¹ Department of Culture, Media and Sport, 'A BBC for the future: a broadcaster of distinction', 12 May 2016. Available online <https://www.gov.uk/government/publications/a-bbc-for-the-future-a-broadcaster-of-distinction> (accessed 22 May 2016)

- From a peak of £110m in 2004 BBC expenditure on first run originations had fallen 24% by 2014 to £84m
- Between 2004 and 2014 BBC hours of first run originations declined 57% from 1332 hours to 579 hours.²
- In 2013 commercial children’s TV channels including those run by Disney, Nickelodeon, ITV (CiTV) and Turner broadcast 136,311 hours of content, but only 111 of these hours were first-run UK originations, a 61 percent decrease from 283 hours in 2010.³
- In April 2016 Sky announced that it would be commissioning content for its new children’s service, suggesting that the amount of UK originated content on some commercial children’s TV channels may rise.
- While funding from international VOD platforms like Netflix is rising with a small number of projects it does not make up for the decline in UK commissioning of recent years.
- Policy debates on funding children’s content are still largely shaped by discussions on the future of children’s TV programming.

A Public Service Content Fund

A Public Service Content Fund, financed from unallocated funding from the 2010 licence fee settlement, addresses the issue of supply to some degree by giving content producers *somewhere else to go* to get funding for their projects.

In the Green Paper last July the Government suggested that ‘a small amount of contestable funding’ derived from the licence fee, might ‘introduce greater diversity of providers and greater plurality in public service provision’ particularly in children’s content where the BBC dominates commissioning.

The DCMS consulted with industry figures and advocacy groups including PACT, the Children’s Media Foundation and the Voice of the Listener and Viewer, who at a meeting in February 2016 warned against the risks of top-slicing the licence fee to fund a contestable content fund, if it resulted in cuts to BBC Children’s budgets.⁴

The proposal in the White Paper is for a pilot fund of £20 million per annum over three years (£60m), taken from left over funding from the 2010 licence fee settlement, that had previously been ear-marked to pay for digital switchover and local television. Nevertheless the principle of top-slicing remains. As the government states on p. 71 of the White Paper:

It is the government’s view that while the licence fee continues to be paid for receipt of television services a small proportion of the licence fee may be available to organisations other than the BBC to help deliver quality and pluralistic public service content, using competitive forces to ensure the highest quality for the best value for money.

² Ofcom, ‘Public Service Broadcasting in the Internet Age’, Data Annex, 2015. p. 13

³ Ofcom, ‘Public Service Broadcasting Report 2014, Children’s PSB Summary, Annex 6’, December 2014, p. 9. Available online http://stakeholders.ofcom.org.uk/binaries/broadcast/reviews-investigations/psb-review/psb3/Annex_6_i_PSB_Review_Childrens_summary.pdf (accessed 22 May 2016)

⁴ Anna Home, ‘Meeting the Minister’, *Children’s Media Foundation*. Available online <http://www.thechildrensmediafoundation.org/archives/4442/meeting-the-minister> (accessed 20 May 2016)

Questions for the Consultation

A pilot content fund is one way to test the marketplace, and consult more widely on the administration and criteria for the fund. In addition to the issue of potential top-slicing in future, there are two other key issues that need to be addressed.

First the White Paper states that any publicly funded content should be free at the point of use and then mentions free to air broadcasters Channel 4, Channel 5 and ITV as possible platforms. A key issue here is how do you get these or any other organisation to take children's content if they have no regulatory obligation to do so.

Second the White Paper refers to the availability of content on a platform with 'appropriate reach'. This could be YouTube or a free app on iTunes or content made freely available online as video on demand or streamed content. Any consideration of online platforms requires careful consideration of how this content will be promoted and curated on an existing website or online aggregator in ways that children are likely to discover it, particularly if it is to represent value for money. A £20m fund (possibly shared among different genres) is not big enough to establish an independent online platform. This suggests that it will have to work with existing online platforms or aggregators that already operate in front of the pay wall.

One possible partnership is the BBC's proposed single online platform for children, iPlay. Last September the BBC indicated that it wanted to work with carefully chosen partners with complementary public service values on this initiative.⁵ Just as CBeebies and CBBC were important public service additions to multichannel offerings in 2002, the BBC's proposal for *iPlay*, could serve as an advertising free space to test the crossover between TV, games and other digital content. As an on-demand portal it could become a catalyst for investment in high quality distinctive content that goes beyond television, allowing children to **discover** high quality curated material from different content providers in a safe trusted online space. However, the removal in the White Paper of the BBC's sixth purpose of helping to deliver to the public the benefit of emerging communications technologies and services might make it more difficult to partner with emerging UK digital industries rather than existing organisations like YouTube.

There are many questions that need to be answered during the consultation period. These include:

- What type of organisations will be allowed to access the fund and on what terms? Will applications be confined to content producers or will broadcasters and other platform providers be allowed to apply?
- Will a free to air broadcaster or online publisher be obliged to co-fund at a particular level (minimum guarantees)?
- What type of online publisher is acceptable? Would an online platform with advertising and sponsorship such as YouTube Kids be acceptable? Or would an advertising-free online portal like the BBC's proposed iPlay be preferable?

⁵ BBC, 'British Bold Creative', BBC London 2015.

- Will the fund offer partial content funding or is there scope for 100% funding in certain instances?
- What will be the balance of funding between traditional broadcast content and digital first content?
- What age range will form the focus of the fund's activities? Is it likely to limit its funding to projects for children under 12 (the age at which most broadcasters cease to serve children), or will it extend its remit to teenagers and young people who are underserved?
- What is meant by "appropriate reach" and does it mean that funded content will still be available to all children living in the UK?
- What will be the balance of funding and interests between serving children and other diverse audiences (BAME), the arts and the Nations and Regions?
- If a small panel assesses bids, will there be scope to include representatives from other groups and organisations in society other than industry figures alone?
- Where is the panel likely to be located and administered? (Ofcom, British Film Institute)?
- Who will sit on the panel and how will its members be selected?
- How will the balance be struck between small and medium-sized enterprises (SMEs), smaller cross-platform producers and international production entities with larger internal resources and access to international markets?
- To what extent should profitable broadcasters and platforms be allowed to benefit from publicly funded content?
- What will be the BBC's relationship with the fund, particularly in view of the fact that BBC Children's will no longer have an in-house production guarantee?
- How will a three-year pilot fit with the extended development, funding and production timescales of most children's productions?
- How will the fund ensure that content is supported that is relevant to a diverse range of children living in the UK, rather than just international audiences?
- Where will the balance be struck between innovative original content for UK children and the need to fund from a wide array of sources?
- How will the fund ensure that content is supported that is original, innovative and high quality, but which the market is unlikely to support?
- How will the distinction be drawn between the desire to support investment and growth in the children's content sector and the desire to support the discoverability of diverse and innovative public service content for children living in the UK? These aims overlap, but they are not the same.
- Should funding be provided as an equity investment or grant, bearing in mind that equity investment will support the sustainability of the fund?
- How will the fund be financially supported after three years at the end of the pilot?
- How will the fund address key issues related to **demand, distribution and 'discoverability'** in a situation where children and young people's media consumption is changing?

EU State Aid Rules

Another imponderable is the issue of EU rules on state aid. A content fund is likely to qualify as state aid, but this does not mean that it will not get EU approval, assuming it meets the four criteria of proportionality (it remedies a failure), appropriateness (it is the best way to remedy a failure), incentive effect (it changes the behaviour of the organisation that receives it) and the balancing test (the benefits outweigh any negative

effects).⁶ In principle state aid is limited to 50% of the production budget, with co-productions receiving up to 60%.⁷ There are no limits for 'difficult' audiovisual works, and this might apply to some children's content.

At this stage there are more questions than answers. Any solution for public service children's content, geared to the UK, needs to be independent, long-term, culturally relevant and capable of reaching significant numbers of children on a wide range of platforms. A content fund also needs to take account of how children's consumption of and engagement with the media is changing. Beyond television, policy-makers need to do much more thinking about what a public service commitment to children is likely to mean in future across a variety of digital platforms and services. It means paying attention to how content is distributed to and discovered by children.

Funding Children's Content in Other Countries

In all of the countries surveyed for this report children's content that is relevant to the culture where children live is recognised as important. At the same time there are considerable pressures on children's content producers and providers in all markets because of competition from well-resourced transnational channels (Disney, Nickelodeon, Turner) and from digital content on online platforms (YouTube). Broadcasters continue to play an important role, but they are not the main funders of higher cost animation and live action programming, which as in the UK, has to be funded from a variety of domestic and overseas sources (See Annex B).

Different countries take measures to ensure that children do have access to children's broadcast content that is relevant to them, but there are few policy measures that tackle the provision of local content online. *Most of the support systems currently in place stem from the world of linear broadcast television.*

In all countries, there are tensions between the policy objective of supporting a viable children's content industry as well as supporting homegrown content that is culturally relevant to children. There is a distinction between the degree to which interventions support investment and growth in the children's content sector, and the degree to which they exist to support plurality, reach and discoverability of public service content for children living in a particular country.

In France, for example the policy toolkit of output and investment quotas, levies and subsidies appears to be primarily designed to incentivize animation production, as opposed to other types of children's content, suggesting that policy makers prioritise industrial over *cultural* goals.

⁶ Department for Business Innovation and Skills, 'State Aid: the Basics guide', July 2014. Available online https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/443686/BIS-15-417-state-aid-the-basics-guide.pdf (accessed 20 May 2016)

⁷ European Commission, 'State aid: Commission adopts new film support rules', 14 November 2013. Available online http://europa.eu/rapid/press-release_IP-13-1074_en.htm (accessed 20 May 2016)

What is a Contestable Fund?

Funds to support public service or local programming are a feature in many countries. Some are financed from direct taxation (New Zealand, Australia) and others are funded by levies on commercial players (France, Canada). In Ireland and Denmark contestable funds are financed from the licence fee. Not all funds (CNC in France, CMF in Canada) are strictly contestable.

The idea behind contestable funding as it relates to public service content is that content is something separate and discrete and that it does not have to be funded within a public service institution, which follows a particular public service ethos and provides a full service model of broadcasting.⁸ According to this approach, competition for resources to fund public service content by both private and public organisations can potentially result in more diverse outcomes that are beneficial for audiences. This competition can take place across a range of platforms.

The benefits of contestable funding or decentralised delivery of public service content⁹ might include more quality and value for money through targeted funding and services that meet specific criteria. It is the idea that competition will deliver the best quality at the best price, and encourage innovation and efficiency. As funding is granted directly to production, funding could be more efficient. It also allows subsidies to be awarded to other organisations including private companies.

The arguments against contestable funding suggest that there are broader social and cultural benefits to broadcasting and institutional delivery, which cannot be matched by contestable funds with a narrow focus on content.¹⁰ In particular there are benefits of a 'holistic' public service built around an ethos and culture that can deliver values such as universality, quality, diversity and creativity. Delivery of public service content by a PSB allows it to be associated with a brand that the public will hopefully trust and see as a 'place to go' to find quality curated content. Finally commercial players may not want to avail themselves of public service content funded by a contestable fund, because it does not sit well with their commercial priorities.

The Importance of National Context

It is important to remember that approaches to funding are also shaped by particular national contexts. For example in Ireland, a contestable fund, financed from the licence fee, was established partly in response to concerns about public broadcaster, RTÉ, being part-financed from advertising.¹¹ This was felt to disadvantage its commercial competitors and the establishment of a contestable fund addressed some of those competition

⁸ Karen Donders, *Public service Media and Policy in Europe* (London, 2011)

⁹ See Tim Raats and Karen Donders 2015 'From centralized to distributed public service media: an analysis of market and public value-driven arguments' *International Journal of Digital Television*. 6/2 (2015), p. 106.

¹⁰ Ibid.

¹¹ Roddy Flynn, 'Public Service Broadcasting beyond public service broadcasting', *International Journal of Digital Television*, 6/2 (2015), p. 129.

concerns by allowing commercial broadcasters to bid for funding to make public service content.

All the funds included in this study stress the importance of reflecting local identity in that they support homegrown content for children living in these particular countries. This is particularly important for countries like Australia and New Zealand, which are net importers of content from other English-speaking countries including the UK. It is also important for Ireland and Canada who are within reach of children's content from their larger English-speaking neighbours. Although the support of quality and innovative content features in the criteria for most schemes, this is always difficult to quantify or judge. It is also worth noting that contestable funds have been introduced in small countries (Ireland, New Zealand, Denmark) where it is more difficult to sustain local content because of the size and capacity of the media economy.

What is clear from other countries is that a fund for supporting particular types of programming such as children's content is not a panacea and is usually accompanied by other support measures designed to support investment and growth in an industry and/or support the diversity, reach and discoverability of certain types of desirable local content. Other interventions include

- Broadcast transmission/output quotas
- Investment quotas for certain types of production e.g. drama or animation.
- Publicly funded public service broadcasting
- Direct public funding through other public bodies, targeted at particular types of programming including children's
- Tax benefits, usually in the form of tax credit schemes

New Platforms – Underserved by Alternative Funds

In every country surveyed for this report it is clear that the consumption habits of children are changing because of different devices and platforms including tablets and mobile phones that allow on demand viewing.¹² Yet it is also important to take care when claims about children's changing media practices are made, because as Sonia Livingstone and Claire Local point out these claims are often 'over stated and under-evidenced'.¹³ Children still watch a lot of television, including live television, but they are not necessarily always watching on a TV set. This makes it difficult to formulate policy, because we do not have enough answers, backed up by research, about how much time children actually spend watching TV on a TV set or on other devices. We do not know the balance spent on TV content and other content online, and even how much time children spend consuming PSB services online or offline, which might help to formulate policy about the future provision of public service content online.¹⁴ We do know that Minecraft and pre-school channels like, Little Baby Bum are enormously popular online, even generating their own licensing and publishing deals. Yet there are far fewer possibilities online for children to

¹² See for example Ofcom (2015) *Children and Parents: Media Use and Attitudes Report*

¹³ Sonia Livingstone and Claire Local 'Children and Public Service Broadcasting', Submission to the Puttnam Inquiry, 2016. <http://futureoftv.org.uk/submissions/children-and-public-service-broadcastin/>

¹⁴ Ibid.

access non commercial public service content that is high quality and matches the purposes we associate with public service broadcasting, that it should inform, educate, and crucially also entertain.

When setting out do to this research, we thought we might find something about contestable funds that would indicate the future direction of public service content for children, especially with regard to online provision. Yet contestable funds do not provide many answers on this. Designed to fund content for a broadcast world, those without the back up of quotas (as in France, Canada), face the issue of limited demand from commercial broadcasters to take on children's content (Ireland, Denmark, New Zealand).

Almost all the current schemes for funding public service content for children are primarily focused on funding broadcast-based linear content. This is unlike the original Public Service Publisher format formulated by Ofcom in 2005, which had a much more radical concept of public service content, based on digital media, new forms of non-linear content and user participation.¹⁵ All the schemes we looked at were designed to deal with funding television content for linear television. Many require a broadcast licence before they can allocate funding, and even if they do provide funding for content on other platforms, they still mainly fund broadcast content for children. According to Flynn current contestable schemes do not address the future of public service content, because they are more concerned with addressing market failure in the 'existing broadcast market'.¹⁶

New Zealand On Air is the only funder to seriously consider one contestable multimedia fund for all children's content regardless of platform, and has put out a tender for an 'online home' for content provided and distributed by a range of producers. In France the funding system is apparently 'stable and reliable', but the majority of funding allocated by the CNC is broadcast-based and aimed at animation. Only very small amounts are allocated for digital first content. In Canada there is a concerted lobby by independent production funds to remove the broadcast first rule, which unlocks funding for tax breaks and state subsidies. However, none of these initiatives really address the other key issue for children's content, which is 'discoverability'. If you commit to publicly funded children's content, how far do you go beyond television programmes to include games, apps and other digital content, and how do you ensure that children will discover it, and that we can evaluate how valuable it is to children? These are the bigger questions that are not really addressed yet by any public service content fund for children's content.

Children's TV in Decline on Commercial Free-to-Air Broadcasting

In all the surveyed countries free-to-air private broadcasters are scaling back their commitment to children's content, because catering for children is not a profitable enterprise and child audiences are shifting to dedicated children's channels and online offerings.

In **Australia** commercial free to air broadcasters (Seven, Nine and Ten) were at the heart of a quota system designed to increase and enhance Australian children's content.

¹⁵ Ofcom, 'A new Approach to public service content in the digital media age' (London, 2007)

¹⁶ Flynn, 'Public Service Broadcasting beyond public service broadcasting', p. 141.

However, increasingly they have sought to fill their transmission and drama quotas with cheaper animation, which 'looks and feels' more international than Australian. Inconsistent scheduling and lack of promotion suggests that quotas are less fit for purpose, but there are no clear ideas on what will replace them and how Australian content for children will be safeguarded in future.

In **Denmark** state-owned commercial broadcaster, TV2, has reduced its commitment to children's broadcasting, preferring instead to focus on family programming.

In **France** commercial free to air broadcasters, TF1 and M6, are still important as investors in children's content, not least because they are still required to observe transmission quotas and animation investment quotas. In **New Zealand** there are no public service broadcasters. Local content is dominated by commercial broadcasters, TV2 and Four, whose children's programmes are in large part funded by NZ On Air, a government broadcast funding agency, which invests in local television, radio, music and digital media for New Zealand audiences. Yet the appetite for children's content seems to be declining. TV2's hours of NZ children's originations have fallen 51% since 2006 to 184 hours.

Reliance on PSB for Local Content

Just as free to air broadcasters are scaling back their commitment to children's content, it is public service broadcasters who are becoming the mainstays of locally-produced public service television content for children in spite of growing financial pressures.

In **Australia**, the **ABC** is emerging as the main supporter of Australian children's live action drama, just as commercial broadcasters have shifted their investment to cheaper internationally oriented animation series to meet their production quotas. The establishment of ABC3 in 2009 and the ABC Kids pre-school block on ABC 2 have been popular with audiences, but the ABC struggles with budgets and how it will continue to support Australian content.

In **Canada** commercial players DHX and Corus Entertainment are more significant than public broadcaster, CBC-Radio Canada, operating a wide range of dedicated specialty (niche) channels for children on cable and satellite. CBC-Radio-Canada has no dedicated children's services. Provincial educational broadcasters are important both for English (TV Ontario) and French language (*Télé-Québec*) communities.

In **Denmark**, DR continues to be the main producer and funder of children's content, a position that has been reinforced since the virtual withdrawal of state-owned commercial broadcaster, TV2, from children's content. As a PSB DR can also tap into Nordic public service networks such as Nordvision and the Nordisk Film and Television Fond for co-production funding and programming exchanges.

In **France** PSB *France Télévisions* has emerged as a key force in children's television with the launch of dedicated children's channel, France 4, in 2014. It now also surpasses commercial broadcasters as an animation investor, accounting for 62% of channel

investment in animation in 2014 and 54% of commissioned hours, at a time when commercial channel investment halved in 2014 to €10.4m (£8m)

In Ireland, **RTÉjr**, Ireland's dedicated public service children's channel has benefited from a raft of subsidies targeted at Irish animation. Ironically licence fee funding used to finance the Sound and Vision contestable fund, has found its way back to animation programming that RTÉjr commissioned, and it manages to commission 3 to 4 animated series a year because of this. A combination of licence-fee funded contestable funding, state subsidies from the Irish Film Board, European funding and generous tax reliefs have supported phenomenal growth in the Irish animation industry, which has allowed RTÉjr to benefit from domestically produced animation such as *Zig and Zag*, *Puffin Rock* and *When Harry Met*.

The Role of Pay TV and Video On Demand

In all countries surveyed transnational pay TV channels and emerging VOD platforms continue to invest very little in domestic children's content. This is mostly because they are usually not obliged to adhere to local transmission or investment quotas, and because it makes no economic sense for them to cater for small national markets, when they can tap into international content, dubbed where necessary, that can be recycled many times, as child audiences grow up and are replaced by new audiences.

There are opportunities with Netflix and Amazon, but there are not very many to match what is available in domestic markets for local content. In the countries surveyed there are few national players of significance in the VOD world, but most local broadcasters offer content online as catch-up services and increasingly as apps. In Canada, commercial providers DHX and Corus have a substantial YouTube presence.

Output and Investment Quotas

While output quotas regulate the amount of children's content on channels, investment quotas are used to direct funding into local production. In many countries they are on the wane, but they have been strongest in France and Canada, which also operate a range of other inventions in the children's production sector.

For most public service broadcasters in this report there are no output or investment quotas, although the statutes governing most PSBs assert that they must serve children. In Europe broadcasters adhere to EU rules that demand a majority of time for European works with at least 10% of transmission time or budgets set aside for commissions from independent producers. In Canada CBC-Radio Canada is required to broadcast 15 hours a week of children's content, but has no investment quotas. In New Zealand there are no public service broadcasters and no quotas.

For commercial channels the situation is different. In **Australia** the quotas enshrined in the Children's Television Standards for commercial free to air channels are under strain. Local output quotas (390 hours a year) and an investment quota of 32 hours of first release Australian drama a year, are suffering from poor scheduling and lack of

promotion. As the quota definition of drama includes animation, commercial channels largely meet their quotas with cheaper internationally oriented animation, which qualifies for a 20% tax rebate.

In **Canada** output and investment quotas have been combined with subsidies and tax breaks to support Canadian content. However in 2015, transmission quotas were reduced to 35% for specialty (niche) channels, including dedicated children's channels where these have been higher for Teletoon (60%), Treehouse (70%) Vrak (60%) and YTV (60%). Investment quotas for Canadian Programme Expenditure (CPE) remain for Teletoon (34%), Treehouse (31%) and YTV (31%).

In **Denmark** quotas on state-funded commercial broadcaster, TV2, have been removed. In **New Zealand** there are no quotas creating a natural tension between broadcasters, programme makers and funding agency, NZ On Air, which sees its role as one of representing the audience at the bargaining table.

In **France** the system of transmission and investment quotas is holding firm because, the industry and policy-makers support it. It includes children's content transmission quotas for lead commercial broadcaster, TF1, of 750 hours a year (reduced in 2014 from 1000 hours), and substantial animation investment quotas in excess of €21m in 2014.

What alternative funds exist for children's content?

In addition to public service broadcasting and quotas, there are a number of different content funds that also support children's content. Most funds are not exclusively for children's content. Not all funds are contestable. Funds available for content can be state-funded, funded by levies or in some cases funded by the licence fee.

Most funds, unless they involve automatic support, apply basic criteria that focus on the quality and originality of the funded project, the potential to connect to the target audience, the track record of the team, and the ability to attract additional finance including from overseas, which is especially important in small markets with limited funds. In most cases projects require commitment from a commissioning platform, usually a broadcaster. This means that many of the qualitative and business judgements about a project will already have been taken during the commissioning process before the funding application.

Most funds tend to be used for content that is more costly and therefore more challenging to fund – namely animation and live action drama. In New Zealand, NZ On Air does fund some drama, but most of its funding supports long-running magazine shows on free to air channels, TV2 and Four, which are very popular.

Most funds require a broadcast licence to access funding (CMF and Independent funds in Canada; Public Service Puljen in Denmark; CNC in France; Sound and Vision in Ireland). Screen Australia and NZ On Air fund content for all types of platforms, but in practice most funding still goes to linear broadcast projects. NZ On Air does not fund programming

behind a pay wall, but the CMF in Canada and CNC in France do fund content on cable and satellite channels.

Most funds do not fund children's programming in its entirety, with the exception of NZ On Air, which does fully support some content, because there are few alternative funding opportunities.

In most countries surveyed for this report content funds are just one part of a funding system that also includes broadcast licence fees, pre-sales and tax breaks.

State Funded Content Funds

State-funded content funds include Screen Australia, New Zealand on Air and film institutes such as the Irish Film Board. All state-funded content funds are vulnerable to government spending cuts. Screen Australia and the Irish Film Board have seen their funding cut in recent years and New Zealand On Air has had no increases in funding for eight years. As a result of funding cuts the Irish Film Board's support for animation fell 73% between 2012 and 2015 to €460,000 (£350,000).

Screen Australia provides state funding for Australian films, documentaries, TV drama, online web series and children's programmes. It awards subsidies to producers for linear children's drama including animation, but only on the basis of a commissioning platform, which can include subscription TV or subscription video on demand as well as a free to air broadcaster. Screen Australia is estimated to spend about £5m (A\$8m) a year on children's programme production, and applies a minimum licence fee of A\$100,000 (£50,000) per broadcast half hour for children's projects to access funding. Screen Australia executives in consultation with industry specialists review applications. Decisions to fund are made on the basis of the quality of the proposal, the potential to connect with the target audience, track record of the team, funding from other sources including overseas, and the 'diversity of the slate.' However, with the arrival of producer offset tax breaks in 2007 for children's drama and animation, producers have opted to pursue this route to produce cheaper animation rather than opt for Screen Australia subsidies, which require a significant broadcast licence fee investment.

Similarly the Ireland **Irish Film Board** offers state support, €11.2m (£8.6m) in 2015, for Irish feature films, documentaries, animation and television drama. However unlike Screen Australia, animation rather than children's programming is the focus of attention, and Irish animation producers often apply for IFB support alongside support from the Sound and Vision Fund and S481 tax breaks. Selection criteria include targeting the appropriate audience, originality and additionality (the idea that without IFB support, projects would not be made). There are also industry criteria that recognise the limited capacity of the Irish market, and include the ability to work with talent from other countries, the development of Irish talent and expenditure on Irish personnel.

In New Zealand government broadcasting funding agency **NZ On Air** spends approximately £7.5m (NZ\$16m) a year on New Zealand children's content. Funding has not been increased in 8 years, limiting what it can do. It funds documentaries, drama, arts

programming, regional television and children's content that reflects and develops New Zealand identity and culture. Unlike the IFB or Screen Australia it does not support content behind a pay wall. Decisions are made on the basis of cultural value, the balance between mainstream and specialist content, the degree of risk (both creatively and in a business sense), value for money (the ability to attract audiences), content that the market alone can not support, the ability to attract other investment, and the track record of partners.

Levy Funded Systems – Envelope funding

France and Canada have the most extensive supports for children's content based on complex systems of industry levies, subsidies, output quotas and investment quotas. While in France the system seems 'very stable and reliable' in Canada the system is undergoing a period of transition under a new regulatory initiative that is geared towards less regulatory intervention and more consumer choice. These changes breed uncertainty. Levy-funded systems are vulnerable to downturns in income from broadcasters and cable companies.

The Canada Media Fund (CMF), a public private non-profit partnership, is funded from state funds and a 3% proportion of the 5% levy on the gross revenues of cable and satellite operators (BDUs). In 2014/15 it supported 799 hours of children's content at a cost of C\$56m (£29.4m) about 12% of total funding for Canadian children's content in 2014/15. The combination of tax breaks, CMF funding, independent production funds and public broadcaster licence fees means that 53% of children's production is publicly funded and up to 92% of children's production is funded in Canada. Public subsidy delivered by the CMF operates as a system where a commitment by a broadcaster gives producers automatic access to the Performance Envelope Program, a licence fee top up or equity funding.

However, there are concerns about potential declines in levies and cable revenues as viewers switch to over-the-top video-on-demand, and because of changes in the arrangements for bundling cable channels, which may affect the revenues of both cable operators and children's channels.

In France, the CNC, an agency of the French Ministry of Culture is funded mostly by a broadcaster levy (75%). In respect of French children's content most CNC funding supports French animation. CNC subsidies accounted for just under 20% of all animation funding in 2014 at €29.6m (£22.9m). Broadcasters (26%), overseas financing (25.6%) and producers (19%) are also key contributors to funding. As in Canada, French producers can fund a high proportion (74%) of their animation costs within France. As in Canada, the CNC delivers state subsidies through an automatic subsidy system, Cosip, which can be accessed by producers with a 25% commitment from a broadcaster, having satisfied cultural and employment tests. Although the system is thought to be very stable, it really only supports animation, and it is largely broadcast based. In 2014 only €2.9m (£2.24m) was distributed for digital content through Web Cosip, compared to €29.6m (£22.9m) allocated to animation from automatic support, advances and selective support.

The French system continues to be an elaborate way of taking money from commercial broadcasters and recycling it back into animation content that commercial broadcasters are obliged to fund and broadcast, because of stringent output and investment quotas. In France commercial broadcasters pay indirectly for animation through a levy to funding body the CNC and directly through animation investment quotas.

Licence Fee Funded Systems – that Benefit PSBs?

In Ireland and Denmark small contestable funds are funded out of licence fee revenues, but the experiences of both countries differs quite markedly. As with most other funding schemes, the focus is on linear broadcast content and commissions by broadcasters rather than digital first content.

In Denmark the Danish Film Institute allocates DKK42.5m (£4.4m) a year for drama, documentaries and children's programming in all genres. This represents less than 1% of licence fee funding and is allocated from excess funds, once parliament has voted how much public service broadcasters (DR and the Regional TV 2 stations) will receive every year over a period of 4 years. 25% of the Public Service Puljen fund (about £1.1m a year) has to be allocated to children's content, which can fund up to 65% of production costs. Unlike the Irish scheme public service broadcasters (DR, TV2 regional stations) are excluded from applying as are 'expensive' pay channels and those channels unable to reach 50% of the population. Only 4 productions were funded between 2011 and 2013 and the number of applications for children's projects remains low, because of a lack of demand from commercial broadcasters. With a broadcaster commitment applications are assessed on their originality, significance and quality. It has to be material that the market would not otherwise support.

In Ireland the Broadcasting Authority of Ireland administers the Sound and Vision scheme funded from a 7% levy on licence fee revenues which funds all types of programming except news and current affairs to the tune of €9.25m (£7.1m) for 50 TV projects in 2014. The original intention behind the scheme was to encourage commercial broadcasters to produce public service content and guard against RTÉ becoming too commercial, since it is part-funded by advertising. Sound and Vision accounts for less than 5% of all funding for Irish productions, but has become significant for the animation industry, and also RTÉ which commissions animation. With a commitment from RTÉjr, Sound and Vision represents the start of a well worn route for Irish animation producers, which includes subsidies from the Irish Film Board, Creative Europe, Northern Ireland Screen and S481 tax breaks. Between June 2015 and January 2016 Sound and Vision allocated €1.943m (£1.5m) to ten children's productions including six animation projects (77% of funding) and eight RTÉ commissions (74% of funding). Assessment criteria include fit to the scheme objectives, quality and innovation, additionality to the market, third party partnerships and adequate resourcing.

Specialist Children's Funds

There are no specialist children's content funds in the countries surveyed except the ACTF (Australian Children's Television Foundation) and the Shaw Rocket Fund in Canada. The

ACTF is funded by the state governments of Australia, rather than central government. The Shaw Rocket Fund receives a discretionary allocation from the levy paid by Shaw Communications and Shaw Direct. Both the ACTF and Shaw Media Fund have limited financial resources, but play a significant policy role in campaigning for quality domestically produced content that appeals to Canadian and Australian children.

The ACTF invested Aus\$134,662 in seven productions in 2014/15 (about £67,000) and put up Aus\$598,000 (about £297,000) in distribution advances for 4 projects. Recommendations to fund are made by the 11-member board based on the originality and quality of ideas that are not currently in the marketplace, the experience of the team (particularly the ability to access other funding within Australia) and the potential to engage with young Australian audiences with culturally relevant content. To date the ACTF has mainly concentrated on linear television and drama for the broadcast market, because this unlocks other funds from Screen Australia. In recent years it has worked mostly with the ABC rather than commercial broadcasters.

The Shaw Rocket Fund invests about C\$15m (£7.86m) a year in a wide range of children's broadcast content and related digital productions, which it recoups for reinvestment. Decisions are made by the board of directors based on projects that demonstrate high quality, originality and cross-cultural representation, promote positive role modelling, and provide close captioning or audio description.

What gets funded and how is it funded?

Children's content is often stipulated alongside other at risk genres as eligible for funding subsidies. In most countries the key issue is demand as there are few customers in the market place who will screen or distribute children's content.

In **Australia** state funding is available for children's drama (including animation) from Screen Australia subject to a minimum broadcast licence fee of A\$100,000 (about £50,000) per half hour. However, producers tend to apply for the 20% producer offset tax rebate, which requires no minimum broadcast licence fee. As a consequence animation has increased as a proportion of total Australian children's drama production, because commercial broadcasters can satisfy their investment quotas with lower licence fees.

In **Ireland**, the main beneficiary of the licence fee funded Sound and Vision Broadcasting Funding Scheme in respect of children's content has been RTÉjr and the animation industry, because there are no other significant customers for children's content apart from TG4, the Irish language channel. Between June 2015 and January 2016 eight out of ten awards from Sound and Vision went to programming commissioned by RTÉ, accounting for 74 percent of allocated funding. 77% of funding went to six animation projects.

In **Canada**, a combination of tax credits, broadcaster licence fees and at least 12% public funding from the Canada Media Fund public-private partnership have helped to build up the Canadian children's production and broadcast industry with two powerful commercial groupings in Corus and DHX. However animation production experienced a 5.3% fall in

value in 2014/15 to C\$201m compared to a 28% rise for live action children's content to C\$321m. The industry has prospered on the back of high levels of state intervention, which is now being rolled back.

In **Denmark**, public service broadcaster DR and the regional TV 2 channels are barred from applying to the Public Service Fund. However, there are very few other broadcast customers for children's content. Commercially funded broadcasters TV2 and SBS are the main broadcast beneficiaries of the Public Service Puljen fund, but their interest is diminished because programming has to be targeted at the under 14s, and there is a ban on advertising within programming. The Danish Film Institute, which runs the scheme has suggested that the 50% penetration rule be relaxed. Between 2011 and 2013 the scheme funded four dramas at a cost of DKK19.5m (£2m) and developed four more at a cost of DKK1.5m (£160,000).

In **France** funding from the CNC and tax breaks is geared almost entirely towards animation. However, hours of animation are declining. In 2014 the volume of animation commissioned by free to air channels fell 21.8% to 223 hours and investment by broadcasters fell 18.6% to €39.5m (£30.4m).

In **New Zealand** NZ On Air's limited resources make it difficult to fund animation or live action drama, which needs co-funders, although it does fund at least one drama a year. NZ On Air spent about NZ16.1m (£7.5m) on children's content in 2015. In 2014/15 70% of funding went to programming commissioned by TV2. 55% of funding went to three magazine shows, which accounted for 81% of the children's hours funded by NZ On Air.

Tax Benefits

Tax breaks are important in Australia, Canada, France and Ireland. In most cases they are designed to promote overseas investment rather than encourage the production of public service content for children.

In **Australia** the Producer Offset rebate scheme has given a boost to lower cost internationally oriented animation at the expense of more expensive live action drama.

In **Canada** provincial (22%) and federal tax credits (10%) have been very significant for funding Canadian children's and youth production. Combined they have been more important than either broadcast licence fees (26%) or public subsidy from the Canada Media Fund (12%), allowing Canada to fund children's content up to 90% from domestic sources. However a combination of cuts to tax credits, changes to output quotas and the way that channels are sold/bundled on cable threatens to undermine the stability of the system.

In **France** tax credits account for about an 11% share of funding for animation. They are not as significant as broadcaster funding (26%) or subsidies from the CNC (20%), but contribute to French animation being funded by up to three quarters in the French domestic market.

S481 tax credits of 32% have been especially important in **Ireland** attracting overseas productions including *Doc McStuffins* (Disney), *The Amazing World of Gumball* (Turner), and *Octonauts* (Silvergate Media). In 2015 overseas animation accounted for 72% (11) of the animation projects supported by Section 481 and 78% of project value (€38.9m). Tax credits have benefited Irish production as well, allowing RTÉ to participate in a growing number of Irish animation series, which would not have been possible twenty years ago. However there is some volatility. In 2015 the value of animation projects fell largely because of a decline in the value of incoming projects from €70m (£54m) in 2014 to €40m (£31m) in 2015.

Final Thoughts

Most of the current content fund-based interventions are best suited to linear broadcast content.

Benefits seem to accrue to animation production particularly in Canada, France, Ireland and increasingly Australia - in part driven by tax credits and the international attractiveness of animation compared to other forms of local children's content such as drama.

Commercial broadcasters and new aggregators are unlikely to invest significant sums in local children's content unless there is regulation in the form of output and investment quotas.

The most successful support schemes for production have been in Canada and France. But these rely on substantial state intervention in the form of output quotas, investment quotas, levies on commercial players, and the redistribution of funds to producers through subsidies and tax breaks.

In France this system continues unabated. In Canada there are cracks with reduced Canadian output quotas, the removal of terms of trade for independent producers, and a possible reduction of levies as cable operations contract.

While content funds do contribute to the funding of children's television content, in many instances there is a problem with demand. In Ireland contestable funding for children's content has largely benefited commissions from public broadcaster, RTE. In Denmark there are few applicants for funding. In New Zealand there is limited funding and few outlets for funded content. In Australia there are concerns about range and diversity as commercial broadcasters focus on animation programming.

None of the funds, as currently constituted, really significantly address funding for children's content other than television (games, digital content). Nor have they really yet found a solution to distribution and discovery of publicly-funded children's content online.

1 Children's Content in Australia: Funding and Policies

1.1 Market Overview

For many years Australian policy on children's screen content has emphasized the importance of situating Australian children within their own culture and there is state support through quotas and subsidies to achieve this.

However, the system, which has focused heavily on regulation of the commercial free-to-air sector (Channels Seven, Nine and Ten), has come under pressure as the marketplace has become more competitive. As in other countries, there are tensions between the policy objective of supporting a viable industry as well as supporting homegrown content that is culturally relevant to Australian children. Current support measures include:

- Local content quotas on commercial television, contained in the legislative instrument, the Children's Television Standards.
- Direct production and development investment via Screen Australia, state-based organisations (Screen Queensland, Screen Victoria) and the Australian Children's Television Foundation (ACTF).
- Indirect investment via the Producer Offset tax rebate scheme.
- Investment in children's content by public service broadcaster, the ABC.

Combined these schemes have enabled a functioning children's production industry, which exports and coproduces content. However, commercial free to air broadcasting, which was at the heart of a quota system designed to enhance the production of Australian children's content, is no longer as effective as it once was.

First, the place of children's television on general commercial channels looks more vulnerable as audiences shift to dedicated children's channels and online offerings. Second, commercial broadcasters have sought to meet their Australian C drama production quotas with cheaper internationally oriented animation, which qualifies as Australian C drama. Third, the trend towards animation has been encouraged by Producer Offset, which allows access to tax rebates for children's drama with lower cost co-produced animation and no minimum licence fee. Higher cost live action drama, which meets minimum licence fee requirements, and can therefore access subsidies from Screen Australia, is now dominated by ABC commissions.

Quality Australian content for children has flourished in the past due to a mix of regulatory interventions and engagement by commercial broadcasters. As commercial free to air broadcasters scale back their contribution to Australian children's content, public service broadcaster, the ABC, has emerged as the most important supporter of Australian children's content. Like PSBs everywhere it is subject to financial and political pressures.

1.2 Key Players

Public Service Television

The ABC operates two children's channels. ABC3, established in 2009, caters for 6 to 14 year olds and transmits for 16 hours a day. ABC Kids airs on ABC's second free-to-air channel between 5am and 7pm and caters for preschoolers. In March 2015 ABC launched the ABC Kids iview app.

Historically the ABC was not the most important supporter of children's TV, and an earlier effort at a dedicated children's channel, ABC Kids, closed in 2003 after two years because of lack of funding. This changed in 2009 with the launch of ABC3. With AUS\$67m in funding over 3 years to assist the launch, ABC began to recognize that children's provision could underpin its future relevance in multichannel markets.¹⁷ However the resurgence is fragile and since the three-year government tide funding ended in 2012, it has readjusted its commitments to match its budgets.¹⁸

Commercial Free to Air Channels

Channels Seven, Nine and Ten each operate children's blocks on their main channels to meet quota requirements. Following relaxation of these requirements in January 2013, commercial channels can now schedule their children's content across their portfolio of digital channels, which has led to a further reduction in viewing figures. Although commercial channels have been behind some of Australia's most successful drama series such as *Round the Twist* (Seven, 1999-2001) and *H2O: Just Add Water* (Ten, 2006-2008), inconsistent scheduling and lack of promotion across platforms have made it difficult to build loyal audiences in recent years.¹⁹ As the ABC has increased its commitment to the child audience, free to air commercial channels have stepped back, particularly from original children's drama. However, in 2015 Network Ten committed to *The Timeshifters* (26 X 24), an Aus\$15.4m co-production with Essential Media and Entertainment and Carbon Media and with financial support from Screen Australia and Screen Queensland.²⁰

Pay TV Channels

Dedicated children's subscription channels include Disney, Nickelodeon and Cartoon Network and their preschool offshoots, Nick Jr, Disney Junior and Boomerang. BBC Worldwide is also present with CBeebies. All of these channels screen very little Australian content.²¹

¹⁷ Anna Potter, *Creativity, Culture, and Commerce: Producing Australian Children's Television with Public Value* (Bristol, 2015), p.82.

¹⁸ Jenny Buckland, CEO ACTF, Interviewed by Jeanette Steemers (24 February 2016).

¹⁹ Screen Australia, 'Child's Play: Issues in Australian Children's Television' May 2013, p.3. Available https://www.screenaustralia.gov.au/about_us/pub_childsplay.aspx (accessed 28 April 2016).

²⁰ C21 Media, 'Ten boards Aboriginal teen Drama', *C21 Media*. 3 October 2015. Available online <http://www.c21media.net/ten-boards-aboriginal-teen-drama/> (accessed 12 May 2016)

²¹ Screen Australia, 'Child's Play: Issues in Australian Children's Television', p.7.

VOD services, Stan, Presto and Netflix launched in 2015 but these have not yet invested significantly in ‘distinctively Australian children’s content.’²²

1.3 Viewing Trends/Viewing Shares

A report by Australian regulator, ACMA in March 2015 showed a decline in TV audiences because of catch-up and streaming services, but it also showed that the ABC’s channels were more popular than commercial channels.²³ While there was a decline overall in child viewers from 13 to 11 per cent of the potential audience between 2001 and 2013, the drop was sharpest for commercial television, whose potential audience fell from 8.5% to 4.5% during the same period.²⁴

ABC3 retained its position in 2014–15 as the number one ranked daytime channel among Australian children aged 5-12 with an average weekly metropolitan reach of 41.1% of children aged 5-12, slightly down on 43.6% in 2013–14.²⁵ Declines in broadcast viewing in metropolitan and regional areas have been compensated by an increase in online engagement.

1.4 Expenditure and Output

In 2014/15 ABC 3 increased its broadcast hours to incorporate a broader family focus with 36.4% of the linear schedule dedicated to local content.²⁶

Transmissions on ABC Kids the preschool block on ABC2, comprise 95% repeats, 28% Australian content (including repeats) and 2.6% first run Australian originations (see Table 1.1).

Table 1.1 Australian Children’s Content on ABC Kids (ABC 2) 5am-7pm 2014/2015

	Australian First release hours	Australian Repeat hours	Overseas first release hours	Overseas repeat hours	Total
Children’s	127	1224	100	3336	4788

Source: ABC ²⁷

Combined ABC Kids and ABC3 delivered 322 hours of first-run Australian content in 2015, including 25 percent commissioned from independent producers.²⁸ About 65% of the programming budget is allocated to independent productions although these only account

²² ACTF, ‘Corporate Plan for the period July 2015-June 2018’, p. 3. Available online http://actf.com.au/assets/publications/ACTF_2015_2016_corporate_plan.pdf (accessed 10 May 2016)

²³ ACMA, ‘Children’s Television Viewing Research Overview’, March 2015. Available online <http://www.acma.gov.au/~media/Research%20and%20Analysis/Research/pdf/OverviewChildrens%20television%20viewingFinal%20pdf.pdf> (accessed 10 April 2016)

²⁴ Ibid, p. 5.

²⁵ ABC, ‘All About Audiences: Annual Report 2015’, p.48. Available http://about.abc.net.au/wp-content/uploads/2015/10/2014-15_Annual_Report.pdf (Accessed 28 April 2016).

²⁶ Ibid.

²⁷ Ibid, p.214.

²⁸ Anonymous, Interviewed by Jeanette Steemers.

for about 25% of hours.²⁹ About 35% of first run originations are destined for ABC Kids, while 65% are for ABC3.³⁰

Table 1.2 Percentage of Australian children’s content on ABC Kids and ABC 3 (including repeats)

	2014-15	2013-14
ABC KIDS	32.8	26.0
ABC 3	43.9	48.7
Total ABC Kids and ABC 3	38.9	38.1

Source: ABC³¹

Although ABC’s budget for children’s programming is not publicly available, different sources estimate that the budget is approximately AUS\$23m a year (about £10m). This places limits on originations, so it looks to pre-buy (e.g. *Secret Life of Boys* with the BBC) or coproduce, particularly with partners in Germany or Canada. Although it is difficult to find data, it is estimated that commercial free to air broadcasters are spending a similar amount to the ABC. This would suggest total expenditure by Australian broadcasters on children’s programming of AUS\$60m (£29.4m).

The ABC generally commissions drama with funding support from Screen Australia which suggests it is paying minimum licence fees of AUS\$100,000 (£49,000) per half hour for live action drama. There is a particular issue with preschool content, which is underfunded by broadcasters, and cannot always access subsidies from Screen Australia.³²

Animated programmes have increased as a proportion of total Australian children’s drama production. Animation is classified as C drama for the purposes of quotas and subsidies by Screen Australia and regulator, ACMA. In 2013/14 eleven children’s series were shot in Australia. Nine were animated series. Two were live action drama: *In Your Dreams Series 2* (Endemol Australia for Seven) and *Mako Mermaids* (Jonathan M Shiff Productions with ZDF Enterprises for Ten) (Table 1.5).³³ These 11 productions comprised 131 hours with total budgets of AUS\$86m (£42.2m) (Table 1.3)

Table 1.3 Children’s Animation and Live Action Drama Production 2010-2014

	Number	Total Aus\$ m	Hours	Av. Cost/Hour \$m
2010/11	9	65	94	0.69
2011/12	7	53	79	0.67
2012/13	17	94	159	0.59
2013/14	11	86	131	0.66

Source: Screen Australia³⁴

²⁹ Ibid.

³⁰ Ibid.

³¹ ABC, ‘All About Audiences: Annual Report 2015’, p. 125.

³² ACTF, ‘Australian Children’s Television Foundation: Response to the National Cultural Policy Discussion Paper’, 2011, pp. 4&6. Available http://creativeaustralia.arts.gov.au/assets/aus_child_tv_found.pdf (accessed 27 April 2016).

³³ Screen Australia, ‘Children’s TV Drama Titles’, Available online <http://www.screenaustralia.gov.au/fact-finders/production-trends/tv-drama-production/children-s-tv-drama/titles-produced> (accessed 10 May 2016)

³⁴ Screen Australia, ‘Children’s Tv Drama Production’. Available online <http://www.screenaustralia.gov.au/fact-finders/production-trends/tv-drama-production/children-s-tv-drama> (accessed 12 May 2016)

Children’s drama and animation are more likely to be coproduced than adult programmes, accounting for 26% of total hours and 28% of budgets between 2002 and 2012.³⁵ 23 out of 28 co-productions made between 2002 and 2012 were animation. The largest number of co-productions were with Canada (12), followed by France (6).³⁶ The largest source of foreign finance for Australian drama and animation has been German public broadcaster, ZDF, which accounted for approximately half of the AUS\$13m contributed annually by foreign investors between 2007-08 and 2011/12.³⁷ This funding has mainly taken the form of pre-sales or distribution guarantees from ZDF Enterprises, which acts as a sales agent for many Australian series.

Table 1.4 Sources of Finance as a proportion of total finance – five year averages, 2007/8 -2011/12

	Government	Foreign	Film/TV industry (incl. Broadcasters)
Domestic Children’s	18%	25%	46 (36)
Domestic and coproduced	15%	35%	41 (29)

Source: Screen Australia³⁸

Table 1.5 Children’s TV Drama including animation shot in Australia 2013/2014

The Adventures of Bubble Bath Bay	ABC	Bubble Bath Bay Pty Ltd	Animation
Buzz Bumble	Nine	Blue Rocket Productions, Criya Infotainment, Creating Buzz	Animation
Captain Flinn and the Pirate Dinosaurs	Nine	SLR Productions, Telegael, Top Draw Animation	Animation
Exchange Student Hero	Cartoon Network	Fragrant Gummtree Entertainment	Animation
Heidi	7Two/ Seven	Heidi Productions, Studio 100 Animation	Animation
*In Your Dream Series 2	7Two/Seven	Endemol Australia	Live Action
*Mako Mermaids	Ten	Jonathan M Shiff Productions	Live Action
Monster Beach	Cartoon Network	Bogan Entertainment	Animation
Prisoner Zero	ABC	Prisoner Zero Productions	Animation
*Tashi	7Two/ABC	Flying Bark Productions	Animation
Pirate Express	Nine	Sticky Pictures, Atomic Cartoons	Animation

Source: Screen Australia³⁹

*Indicates received subsidy from Screen Australia

1.5 Public Interventions in Children’s Content

1.5.1 Production and Investment Quotas

Public service broadcaster, the ABC, has no production or transmission quotas, so there are no legislative safeguards for minimum local content. When ABC3 launched in 2009 the ABC announced a 40% target for local content (with a goal of 50%). Following cutbacks it announced in 2015 that it was aiming to achieve 25% Australian content on its children’s

³⁵ Screen Australia, ‘Child’s Play: Issues in Australian Children’s Television’, p.5.

³⁶ Ibid, p.7.

³⁷ Ibid, p. 10.

³⁸ Ibid, p.9.

³⁹ Screen Australia, ‘Children’s TV Drama Titles’.

channels as a minimum.⁴⁰ The ABC Annual report shows that this was exceeded in 2014/15, with a 33% share of Australian content on ABC Kids and a 44% share on ABC3.⁴¹

For commercial free to air channels – Seven, Nine and Ten – there are quotas contained in the legislative instrument the Children’s Television Standards or CTS, which were introduced in 1979, and which are intended to secure quality as well as quantity. The CTS do not apply to the ABC. The *Children’s Television Standards 2009* classify children’s programmes into two categories:

- C programmes (for children under 14 other than preschoolers)
- P programmes (for preschool children).

The Children’s Television Standards (CTS) require every commercial free-to-air channel to transmit 260 hours of “C” programming and 130 hours of “P” programming a year.⁴² The 260 hours must include at least 130 hours of first-release Australian children’s content and at least 25 hours a year (or 96 hours over three years) must be first release Australian C drama. There are no regulations on how much broadcasters must invest in originations, but if they spend more than Aus\$100,000 per half hour, the production becomes eligible for subsidies from state-funded Screen Australia. Significantly the definition of C drama in the context of CTS includes animation programming and large parts of the origination quota are now filled with animation. The CTS also apply scheduling conditions.

The quotas are monitored and regulated by the regulator, the Australian Communications and Media Authority (ACMA). Under the 2012 Convergence Review, it was recommended that the quotas (CTS) should be extended to the multiplatform environment, but the government only accepted an amendment, which allows commercial channels to schedule their CTS programming across the range of their channel offerings (multichannels) from January 2013, rather than on their mainstream channel. The commercial free-to-air networks moved most of their foreign children’s content to their digital multi-channels and, as of 1 January 2013, Seven and Nine also moved some of their Australian content to the multi-channels.⁴³ C classified programming has to be targeted at a child audience rather than a family audience.⁴⁴

Seven, Nine and Ten are lobbying for the CTS to be relaxed or abolished on the grounds that children no longer watch these programmes in large numbers, but others have argued that viewing is low because they are poorly scheduled and promoted by commercial channels.⁴⁵ According to Jenny Buckland, CEO of the ACTF,

It is a fact that kids are turning away from television and especially commercial broadcasters. And that is probably a function of two things. It is a function of increased competition from other

⁴⁰ ACTF, ‘Corporate Plan for the period July 2015-June 2018’, p.4.

⁴¹ ABC, ‘All About Audiences: Annual Report 2015’, p.125.

⁴² ACMA, ‘Children’s Television Standards, 2009’, 2009. Available online http://www.abc.net.au/mediawatch/transcripts/1035_children.pdf (accessed 10 May 2016).

⁴³ Screen Australia, ‘Child’s Play,’ p.3.

⁴⁴ ACMA, ‘C and P Programmes’, 4 April 2016. Available online <http://www.acma.gov.au/sitecore/content/Home/Citizen/Stay-protected/My-kids-and-media/Kids-and-TV/c-and-p-programs-i-acma> (accessed 9 May 2016)

⁴⁵ Anna Potter, *Creativity, Culture, and Commerce*, pp.71-72

platforms and kids doing other things. But it is also a self-fulfilling prophecy. If you don't do a very good job of it and don't schedule well, then of course kids won't go where they are not being treated well. They are certainly still watching ABC in large numbers (Interview 24 February).

For the ACTF the question is what happens if the CTS go. One issue revolves around ensuring that ABC is 'adequately funded' to meet its remit to children; the other issue is how do you introduce competition and incentivise commercial players in the new spaces that are emerging.⁴⁶ One solution might be a contestable fund, to which commercial players contribute, so that competition can be created for ABC, but for ACTF 'the primary focus has to be ensuring that we have an ABC that does what a public broadcaster should do.'⁴⁷

Over time channels Seven and Nine in particular have filled their C drama production quotas with animation, which attracts overseas co-production finance although these 'look and feel' more international than Australian.⁴⁸ This trend has been reinforced with the availability of Producer Offset refundable tax rebates since 2006, which can be accessed with a lower broadcaster contribution than subsidies from another funding source, Screen Australia.⁴⁹ Over time the commercial channels have met their C origination obligations with co-produced animation involving international partners.⁵⁰ As animation attracts foreign pre-sales and co-production finance, it is cheaper than investing in live action drama,⁵¹ and this compensates partially for the advertising restrictions around children's content.⁵²

Under the *New Eligible Drama Expenditure (NEDE)* scheme, introduced in 1999, global pay TV channels are required to commit 10% of their programme budget to local drama if they have a schedule comprising more than 50% drama.⁵³ This includes children's drama as a subset of drama, and pay channels do acquire programming that has previously aired on the free to air commercial channels to meet this quota.

While the CTS were originally designed to encourage the production of Australian drama by commercial broadcasters, they are no longer quite so effective in generating identifiably original Australian content because of:

- The shift of viewers to dedicated children's channels and online platforms.
- The use of internationally-oriented animation to meet quotas
- The lack of a minimum licence fee for investment by broadcasters using Producer Offset tax rebates.
- Less effective scheduling and promotion by free to air commercial broadcasters
- The inflexibility of a system, which excludes funding for family entertainment, which might appeal to older children.

⁴⁶ Buckland, Interviewed by Jeanette Steemers.

⁴⁷ Ibid.

⁴⁸ Buckland, Interviewed by Jeanette Steemers; ACTF, 'Corporate Plan for the period July 2015-June 2018', p.4.

⁴⁹ Potter, *Creativity, Culture, and Commerce*, p. 15; Buckland, Interviewed by Jeanette Steemers.

⁵⁰ Potter, pp. 75-77.

⁵¹ Ibid.

⁵² ACMA, 'Children's Television Standards, 2009'.

⁵³ Potter, *Creativity, Culture, and Commerce*, p. 15.

- Regulator ACMA's acceptance of most C drama applications although there are CTS quality criteria.⁵⁴

1.5.2 Direct Funding

Local broadcast licence fees contribute 20-30% of the cost of drama and animation production, with the rest furnished from pre-sales, distributor advances, Producer Offset tax rebates and from publicly funded agencies such as Screen Australia, the ACTF and regional state funders such as Screen Victoria.⁵⁵ With local broadcasters and state subsidies providing up to 50% of production finance for children's drama and animation, the rest is raised from co-production finance, presales and distribution guarantees.⁵⁶ It is accepted that the broadcaster will not cover the full cost of children's drama and animation, which is more reliant on co-production.⁵⁷ In the five years up to 2013, co-productions accounted for 25% of children's drama/animation hours and 30% of drama/animation budgets. Between 2007 and 2012 financial contributions from commercial free to air broadcasters for drama and animation have more than halved from just under AUS\$30m to about AUS\$10m. ABC contributions fell during the same period from about \$5m to about AUS\$2m.⁵⁸

1.5.3 Screen Australia

In 2008 the Australian Film Commission (AFC), Film Finance Corporation and Film Australia were replaced by Screen Australia, which administers subsidies to film and TV productions, including children's television. Screen Australia is an important source of funding, but has suffered several funding cuts in recent years.⁵⁹ Children's drama expenditure by Screen Australia dropped from AUS\$8.3m to \$A6.9m between 2013/14 and 2014/15, but was expected to increase to Aus\$8-Aus\$10m in 2015/16.⁶⁰

Screen Australia will invest up to 45% of the total budget inclusive of 20% Producer Offset tax rebates (which it also administers) for children's programming that airs on any platform including pay TV or subscription video on demand.

- Investment is capped at AUS\$3million.
- There are four funding rounds a year.
- There must be a local presale of at least AUS\$100,000 per half hour from a free to air broadcaster.
- Or there must be a combined local presale of at least AUS\$115,000 per half hour from a combination of free-to-air broadcaster and/or pay channel or SVOD service.

⁵⁴ Anna Potter, University of the Sunshine Coast, Interviewed by Jeanette Steemers (10 February 2016).

⁵⁵ ACTF, 'Australian Children's Television Foundation: Response to the National Cultural Policy Discussion Paper', p.2.

⁵⁶ Screen Australia, 'Child's Play: Issues in Australian Children's Television', p.9.

⁵⁷ Ibid, p.11.

⁵⁸ Ibid, p.9.

⁵⁹ Don Groves, 'Anger at third Screen Australia Cut', 15 December 2015. Available online <https://www.c21media.net/anger-at-third-screen-australia-cut/> (accessed 10 April 2016)

⁶⁰ Ibid.

- For official co-productions the subsidy applies to the Australian part of the budget only.
- Any children’s programming is eligible including animation, live action, preschool or factual programming.
- The primary audience must be children not families.
- Presales do not give the commissioning platform an equity stake.
- Decisions about funding are made by Screen Australia executives in consultation with industry specialists.
- For contributions under AUS\$500,000 funding is provided as a non-repayable grant with no share of copyright; where funding exceeds AUS\$500,000 it will be in the form of a recoupable equity investment with copyright.
- Decisions are made on the basis of quality of the proposal, the potential to connect with the target audience, track record of the team, funding from other sources including overseas and the ‘diversity of the slate’.⁶¹

In 2014/15 Screen Australia approved five children’s productions for subsidy support:⁶²

- *Nowhere Boys* – Matchbox Productions for ABC3;
- *Tomorrow when the War Came* – Ambience Entertainment for ABC3;
- *Mako: Island of Secrets* – Jonathan M Shiff for Network Ten and Disney Australia;
- *Dogstar: Christmas in Space* – Media World Pictures for Nine;
- *My Life in 50 words or less* – Big Chance Films for ABC3.

ABC is now the main recipient of Screen Australia funding. Between 2010/11 to 2014/15 Screen Australia made 21 awards: to ABC (11), Ten (6), Seven (3) and Nine (1).⁶³ For an investment of up to 30% ABC can unlock additional funding up of up to 15% from Screen Australia before it reaches the 45% threshold.

There are also small amounts of money from regional funds that wish to encourage local and international producers to locate production within their region. These include Film Victoria, Screen Queensland, Screen West, South Australian Film Corporation and Screen NSW (New South Wales).

1.5.4 Australian Children’s Television Foundation (ACTF)

The ACTF is an independent company, founded in 1983 and funded by the Commonwealth Government and the governments of all the States and Territories of Australia (except Queensland). This is an important distinction. Each of the federal states contributes money to ACTF, making it less vulnerable to funding cuts and external pressures. Describing itself as a ‘national children’s media production and policy hub’⁶⁴ ACTF was

⁶¹ Screen Australia, ‘Guidelines General Drama & Children’s Programs’, 11 December 2015. Available online <http://www.screenaustralia.gov.au/getmedia/f01b1ad3-c5d5-4c6a-8838-f327084aaf83/General-Drama-Childrens-Program-Guidelines.pdf> (accessed 8 May 2016)

⁶² Screen Australia, ‘Television Development Approvals’. Available online <https://www.screenaustralia.gov.au/funding-and-support/television-and-online/funding-approvals/in-the-archive> (accessed 8 May 2016)

⁶³ Ibid.

⁶⁴ ACTF, ‘Corporate Plan for the period July 2015-June 2018’

created to improve the amount and quality of Australian children's television. It provides development funding and distribution advances for Australian children's productions that reflect the experiences and lives of Australian children.

The ACTF Board meets four times a year to approve funding and acts as a contestable fund for small amounts of funding up to AUS\$40,000. In 2014-2015 it made eight commitments to seven projects totaling \$134,662.⁶⁵ During the same period it committed \$598,000 in distribution advances for 4 projects.⁶⁶ The ACTF's Board of Directors make the final decision on funding. Applications are assessed on quality, cultural relevance, appeal to the audience, track record of the creative team, interest from other investors (particularly in Australia) and whether the project fills gaps in the market.⁶⁷

In 2014/14 the ACTF supported *Little Lunch* (26 X12) for ABC 3, *Ready for This*, a teen drama with ABC3, *My24* for ABC3 and series 3 of *Bushwhacked!* For ABC3.

The ACTF used to collaborate with commercial broadcasters on co-produced live action drama. However, since the commercial channels shifted their originations towards lower cost, co-produced animation, the ACTF has shifted its cooperation to the ABC. This is because the ABC is more likely to pay a minimum licence fee, which triggers Screen Australia funding, making a more ambitious production more likely.⁶⁸

1.5.5 Indirect production investment – Producer Offset

In 2007 Australia introduced the Producer Offset (or the Australian Screen Production Incentive), a tax scheme, based on Qualifying Production expenditure, which allows producers to claim a rebate of 20% on Australian produced television programmes.⁶⁹ The Producer Offset allows children's producers to access state subsidies for cheaper productions, without broadcasters having to commit a licence fee of \$100,000 per half hour required to access Screen Australia subsidies. According to several commentators Producer Offset has benefited the production of internationally oriented co-produced animation rather than productions that 'look and sound Australian'.⁷⁰ Animation productions completed with producer offset have included *Dennis the Menace and Gnasher* (Sticky Pictures 2013), *Vicky the Viking* (ASE Studios, 2012) and *Heidi* (Heidi Productions/Studio 100 Animation 2014). Commercial broadcasters can take a lower stake (35%) and producers then seek additional coproduction funding and tax breaks with Canada, with whom Australia has an official coproduction treaty, or with animation producers in Europe and Asia.

⁶⁵ ACTF, 'Annual report', p. 17.

⁶⁶ Ibid, p. 20.

⁶⁷ ACTF, 'Project Development Guidelines'.

⁶⁸ Buckland, Interviewed by Jeanette Steemers.

⁶⁹ Department of Communication and the Arts, 'Australian Screen Production Incentive'. Available online <http://arts.gov.au/film-tv/australian-screen-production-incentive> (accessed 8 My 2016)

⁷⁰ Anonymous, Interviewed by Jeanette Steemers; Buckland, Interviewed by Jeanette Steemers; Potter, Interviewed by Jeanette Steemers; ACTF, 'Corporate Plan for the period July 2015-June 2018', p.4

Between 2000 and 2010 there was a 73% increase in the number of animation series from 40 to 69. Between 2010 and 2015 the number of animated hours rose 39% from 59 hours to 82 hours a year and total budgets rose 43% from AUS\$44m to Aus\$63m.⁷¹

The Producer Offset supports animation and live action drama production. Before its introduction, children's producers could get up to 40% of funding from the Film Finance Corporation (now Screen Australia) provided they met a minimum licence fee requirement of \$100,000 per half hour. Most live action drama was supported in this way, but not much animation. After the introduction of Producer Offset producers could access a 20% rebate without a minimum licence fee from Producer Offset, and also a subsidy from Screen Australia (for about a 20% investment as it does not fund more than 45% of a production including the offset). This means that producers of live action drama have to now apply for Producer Offset and Screen Australia funding to get slightly less than what they used to get from Screen Australia alone. Animation producers who used to get little from Screen Australia because they could not meet the minimum licence fee, now have access to a 20% tax rebate.⁷²

⁷¹ Screen Australia, 'Focus on Animation'. Available online <http://www.screenaustralia.gov.au/fact-finders/production-trends/drama-production-overview/focus-on-animation> (accessed 8 May 2016)

⁷² Jenny Buckland, Email correspondence, 18 May 2016.

2 Children’s Content in Canada: Funding and Policies

2.1 Market Overview

With favourable support schemes for Canadian children’s television content centred around broadcast quotas, direct funding from public-private partnership, the Canada Media Fund (CMF), and a range of federal and provincial tax credits, Canada has long enjoyed a reputation as a production environment that works for children’s television production.

The system has relied heavily on regulatory interventions designed to promote Canadian content as a whole (including children’s). One constant feature is that to receive funding support from the CMF, independent production funds, or tax credits, production companies have had to secure commitment from a broadcaster licensed by regulator, the Canadian Radio-television and Telecommunications Commission (CRTC).

A broadcast commitment triggers funding from other sources including:

- Direct subsidy from the Canada Media Fund
- Funding from Independent Production Funds (notably the Shaw Rocket Fund)
- Tax Credits applicable to Canadian Production

These funding measures are supported by the following regulatory interventions:

- Direct Parliamentary subsidy of the Canada Media Fund (about a third of CMF’s revenues).
- Direct Parliamentary subsidy of public service broadcaster CBC/Radio-Canada (62% of revenues).
- A 5% Levy on BDUs’ (Broadcast Distribution Undertakings – cable and satellite operators) gross revenues. 3% of this is used to support the Canada Media Fund and Independent Production Funds.
- Prohibition of foreign-controlled children’s services (other than over-the-top internet services such as Netflix, which are currently exempted from licensing). US owned services (Nickelodeon, Disney, Cartoon Network) operate under licences held by Canadian operators (Corus and DHX).
- Licensing of Canadian-owned Children’s Services (YTV, Family, Treehouse, BBC Kids).
- A 35% scheduling quota for Canadian content on Canadian Specialty (niche) and Pay TV Services including Canadian owned children’s services.
- Expenditure quotas for Canadian content on Canadian Specialty and Pay TV Services including Canadian-owned children’s services.
- A 75% independent production quota for Canadian Broadcasters.

Children’s content (defined as under the age of 18) is assured under the 1991 Canadian Broadcasting Act, which states that the Canadian Broadcasting system should ‘serve the needs and interests, and reflect the circumstances and aspirations, of Canadian men, women and children.’⁷³ The Act – article 3(d)(iii) – states that the programming provided by Canadian broadcasting ‘should be varied and comprehensive, providing a balance of information, enlightenment and entertainment for men, women and children of all ages, interests and tastes.’⁷⁴

⁷³ Government of Canada, Broadcasting Act [1991] art. 3(d)(iii). Available online <http://laws-lois.justice.gc.ca/eng/acts/B-9.01/page-1.html#h-4> (accessed 23 April 2016)

⁷⁴ Ibid.

2.1.1 Regulatory and Market Changes 2015/2016

However, in a rapidly changing environment of fragmenting audiences, fragmenting revenues and changes in children's media consumption, there are indications that the long-term sustainability of this system and broadcaster commitment is under strain. Similarly to other countries Canada can be said to be in a transitional and uncertain phase.

Regulator, the CRTC, launched *Let's Talk TV: A Conversation with Canadians* in October 2013.⁷⁵ The CRTC's findings, published in March 2015, herald a more market-oriented approach geared towards consumer choice and less regulatory intervention.⁷⁶ The most important changes with implications for children's content are as follows:

- For pay and specialty (niche) services, a 35% Canadian quota will apply for both daytime and evening periods, to be implemented during 2017/18 licence renewals. This represents a reduction in Canadian content for many commercial Category A children's services such as Treehouse (70% daytime quota), Teletoon (60%), YTV (60%) and Vrak 60%). Quota reductions potentially reduce Canadian content commissions.⁷⁷
- Since March 2016 consumers have more choice over which niche/specialty services they take as part of their cable and satellite packages as a result of the CRTC's decision to let consumers 'pick and pay'.⁷⁸ As children's services are usually bundled within 'basic' packages, this potentially reduces channel subscription income if consumers opt out of 'basic' packages or take fewer children's channels. The risk of reduced income for channels and cable systems and its impact on all commissioning is difficult to foresee, but there have been predictions that the new regime will result in job losses and a reduction in the sector's contribution to the economy.⁷⁹
- Since April 2016 the CRTC no longer intervenes to enforce adherence to the 2011 Terms of Trade (TOT) agreements between broadcasters and independent producers, which are currently included in channel licences. Programming services are now allowed to remove TOT requirements from their licences, and major children's player Corus has undertaken this step. With fewer customers in the marketplace for children's content (Corus, DHX, CBC), the removal of TOT gives large media groups considerable leverage in their negotiations with producers, potentially reducing producers' ability to secure IP and build their businesses on the back of revenues from international and secondary sales.⁸⁰
- The exemption of Over-the-Top (OTT) online services like Netflix from regulatory and licencing measures that support Canadian content for children continues at a time when younger generations are shifting away from cable offerings towards online opportunities.

In *Let's Talk TV* the CRTC has argued that the system as a whole (not just children's) has encouraged producers to operate as a service industry where broadcasters have little at stake in terms of long term development because rights are held by producers. It argues

⁷⁵ CRTC, 'Lets Talk Television: A conversation with Canadians', Available online <http://www.crtc.gc.ca/eng/talktv-parlonstele.htm> (accessed 16 April 2016)

⁷⁶ CRTC, Broadcasting Regulatory Policy CRTC 2015-86. 12 March 2015. Available online <http://www.crtc.gc.ca/eng/archive/2015/2015-86.htm> (accessed 10 March 2016)

⁷⁷ Ibid, para 195.

⁷⁸ CRTC, Broadcasting Regulatory Policy CRTC 2015-96. 19 March 2015. Available online <http://www.crtc.gc.ca/eng/archive/2015/2015-96.htm> (accessed 10 March 2016)

⁷⁹ Stewart Clark, 'Canada TV changes risk C\$1.4bn loss, 15,000 jobs', *Television Business International*, 6 January 2016. Available online <http://tbivision.com/news/2016/01/canadian-tv-changes-risk-c1-4b-loss-15000-jobs/528112/> (accessed 23 April 2016); Peter Miller, 'Canadian Television 2020: Technological and Regulatory Impacts', *Nordicity*, December 2015. Available online <http://www.nordicity.com/media/201615etppftxhmf.pdf> (accessed 10 May 2016)

⁸⁰ CMPA 'Enhanced Terms of Trade more essential in light of Corus' acquisition of Shaw', 13 January 2016. Available online <http://www.cmpa.ca/news-events/news-releases/enhanced-terms-trade-more-essential-light-corus%E2%80%99s-acquisition-shaw> (accessed 10 May 2016)

that both television producers and broadcasters have become reliant on government subsidies resulting in too many (900) undercapitalised companies.⁸¹ The CRTC believes the system is unsustainable and has recommended working towards the development of larger better capitalized production companies as well as the removal of broadcast license agreements in order to access funding for Canadian productions.⁸² However, *Let's Talk TV* did not focus much on the Canadian children's production sector, which already includes large internationally-oriented companies such as Corus, DHX, 9 Story Entertainment, Boat Rocker Entertainment and Shaftsbury Films, who are accustomed to locating funding from many different sources.

2.1.2 Programmes of National Interest (PNI)

Programmes of National Interest (PNI) are designed to contribute to the diversity of Canadian programming and reflect Canadian value and attitudes. The CRTC ensures the production of PNI programming by imposing on ownership groups such as Corus and DHX minimum PNI expenditure requirements and an obligation to allocate a high proportion of PNI expenditures to independent producers.⁸³

Drama, long-form documentary, music/variety programming and award shows are designated as 'Programmes of National Interest' (PNI), but children's content is not. Children's drama and documentaries can be designated as a subcategory of PNI, and some children's programming services do have obligations for children's drama and documentaries.

The rationale for PNI is that although these types of programmes carry greater risk of unprofitability, they are necessary to achieve the objectives of the Broadcasting Act and therefore require regulatory support.⁸⁴

The Shaw Rocket Fund and children's advocacy group, the Youth Media Alliance, have supported adding children's content to the PNI definitions, but the Shaw Rocket Fund has stated that without minimum guaranteed expenditure there is no certainty that more children's programming will be produced.⁸⁵

On 28 January 2016, the CRTC issued a notice of consultation to initiate proceedings to create children's and youth subcategories, which can be monitored in respect of numbers, expenditure, and age categories.⁸⁶ For the Shaw Rocket Fund there is a need to monitor children's programming to see if there are negative impacts arising from the new regulatory environment and whether interventions are needed to protect it.⁸⁷

⁸¹ CRTC, Broadcasting Regulatory Policy CRTC 2015-86. 12 March 2015, Paras 117-118.

⁸² Ibid, Para. 122.

⁸³ Ibid, Para. 275ff.

⁸⁴ Ibid, Para. 296.

⁸⁵ Ibid, Para 287 (Position of Parties)

⁸⁶ CRTC, Broadcasting Notice of Consultation CRTC 2016-30, 28 January 2016. Available online <http://www.crtc.gc.ca/eng/archive/2016/2016-30.htm> (accessed 29 April 2016)

⁸⁷ See: Shaw Rocket Fund. Broadcasting Notice of Consultation CRTC 2016-30 – Call for comments on amendments to the Television Broadcasting Regulations, 1987, Pay Television Regulations, 1990, and the Specialty Services Regulations, 1990, relating to target audience markers. 29 February 2016.

2.2 Key Players

As a result of consolidation the number of broadcasters producers can approach for commissions has significantly reduced.⁸⁸ Commercial free-to-air television (CTV) no longer plays a role in children's television, which is dominated by niche (specialty) channels. Key players in the Canadian market include:

- **DHX** is a Canadian production, distribution and broadcasting company. It entered the broadcast market in July 2014 when it acquired the Family Channel and Canadian iterations of Disney XD, Disney and Disney Junior from Bell Media. These were rebranded as Family CHRGD, Family Channel and Family Jr in October 2015 when rival, Corus Entertainment, took on the Disney channel brands under licence. DHX also has a substantial YouTube presence. Some producers are concerned that the CRTC has allowed DHX to direct up to 40% of Family's Canadian-content spend to its own productions.⁸⁹
- **Corus Entertainment** operates Canadian children's specialty channels Teletoon, Treehouse and YTV. Since December 2015 Corus has run Disney channels (transferred from DHX) under licence, alongside Cartoon Network, Nickelodeon, Telebimbi (an Italian language channel), Tele Niños (Spanish language equivalent). Like DHX it is involved in production and distribution and owns animation producer, Nelvana. In 2016 it acquired Shaw Media assets from Shaw Communications, which suggests it is likely to shift from being predominantly a children's services provider as Shaw's media assets did not include children's channels.
- **Public service broadcaster, CBC/Radio-Canada**, is less central than the commercial companies as it has no dedicated children's service and produces little itself. It provides blocks of programming on its English-language and French-language general channels. On May 20, 2013, the CRTC renewed CBC's broadcasting licence for 5 years.⁹⁰ Concerns were expressed during licence renewal about provision for older children, the over-representation of preschool programming and a lack of transparency about the number of original hours.⁹¹
- **Commercial broadcasters** – Commercial free-to-air broadcasters have largely abandoned children's content since output and investment obligations for children's programming for CTV (Bell Media) and Global (Shaw Media) were removed in 2011 licence renewals.
- **Provincial Educational Broadcasters** – Over the air children's programming is now the preserve of CBC/Radio-Canada and provincial educational broadcasters including:
 - *TvoKids*, a children's programming block seen daily on TV Ontario, Ontario's public broadcasting service.
 - *Télévision française de l'Ontario (TFO)*, a publically funded French language educational channel in Ontario.
 - *Télé-Québec* - a French language public broadcaster in Québec.
- **VOD Players** – OTT players like Netflix and Amazon are growing their subscriber base in Canada and providing a new outlet for local producers. However, Netflix is not a licensed Canadian service and has no obligations to invest in Canadian content. For Canadian producers looking for content investment, a Netflix commission does not yet open up funding from the Canada Media Fund, independent Funds, or Canadian tax credits.

⁸⁸ Dillon, 'State of the industry: Canadian kids TV', *Television Business International*, 21 April 2015. <http://tbivision.com/features/2015/04/hold-tight-the-ups-and-downs-of-canadian-kids-tv-in-2015/420492/>; Kids Screen Staff, 'Consolidation in Canada: Corus to acquire Shaw Media', *Kidscreen*, 13 January, 2016. Available online <http://kidscreen.com/2016/01/13/corus-entertainment-to-acquire-shaw-media/> (accessed 12 April 2016)

⁸⁹ Dillon, 'State of the industry: Canadian kids TV'

⁹⁰ CRTC, Broadcasting Decision CRTC 2013-263 and Broadcasting Orders CRTC 2013-264 and 2013-265. Available online <http://www.crtc.gc.ca/eng/archive/2013/2013-263.htm#bm64> (accessed 12 January 2016)

⁹¹ Ibid, Paras 67-9.

2.3 Viewing Trends/Viewing Shares

Shaw Rocket Fund research shows that between 2010 and 2014, watching programmes on traditional television decreased from 92% to 71% as the preferred method of watching content for 9-18 year English-speaking Canadians. Watching TV on a laptop/pc and on mobile devices increased as the preferred method to 55% and 24% respectively.⁹² By 2014, the number of hours spent a week viewing content via digital technology on laptops, phones and tablets surpassed viewing on TV set by a ratio of 12.96 hours to 10.72 hours.⁹³

The CRTC's 2015 research shows a similar decline in hours of traditional television watched weekly by children aged 2-11 from 22.4 hours in 2009-10 to 20.6 hours in 2013-14. Teen viewing (12-17) declined more (-5.2%) in the same period from 23 hours in 2009-10 to 19.9 hours in 2013-14.⁹⁴

2.4 Expenditure and Output

Data on expenditure and output is positive for 2014/15, but does not yet take account of the impact of regulatory changes initiated by regulator, the CRTC in 2015, or the downturn in cable revenues that underpin state subsidies.

Expenditure on children's and youth production grew in 2014/15 in figures released by the CMPA (Canadian Media Producers Association) in 2015.⁹⁵ Increases in both television and theatrical feature film production pushed children's and youth production up by 12.5% to a 10-year high of C\$514m (Table 2.1). Excluding film (C\$61m), television production rose 7.9% to C\$453m driven largely by increases in live action production.⁹⁶

Table 2.1 Value of Canadian children's and youth production by language and genre

	2013/14 C\$m			2014/15 C\$m		
	Live Action	Animation	Total	Live Action	Animation	Total
English-language	177	208	385	211	196	407
French-language	64	2	66	94	5	99
Bilingual and other	3	3	6	7	0	7
Total	244	212	457	312	201	514

Source: CMPA⁹⁷

⁹² Shaw Rocket Fund, 'Media, Technology & Content Consumption Among Youth' December 18 2015, p. 13.

⁹³ Ibid, p. 14.

⁹⁴ CRTC, 'Communications Monitoring Report 2015, 29 October 2015, p.94. Available online <http://www.crtc.gc.ca/eng/publications/reports/PolicyMonitoring/2015/cmrl.htm#s4> (accessed 6 May 2016)

⁹⁵ CMPA, 'Profile 2015: Economic Report on the Screen-based Media Production Industry in Canada', 2015, p. 73. Available online <http://www.cmpa.ca/sites/default/files/documents/industry-information/profile/PROFILE-2015-ENG.pdf> (accessed 13 April 2016)

⁹⁶ Ibid. p. 47.

⁹⁷ Ibid, p. 29.

However, Canadian animation production declined in 2014/15 by 5.3% to C\$201m (£104m) compared to increases of 28% for live action from C\$244m to C\$312m (£162m). It is worth noting that 97.5% of animation expenditure accrues to English-language productions, whereas 30% of live action expenditure is for French language productions. The CMPA attributes declines in animation to competition from global toy brands who are producing themselves, the longer time it takes to produce animation (18-24 months) and Canada's growing expertise in live action.⁹⁸ Out of 169 children's and youth productions in 2014/15, 158 (94%) were produced for television and 11 (7%) for theatrical release.⁹⁹

According to one commentator Canadian funding schemes have helped the sector grow and deficits are less of an issue for producers, with budgets in 2013/14 requiring just 14% from non-domestic sources.¹⁰⁰ Canadian broadcast licence fees, federal and provincial tax credits and the Canada Media Fund all contribute (Table 2.2).

Table 2.2 Financing of Canadian Children's and Youth TV Production

	2014/15 C\$m	2014/15 %	2005/06 C\$m	2005/06 %
Private Broadcaster Licence Fees	87m	19%	20m	16%
Public Broadcaster Licence fees	31m	7%	17m	13%
Federal Tax Credit	47m	10%	14m	11%
Provincial Tax Credit	100m	22%	23m	18%
Canadian Distributors	43m	9%	10m	8%
Foreign presales	38m	8%	10m	8%
CMF	56m	12%		***
Other Public*	1m	2%	8m	5%
Production Companies			2m	2%
Other Private**	50m	11%	24m	19%
Total	453m	100%	128m	100%

Source: CMPA and Ofcom ¹⁰¹ * provincial governments, government departments; ** production companies, independent production funds like the Shaw Rocket Fund, broadcaster equity, private investors
*** CMF funding comes under other public in 2005/2006

Official co-production money for children's and youth content has dramatically declined since 2005 from C\$135m to C\$47m in 2014.¹⁰²

No children' station or network may carry more than four minutes of commercial messages in any one half-hour of children's programming or more than an average of eight minutes per hour in children's programs of longer duration.¹⁰³ Some stations carry no advertising.

⁹⁸ Ibid, p. 47.

⁹⁹ Ibid, p. 30.

¹⁰⁰ Richard Middleton, 'Capital Ideas', 24 November 2015. Available online <http://www.c21media.net/capital-ideas/> (accessed 10 April 2016)

¹⁰¹ Ibid, p. 60; Also Ofcom, 'The international perspective: the future of children's programming research report, Online Annex, 3 October 2007, p.54. Available online

<http://stakeholders.ofcom.org.uk/binaries/consultations/kidstv/annexes/international.pdf> (accessed 10 February 2016)

¹⁰² CMPA 2015, p. 73.

¹⁰³ Advertising Standards Canada, The Broadcast Code For Advertising To Children, Last update 2015. Available online <http://www.adstandards.com/en/clearance/childrens/broadcastCodeForAdvertisingToChildren.pdf> (accessed 13 March 2016)

2.5 Public Interventions in Children’s Content

The system of public interventions to support children’s content is still heavily focused on the broadcasting of content. The commitment to broadcast is the trigger for other supports including tax credits, which allow Canadian productions to be funded in many cases almost wholly domestically. With consolidation the most difficult hurdle is to secure a broadcaster. Once this is achieved funding might break down as follows:

- 25% from a Canadian broadcaster.
- Up to 49% from the Canada Media Fund – although on average only 20% is available for children’s content.
- An average of 12-15% or up to C\$500,000 from the Shaw Rocket Fund, an independent production fund specialising in children’s content.
- Potentially more funding from another independent fund such as the Cogeco Programme Development Fund if it is a drama.
- Provincial tax credits.
- Federal tax credits.
- Distribution advances.

The system is complex based on different funding streams. According to Agnes Augustin, President and CEO of the Shaw Rocket Fund:

[...] by having a variety of funding available it allows the producer some flexibility on how they finance their programme and I think that is important because as much as it is complex on the one hand, and it could be much simpler, on the other hand it allows the producer to have options on how they finance and how they produce their programming.¹⁰⁴

2.5.1 Production and Investment Quotas

Under new CRTC rules announced in March 2015 under the *Let’s Talk TV* initiative quotas are changing with implications for children’s broadcast content.

Commercial Free to Air Broadcasters

Transmission and investment quotas for Canadian children’s programming on commercial free to air broadcasters, CTV, (owned by Bell Media) and Global (owned by Shaw Media) were eliminated during the last licence renewals of 2011.

Public Service Generalist Channels CBC/Radio-Canada¹⁰⁵

Both CBC and Radio-Canada are required to broadcast 15 hours of content a week for children under twelve, including one hour a week of original Canadian programming on CBC and 100 hours annually on Radio-Canada. The CRTC *expects* 5 hours a week of Canadian programming for youth aged 12-17. This is not a requirement. There are no investment or genre quotas. CBC/Radio-Canada accepts no advertising in programming and websites directed at children under twelve.

¹⁰⁴ Agnes Augustin, President and CEO, Shaw Rocket Fund, Interviewed by Jeanette Steemers (21 March 2016)

¹⁰⁵ CRTC, Broadcasting Decision CRTC 2012-241. Appendix 3. 26 April 2012. Available online <http://www.crtc.gc.ca/eng/archive/2013/2013-263.htm#bm64> (accessed 21 April 2016).

Free-to-Air Provincial Educational Channels

These include channels like TV Ontario and TFO in Ontario, Télé-Québec and the Knowledge Network in British Columbia, among others. The TV Ontario Kids block is the most watched TV channel among children in Ontario, with 70% of its schedule between 6am and 7pm devoted to children's and youth content.¹⁰⁶ Provincial channels have Canadian content quotas and commitments to broadcast weekly amounts of Canadian children's content. TFO (39 hours) and Télé-Québec (21 hours) commit to air specific amounts of children's content in their licences.¹⁰⁷

Category A Specialty Services

Category A specialty (niche) services have to be carried by all digital cable and direct broadcast satellite providers, and no rival company has been able to launch a channel with the same format (genre exclusivity). They have had higher Canadian content obligations than Category B Services and also higher Canadian Programme Expenditure (CPE) requirements. Their service obligations vary but children's channels Teletoon (60%) Treehouse (70%), YTV (60%) and Vrak (60%) have had high Canadian content quotas.¹⁰⁸

However, CRTC regulatory changes remove the distinction between category A and B services and set a lower Canadian content quota of 35% for all services to take effect from forthcoming licence renewals in 2017/18. There are no genre specifications on Canadian content quotas allowing channels to schedule repeats and acquisitions. According to Agnes Augustin of the Shaw Media Fund, 'The concern around genre protection is how do you ensure you have ongoing support for new and original programming for children.'¹⁰⁹

Canadian Programme Expenditure (CPE) requirements for all large groups in respect of conventional TV, specialty (niche) and pay channels remain.¹¹⁰ Télétoon (34%), Treehouse (31%), and YTV (31%) are all required to spend a percentage of gross revenues on acquisition or investment in Canadian programming.¹¹¹

¹⁰⁶ Ontario Educational Communications Authority, TVO – Annual Report 2014-2015, p. 10. Available online <http://tvo.org/sites/default/files/media-library/About-TVO/Annual-Reports/TVO-Annual-Report-2014-15-English.pdf> (accessed 27 April 2016); Also CRTC, Broadcasting Decision CRTC 2015-405, 27 April 2015. Available online <http://www.crtc.gc.ca/eng/archive/2015/2015-405.htm> (accessed 12 April 2016).

¹⁰⁷ CRTC, Broadcasting Decision CRTC 2008-143, 16 July 2008. Available online <http://www.crtc.gc.ca/eng/archive/2008/db2008-143.htm> (accessed 12 April 2016); CRTC, Broadcasting Decision CRTC 2009-444, 24 July 2009. Available online <http://www.crtc.gc.ca/eng/archive/2009/2009-444.htm> (accessed 12 April 2016)

¹⁰⁸ CRTC, Broadcasting Regulatory Policy CRTC 2015-86, Para 173; CRTC, Broadcasting Decision CRTC 2013-737, 20 December 2013, Appendix 3. Available online <http://www.crtc.gc.ca/eng/archive/2013/2013-737.pdf>; Also Appendix 3 to Broadcasting Decision CRTC 2013-737; CRTC, Broadcasting Decision CRTC 2011-446, 27 July 2011. Available online <http://www.crtc.gc.ca/eng/archive/2011/2011-446.htm> (accessed 13 April 2016)

¹⁰⁹ Augustin, Interviewed by Jeanette Steemers.

¹¹⁰ CRTC, Broadcasting Regulatory Policy CRTC 2015-86, Paras 217-19.

¹¹¹ CRTC, Broadcasting Regulatory Policy CRTC 2015-86, Para 173; CRTC, Broadcasting Decision CRTC 2013-737, 20 December 2013, Appendix 3. Available online <http://www.crtc.gc.ca/eng/archive/2013/2013-737.pdf> Appendix 3 to Broadcasting Decision CRTC 2013-737; CRTC, Broadcasting Decision CRTC 2011-446, 27 July 2011. Available online <http://www.crtc.gc.ca/eng/archive/2011/2011-446.htm> (accessed 13 April 2016)

Further since 2011 Télétoon (26%), Treehouse (9%), YTV (9%) and Vrak (18%) are required to spend a percentage of gross group revenues on the acquisition or investment in Programmes of National Interest (PNI), such as Drama and Documentaries. 75% of PNI expenditure must be allocated to independent producers.¹¹² Licences for YTV (90 hours) and Vrak (104 hours) require them to broadcast minimum amounts of original first-run English and French-language programming respectively a year.¹¹³

Category B Specialty Services

Category B pay and specialty services have only had optional carriage on cable systems. They will continue to be subject to a 35% Canadian content quota.¹¹⁴ Category B Children's services include BBC Kids (owned by Knowledge West Communications Corporation) and Canadian-licensed versions of US-owned channels (Cartoon Network, Disney Junior, Disney XD and Nickelodeon). Nickelodeon is required to invest 16% of gross revenues in the acquisition or investment of Canadian programming; and 9% in the acquisition or investment in Programming of National Interest – with 75% of expenditures going to independent producers¹¹⁵

2.5.2 Direct Funding

Canada's cable, satellite and IPTV distributors or BDUs (Broadcast Distribution Undertakings) are required as a condition of their licences to contribute five percent of their annual gross revenues to a public fund or private fund. These are the federal public fund, the Canada Media Fund and independent private funds.¹¹⁶ This is an obligation enforced by the CRTC. From this 5% in general:

- 2 % goes to the cable companies' Community Television Channels to promote local content.
- 3% is for the creation of Canadian programming, and must be allocated to the Canada Media Fund and independent funds, with an option of allocating 20% to certified independent funds. Historically cable companies have split their contributions between CMF and Independent funds such as the Shaw Rocket Fund, which specialises in children's content.

Direct funding from the CMF or independent production funds is dependent on producers securing a broadcasting licence from a Canadian licenced broadcaster. However, there is a realisation that greater account needs to be made of digital funding as consumption patterns change.¹¹⁷ Only the Independent Production Fund has the flexibility to fund programming direct for the web. Access to CMF funding and all other independent funds still requires a broadcaster (although these funds are able to allocate a small percentage

¹¹² CRTC, Broadcasting Regulatory Policy CRTC 2015-86, Paras, 288ff.

¹¹³ CRTC 2013-737; CRTC, Broadcasting Decision CRTC 2011-446, 27 July 2011; CRTC, Broadcasting Decision CRTC 2012-241. 26 April 2012. Available online <http://www.crtc.gc.ca/eng/archive/2012/2012-241.pdf> (accessed 12 April 2016)

¹¹⁴ CRTC, 'Lets Talk Television: A conversation with Canadians', para 195.

¹¹⁵ CRTC, Broadcasting Decision CRTC 2011-446, 27 July 2011

¹¹⁶ Canada Media Fund, 'Funding Contributors'. 2016. Available online <http://www.cmf-fmc.ca/about-cmf/overview/funding-contributors-1/>

¹¹⁷ See: Shaw Rocket Fund. Broadcasting Notice of Consultation CRTC 2016-30 – Call for comments on amendments to the Television Broadcasting Regulations, 1987, Pay Television Regulations, 1990, and the Specialty Services Regulations, 1990, relating to target audience markers. 29 February 2016.

of funding to digital content that extends television programming). According to Andra Sheffer, CEO at the Independent Production Fund:

It is definitely a problem and it is one of the things we are fighting about now, to be able to fund content for whatever platform, whether it is a broadcaster in the traditional context or an Amazon or Hulu or other internet based content distributor. I am very hopeful, that in a few months, federal taxes [breaks] will apply to original web drama, original web content of any kind. The CMF is trying to develop a new programme so that they can fund linear web content as well. So these things will probably happen over the next couple of years, but it has been a battle and we are way behind.¹¹⁸

2.5.2.1 Canada Media Fund

With a commitment from a broadcaster the first port of call for funding is the Canada Media Fund (CMF), established in 1996 as the Canada Television Fund. The CMF is a private-public non-profit partnership supported by direct parliamentary subsidy (about a third of funding) and industry levies on cable and satellite distributors (about two-thirds of funding – see above). It is regulated by the Heritage Department of the Federal Government.

In 2014/15 the CMF supported 799 hours of children’s and youth programming about 29% of total supported content. On children’s and youth content it contributed C\$56m (£29.1m) or 20% of its funding contributions to children’s television production.¹¹⁹ Since 2005/6 the CMF has supported 718 hours on average of children’s and youth TV productions a year.¹²⁰ Since 2005/6 CMF’s contribution to children’s and youth programming rose from C\$46m to C\$56m.¹²¹

In order to access CMF funding, producers have to secure a licence fee from a broadcaster, who agrees to air the production. The CMF supports broadcaster-affiliated and in-house producers, but broadcasters cannot spend more than 15% of their envelope allocation (or 7.5% for documentaries) on broadcaster-affiliated or in-house projects.¹²²

With a commitment to air from a broadcaster, producers can then automatically access the CMF’s Performance Envelope Program (PEP) and Development Envelope Program. These are the CMF’s main funding mechanisms that allocate predetermined amounts of funding to broadcasters in four genres: drama; documentary; variety and performing arts; and children’s and youth.

Funds are allocated to broadcasters on the basis of their track record in supporting Canadian production, audience success and digital media investment.¹²³ The CMF’s contribution to productions is part licence-fee top up, and part equity: the first 20% of funding takes the form of a non-repayable top up and anything above is taken as equity.

¹¹⁸ Andra Sheffer, CEO Independent Production Fund, interviewed by Jeanette Steemers (15 March 2016)

¹¹⁹ CMPA, ‘Profile 2015’, pp. 70-71

¹²⁰ Ibid, p.70.

¹²¹ CMPA, ‘Profile’, p. 71.

¹²² Nathalie Clermont, Director of Program Management, Canada Media Fund Email Communication 6 May 2016.

¹²³ Canada Media Fund, ‘Overview’. 2016. Available online <http://www.cmf-fmc.ca/envelope-administration/overview/> (accessed 12 April 2016)

To be eligible for funding, productions must pass a 10-point Canadian cultural test; rights must be owned by Canadians and the project must be shot in Canada.¹²⁴ For English-language children’s and youth programming the broadcast licence fee threshold is 25% of eligible costs or C\$160,000 per hour whichever is less on all projects.¹²⁵ For French language live action projects the licence fee threshold is 15% (or 35% for projects costing less than C\$750,000). For French language animation the licence fee threshold is 10% of eligible costs. This provides some protection for keeping the licence fee at a certain level.

The 2016-2017 CMF total Program Budget is set at C\$375.2 million. Approximately C\$300m or 80% of this is allocated to the Performance Envelope Program and a further 3% (C\$12m) to the Development Envelope Program.¹²⁶ This is split 2/3 and 1/3 between English language and French language services. The genre allocation in the performance envelope program for 2016-17 proceeds as follows:

Table 2.3 Genre Allocations for 2016-2017 %:

Genre	English	French
Drama	60	54
Children’s & Youth	21	17
Documentary	16	21
Variety & Performing Arts	3	8

Source: CMF¹²⁷

Corus-CMF Page to Pitch Program¹²⁸

CMF administers a small development grant on behalf of Corus Entertainment as part of a non-discretionary tangible time-limited benefit arising from Corus’ acquisition of the Historia, Séries+ and TELETOON channels in 2013. Established in 2015/15 the ‘Corus-CMF Page to Pitch Program’ distributes about C\$600,000 a year for live action and animation projects.

In 2015/2016 C\$500,000 was spent on eight English-language and nine French-language projects.¹²⁹ This is a small development grant compared to CMF’s Development Envelope Program (C\$12m). The scheme encompasses two streams.

- The Page Stream provides a repayable advance of up to 70% of eligible costs or C\$25,000 for story and script development. Funding criteria include originality and creativity of proposal; potential to reach international markets; and track record (of both the creative team and production company)

¹²⁴ Canada Media Fund, Performance Envelope Program Guidelines: 2016-2017, p. 11. Available online http://www.cmf-fmc.ca/documents/files/programs/2016-17/guidelines/2016-17_perf_env_guidelines.pdf (accessed 12 April 2016)

¹²⁵ Ibid, p.18.

¹²⁶ Canada Media Fund, ‘2016-2017 Program Commitment Allocation’, 2016. Available online <http://www.cmf-fmc.ca/documents/files/programs/2016-17/guidelines/2016-17-cmf-program-budget.pdf> (accessed 10 May 2016)

¹²⁷ Canada Media Fund, ‘Advisory for the 2016-2017 Performance Envelope calculations’, 2016. Available online <http://www.cmf-fmc.ca/documents/files/env-admin/calculations/2016-17-pe-factor-weights-genre-allocations-advisory.pdf> (accessed 12 April 2016)

¹²⁸ Canada Media Fund, ‘CORUS-CMF Page to Pitch Programme Guidelines’ May 2015. Available online http://www.cmf-fmc.ca/documents/files/programs/2015-16/guidelines/2015-16_corus_page_pitch.pdf (accessed 29 April 2016)

¹²⁹ Ibid.

- The Pitch Stream provides a non-repayable grant of 75% of eligible costs or C\$25,000 to pay for costs to secure presales. Evaluation criteria include originality of script; originality and creativity of pitch material; quality of promotional plan; track record of production company overseas; and established relationships with foreign buyers.

2.5.2.2 Certified Independent Funds (CIPF)

In addition to the CMF there are independent production funds, regulated by the CRTC, which represent an important source of private sector financing for Canadian content. These are funded by an annual 0.6% discretionary levy on the gross revenues of Canada's BDUs (Broadcast Distribution Undertakings) (see 2.5.2), who can choose to which fund they wish to contribute.¹³¹ In 2014 the total amount of available funding was less than C\$55m. While some offer non-repayable grants, others ask for equity, or a mix of both.

The most important fund for children's content is the Shaw Rocket Fund, which concentrates solely on children's content.

Other funds that support children's content include the Bell Broadcast and New Media Fund (cross-platform digital media and television), the Cogeco Program Development Fund, Film and Creative Industries Nova Scotia (animation and scripted fiction), the Independent Production Fund (drama series for the web), the Saskatchewan Film and Video Development Corporation (animation and children's programming), and the TELUS Fund.

2.5.2.3 Shaw Rocket Fund

The Shaw Rocket Fund (formerly the Shaw Television Broadcast Fund) is a children's media equity fund, financed by communications providers Shaw Communications and Shaw Direct. It not only supports children's productions, but also undertakes a policy role in supporting the sustainability of the children's production sector to ensure that children can continue to access Canadian content.

Policy Work

For the Shaw Rocket Fund, particular challenges for Canadian children's content include: declining levels of funding contributions from BDUS, because of falling cable revenues, limitations on the types of programming that can be funded because of Canadian content rules that demand a broadcast licence, and changing consumption among children.¹³²

The Shaw Rocket Fund has called for a relaxation in funding criteria for independent production funds.¹³³ In particular it has called for the removal of the broadcast licence

¹³⁰ Ibid, p.6.

¹³¹ CRTC, List of Certified Independent Production Funds. 15 July 2015. Available online <http://www.crtc.gc.ca/eng/general/cipfund.htm> (accessed 16 April 2016)

¹³² Shaw Rocket Fund, Broadcasting Notice of Consultation CRTC 2015-467 – Call for comments on the Commission's policies relating to Certified Independent Production Funds, 18 December 2015, para.6.

¹³³ Ibid.

requirement to allow commissions for Canadian audiences by any Canadian owned entity. It wants the removal of the ten percent cap on supporting stand-alone digital content. It has asked for an additional two percent allocation from the funds it receives from BDUs to support discoverability and international initiatives and the removal of a requirement that all online productions must be associated with a broadcaster. It has suggested that instead of the broadcast licence trigger, productions or digital media content should demonstrate reach through other Canadian-owned entities including those that hold Canadian OTT licences (Shomi, Crave TV).¹³⁴ The Shaw Rocket Fund wants to continue to support linear content, but it also wants flexibility to allow the fund to evolve and support content in those spaces and on those platforms where children are accessing it.

Support for Productions

The Shaw Rocket Fund has a budget of C\$15m (£7.8m) in 2015/16. Historically 80% of the productions it supports have also been funded with CMF funding, but in 2015 this dropped to 49% because of lack of allocation or eligibility.¹³⁵

To secure SRF funding projects must have a binding agreement with a broadcaster and meet 8 out of 10 Canadian content certification points (official co-productions qualify too). The Fund is lobbying the CTRC to reduce the Canadian content point requirements to six¹³⁶ and remove the broadcaster licence requirement in order to respond to the multi-platform viewing habits of children.¹³⁷ The Shaw Rocket Fund does not fund programming produced by broadcasters or from producers affiliated with a broadcaster. It seeks recoupment on its investments and as a non-profit organisation, reinvests its recoupment in new children's content.

Preference is given to television projects that:

- Are high quality, creative, original and have the potential for a long shelf life;
- Promote positive role-modeling and cross-cultural representation;
- Have innovative digital media components (website, apps, webisodes, games);
- Demonstrate recoupment potential for the Fund
- Provide closed captioning or audio description.¹³⁸

Standalone digital content is not currently eligible, but digital content derived from Shaw Rocket Fund-financed TV programmes is eligible for up to 75% of the total digital content budget, and historically up to C\$50,000 per application has been funded. Demonstration

¹³⁴ Shaw Rocket Fund, Broadcasting Notice of Consultation CRTC 2015-467 – Call for comments on the Commission's policies relating to Certified Independent Production Funds - Reply, 22 January 2016.

¹³⁵ Shaw Rocket Fund, Broadcasting Notice of Consultation CRTC 2015-467 – Call for comments on the Commission's policies relating to Certified Independent Production Funds, 18 December 2015, para 30.

¹³⁶ Shaw Rocket Fund, Broadcasting Notice of Consultation CRTC 2015-467 – Call for comments on the Commission's policies relating to Certified Independent Production Funds - Reply, 22 January 2016, p.2.

¹³⁷ Shaw Rocket Fund, Broadcasting Notice of Consultation CRTC 2015-467 – Call for comments on the Commission's policies relating to Certified Independent Production Funds - Reply, 22 January 2016, pp.2-3.

¹³⁸ Shaw Rocket Fund, 'Funding Television', 2016. Available online <http://www.rocketfund.ca/funding/television/> (accessed 10 May 2016)

of recoupment of investment in both Canada and internationally is key.¹³⁹

- Since 1994, the Shaw Rocket Fund has contributed over C\$171 million to the financing of Canadian children’s programming.¹⁴⁰
- The historical investment is C\$250,000 (£130k) for a 13 half-hour episode series, and C\$500,000 (£250k) for a 26 x half hour episode series, and C\$250,000 (£130k) for made-for-TV movies or feature films.¹⁴¹
- Since 2005 it has run the annual Shaw Rocket Prize of \$25,000 for the best three programmes in the categories of children’s, family and youth, selected by an international jury of industry leaders and Canadian children, who vote for the winners.
- In 2014, the Fund invested over \$15m (£7.8m) in 45 projects including 31 linear TV programmes and 14 related digital productions

Table 2.4 Shaw Rocket Fund Investments by Audience 2014

Type	Total Investment \$CM	%
Elementary (9-12)	5,459	36%
Primary (6-9)	3,830	26%
Family	2,075	14%
Under 5	1,967	13%
Youth	1,685	11%
Total	15,016	100%

Source: Shaw Rocket Fund¹⁴²

Table 2.5 Shaw Rocket Fund Investments by Genre in 2014

Investment by genre:	Percentage
Drama	77.4%
Magazine	12.9%
Documentary	6.5%
Variety	3.2%

Source: Shaw Rocket Fund¹⁴³

2.6 Tax Benefits

There are a variety of different provincial and federal tax breaks available to producers. In cases of official co-productions, producers are eligible for tax breaks in two countries, but the number of international co-productions has declined from nineteen in 2005 to seven in 2014, and co-production revenue has declined from C\$135m (£70m) to C\$47m (£24m) in the same period.¹⁴⁴ Cogeco Fund supported *Ollie the Boy who became what he ate*¹⁴⁵

¹³⁹ Shaw Rocket Fund, ‘Funding Digital’, 2016. Available online <http://www.rocketfund.ca/funding/digital/> (accessed 10 May 2016)

¹⁴⁰ Shaw Rocket Fund, ‘Annual Review 2014.’ Available online <http://www.rocketfund.ca/wp-content/uploads/2013/07/annual-report2014.pdf> (accessed 29 April 2016)

¹⁴¹ Shaw Rocket Fund, ‘Funding Television’

¹⁴² Shaw Rocket Fund, ‘Annual Review 2014’, p.22.

¹⁴³ Ibid, p.23.

¹⁴⁴ CMPA, ‘Profile 2015’, p. 73.

¹⁴⁵ Sheffer, Interviewed by Jeanette Steemers.

for Kids CBC in 2014, involving UK-based Storycake and Penguin.¹⁴⁶ One of the issues is that as tax breaks have become more complex they involve large banking and interim financing fees, which can reduce the value of the tax credit.¹⁴⁷

2.6.1 Federal Tax Credits

Federal tax breaks include the Canadian Film or Video Production Tax Credit (CPTC), administered jointly by the Canadian Audio-Visual Certification Office (CAVCO) and the Canada Revenue Agency.¹⁴⁸ This offers a 25% refundable tax credit of 25% for qualifying labour costs. To access funding applicants must satisfy rights ownership requirements, local spend thresholds and a cultural test.¹⁴⁹

The Film or Video Production Services Tax Credit Programme (PSTC) is another scheme, covering up to 16% of qualified Canadian labour expenditures on non-Canadian content programmes shot in Canada. This is available to local as well as foreign productions. However, it is not available if the production company has claimed the CPTC.

2.6.2 Provincial Tax Credits

There are a range of provincial tax-credit programmes, which require producers to spend in the province. However some of these have been cut or eliminated.

- **Ontario Film and Television Tax Credit (OFTTC)** OFTTC Ontario offers a 35% tax credit against local labour expenditures, and an enhanced credit rate of 40% on the first C\$240,000 of qualifying labour expenditure for first-time producers. To be eligible, a production must pass a Canadian cultural test – 6 Canadian content points (Unless it is an official treaty co-production), spend 75% of total costs in Ontario and must have a Canadian broadcaster or an Ontario-based distributor on board.¹⁵⁰ However incentives are under threat of being reduced or repealed to balance the books.¹⁵¹
- **The Ontario Interactive Digital Media Tax Credit (OIDMTC)** A 40% tax credit is available for local and foreign production companies for eligible Ontario labour expenditures and eligible marketing and distribution expenses incurred by qualifying corporations that develop and market their own products.
- **Manitoba Interactive Digital Media Tax Credit (MIDMTC)** – This is a refundable corporate income tax credit. Qualifying companies can claim a 40% tax credit on eligible project costs they incur and pay to develop an eligible interactive digital

¹⁴⁶ Nico Franks, 'CBC bites into healthy eating toon' *C21 Media*. 18 March 2014. Available online

<http://www.c21media.net/cbc-bites-into-healthy-eating-toon/> (accessed 10 April 2016)

¹⁴⁷ Augustin, Interviewed by Jeanette Steemers; Sheffer, Interviewed by Jeanette Steemers.

¹⁴⁸ Canada Revenue Agency, 'Canadian Film or Video Production Tax Credit Program', 22 August, 2011, Available online <http://www.cra-arc.gc.ca/tx/nrrsdnts/flm/ftc-cip/menu-eng.html> (accessed 10 April 2016)

¹⁴⁹ PACT, 'Give Kids a Break: The economic case for a children's tax credit', 2014, pp.18.

¹⁵⁰ Ontario Media Development Corporation, 'Ontario Film & Television Tax Credit.' 2016. Available online http://www.omdc.on.ca/film_and_tv/tax_credits/ofrtc.htm (accessed 10 April 2016)

¹⁵¹ Etan Vlessing, 'Cash-Strapped Ontario Reins in Digital Media Tax Incentive.' *Hollywood Reporter*. 3 April 2014.

Available online <http://www.hollywoodreporter.com/news/cash-strapped-ontario-reins-digital-779337> (accessed 10 April 2016)

- media product in Manitoba.¹⁵²
- **Digital Media Tax Credit in Nova Scotia**¹⁵³ The provincial government has moved to reduce the \$24m film tax credit scheme.¹⁵⁴

¹⁵² Manitoba, 'Manitoba Interactive Digital Media Tax Credit (MIDMTC)' 18 January 2016. Available online http://www.gov.mb.ca/jec/busdev/sibd/idm_taxcredit.html (accessed 10 April 2016).

¹⁵³ Nova Scotia Finance and Treasury Board, 'Digital Media Tax Credit' 8 April 2016. Available online <http://www.novascotia.ca/finance/en/home/taxation/tax101/businessstax/corporateincometax/digitalmediataxcredit.aspx> (accessed 10 April 2016)

¹⁵⁴ Katy Parsons, 'Canada Media Fund chides Diana Whalen for tax credit cut 'misinformation'' *CBC News*. 22 April 2015. Available online <http://www.cbc.ca/news/canada/nova-scotia/canada-media-fund-chides-diana-whalen-for-tax-credit-cut-misinformation-1.3044720> (accessed 29 April 2016)

3 Children's Content in Denmark: Funding and Policies

3.1 Market Overview

With less than six million people, Denmark is unusual for having two publicly funded channels for children, run by public service broadcaster, DR (Danmarks Radio).

DR has become virtually the sole commissioner of Danish children's content since commercially funded TV2 scaled back its children's programming. Denmark operates a small public service fund, the 'Public Service Puljen', which is available to commercial broadcasters. At least 25% of the fund has to be spent on children's content. Administered by the Danish Film Institute, the fund is also available to pay channels, which reach 50 percent of the Danish population. Uptake of the funding for children's content by commercial TV has been limited.

There is a strong sense that intervention is necessary to secure Danish language content for children, because the market is so small. According to one producer,

[...] if we want independent non-commercial content based on Danish values and what is going on in the Danish political discussion. If we want that for children we need to have it public service financed. It needs to be license funded because no one else will do it.

3.2 Key Players

DR carries very little children's output on DR1, its main channel. Most children's programmes are aired on the DR Ultra channel for 7-12 year olds, and the DR Ramasjang channel for 3-6 year olds. Historically this is a marked change. Before the introduction of commercially funded television in 1988, DR used to broadcast two slots a day for children.

Ramasjang was launched in 2009, initially for 3-10 year olds. DR launched Ultra for older children in 2013 (7-12) and Ramasjang was then targeted at a younger audience (3-6). Both operate online streaming services and mobile apps (the Ultra app launched in 2016). DR is serious about developing an online presence on mobile platforms and regards YouTube as its main rival.

TV2 is a commercially funded state-owned channel with some public service obligations. Like ITV in the UK it used to have transmission quotas (660 hours a year) and morning slots for children's programming as part of its public service remit.¹⁵⁵ However, these obligations were removed in 2013 and TV2 no longer commissions very much children's programming, not least because advertising is restricted around children's content. TV2 focuses its attention on programming that can reach the whole family.

Other channels available in Denmark include Cartoon Network, Disney and Nickelodeon, and eight publicly funded regional television stations.

¹⁵⁵ Preben Vridstoft, Programme Executive, Executive Producer, TV2, Interviewed by Jeanette Steemers (1 June 2014)

3.3 Viewing Trends/Viewing Shares

DR is the market leader with a 53% share of viewing among children aged 3-7 in 2015, and a 35% share among those aged 8-12.¹⁵⁶ The percentage of time spent watching television by children is declining. When asked which medium they would miss most, 22 percent of 13-29 year olds said YouTube, compared to 7% who would miss public service broadcasting.¹⁵⁷

3.4 Expenditure and Output

DR had income of DKK3.7bn (£384.7m) in 2015.¹⁵⁸ Little is published about expenditure and output. DR receives 84% of estimated DKK4.4bn in licence fee revenues with regional TV stations accounting for a further 11% (DKK504m).¹⁵⁹ According to the Media Agreement 2015-2018, concluded in 2014 DR must spend DKK300 million per year on independent productions.¹⁶⁰

Estimated operating expenses for preschool channel DR Ramasjang in 2015 were DKK70m (£7.3m). For the older-targeted channel DR Ultra operating expenses are higher at DKK187m (£19.4m).¹⁶¹ DR is virtually the only producer of Danish content for children.

Most Danish children's productions are 100% funded by DR. DR does not produce animation. Children's drama is produced by the DR drama department not the children's department, which concentrates on news, factual programming and entertainment. Approximately 50% of DR children's programming originations are produced in-house and 50% are commissioned from independent producers.

TV2 was transmitting about 250 hours a year for children on its main channel in 2014.

¹⁵⁶ TNS Gallup, 'Public service-udvalget Temamøde om børn og unge', 2016. pp. 17-18.

¹⁵⁷ Nordvision, 'Annual Report 2015/2016', p.23. Available online https://en.nordvision.org/fileadmin/webmasterfiles/AArsrapporter/Nordvision_2015-2016_ENG_online.pdf (accessed 2 May 2016)

¹⁵⁸ Ministry of Culture 'Mediepolitisk aftale for 2015-2018' (Media Agreement 2015-2018), 26 June 2014, p.3. Available online http://kum.dk/fileadmin/KUM/Documents/Kulturpolitik/medier/Mediaaftalen/Mediaaftale_2014/Mediaaftale_af_26_juni_2014endelig1.pdf (accessed 20 May 2016)

¹⁵⁹ Ibid, p.11; Also see European Audiovisual Observatory, 'Online activities of public service media: remit and financing,' 2015, p 41.

¹⁶⁰ Ministry of Culture 'Mediepolitisk aftale for 2015-2018', p.3.

¹⁶¹ Ministry of Culture, 'DR's Public Service-Kontrakt for 2015-18', p.17. Available online http://kum.dk/fileadmin/KUM/Documents/Kulturpolitik/medier/DR/Public_Serviceaftale_2015-18/DR_public_service-kontrakt_for_2015-2018.pdf (accessed 20 May 2016)

3.5 Public Interventions in Children's Content

3.5.1 Production and Investment Quotas

The Radio and Television Broadcasting Act (Consolidated Act No. 827 of August 26, 2009)¹⁶² provides the regulatory structure for Danish television. DR and TV2 have Public Service Contracts, which last four years, and define their public service remits.¹⁶³

DR does not have to observe quotas for children's content. Under its public service contract it is obliged to run two public service channels for children and develop and offer digital learning games and news. It is specifically required to provide innovative content online and on television for young people via the DR3 channel.¹⁶⁴ It must spend at least 25% of its DKK57m investment in films on children's content.

TV2's contract requires it to offer high-quality programmes for children.¹⁶⁵ Quality is not defined.

Both DR and TV2 are obliged to invest in Danish films, including children's films.

3.5.2 Direct Funding

3.5.2.1 The Danish Film Institute (DFI)

The Danish Film Institute (DFI) budget for 2015 was DKK499m (£51.8m).¹⁶⁶

DR and TV2 must spend DKK65m a year each on Danish film.¹⁶⁷ The DFI also receives DKK25m a year from TV licence revenues to support film production.¹⁶⁸

The DFI must spend 25% of its resources on children's content. The Danish Film Act of 1982 (chapter 2, §11,2), stipulates that:

At least 25 percent of the resources allocated to the production of feature films and for the production of short films and documentaries, to be used for films for children and young people.¹⁶⁹

¹⁶² Denmark, The Radio and Television Broadcasting Act (Consolidated Act No. 827 of August 26, 2009). Available online <http://www.wipo.int/wipolex/en/details.jsp?id=7950> (accessed 20 May 2016)

¹⁶³ European Audiovisual Observatory, 'Online activities of public service media', 2015, p. 41.

¹⁶⁴ Ministry of Culture, 'DR's Public Service-Kontrakt for 2015-18'.

¹⁶⁵ Ministry of Culture, 'Tilladelse til TV 2 DANMARK A/S til at udøve public service- programvirksomhed', 15 December 2014, Para 23, Available online

http://slks.dk/fileadmin/user_upload/dokumenter/KS/medier/tv/TV_2/Tilladelse/TV2_tilladelse_og_bilag_2015-2018/Tilladelse_til_TV_2_DANMARK_til_at_udoeve_public_service-programvirksomhed.pdf (accessed 22 May 2016)

¹⁶⁶ Danish Film Institute, 'Facts and Figures, Production and Exhibition 2015'. Available online

http://www.dfi.dk/Service/English/Films-and-industry/~/_link.aspx?_id=9995D41EEC0F42A2871D477F86F9F790&_z=z (accessed 3 May 2016).

¹⁶⁷ Ministry of Culture 'Mediepolitisk aftale for 2015-2018', p. 7

¹⁶⁸ Ibid.

¹⁶⁹ Danish Ministry of Culture, Film Act, Act No. 186 of 12/03/1997 (Chapter 2, § 11, PCS.2.)

The DFI funds the development, production and distribution of films and computer games in all genres for children, as well as film education and activities for children and young people.¹⁷⁰ In 2015, it invested DKK45.7m (£4.75m) in 22 children's films/projects.¹⁷¹ It funded three children's films in 2015 and employs one commissioner for children's films and one for children's short fiction and documentary. Under the '60-40 scheme' the DFI may subsidise 60% of the budget for children's films of a more commercial nature.¹⁷²

3.5.2.2 Public Service Puljen

Since 2007 Denmark has operated a small pot of contestable funding for television programming only called the *Public Service Puljen*, which is available to commercial channels not funded by the licence fee. DR and regional TV2 stations cannot apply.¹⁷³

Parliament sets budgets for DR over a 4-year period in advance. If licence fee revenues exceed the amount agreed by parliament then parliament can allocate the excess for other purposes such as regional funding. The Danish licence fee is based on a four-year agreement, approved by Parliament.¹⁷⁴

Originally intended as a one-off sum from excess licence fee revenues, the *Public Service Puljen* has now become a permanent fixture with an annual budget of DKK42.5m (£4.4m) from 2015-2018 including DKK2.5m a year for regional production.¹⁷⁵ For one public broadcaster,

It is not really relevant for us. Except it will be relevant if the politicians decide that it should be much bigger, which means a cut in the overall funding for children's production at DR.

Administered by the Danish Film Institute, the funds are available as grants to support the development and production of Danish TV drama, TV documentaries and programming for children and young people in all genres.¹⁷⁶ Twenty-five percent of the budget is allocated to programming for children's and young people.¹⁷⁷ DR, regional TV 2 stations and 'expensive' pay channels costing more than DKK30 a month cannot apply.¹⁷⁸ Nor is there support for programmes with advertising breaks.¹⁷⁹

¹⁷⁰ Education activities for children were funded with DKK5.6m in 2014 from licence fee revenues, rising to DKK6.7m by 2018. (Source: Ministry of Culture 'Mediepolitisk aftale for 2015-2018', p.7)

¹⁷¹ Danish Film Institute, 'Spillefilm Konsulentordningen - Støttetildeling Børn Og Unge 2015', 4 January 2015. Available online http://www.dfi.dk/Branche_og_stoette/Stoette/Stoettetildelinger/Spillefilm-konsulentordningen-stoettetildeling-boern-og-unge/Boern-og-unge-konsulentordningen-2015.aspx (accessed 22 May 2016)

¹⁷² Danish Film Institute, 'Children and Youth', 2016. Available online <http://www.dfi.dk/Service/English/Children-og-Youth.aspx> (accessed 3 May 2016)

¹⁷³ Danish Film Institute, 'Public Service Pool,' 3 September 2016. Available online http://www.dfi.dk/Branche_og_stoette/Stoette/Public-Service-Puljen.aspx (accessed 1 May 2016).

¹⁷⁴ Ministry of Culture 'Mediepolitisk aftale for 2015-2018', p.11.

¹⁷⁵ Ibid; see also Danish Film Institute, 'Facts and Figures, Production and Exhibition 2015'

¹⁷⁶ Danish Film Institute, 'Public Service Pool'.

¹⁷⁷ DKK 6.7m is allocated to children's media education including web-based material for school and recreational use (Source: Ministry of Culture 'Mediepolitisk aftale for 2015-2018', p.8).

¹⁷⁸ Danish Film Institute, 'Public Service Puljen'. Available online http://www.dfi.dk/Branche_og_stoette/Stoette/Public-Service-Puljen/Boern-og-unge-PSP.aspx (accessed 22 May 2016)

¹⁷⁹ Danish Film Institute 'Public Service Puljen' Presentation, 21 January 2015.

All commercial channels, including pay channels, who reach 50 percent of the Danish population and wish to produce public service content with independent producers, can access this fund. Funded programmes must be shown on a linear commercial television channel (not a public service channel) within twelve months of release.¹⁸⁰ Programmes must be produced in Danish only, and by independent producers.

According to some sources there is significant disquiet in Danish policy circles that publicly funded programmes are carried on pay TV platforms and are therefore not universally available to licence fee payers.

Fund Criteria

The fund supports programmes for children and young people in all genres developed for television as long as they are characterised by ‘originality, significance and quality.’ The pool is a ‘supplement’ to current TV offerings designed to ‘ensure ambitious and well-produced programs for children and young people on Danish television.’¹⁸¹ The general criteria are:

- **Originality:** in content, form or expression. Programmes should not be experimental and elitist, but broad and with wide appeal. They should be different from traditional commercial viewing and contain an element of risk, which the market does not support. For example the fund probably would not fund popular Danish Christmas shows for children.
- **Significance:** content should have cultural, social or societal value to and impact on the community or individual.
- **Quality:** content should have a narrative and production quality that is higher than what commercial stations would usually broadcast. It is likely to be a project or series that would not otherwise be produced.¹⁸²

While there is a 50% limit on funding programming there is no limit on children’s programming, which is often funded up to 65 to 75%.¹⁸³

How is it administered?

Funds are available for both development and production, and applications are assessed in four rounds a year. The Fund’s steering committee consists of three people including a senior executive of the Danish Film Institute and two external assessors with extensive knowledge of television production. The applications are read within three weeks of receipt after which shortlisted candidates are invited for a 30-45 minute interview. Candidates will have received notes from DFI staff members in advance about the

¹⁸⁰ Ibid.

¹⁸¹ Danish Film Institute, ‘Public Service Pool,’ 3 September 2016. Available online http://www.dfi.dk/Branche_og_stoette/Stoette/Public-Service-Puljen.aspx (accessed 1 May 2016).

¹⁸² Danish Film Institute ‘Public Service Puljen’ Presentation; See also Danish Film Institute, ‘Public Service Puljen’.

¹⁸³ Danish Film Institute ‘Public Service Puljen’ Presentation.

strengths and weaknesses of their project, which are then discussed at the meeting. DFI's Executive Board signs off on the funds.¹⁸⁴

The Danish Film Institute receives between eight and sixteen applications for all types of programming for each round and about two-thirds are invited for interview. Of those interviewed about two thirds receive funding. The DFI receives about five applications a year for children's projects and about two or three of these get funding for production or development. The fund can provide between 65 and 75 percent of a children's budget.¹⁸⁵

Since the Fund excludes DR and TV2 regional channels, and since many commercial children's channels do not exceed the 50 per cent reach threshold, most of the children's awards go to TV2 for programming with family appeal which attract larger audiences. Commercial respondents to an evaluation of the scheme between 2011 and 2013 felt that the age limit of 14 was too low and combined with a ban on advertising breaks within programming made the scheme less attractive to commercial channels.¹⁸⁶ Cartoon Network is on the borderline of the 50 percent penetration rate. One its commissions received DKK812,000 (£84,000) from the Public Service Puljen to produce twenty 2-minute shorts with Danish animation studio Copenhagen Bombay.

Between 2011 and 2013 the scheme supported eight children's projects, spending DKK1.5m (£156k) on development and DKK19.5m (£2.2m) on production (see Table 3.1). Many of these programmes are targeted at young people and teens, rather than the under-12s. SBS and TV2 were the only TV stations represented.

Table 3.1 Children's Content Funded by the Public Service Puljen 2011-2013

Title	TV Station	Producer	Budget	DFI Contribution
Productions				
<i>Kia på Julemærkehjemmet</i> – Docu 8 X 42; 687,000 viewers in 2012	SBS/Kanal 4	Sand TV	3,477,027	1,738,514 (50%)
<i>Team Zulu</i> – Documentary 8 X 24 Viewers 1,156 Sept-Oct 2012	TV2/Zulu	Respirator	5,949,065	2,400,000 (40%)
<i>Heartless 1</i> – Drama 5 X 42	SBS/Kanal 5	Fridthjof Film	19,525,085	8,400,000 (43%)
<i>Heartless 2</i> – Drama 5 X 42	SBS/Kanal 5	Fridthjof Film	17,845,645	7,000,000 (39%)
TOTAL SPENT ON PRODUCTION			46,796,822	19,538,514
Development				
<i>FAR PÅ FÆRDE</i> comedy drama 6 X 26	TV2	Cosmo Film	330,111	266,409 (80%)
<i>HÅBET</i> – Historical Drama, 6 X 26	TV2	Zentropa	500,546	400,437 (80%)
<i>MIT FIFTY FIFTY LIV</i> drama 6 X 26	TV2	Eyeworks	330,920	264,736 (80%)
<i>Klubben</i> – Drama 10X 24	TV2	Mastiff	795,960	600,000 (75%)
TOTAL			1,957,537	1,531,582

Source: Danish Film Institute¹⁸⁷

The 50% reach rule on one platform is a barrier, because children often view content across different platforms, rather than simply on television. In an evaluation of the

¹⁸⁴ Danish Film Institute, 'Public Service Pool'

¹⁸⁵ Nanna Mailand-Mercado, Head of Talent Games and Media, Danish Film Institute, Interviewed by Jeanette Steemers (11 April 2016)

¹⁸⁶ Danish Film Institute 2014 'Evaluering af Public Service Puljen 2011-2013', p.35.

¹⁸⁷ Danish Film Institute 2014 'Evaluering af Public Service Puljen 2011-2013'.

scheme it was noted that Nickelodeon wanted to apply but could not meet the penetration requirement and that amendments might support the development of new public service content.¹⁸⁸ Some believe the rules need adjusting to improve support for children's and youth programmes and to allow for Danish content on VOD. According to Nanna Mailand Mercado at the Danish Film Institute,

If you set up a Fund, you have to at least keep it open enough for the development, so you don't lock yourself to something that is too old if that makes sense. (Interview 11 April 2016)

Issues have also arisen about broadcasters retaining ownership of rights subsidised by the fund. Public Service Puljen does not recoup, but if the broadcaster invests 25% and the fund matches this, then the broadcaster will claim 50% of the rights.

3.5.3 Pan-Nordic Funding

Within the Nordic countries there is a long tradition of cooperation, especially between public service broadcasters.

3.5.3.1 Nordvision

Nordvision was established in 1959 by public service broadcasters to promote and strengthen Public Service media in the Nordic region and provide a platform for coproduction, co-financing and content exchange. The partners are DR (Denmark), NRK (Norway), SVT (Sweden), Yle (Finland) and RUV (Iceland). Nordvision has become an important player for the co-financing of children's content, providing funds for both development and production. It is funded by a levy on cable distribution in the Nordic countries.

In 2015 Nordvision members were involved in 232 hours of co-produced children's programming, almost 33% of the 711 hours coproduced by members that year.¹⁸⁹ In 2015 the Nordvision Fund supported 135 projects in total with €14.4m (£11.1m).¹⁹⁰

The Nordvision budget is set by its five members. Producers can apply for match-funding. For example, if the main producer contributes €500,000 to a project, a further €500,000 can be applied for, but there has to be at least one co-production partner contributing €50,000 to the project or several co-producers contributing in total €50 000.¹⁹¹

¹⁸⁸ Ibid. pp. 7-8.

¹⁸⁹ Nordvision 2015-16, p. 32

¹⁹⁰ Nordvision, Annual Report

¹⁹¹ Nordvision, Applying for Nordvision Funding, 5 November 2015. Available online https://www.nordvision.org/fileadmin/webmasterfiles/Nordvisionfonden/Guide_-_applying_for_NV_funding.pdf (accessed 3 May 2016)

In addition to television Nordvision has looked at supporting new forms of digital content that are interactive and not broadcast-based, such as the Rose Code, an idea from YLE which received €15,000 in development funding in October 2015.¹⁹²

3.5.3.2 Nordisk Film and Television Fond (NFTVF)

The Nordisk Film and Television Fond is a pan-Nordic funding body, established in 1990 to 'promote film and TV productions of high quality in the five Nordic countries (Denmark, Finland, Iceland, Norway and Sweden), by providing support for top-up financing of feature films, TV-fiction / series and creative documentaries.'¹⁹³ The Fund supports projects that have significant audience potential primarily in the Nordic countries and secondarily in the global market.

The Fund's DKK 80m annual budget (£8.3m) is funded one-third by the Nordic Council of Ministers, one-third by the five Nordic film institutes, and one-third by 11 Nordic broadcasting partners (which includes DR and TV2).¹⁹⁴ According to the 2015 Annual Report, the fund gives priority to projects for children and youth with 30 out of 123 approvals awarded to children's projects in 2015. These were funded with a total of NOK 15.5m (£1.3m), 19% of the total available.¹⁹⁵

The thirty children's projects funded in 2015 included 5 animated films, nine family films, five documentary films for children and youth and 11 distribution and dubbing grants.¹⁹⁶

¹⁹² Nordvision, 'Annual Report 2015/2016', p.19.

¹⁹³ Nordisk Film&TV Fond, 'Welcome to the Nordisk Film & TV Fond'. Available online <http://www.nordiskfilmogtvfond.com/index.php/about-us/introduction/> (accessed 22 May 2016)

¹⁹⁴ Nordisk Film&TV Fond, 'Our Partners'. Available online <http://www.nordiskfilmogtvfond.com/index.php/about-us/our-partners/> (accessed 22 May 2016); European Documentary Network, 'Nordisk Film & TV Fond Increases Support for Documentaries in 2016,' 12 January 2016. Available online http://www.edn.dk/news/news-story/browse/6/article/nordisk-film-tv-fond-increases-support-for-documentaries-in-2016/?tx_ttnews%5BbackPid%5D=220&cHash=637b2894aaafd0318a37b1b24b0632c8 (accessed 22 May 2016)

¹⁹⁵ Nordisk Film and Television Fond, 'Annual Report 2015,' p.12. Available online http://www.nordiskfilmogtvfond.com/files/1714/6092/5852/NFTF_Annual_Report_2015.pdf (accessed 2 May 2016).

¹⁹⁶ Ibid, p.13.

4 Children's Content in France: Funding and Policies

4.1 Market Overview

There is a long tradition of regulatory interventions in France, dating back to the early 1980s, which are both industrially and culturally motivated. The aim is to support production and employment in France and to protect French culture. Commissioning practices, production quotas, subsidies and tax breaks almost wholly support animation rather than live action productions.

The core of financing and the core of viewing remains television. The system of quotas, levies, targeted tax reliefs and the redistribution of funding to French production, has according to one interviewee been 'very stable and reliable', encouraging broadcasters and producers to invest in French programming, including animation.¹⁹⁷

The strong position of animation is reinforced by agreements between broadcasters and the French animation producers association, the Syndicat des Producteurs de Films d'Animation (SPFA). According to one interviewee, 'There is a very strong power relationship between the political powers, the CSA, the channels and the producers of animation. And they are the biggest export group, bigger than fiction.'¹⁹⁸

Based on substantial support, animation has become France's top export category, surpassing drama and accounting for 34.2% (€46.9m) of French overseas TV sales in 2013 (excluding pre-sales and co-productions).¹⁹⁹ Major markets include Germany and Italy, but not the UK, which is regarded as neither an export destination nor a prominent co-production partner. The French animation business has managed to attract US networks and studios with funding incentives, subsidies and well-supported production studios, achieving some success with animated features such as *Despicable Me*.²⁰⁰ France is also the centre of major events that promote animation – Annecy, Cartoon Forum and Mip Junior.

Both public and private broadcasters are required to devote 60 percent of transmissions to content of European origin, and 40 percent of transmissions to French productions. These rules are strictly monitored by the regulatory authority, the CSA (Conseil supérieur de l'audiovisuel). There are no quotas on the type of children's programmes broadcast.

France also regulates through investment and production quotas. However, these are targeted at animation rather than children's content, with the result that French children's television is less diverse in its offerings. Broadcasters are required to invest directly in cinema and television productions as part of their licence obligations, which vary and are

¹⁹⁷ French Producer, Interviewed by Jeanette Steemers (14 March 2016)

¹⁹⁸ French Consultant, Interviewed by Jeanette Steemers (22 April 2016)

¹⁹⁹ CNC, 'Results 2014: Films, television programs, production, distribution, exhibition, exports, video, new media. No 332', May 2015, p. 40. Available online <http://www.cnc.fr/web/en/publications/-/ressources/6975547> (accessed 12 April 2016)

²⁰⁰ Elsa Keslassy, 'With French animation on Fire in Hollywood, Bizzers are scrambling for their share', *Variety*, 6 September 2013. Available online <http://variety.com/2013/biz/global/with-french-animation-on-fire-in-hollywood-bizzers-are-scrambling-for-their-share-1200600494/> (accessed 10 April 2016)

set by the CSA.

In addition to transmission and investment quotas, public and private broadcasters must also invest a percentage of their annual turnover into a fund administered by the publicly owned Centre national du cinéma et de l'image animée (CNC), which redistributes revenues to fund French audiovisual production including children's content, but mostly animation due to the lobbying of the SPFA as mentioned above.

Unusually compared to the rest of Europe, the French-licensed iterations of US cable and satellite channels, such as the Disney Channel, also have to adhere to output obligations and commit a percentage of their revenues to the production of French content if their broadcast signal originates in France.²⁰¹

In addition to subsidies from the CNC, France also operates generous tax credit schemes that complement state funding, and are also channeled through the CNC. As with CNC subsidies, tax incentives tend to prioritise animation rather than live action content. According to D'Arma and Steemers,

[...] the French policy toolkit appears to be primarily designed to incentivize animation production, as opposed to other types of children's productions such as drama and factual programming...In fact emphasis on animation in French children's television policy might be interpreted as reflecting the prioritization of *industrial* over *cultural* goals by French policy makers.²⁰²

4.2 Key Players

France is a highly competitive children's market with 13 French children's channels and a further 15 foreign-owned channels.²⁰³ The production focus is on animation. According to one interviewee, 'The BBC does a real public service as opposed to France, which produces good animated shows, but it does not have a public service.'²⁰⁴

Public Service Television - France Télévisions

Publicly-funded public service broadcaster, France Télévisions, is now the main broadcast player in French children's television, accounting for 62% of French broadcaster investment in animation (Table 4.1).

This position was reinforced in 2014 with the re-launch of France 4 as a children's and family service. As a consequence children's output has largely disappeared from France 2 and is declining on France 3 and France 5.

In 2014, France Télévisions broadcast nearly 6,000 hours of children's programmes. 1160

²⁰¹ Alice Cahn, Terry Kalagian and Catherine Lyon, 'Business Model for Children's Media', in S. Calvert and B. Wilson (eds) *The Handbook of Children, Media and Development* (Blackwell, 2009), pp. 41-42.

²⁰² Alessandro D'Arma and Jeanette Steemers, 'Children's television: markets and regulation', in: *Private television in Western Europe: content, markets, policies*. (Palgrave MacMillan, 2013), p. 130.

²⁰³ European Audiovisual Observatory. 'Focus on Animation', *European Commission*, 2015. p. 22

²⁰⁴ French Consultant, Interviewed by Jeanette Steemers.

hours more than in 2013 because of the repositioning of France 4.²⁰⁵

- France 4 now accounts for 54 percent of France Télévisions' children's output (3246hrs).
- France 3 caters for the 6-9 age group and broadcast 1,120 hours in 2014.
- France 5 caters for preschoolers and broadcast 863 hours in 2014, down from 1087 hours in 2013 as some programming shifted to France 4.
- The Ludo platform, targeting 6-12 year olds with catch-up and streamed programming was launched in October 2014.
- The preschool Zouzous app reached 375,000 downloads in 2014²⁰⁶

Free-to-Air Private Channels

TF1 is the most popular commercial block for children. Its licence obliges it to air 1,000 hours a year of children's and youth programming, including 50 hours of factual programming. It is also obliged to invest 4.8% of its programming budget in animation. It has a highly commercial outlook and has a strong record with licensed properties such as *Babar*.

M6, the second largest general commercial free to air channel, is required to invest 1% of its turnover in animation and has a 50% EU origination quota for animation. M6 is not a major player in children's television, investing more in feature length animation films to fulfill its commitments.²⁰⁷

However according to one French producer, as children's viewing shifts to dedicated channels, commercial channels have become less interested in children's content 'because it brings your ratings down on a general channel, so they all want to get rid of it and if they did not have the legal obligations they would stop it now.'

Two private free DTT channels contributed to animation production in 2014. Gulli and for the first time, 6ter (owned by M6) invested together €2.4m in 27 hours in 2014, spending 7.8% less than in 2013.²⁰⁸

Gulli's schedule consists of approximately 80% animation (35% is French animation) and 20% live action. Original French programming makes up about 15% of the schedule.²⁰⁹

In addition to Gulli, the Lagardère Group also runs Canal J, aimed at boys, pre-school channel Tiji and seasonal pop up the Santa Claus Channel. Lagardère took control of Gulli in 2014 when France Télévisions sold its 34% stake in order to pursue its plans for France 4.

²⁰⁵ CSA, 'Rapport sur l'exécution du cahier des charges de France Télévisions - Année 2014', December 2015, p.71.

²⁰⁶ Ibid.

²⁰⁷ French producer, Interviewed by Jeanette Steemers

²⁰⁸ CNC, 'Results 2014', p. 94.

²⁰⁹ Pascale Paoli-Lebailly, 'Gulli targets African eyeballs with local content', 30 June 2015. Available online <http://tbivision.com/news/2015/06/gulli-targets-african-eyeballs-local-content/450022/> (accessed 12 April 2016); Jeremy Dickinson, 'Committing to kids and families', 1 April 2014. Available online <http://kidscreen.com/2014/04/01/committing-to-kids-and-families/> (accessed 12 April 2016)

Pay channels

More than twenty children's channels are run by French groups, Lagardère and Canal+, as well as Disney, Nickelodeon and Cartoon Network.

US children's channels are not present on the French DTT platform, because of regulations that restrict non-EU ownership of terrestrial channels to 20%.²¹⁰ Overseas-owned channels that are licensed in France are required to adhere to the same transmission quotas as French-owned channels (60% European content; 40% French content).

Cable and satellite pay TV channels are also required to invest in French animation. In 2014 this amounted to €7m invested in 35 hours, roughly 13% of broadcaster hours and 14.9% of broadcaster investment in animation.²¹¹ US channels (Nickelodeon and Cartoon Network) that are not licensed in France, do not have the same obligations.

4.3 Viewing Trends/Viewing Shares

As in other markets, children's TV viewing hours are declining. In 2014 TV viewing for 4-14 year olds dropped 8.5% to 1 hour and 58 minutes as audiences shift to watching television on other screens or as catch-up TV.²¹² Children's programming accounted for 8.6% of output on national FTA channels. Children's output accounted for 3.2% of all viewing.²¹³

4.4 Expenditure and Output

While data on levels of investment on children's programming other than animation is difficult to find from official sources, data on animation production is extensive, because subsidies and supports are aimed at animation, and most broadcasters focus their children's production on animation to satisfy their licence obligations.

The vast majority of animation – 86% of hours (223) and 85% (€39.5m) of broadcaster contributions – stem from national free-to-air channels (France 3, France 4, France 5, TF1, M6 and to a lesser extent Gulli) (See Table 4.1)

However, in 2014, the volume of animation initiated by free to air national channels fell by 21.8% to 223 hours.²¹⁴ Investment fell by 18.6% to €39.5m. This compares with an average annual animation production volume of 314 hours between 2005 and 2014.²¹⁵ Most of the decline can be attributed to commercial free to air channels who commissioned 39% fewer hours and whose investment declined 53% to €10.4m. France Télévisions is now responsible for 62% of broadcast expenditure on animation and

²¹⁰ C21 TV, 'A Trace of SVoD', *C21 Media*, 28 April 2016. Available online <http://www.c21media.net> (accessed 6 May 2016)

²¹¹ CNC, 'Results 2014', p.94.

²¹² *Ibid*, p.33

²¹³ *Ibid*, p.34

²¹⁴ *Ibid*, p. 93

²¹⁵ *Ibid*, p. 93.

accounted for 54% of commissioned hours in 2014 (See Table 4.1). Online providers' investment in French animation continues to be modest at €200,000 in 2014.

The decline may be partly attributable to declines in commercial revenues for commercial broadcasters, but may also reflect a paring back by general commercial channel TF1 in particular. In 2014 its transmission quota for children's content was reduced from 1000 hours a year to 750 hours, because of increased competition from new dedicated children's channels France 4, 6ter, and the presence of Gulli on the free-to-air DTT platform.

Table 4.1 Broadcasters' Commissions and Investments in Animation supported by the CNC

	Hours as primary broadcaster		Broadcaster €m Contributions		Broadcaster budget contributions %	
	2013	2014	2013	2014	2013	2014
FTA National Public Channels	151	141	27.0	29.1	26.8	27.0
FTA national Private Channels	135	82	21.59	10.4	22.2	21.0
Total Free To Air	286	223	48.55	39.5	24.8	25.1
Pay TV Channels	33	35	8.7	7.0	13.5	14.9
Local TV Channels	3	0	0.2	0.0	10.3	8.7
Online Services	4	2	0.5	0.2	24.2	31.0
Total	326hrs	260hrs	€58m	€46.7m	23.6%	23.8%

Source: CNC ²¹⁶

Table 4.2 Financing of Animation in France € million

	2010	2011	2012	2013	2014
French Financing	138.4	156.4	139.8	161.0	132.5
French Producers	31.1	38.5	36.4	46.3	33.6
Presales in France	9.5	6.1	5.5	7.2	8.7
Broadcasters	50.7	57.9	49.6	58.0	46.7
SOFICA	2.9	5.5	3.0	3.8	2.2
CNC	29.5	30.7	31.0	33.6	29.6
Additional CNC	9.1	12.6	7.1	4.6	5.6
Other	5.7	5.1	7.2	7.6	6.0
Foreign Financing	42.5	60.9	42.0	52.1	45.6
Foreign Co-Productions	31.3	43.4	23.2	25.6	24.4
Pre-sales	11.3	17.4	18.8	26.5	21.2
Total Value € m	181.0	217.3	181.8	213.0	178.1
TOTAL Hours	320hrs	355hrs	298hrs	326hrs	260hrs

Source: CNC ²¹⁷

Looking beyond broadcasting to all sources of funding for animation, French financing fell by 17.7% to €132.5m in 2014, or 74% of the total (Table 4.2). This was largely because of declines in contributions from producers (minus 27%), broadcasters (minus 19%), and from state funding body, the CNC (minus 7.9%). Overseas sources (co-productions and pre-sales), which represent 26% of funding for animation, also fell in 2014 by 12.5%,

²¹⁶ CNC, 'Results 2014', p.94.

²¹⁷ Ibid.

possibly reflecting the global crisis in the funding of children’s programming. In 2014 26% of French animation productions received some overseas investment from co-productions or presales.

Broadcasters are still the largest funders of animation accounting for 26% of animation funding in 2014, followed by subsidies from the CNC (20%), producers (19%) and foreign funding (26%). Pre-sales are heavily orientated to neighbouring countries including Belgium, Switzerland, France and Germany.²¹⁸

A total of 54 French animation producers were active in 2014, compared with 56 the year before. Seven companies were responsible for 50% of the 260 hours produced in France in 2014.²¹⁹ The top five animation companies in 2014 were Xilam Animation (88 hours), Method Animation (46 hours), OuiDo (36 hours), Zagtoon (16 hours), Gaumont (14 hours).²²⁰ In 2013, France’s second largest animation producer, Moonscoop (*Titeuf*, *Geronimo Stilton*) went bankrupt. Some commentators believe this points to fragilities in the system, because broadcasters are commissioning fewer series and contributing less to budgets, particularly commercial broadcasters.²²¹

Table 4.3 Animation Funding in France

Funding 52 X30’ 2D Animation Series, made in France in Euros		
Broadcaster	2,100,000	35%
CNC Subsidy	1,700,000	28.3%
Regional Subsidies	300,000	5%
Crédit d’impôt Tax Break	650,000	10.8%
Investment by Producer	800,000	13.3%
Overseas Presales	200,000	3.4%
Minimum Guarantee Distribution	250,000	4.2%
Total	6,000,000	100%

Funding 78 X 7’ 2D Preschool Animation Series, made in France in Euros		
Broadcaster	1,800,000	36.8%
CNC Subsidy	1,580,000	32.3%
Regional Subsidies	400,000	8.2%
Crédit d’impôt Tax Break	550,000	11.2%
Overseas Presales	200,000	4.1%
SOFICA	100,000	2%
Minimum Guarantee Distribution	263,000	5.4%
Total	4,893,000	100%

²¹⁸ Consultant, Interviewed by Jeanette Steemers.

²¹⁹ Marie-Agnès Bruneau, ‘Method tops French toon studios’, *C21 Media*. 17 June 2015. Available online <http://www.c21media.net/method-tops-french-toon-studios/> (accessed 12 April 2016).

²²⁰ Ibid.

²²¹ Pascale Paoli-Lebailly, ‘France : kids TV at a crossroads’, *TBI Vision*. June 9 2014. Available online <http://tbivision.com/features/2014/06/france-kids-tv-at-a-crossroads/285742/> (accessed 10 April 2016)

Funding 52 X 13' 3D Animation Co-Production France-Belgium in Euros		
Broadcaster	1,400,000	21.2%
Cable/Satellite Broadcaster	250,000	3.8%
CNC Subsidy	1,600,000	24.2%
Regional Subsidies	180,000	2.7%
Crédit d'impôt Tax Break	740,000	11.2%
Producer investment	930,000	14.1%
Overseas Presales	600,000	9.1%
Co-Producer Contribution	500,000	7.6%
Minimum Guarantee Distribution	400,000	6.1%
Total	6,600,000	100%

Funding 52 X 13' 3D Animation Series, France-Australia Co-production in Euros		
Broadcaster	1,400,000	20%
Cable and Satellite licence	220,000	3.2%
Video Advance	50,000	0.7%
CNC Subsidy	1,060,000	15.1%
Regional Subsidies	60,000	0.9%
Producer Investment	1,130,000	16.1%
Overseas Presales	850,000	12.1%
Overseas Co-producer	1,800,000	25.8%
Minimum Guarantee Distribution	430,000	6.1%
Total	7,000,000	100%

Source: French Producer

4.5 Public Interventions in Children's Content

4.5.1 Production and Investment Quotas

In France the Council for Broadcasting (CSA) is responsible for granting licenses and for supervising compliance.

All broadcasters are subject to transmission quotas, which are strictly monitored. While 60% of content must be of European origin, 40% of this content must be of French origin.²²² Most free-to-air children's channels exceed these quotas.

- Children's Channel Gulli surpassed the quota in 2014 with 66.9% European works and 62% French works.
- France 4, France Télévisions' channel for children also surpassed the quota with 77.2% European programmes and 62.6% French programmes.²²³
- TF1 had its 1,000 hour children's transmission quota reduced to 750 hours by the

²²² CSA, 'Diffusion. Obligations quantitatives des chaînes hertziennes nationales gratuites et du service Canal + - Exercice 2014', 3 November 2016. Available online <http://www.csa.fr/Etudes-et-publications/Les-comptes-rendus-et-les-bilans/Les-comptes-rendus-et-les-bilans-des-chaines-de-television-publiques-et-privées/Obligations-quantitatives-diffusion-des-chaines-hertziennes-nationales-gratuites-et-du-service-Canal-Exercice-2014> (accessed 12 April 2016).

²²³ Ibid, pp. 5-6.

CSA in July 2014 because of changes in the landscape with the introduction of two new children’s channels (France 4 and 6Ter) and Gulli’s move to the digital terrestrial free-to-air platform.²²⁴ It retains the obligation to air 50 hours of factual programming a year for children.

- 50% of the animation transmitted by M6 must be of European origin.
- 300 hours of Gulli’s transmissions between 6.30 and 23.00 must be educational.²²⁵

In 2014 France Télévisions had the following transmission quotas for children’s television:

- France2 127 hours
- France 3 1120 hours
- France 4 3246 hours
- France 5 863 hours
- France O 597 hours (provision for overseas French-speaking territories).²²⁶

In addition to transmission quotas, all channels are expected to spend between 12.5% - 20% of turnover on independent productions. Several channels have production quotas for animation, but **not** children’s productions.

Table 4.4 CSA Investment Quotas for Animation – Commercial Broadcasters

6ter	1% of its revenues to be invested in the production of European animation (€103,000). It spent €401,000. 9% of its revenues to be invested in French independent animation productions (€928,000). It spent €1.092m
Group Lagardère (Gulli, Canal J, Tiji)	6% of revenues from Gulli, Canal J and Tiji to be invested in animation productions (€3,557m). It spent €3,566m.
M6	1% of revenues to be spent on French animation production (€5.775m) including 0.67% (Film and TV) spent on independent production. It spent €5.785m.
TF1	4.8% of TF1’s budget for French productions must be spent on animation (€8.366m), including 3.26% spent with French independent producers (€6.275m). It spent €8.7m on animation in 2014 including €6.7m on French independent productions.
Canal Plus	0.155% of group revenues (€2.647m) to be spent on European or French animation production.

Source: CSA²²⁷

²²⁴ CSA, ‘Rapport Annuel 2014’, 3 April 2015, p.65. Available online <http://www.csa.fr/Etudes-et-publications/Les-rapports-annuels-du-CSA/CSA-Rapport-annuel-2014> (accessed 13 April 2016)

²²⁵ CSA, ‘Diffusion’, p.18.

²²⁶ Article 13 du cahier des charges de la société nationale de programme France Télévisions (Cited. in CSA, ‘Diffusion’, p. 18 ; p. 26).

²²⁷ CSA, Obligations quantitatives (production) des chaînes hertziennes nationales - Exercice 2014’, 6 November 2015. Available online <http://www.csa.fr/Etudes-et-publications/Les-comptes-rendus-et-les-bilans/Les-comptes-rendus-et-les-bilans-des-chaines-de-television-publiques-et-privées/Obligations-quantitatives-production-des-chaines-hertziennes-nationales-Exercice-2014> (accessed 15 April 2016)

4.5.2 Direct Funding

4.5.2.1 Centre National du Cinéma et de l'Image Animée (CNC)

The CNC is the body through which subsidies are directed to French production. In 2014 it accounted for 26.6% (€35.2m) of French expenditure on animation and 20% of all expenditure. It also administers French tax credits. Animation represented 5.4% of total hours supported by the CNC in 2014, a slight decline on the 6.0% supported in 2013.²²⁸ In its annual reports children's television production is not a key focus. Operating under the auspices of the French Ministry of Culture and Communication, the CNC was supported in 2014 by taxes on commercial TV services, cinema tickets and video and VOD revenues. (Table 4.5).

Table 4.5 Funding Sources for the CNC in 2014

Tax on Cinema Tickets	€143.9m	21.6% (+10.5%)
Tax on Commercial TV Services	€498.5m	75.0% (-12.9%)
Video and VOD Tax	€22.5m	3.4% (-12.6%)
Total	€664.9	100%

Source: CNC²²⁹

Levies on commercial television (€498.5m) provide the largest source (75%) of revenues for the CNC, but declined in 2014. Taxes on VOD represent only 3.4% of CNC funding (€22.5m).

Cosip

The CNC operates an 'automatic subsidy' system, which can be accessed by any French-based production company provided it is more than 50% owned by companies based in the EU and has produced at least one programme previously shown on French television. British companies owned by a French studio can benefit from Cosip.

Subsidies can be claimed for live action programming, animation or documentaries. In 2014 €201.93m was allocated as automatic support for television, and some of this was allocated to children's television programming, mostly animation.²³⁰ To access CNC funding, at least 25% of the French funding for projects supported by the scheme must be secured through one or more broadcasters.²³¹

Access to the fund is automatic except for the first time when producers have to submit their idea to a committee. Once the producer's first production is broadcast, an equivalent amount of money is automatically put into the producer's CNC account or envelope for their next production.

²²⁸ CNC, 'Results 2014', p. 93.

²²⁹ Ibid, p. 174.

²³⁰ Ibid, p 174.

²³¹ French Producer, Interviewed by Jeanette Steemers.

To qualify for funding the production must meet 14 points on a European quota system based on European employment. For animation productions this includes areas such as initial concept, scripts, music, director, storyboarding, backgrounds, compositing, post-production and 50% of animator salaries.

If international partners are involved additional conditions must be met.²³²

- 30% of the total budget must be spent in France
- 30% of the total budget must be financed by French companies
- 25% of French financing must be provided by one or several French networks (free to air, cable or satellite). This can reduce to 20% if International pre sales compensate for the 5% difference.
- CNC funding must not represent more than 40% of the French portion of the budget
- All public money including tax credits must not represent more than 50% of the French budget.

The maximum amount which can be raised for an animated series of 26 commercial half hours ranges from €460,000 (if a minimum of €1,580,000 is spent in France) to a maximum of approximately €1,300,000 (if €4,550,000 is spent in France). If the production scores 30 points out of a total of 36 creative points and 36 out of a total of 60 technical points then an additional €263,000 is available. If the production scores 30 points out of a total of 36 creative points and 45 out of a total of 60 technical points, then an additional €394,000 is available.²³³

If the CNC believes that all conditions have been met 75% of the subsidy is released. On completion of the production and submission of the accounts, the CNC releases the final 25% of funding. Once the programme has been broadcast on French television, the CNC allocates to the producer a proportion of the overall subsidy allocated to that particular genre. The proportion is calculated by comparing the number of hours broadcast and the duration of the subsidized programme. The producer can then use the credited amount for their next show, provided it is used within two years.²³⁴

2011 saw the launch of '**Web Cosip**' to support development and production of projects on the internet. This scheme does not require a broadcaster and funds are allocated by a committee.

Development grants and aid for creating pilots for television series are also on offer. Such funding is provided to around twenty pilots each year. Commitment by a broadcaster is not required to receive the aid.

In conjunction with Web Cosip, the **New Media Fund** also provides funding for online productions on the web or on mobile devices. Authors and producers are eligible for writing and development funding for projects with a transmedia aspect.²³⁵

Set up in 2005 the Audiovisual Innovation Fund, funds the development of one-off television projects, short films, productions or series. The projects are preselected

²³² French Producer, 'CNC Memo', 7 March 2016.

²³³ Ibid.

²³⁴ Ibid.

²³⁵ The Communication Directorate, 'The CNC and Animation', CNC, February 2012, p.3.

anonymously, before judging by an expert committee. The fund supports writing and also development.²³⁶

The **Support for French and European Works Intended for Video on Demand** was set up in 2008.²³⁷ It supports the distribution and promotion of French and European film and audiovisual works on VOD platforms.

Table 4.6 CNC Support for Animation in 2014

Scheme	Beneficiaries and purpose	Awards in 2014
Support fund for innovative TV broadcasting	Includes animation To encourage new scriptwriters and new talent	<i>Scriptwriting</i> 12 animation projects were supported with €123,000 <i>Development support</i> – 19 animation projects were funded with €515,000 <i>Support for rewriting</i> – Eight animation projects were supported with €88,000
Animation Pilot Support	Animation Producers To encourage pilots	€227,000 was awarded to eleven animation pilots
Automatic Support	Producers who have already produced and broadcast on French TV channels or online services To fund new TV works	€149m was allocated including €17.7m for animation.
Advances on rights to automatic support for production	Producers who have used up their automatic support To fund new works	€38.1m was allocated including €4.3m for animation
Selective support for production of TV programmes	For those without an automatic account To fund TV	€27.5m was allocated including €7.6m for animation
“Web Cosip”	Producers with an automatic TV account. Development and production of TV works on the internet	€2.9m was awarded for 75 projects

Source: CNC²³⁸

²³⁶ Ibid.

²³⁷ The Communication Directorate, ‘The CNC and Animation’, p.3.

²³⁸ CNC, ‘Results 2014’, p. 180.

4.5.2.2 Regional Funding

The CNC also provides support for local initiatives through different regional bodies such as CITiA in Annecy and MAGELIS in Angoulême, which assists 20 animation studios.

4.6 Tax Benefits

The two most important tax credit systems for children’s television and animation are – the Crédit D’impôt Audiovisuel, and Crédit d’impôt International or TRIP.²³⁹

4.6.1 Crédit d’impôt international Audiovisuel – Television Production Tax Credit

The *crédit d’impôt* operates as a tax credit, within the framework of the broader CNC support structure for French domestic production and is designed to address market failure. It was created in 2005 to assure cultural diversity, the financial viability of domestic content produced in France, and stimulate the competitiveness of the French production sector.²⁴⁰

There is a cap of €4m per project. Certification is managed by the CNC, with the French tax authorities responsible for final payment.²⁴¹

In 2014 total eligible expenses were €459m for 503 broadcast works. According to the CNC, for every €1 of TV Broadcasting Tax credit paid, €12.9 is invested in the sector and €3.9 are collected in tax revenues.²⁴²

In 2014 the tax credit was raised from 20% to 25% for animation, and the animation cap was increased from €1300 per minute to €3,000 per minute.²⁴³

4.6.2 TRIP/Crédit D’impôt International

Introduced on 1 January 2009, the CNC also runs the Tax Rebate for International Production (TRIP), which is the international counterpart of the domestic French Crédit d’impôt. This is for productions initiated by overseas companies, who cannot access the CNC’s Cosip scheme.

²³⁹ Jonathan Olsberg and Andrew Barnes, ‘Impact analysis of fiscal incentive schemes supporting film and audiovisual production in Europe’ *European Audiovisual Observatory*, 2014, p. 25.

²⁴⁰ CNC, ‘Results 2014’, p. 181

²⁴¹ Olsberg and Barnes, ‘Impact analysis of fiscal incentive schemes’, p. 74.

²⁴² CNC, ‘Results 2014’, p. 181

²⁴³ Ibid.

The rebate was raised in 2016 to 30% from 20% of eligible expenses in order to compete with other tax relief systems.²⁴⁴ Up to €30 million can be claimed, increased from €20m before 2016.

In 2014 13 projects were approved including two animated series – resulting in €50m in investment. The CNC claims that every €1 of international tax credit results in €7 spent in the sector; and leads to €2.7m in tax revenues.²⁴⁵

To qualify for TRIP, a film or audiovisual production must satisfy 18 out of 38 eligibility points. Animation productions must satisfy a minimum of 36 out of 74 points.²⁴⁶ Official co-productions with France do not qualify. A minimum of €1m of qualifying expenditures must be spent in France, or 50% if the budget is below €2m.

4.6.3 Soficas

France's *Sociétés de Financement de L'industrie Cinématographique et de L'audiovisuel*, or SOFICAs, have been operating since 1985. Producers can set up SOFICA structures for various productions to benefit from tax breaks. Investor's income tax liability is reduced after holding shares for a period of five years.²⁴⁷ They are not hugely significant for animation, accounting for €2.2m of funding in 2014.²⁴⁸

There is a trend away from tax shelters towards rebate systems. This reflects concerns among governments and the production sector about the tax shelter model, which is seen as complex and open to potential abuse.²⁴⁹ Tax credit schemes are thought to give national authorities greater control over eligible expenditures.²⁵⁰

²⁴⁴ In 2013 CNC provided 74.9m for TV drama made in France for domestic and international audiences. (PACT, 'Give Kids a Break: The economic case for a children's tax credit, 2014, pp 19)

²⁴⁵ CNC, 'Results 2014', p. 182.

²⁴⁶ CNC, 'The Tax Rebate for International Productions (TRIP)' Available online <http://www.cnc.fr/web/en/tax-rebate> (accessed 10 April 2016).

²⁴⁷ Olsberg and Barnes, 'Impact analysis of fiscal incentive schemes', p. 23.

²⁴⁸ CNC, 'Results 2014'

²⁴⁹ Olsberg and Barnes, 'Impact analysis of fiscal incentive schemes', p. 29.

²⁵⁰ Ibid.

5 Children’s Content in Ireland: Funding and Policies

5.1 Market Overview

Where there was once little support for local content, Ireland now offers a range of schemes including generous tax credits to support local production, attracting substantial amounts of foreign investment for international shows such as *Doc McStuffins* for Disney and *The Amazing World of Gumball* for Cartoon Network. Support measures in Ireland seek to strengthen Ireland’s production and broadcast sector as a source of employment and export revenues. However, they also need to be seen within the context of national heritage, and Ireland’s position as a net importer of content and recipient of spill over programming from a larger same-language neighbour, the UK.²⁵¹

One feature of the Irish system relevant to the UK is contestable Sound and Vision funding administered by regulator, the Broadcasting Authority of Ireland (BAI), and funded from the licence fee.²⁵² This accounts for a small proportion of funding, but is part of a range of sources that producers can access – including the Irish Film Board and the EU-funded Creative Europe scheme. Analysis of Sound and Vision funding awarded for children’s projects shows that these are overwhelmingly awarded to projects commissioned by public service broadcaster, RTÉ. Like many other contestable schemes the system is broadcast-based. It provides more support to animation projects than other forms of children’s content.

Additional funding for children’s content (principally animation) is available from the Irish Film Board and Screen Northern Ireland. However, the most important intervention in Ireland is the Section 481 tax credit, which is available for feature films, TV drama, documentaries and animation. In 2015 overseas animation accounted for 72% of the animation projects supported by Section 481 and 78% of the value. Between 2010 and 2015 the scheme contributed to €425m of animation production, but numbers can be volatile. In 2015 the value of animation declined 42% from €85.6m to €49.6m, including a 44% decrease in the value of incoming animation projects.

While there is a strong industrial motivation for support measures, culture also plays a role. Research into the effectiveness of the Sound and Vision programme, for example,

noted how important it is to create Irish programmes for young Irish people (children, teenagers and young adults) in order to pass on Irish culture and to avoid them becoming overly “Americanised” by the inevitable weight of US/UK programmes they are exposed to. Those with young children are particularly supportive of good quality children’s content, feeling in many instances that the current quality of Irish children’s programming is comparatively poor (compared to foreign-originated programming and to the quality of other programme genres generally).²⁵³

²⁵¹ Flynn, ‘Public service broadcasting beyond public service broadcasting’, p. 139.

²⁵² Crowe Horwath, ‘Report to the Broadcasting Authority of Ireland Statutory Review of Sound and Vision II’, 10 June 2013, p. 71.

²⁵³ *Ibid*, p. 29.

5.2 Key Players

Ireland is a highly competitive market because of the presence of UK-based channels (CBeebies and CBBC) and a range of transnational players (Disney, Cartoon Network, Nickelodeon).

Public Service Television

Public service broadcasters RTÉ (Raidió Teilifís Éireann) and Irish language service TG4 are funded through a mix of licence fee revenues, Exchequer grant and commercial revenues. In 2014 RTÉ received €178.6m (£136m) in TV licence revenues and €149.6m (£114m) from commercial sources, primarily advertising.²⁵⁴ The key Irish players for children's content are:

- **RTÉjr** – This is RTÉ's advertising free daytime channel for children under the age of seven. Launched in 2011, first as a block on RTÉ2, it is delivered across four platforms: digital terrestrial television, radio, online and mobile. It broadcasts each day from 7am to 7pm. In 2014 RTÉjr commissioned 89 hours of programmes including four observational documentary series (*Our Farm, Out and About, Our Seaside* and *Zara World*); two wildlife series *Shutterbugs* and *Wild Things*; a nature series (*Bughunters series 2*); a sports entertainment series (*What's your game?*) and an educational entertainment series (*WOOhoo Splash!*). Four animation series were also commissioned – *Zig and Zag*, *Puffin Rock (series 2)*, *Wildernuts (series 2)* and *The Day Henry Met*. RTÉjr also launched a preschool series *Twigín* with a new digital *Twigín* game for the App.²⁵⁵
- **RTÉ2** – This is RTÉ's channel for the under 35s which is promoted as 'the home of sport and children and young people's daytime television'.²⁵⁶ During the morning and early afternoon RTÉ2 broadcasts content for younger children including animation imports (*Peppa Pig, Bob the Builder*) and Irish animation (*Puffin Rock, Wildernuts*). RTÉ2 also broadcasts a dedicated teenage magazine series on weekdays through term time.²⁵⁷
- **TRTÉ** is RTÉ2's programming block for youngsters aged 7-11. It broadcasts a daily magazine series, *Elev8*, and has commissioned music reality series, observational documentaries (*Big Wave Bootcamp*) and a marine wildlife reality series, *Blue Zoo*, co-produced with ABC Australia.
- **TG4 / Cúla4** – In 1996, the Irish language public service broadcaster TG4 established its children's television programming block under the name *Cúlabúla*. This was re-branded as Cúla4 in 1999. This shows 5 hours of programming a day, including re-voiced animation acquisitions (*Dora the Explorer*).

²⁵⁴ RTÉ, 'Annual Report and Group Financial Statements 2014', 2015, p.10, Available online <https://static.rasset.ie/documents/about/rte-ar2014.pdf> (accessed 2 March 2016)

²⁵⁵ RTÉ, 'Re: Funding for Irish Children's content - comparisons with the UK' (10 May 2016) Online, Email.

²⁵⁶ RTÉ, 'Annual Report and Group Financial Statements 2014', p.23.

²⁵⁷ RTÉ, 'Re: Funding for Irish Children's content - comparisons with the UK'.

Free to Air Private Channels

- **TV3** is Ireland’s main commercial channel. It has no blocks of content for children.

5.3 Viewing Trends/ Viewing Shares

RTÉjr is the number one children’s channel amongst 4-7 year olds in Ireland and is also the first choice children’s channel amongst homemakers with children aged 0-3.²⁵⁸

The RTÉjr app had an average of 623,000 views per month in 2014.²⁵⁹ In 2014 the RTÉjr site had almost half a million-page views, with a monthly average of 40,000 page views.²⁶⁰

5.4 Expenditure and Output

Children’s content and particularly animation are funded from a variety of sources, including broadcasters (foremost RTÉ), the Broadcasting Authority of Ireland’s Sound and Vision Fund, the Irish Film Board, Section 481 tax breaks and overseas investors. While funding for animation is documented across different schemes, data about funding for other types of children’s content is not so readily available.

Out of a total Irish audiovisual production expenditure of €388m in 2010 approximately €29.7m (8%) was spent on animation, including €20m from Irish sources.²⁶¹

Table 5.1 Funding Sources for the Irish Animation Sector in 2010

Irish	€m	%
Irish Film Board	0.4	1.3
BAI	0.7	2.4
RTÉ	0.4	1.3
TG4	0.6	2.0
TV3	0.0	0.0
Net Section 481	4.8	16.2
Other (Private Equity)	6.1	20.9
Sub-Total	13.0	43.8
UK	2.2	7.4
Other EU	0.3	1.0
US	3.5)	11.8
Other	10.7	36.0
Sub Total	16.7	56.2
Total Irish and Non Irish	29.7	100

Source: Crowe Horwath²⁶²

²⁵⁸ RTÉ, ‘Annual Report and Group Financial Statements 2014’, p.24.

²⁵⁹ Ibid.

²⁶⁰ RTÉ, ‘Zig and Zag are back - RTÉjr celebrates its 2nd birthday’, 2016, Available online <http://www.rte.ie/about/en/press-office/press-releases/2015/0415/694257-zig-and-zag-are-back-rtejr-celebrates-its-2nd-birthday/> (accessed 2 April 2016)

²⁶¹ Crowe Horwath, ‘Report to the Broadcasting Authority of Ireland’, appendix 2, pp. 4-6.

²⁶² Ibid, p.9.

In 2011 Irish expenditure on animation rose to €48.1m.²⁶³ In the same year funding from section 481 tax credits totalled €31.4m.²⁶⁴

Expenditure on animation can be volatile, peaking in 2009 with €57.6m, when it accounted for 24% of Irish production expenditure, before dropping to €29.7m in 2010 and then rising again to €48.1m in 2011.²⁶⁵ This volatility is precipitated by the rise and falls of incoming funding from the UK and also the US.

A range of funders and support schemes typically fund Irish animation. For example Dublin-animation studio Wiggleywoo secured a number of supports for its 2013 pre-school animation *The Day Henry Met*.

CASE STUDY – The Day Henry Met / Wiggleywoo Works²⁶⁶

The Day Henry Met (26 x 5mins) is a pre-school series produced by Wiggleywoo Works. It launched at MIP Junior in October 2015 after screening on RTÉjr in July 2015. In April 2015 it won the ‘Pulcinella Award for the Best European Work at Cartoons on the Bay in Italy.

Season 1 was produced with a €1.2m budget funded by:

- RTÉ Jr
- The Irish Film Board - €120,000 in 2014
- Creative Europe - €130,291 (8.7% of budget) from the TV Programming Support Scheme
- Section 481 Tax breaks
- Broadcast pre-sales by Ireland-based distributor Monster Entertainment to Canada’s TVO, YLE in Finland and SVT in Sweden.

Series 2 has been re-commissioned by RTÉjr. The second series received €100,000 (10% of budget) from the Sound and Vision 3 Scheme (in January 2016).

5.5 Public Interventions in Children’s Content

5.5.1 Production and Investment Quotas

Under current legislation Irish channels have no children’s content quota obligations for transmissions or production. RTÉjr must ‘meet the needs of young children through a diverse schedule’,²⁶⁷ and ‘offer quality Irish cross-platform content for children’.²⁶⁸

RTÉ claims that 31 percent of RTÉjr’s content is domestically produced and sourced either in-house or from independent producers. RTÉjr co-funds three to four Irish animation projects a year usually with contributions from the Sound and Vision fund, Irish Film Board

²⁶³ Indecon, ‘Review of Section 481 Film Relief on behalf of IBEC’s Audiovisual Federation’ 2012, pp.10-11 <http://taxpolicy.gov.ie/wp-content/uploads/2012/09/Indecon-Report.pdf> (accessed 2 May 2016).

²⁶⁴ Ibid, p. 13

²⁶⁵ Crowe Horwath, Appendix 2, p. 5.

²⁶⁶ Mercedes Miligan, ‘Wiggleywoo Works ‘Day Henry Met’ Sales,’ *Animation Magazine*, 16 July 2015. Available online <http://www.animationmagazine.net/tv/wiggleywoo-works-day-henry-met-sales/> (accessed 2 May 2016)

²⁶⁷ RTÉ, ‘Annual Report’, 2015, p.150.

²⁶⁸ Ibid, p. 153.

and tax breaks. The cost of an animation series lies between €1.5m and €5.5m.²⁶⁹ In 2015 it was involved in the production of three Irish animation series

- *Zig and Zag* – 26 episodes with CBBC, produced by Double Z Enterprises, Flickerpix and Jam Media with support from the Irish Film Board, BAI and NI Screen.
- *Havananimal* – 6 episodes, produced by Igloo Films with support from the BAI
- *The Day Henry Met* – 26 episodes, produced by Wiggleywoo with support from the Irish Film Board, BAI and Creative Europe.

5.5.2 Direct Funding

5.5.2.1 Sound and Vision Fund

Funded out of the licence fee and administered by the Broadcasting Authority of Ireland (BAI), the Sound and Vision Fund provides funding (in theory up to 95% but in reality less) for projects submitted by independent producers, community broadcasters and mainstream broadcasters from anywhere in Ireland (North and South).²⁷⁰ It is a form of contestable funding. Since 2003 there have been three versions of the scheme: 2003-2011, 2011-15 and 2015-19. The objective of Sound and Vision is to promote diverse high quality content based on 'Irish culture, heritage and experience' that the market might not otherwise support.²⁷¹ The BAI accepts all types of content except news and current affairs.²⁷²

The current scheme, Sound and Vision III (2015-19), places 7% of net television licence fee receipts into the Sound and Vision fund.²⁷³ Fearing that commercial competition had not led to more diversity and choice for viewers, the motivation from the Government was to increase programming choice and ensure that the public had access to high quality programming that is of interest and relevance to them.²⁷⁴ On the one hand policy-makers wanted private broadcasters to contribute to public service content; on the other they wanted to guard against RTÉ becoming too driven by commercial considerations, particularly as it is part-funded by advertising.²⁷⁵ Generating competition has been challenging because RTÉ and to a lesser extent TG4 are the only Irish broadcasters to transmit children's content, but both broadcasters have made use of the scheme.

The fund accounts for a relatively small proportion of overall funding towards the production of all Irish audiovisual programmes – less than 5% for Sound and Vision II, which concluded in 2015.²⁷⁶ An independent review of Sound and Vision II in 2013, raised concerns about the extent to which application, assessment and award processes were

²⁶⁹ RTÉ, 'Zig and Zag are back'.

²⁷⁰ BAI, 'Sound and Vision 3: A Broadcasting Funding Scheme,' January 2015. Available online https://www.screenproducersireland.com/sites/default/files/bai_sv3_the_scheme_2015.pdf (accessed 8 May 2016)

²⁷¹ Flynn, 'Public Service Broadcasting beyond public service broadcasting', p. 135.

²⁷¹ Crowe Horwath, 'Report to the Broadcasting Authority of Ireland', p. 71.

²⁷² BAI, 'Sound and Vision 3', p. 7.

²⁷³ Ibid.

²⁷⁴ Flynn, 'Public Service Broadcasting beyond public service broadcasting', p. 131.

²⁷⁵ Ibid, p.138

²⁷⁶ Crowe Horwath, 'Report to the Broadcasting Authority of Ireland', p.56.

open, equitable, verifiable and flexible.²⁷⁷ Commercial broadcasters also questioned whether RTÉ and TG4 should be allowed to broadcast Sound and Vision funded programmes, as they already receive public funding.²⁷⁸

In 2014 the BAI received €14.156m (£10.8m) to cover the costs of scheme administration and content funding.²⁷⁹ In 2014 Sound and Vision II allocated €9.25m (£7m) to support fifty TV projects.²⁸⁰

In the first decade there was reluctance by commercial broadcasters to avail themselves of the fund because TV3 found it difficult to accommodate public service content in its populist schedule.²⁸¹

Table 5.2 Sound and Vision Procedures

Applications may be submitted by broadcasters or independent producers.
Applicants must have the prior support of a BAI-approved free broadcaster with near universal coverage to broadcast the programme.
Children’s and educational programmes are exempt from rules on peak time broadcasting.
The BAI can allocate up to 90% of eligible costs up to €250,000, and up to 85% up to €750,000
In general funding is provided for the production phase only.
The BAI will include a recoupment clause in all contracts.
The scheme operates 3-4 rounds a year, which are assessed by external assessors before a collective decision is reached. There is a preliminary evaluation, a qualitative assessment and a strategic assessment if there are more qualifying applications than funds available.
Assessment criteria include: fit to objectives and programme themes, quality, additionality, partnerships with third parties, clearly explained and adequate resourcing that represents value for money.
85% of funds are allocated to television. A minimum of 20-25% is spent on Irish language programmes
Sound and Vision III has 24 assessors drawn from traditional journalistic, broadcasting and training backgrounds – including one from the animation industry and another from the children’s industry.

Source: Broadcasting Authority of Ireland²⁸²

According to a 2013 review of Sound and Vision II, animation secured 6.2% of funding, and children’s educational content was awarded 1.3%.²⁸³ Under Sound and Vision I animation was allocated 8.3% of available funding and children’s educational content was allocated 6% (Table 5.3).

In Sound and Vision III, there have been three rounds (23-25) (Table 5.4). Ten children’s projects have been funded including six animation projects. Of these ten, eight were awarded to RTÉ including four animation projects. There have been no awards to commercial broadcasters and one award each to TG4 and the BBC. Of the €1,943,000 allocated, 77% was allocated to six animation projects and €1,443,000 (74%) was awarded to projects commissioned by RTÉ.

²⁷⁷ Sunday Business Post, ‘C&AG: multi-million euro Broadcasting Fund lacks transparency’, *Sunday Business Post*, 27 September 2012, Available online <http://www.businesspost.ie/cag-multi-million-euro-broadcasting-fund-lacks-transparency/> (accessed 10 May 2016)

²⁷⁸ Crowe Horwath, ‘Report to the Broadcasting Authority of Ireland’, p.18.

²⁷⁹ BAI, ‘Annual Report 2014’, p. 22

²⁸⁰ Ibid, p.24

²⁸¹ Flynn, ‘Public Service Broadcasting beyond public service broadcasting’, p. 136.

²⁸² BAI, ‘Sound and Vision 3’.

²⁸³ Crowe Horwath, ‘Report to the Broadcasting Authority of Ireland’, p. 53.

Table 5.3 Allocation of Sound and Vision Funds to Children’s and Animation Projects

	Sound & Vision I Rounds 1-8 2006-2009	Sound & Vision II – Rounds 9-15 2010-2012 (incomplete)
Animation	€4.56m (8.3%)	€2.05m (6.2%)
Children’s – Education	€3.28m (6%)	€0.43m (1.3%)

Source: Crowe Horwath ²⁸⁴

**Table 5.4
Allocations to Children’s and Animation Projects. Sound and Vision III – 2015-2016**

January 2016- Round 25 Sound and Vision III							
Applicant	Project name	Channel	Genre	Recommended Funding	Funding %	Language	Number of programmes
Firebrand Productions Ltd.	Bernard Dunne’s Mythical Heroes	RTÉ 2	Documentary	€ 200,000	57	English	6
RTÉ	Makers (Series 2)	RTÉjr	Education	€ 63,000	75	English	15
	Magical Sites (series 2)	RTÉjr	Education	€80.000	80	English	15
Salty Dog Pictures Limited	Brewster The Rooster	RTÉjr	Animation	€ 250,000	30	English	26
Wiggleywoo Limited	The Day Henry Met	RTÉjr	Animation	€ 100,000	10	English	26
October 2015- Round 24- Sound and Vision III							
Indee Productions	Pablo	RTÉjr	Animation	€ 300,000	7	English	52
Jam Media	Little Roy	CBBC	Animation	€ 300,000	7	English	52
Sixteen South Limited	WildWoods	RTÉjr	Drama	€ 100,000	5	Bi-lingual	26
June 2015- Round 23 –Sound and Vision III							
Cartoon Saloon	The Breadwinner	TG4	Animation	€ 200,000	4	Bi-lingual	1
Kavaleer Productions	Kiva Can Do!	RTÉjr	Animation	€ 350,000	19	English	39

Source: Broadcasting Authority of Ireland ²⁸⁵

²⁸⁴ Ibid, appendix 2, p. 12.

²⁸⁵ BAI, ‘Broadcasting Funding Scheme Round Outcomes’, Available online <http://www.bai.ie/index.php/new-page/> (accessed 12 April 2016)

5.5.2.2 Irish Film Board - Bord Scannán na hÉireann

The Irish Film Board, funded by the Irish Government through the Department of Arts, Heritage and the Gaeltacht, provides funding for the development, production and distribution of Irish films, animation, television drama and documentary. The budget provided to the IFB by the Irish government has dropped 40% since 2008 with a capital budget of €11.2m (£10.8m) in 2015 and an administration budget of €2.77m (£2.11m).²⁸⁶ The IFB has 21 staff headed by a Chief Executive and six board members appointed by the Irish government. The entire amount invested in a project by the IFB must be spent on Irish personnel, goods and services.

Animation is supported specifically 'in recognition of the importance of Irish work', 'the narrowness of the theatrical market' and the 'very limited funding from broadcasters' for animation'.²⁸⁷ Decisions about funding are taken by IFB executives and advisors. Preference is given to 'original work from Irish talent' 'that appears to be sufficiently inventive and striking to measure up' to big screen formats or international television.²⁸⁸ General principles and criteria for selection include:

- Targeting at the appropriate audience
- Originality that brings 'a fresh approach and new thinking' and the capacity 'to work with talent from other countries, given the limited capacity of the Irish market'
- Developing Talent, Cultural and Industrial Priorities – that benefits Irish talent and stories and a 'high volume of expenditure on Irish personnel and in the Irish industry'.
- Additionality – that the project could not be made without IFB support
- Further considerations include: producer track record, levels of Irish employment and spend, distribution and financial arrangement

Under EU rules the amount of state aid used to finance a film project from subsidies and tax incentives may not exceed 50% of its total cost, unless the production is considered 'low budget' or 'difficult' and where the total cost of the project is not more than €100,000.²⁸⁹

For animation the IFB offers animation development loans up to €50,000 per project (or €100,000 if this is matched from other sources).²⁹⁰ For animated TV series, production

²⁸⁶ Tom Grater, 'IFB calls for funding increase to sustain Irish film success', *Screen Daily*, 14 January 2016, . Available online <http://www.screendaily.com/news/ifb-calls-for-funding-increase-to-sustain-irish-film-success/5098858.article> (accessed 12 May 2016); IFB, 'Irish Film Board Funding for 2016 Continued at 2015 Levels', 13 October 2015. http://www.irishfilmboard.ie/irish_film_industry/news/Irish_Film_Board_Funding_for_2016_Continued_at_2015_Levels/2906.

²⁸⁷ IFB, 'Annual Report Ráltis Airgeadais 2014', p. 33. Available online

<http://www.irishfilmboard.ie/files/reports/IFB%20Report%202014%203.pdf> (accessed 10 April 2016)

²⁸⁸ IFB, 'Principles and criteria', 2016. Available online

http://www.irishfilmboard.ie/funding_programmes/Principles_amp_Criteria/33 (accessed 10 April 2016)

²⁸⁹ IFB, 'Regulations and Limitations', 2016. Available online

http://www.irishfilmboard.ie/funding_programmes/Regulations_amp_Limits/40 (accessed 10 April 2016)

²⁹⁰ http://www.irishfilmboard.ie/funding_programmes/Animation_Development_Loans/46

funding does not normally exceed €200,000 per project and is related to broadcaster and Sound and Vision funding.²⁹¹

In 2014 the IFB invested €10m in all productions. It claims to be the largest funder of the Irish animation industry.²⁹² In 2014 it spent €226,500 on development loans for 13 animation projects (down from €258,000 in 2013). Support for animation production fell 73% between 2012 and 2015 from €1,730, 500 (£1.32m) to €460,000 (£350,000).²⁹³

Table 5.5 IFB Support for Animation Production 2012-2016

Animation Production Support 2016 – 1st Quarter Only		
Brewster the Rooster	Salty Dog Pictures	€150,000
Gilbert and Allie	Brown Bag Films	€200,000
Pablo	Kavaleer Productions	€150,000
Animation Production Support 2015 - €460,000		
Myago	Piranha Bar	Provisional
The Red Herring	Ink and Light	€30,000
The Day Henry Met	Wiggleywoo	€130,000
Peckles	Jam Media	€200,000
The Overcoat	Paper Dreams	€100,000
Animation Production Support 2014 - €720,000		
Puffin Rock Series 2	Cartoon Saloon	€250,000
When Henry Met	Wiggleywoo	€120,000
Wildernuts	Kavaleer	€150,000
Zig and Zag	Double Z Enterprises	€200,000
Animation Production Support 2013 - €1,343,522		
Puffin Rock	Cartoon Saloon	€350,000
Newsbag	Icehouse Media	€150,000
Bottler	Keg Kartoonz	€50,000
Tea with the Dead	Wiggleywoo	€18,522
Nelly and Nora	Geronomo Productions	€150,000
Wildernuts	Kavaleer Productions	€150,000
Oops Noah is Gone	Moetion Films	€475,000
Animation Production Support 2012 - €1,730, 500		
Zig and Zag	Double Z Productions	€350,000
Wildernuts	Kavaleer Productions	€250,000
Punky	Monster Animation and Design	€150,000
Inis Spraoi	Magpie 6 Media	€250,000
Roy	Jam Media	€200,000
The Dual	Giant Creative	€30,000
Forest	Blacknerth Studios	€25,500
Oops Noah is Gone!	Tidal Productions	€475,000

Source: Irish Film Board²⁹⁴

²⁹¹ IFB, 'Regulations and Limits'. Available online

http://www.irishfilmboard.ie/funding_programmes/Regulations_amp_Limits/40; IFB, 'Production Funding Guidelines 2016'. Available online [http://www.irishfilmboard.ie/files/Production%20Funding%20Guidelines%20\(2016\).pdf](http://www.irishfilmboard.ie/files/Production%20Funding%20Guidelines%20(2016).pdf) (accessed 10 May 2016)

²⁹² IFB, 'Annual Report', p.2.

²⁹³ IFB, 'Annual IFB spend 2004-2014'. Available online

<http://www.irishfilmboard.ie/files/Annual%20IFB%20Spend%202004%20-%202014.pdf> (accessed 12 May 2016)

²⁹⁴ Irish Film Board, 'Annual Report/ Ráltis Airgeadais 2014', p.26. Available online

<http://www.irishfilmboard.ie/files/reports/IFB%20Report%202014%203.pdf> (accessed 2 April 2016) and http://www.irishfilmboard.ie/funding_decisions/production_loans/2

5.5.2.3 Northern Ireland Screen

Northern Ireland Screen provides development and production funding to both English and Irish language productions. It administers the following funding schemes:

Feature Film, Television And Digital Content Production Funding

Northern Ireland Screen offers production funding in the form of a recoupable loan, or in limited circumstances a grant, together with profit participation. It is open to any company that can fulfill the British cultural test, administered by the British Film Institute (BFI).²⁹⁵ The fund is intended to assist in completing budgets on productions that are almost fully financed (more than 65% of funding must be in place). For projects to be funded, productions are required to spend a proportion of the total production budget in Northern Ireland.²⁹⁶

This fund can invest a maximum of £800,000, up to a ceiling of 25% of the overall project budget. However, very few projects are awarded the maximum amount.²⁹⁷

Animation projects in receipt of Northern Ireland Screen Fund Production Awards in 2014/15 included: *Zig and Zag* (€125,994), *Puffin Rock* (€280,000) and *Driftwood Bay* (€410,670) from a total allocation of £9.4m.²⁹⁸ *Zig and Zag* was also funded by Sound and Vision. Both *Zig and Zag* and *Puffin Rock* have received funding from the IFB. Live action children's projects in receipt of funding in 2014/15 included *Dani's Castle* (£280,000) and *Millie Inbetween* (£250,000), both from the Foundation for CBBC.

Table 5.6 Northern Ireland Screen Support for Animation Production

Title	Company	€ Contribution
Zig and Zag (2014/15)	Flickerpix	125,994
Puffin Rock (2014/15)	Puffin Rock Series 2 Ltd	280,000
Driftwood Bay (2014/15)	Sixteen South Ltd	410,670
Zig and Zag (2013/14)	Flickerpix	225,000
Puffin Rock (2013/14)	Puffin Rock Series 2 Ltd	240,000
Driftwood Bay (2013/14)	Sixteen South Ltd	500,000
Roy Series 3 (2012/2013)	Jam Media	323,224
Jo and Jack (2010/2011)	Red Ray Films	123,000

Source: Screen Northern Ireland

²⁹⁵ BFI, 'The cultural test for children's television programmes', 2016. Available online <http://www.bfi.org.uk/supporting-uk-film/british-certification-tax-relief/cultural-test-childrens-television-programmes> (accessed 10 April 2016)

²⁹⁶ Northern Ireland Screen, 'Production Funding', 2016. Available online <http://www.northernirelandscreen.co.uk/sections/19/production.aspx> (accessed 10 April 2016).

²⁹⁷ Ibid.

²⁹⁸ Screen Northern Ireland, 'Screen Fund Awards 2014-15' Available online http://www.northernirelandscreen.co.uk/DatabaseDocs/doc_3921433.pdf (accessed 8 May 2016)

Development Funding

Development funding supports script development (potentially up to £40,000), project development and slate funding for all types of television and digital content.²⁹⁹ In 2014/15 development funding was awarded to the following companies: Sixteen South (£49,761; £89,330; £43,075); Indee Productions (£35,170) and Flickerpix (£13,675)

Irish Language Broadcast Fund (ILBF)

Also administered by Northern Ireland Screen, ILBF was set up to fund Irish language content of high quality and to foster the Irish speaking independent production sector in Northern Ireland. It provides loans (£10,000-£400,000) for broadcasters to increase Irish language programmes.³⁰⁰ The Fund finances around 60 hours of Irish language content a year across two rounds. A minimum of 75% of the spoken word must be in Irish and there must be evidence of match funding. The fund particularly 'welcomes content that is aimed at children and young people (preschool-teens) including both original and re-versioned content from other languages.'³⁰¹ Applications are considered by the ILBF Investment Committee, which considers quality, audience appeal, value for money and accessibility within a schedule/maximizing audience access.³⁰²

ILBF Provides funding for development, production as well as for digital content. Projects have been broadcast on BBC Northern Ireland, TG4, RTÉ and various digital platforms.³⁰³

Ulster-Scots Broadcast Fund (USBF)

The USBF was set up to foster the Ulster-Scots independent production sector in Northern Ireland and to fund up to 12 hours a year of high quality Ulster-Scots cultural TV programmes for a Northern Ireland audience. Applications for television programmes require a letter of support from a broadcaster such as UTV (Ulster Television) or RTÉ. It has a modest annual budget of £1m per annum from 2011 to 2020 and there are 2-4 rounds a year.³⁰⁴ For other platforms applications can be made without reference to a broadcaster. Applications for development are funded on a 50/50 basis with the funder. Decisions are made by the USBF Investment Committee.

²⁹⁹ Northern Ireland Screen, 'Development Funding', 2016. Available online <http://www.northernirelandscreen.co.uk/sections/16/development.aspx> (accessed 10 May 2016)

³⁰⁰ UK Government, 'Irish Language Broadcast Fund (ILBF)', 25 November 2015. Available online <https://www.gov.uk/irish-language-broadcast-fund-ilbf> (accessed 10 May 2016).

³⁰¹ Northern Ireland Screen, 'Overview', 2016. Available online <http://www.northernirelandscreen.co.uk/sections/34/forlargas-overview.aspx> (accessed 12 April 2016).

³⁰² Ibid.

³⁰³ Ibid.

³⁰⁴ Northern Ireland Screen, 'Ulster-Scots Broadcast Fund Priorities: First Call 2016/17'. Available online http://www.northernirelandscreen.co.uk/DatabaseDocs/doc_7747303.pdf (accessed 10 April 2016)

5.5.2.4 Creative Europe

Alongside domestic subsidies Irish producers, like producers in other countries, have also accessed European funding under the Creative Europe programme (formerly MEDIA). The fund provides both development and production grants. Creative Europe provides development funding for single projects as well as slate funding (application must contain a slate of at least 3 and a maximum of 5 projects).

In 2014, under the ‘Single Projects Development’ scheme, Creative Europe supported the animation ‘The Boy in the Bubble’ (Igloo Films) with €60,000.³⁰⁵ The following production companies received funding under the ‘Development Slate Funding’ scheme.

Table 5.7 EU Development Slate Funding for Irish Animation 2013-2014

2014	Jam Media	€ 200,000	Animation
2013	Brown Bag	€ 167,718	Animation
2013	Kavaleer	€ 170,000	Animation
2013	Telegael Teoranta	€ 200,000	Animation
2013	Cartoon Saloon	€ 196,473	Animation

Source: Creative Europe Ireland Desk³⁰⁶

Producers have also applied for support under the ‘Television Programming’ scheme. In 2013 the Dublin-based animation studio Wiggleywoo received €130,291 for its pre-school animation series *The Day Henry Met*. Producers can apply for up to 12.5% of the project budget, which translates to approximately 8.7% of the total budget (€ 1.2 million).³⁰⁷

5.5.3 Tax Benefits

In terms of funding tax breaks are more important than the BAI or IFB and have been crucial in attracting investment for internationally appealing shows such as *Doc McStuffins* and *Henry Hugglemonster* for Disney, *Octonauts* for Silvergate Media, *Peter Rabbit* and *Olivia* for Nickelodeon and *The Amazing World of Gumball* produced by Boulder Media for Cartoon Network. Without tax breaks it is doubtful whether the Irish animation industry would have grown so extensively.³⁰⁸

Section 481 is a tax credit incentive scheme designed to promote investment in film and television production in Ireland. Initiated in 1993, the tax incentive provides a benefit of up to 32% (28% before 2015) of qualifying expenditure in Ireland (all cast and crew working in Ireland regardless of nationality as well as goods services, and facilities

³⁰⁵ Creative Europe Desk Ireland, ‘Supported Irish Projects,’ 2016. Available online

<http://www.creativeeuropeireland.eu/media/projects/funding-recipients> (accessed 10 April 2016)

³⁰⁶ Ibid.

³⁰⁷ Ibid.

³⁰⁸ Audiovisual Federation, ‘Audiovisual Federation Response to Review of Section 481 Film Relief’, 31 August 2012. Available online <http://taxpolicy.gov.ie/wp-content/uploads/2012/09/Audiovisual-Federation.pdf> (accessed 10 May 2016)

purchased in Ireland). The introduction of tax reliefs coincided with the growth of Irish animation companies such as Brown Bag Films (acquired in 2015 by Canadian 9 Story Media Group) and JAM Media. According to one broadcaster the reliefs are essential for animation producers, but have to appeal ‘to the market outside Ireland’ (TG4).

The incentive applies to feature film, television drama, animation and creative documentary productions which are either able to pass an Irish Cultural Test administered by the Department of Arts, Sport and Tourism, or that qualify as an official co-production under one of Ireland’s bilateral co-production treaties or under the European Convention on Cinematographic Co-Production.³⁰⁹

The cultural tests are broadly defined and aim to assess if a production will benefit Irish filmmaking and the economy as a whole. The portrayal of Irish culture and the support of the Irish workforce are also assessed. In the case of animation, the storyline must clearly connect with the sensibilities of children in Ireland or elsewhere in the EEA.³¹⁰

Although UK companies have used Irish tax breaks, their benefits need to be weighed against costs. According to one UK producer,

A lot of people do stuff in Ireland because there is a good tax scheme there. It is quite expensive though, in Southern Ireland because it is heavily unionised. On all these tax credits you have to weigh up what you actually get out of it. What looks on paper like a 20% or 25% or 30% tax credit, by the time you have added in the cost of getting your people out there and the legal costs and the financing costs surrounding all of that, that percentage drops down. So you are not getting 25% or 30%, you are probably only getting 15% or 25% on your budget, because of the added costs. It is taking away 5% of the bonus. You are losing upwards of 5% of the gain because of the additional costs.

In January 2015 the reliefs were amended to make them more attractive. This involved:

- Increasing available tax relief to 32% of eligible Irish expenditure from 28%.
- Relaxing the criteria for eligible expenditure: tax relief can now be claimed on the salaries of cast and crew hired to work in Ireland, irrespective of their nationality.

In 2015 Section 481 supported three Irish animation projects and eight incoming projects.³¹¹

Table 5.8 Numbers of Animation Projects using S481

S481 Animation	2010	2011	2012	2013	2014	2015
Irish	6	6	3	7	5	3
Incoming	8	8	9	12	10	8
	14	14	12	19	15	11

Source: Irish Film Board³¹²

³⁰⁹ Department of Finance, ‘Economic Impact Assessment of Section 481 Film Relief,’ 2012, appendix 1, p.67. Available online http://taxpolicy.gov.ie/wp-content/uploads/2012/12/2012-12-04_film-relief_economic-impact-assessment_final-report_final.pdf (accessed 12 April 2016).

³¹⁰ IFB, ‘Section 481 Cultural Test’, 2016. Available online http://www.irishfilmboard.ie/financing_your_film/Section_481_Cultural_Test/29 (accessed 6 May 2016)

³¹¹ IFB, ‘Annual Snapshot 2015’. Available online [http://www.irishfilmboard.ie/files/3.%20Annual%20Snapshot%202015%20\(2\).pdf](http://www.irishfilmboard.ie/files/3.%20Annual%20Snapshot%202015%20(2).pdf) (Accessed 10 April 2016)

From a peak of €88.7m in the value of animation in 2013, the total value of S481 animation projects fell 42% in 2015 to €49.6m, largely because of declines in incoming productions (Table 5.9).

Table 5.9 Total Value of S481 Projects €m

S481 Animation	2010	2011	2012	2013	2014	2015
Irish	9.8	18.4	13.8	8.7	15.8	10.6
Incoming	57.5	62.0	40.5	80.0	69.8	38.9
	67.3	80.4	54.3	88.7	85.6	49.6

Source: Irish Film Board³¹³

Corporation Tax

Ireland enjoys an EU-approved Corporation Tax rate of 12.5%, which is the lowest in Europe.³¹⁴

Zero Rated Value Added Tax

Incoming productions to Ireland are exempt from VAT on a range of Irish goods and services.³¹⁵

³¹² Ibid.

³¹³ Ibid.

³¹⁴ IFB, 'Other Fiscal Incentives,' 2016. Available online http://www.irishfilmboard.ie/financing_your_film/Other_Fiscal_Incentives/6 (accessed 10 April 2016)

³¹⁵ Ibid.

6 Children's Content in New Zealand: Funding and Policies

6.1 Market Overview

New Zealand is an interesting example for funding children's screen content because virtually all publicly funded domestic children's programming is subject to contestable funding, administered by New Zealand on Air (NZ On Air). NZ On Air is an autonomous Crown entity responsible for funding certain types of audiovisual content. It is the only agency specifically required to provide for child audiences in this small media economy.

Television in New Zealand operates in a deregulated broadcasting environment with no transmission or investment quotas. There are no public service broadcasters. As a public service broadcaster, TVNZ was always part-funded by advertising. The 1989 Radio Communications Act removed TVNZ's public service remit and it became a state-owned enterprise run as a commercial business, funded by advertising. Licence fee income was channeled to NZ On Air, which was established in 1989 to fund New Zealand content through the administration of publicly funded investments. The broadcast licence fee was abolished and NZ On Air is now funded by an annual Government appropriation.

The idea underpinning the NZ On Air system is that public funding is available for content on any channel or platform as part of a competitive process where the best ideas will get funded.³¹⁶ As in other markets there are finite amounts of available funding and this has made it challenging to fund higher cost genres such as children's drama and animation. One significant corollary of the contestable system is the reduction of broadcaster in-house production, which is now mostly confined to news, current affairs and entertainment.

According to Kids on Screen, a New Zealand children's media advocacy group, the lack of a public service broadcaster with a clear regulated commitment to children's content, makes it difficult 'to brand and hothouse content'.³¹⁷ According to some commentators the lack of quotas means there is:

[...]no leverage in the deregulated media environment of any requirement for broadcasters to commission local children's television content (and associated multimedia spaces).³¹⁸

The single biggest issue facing NZ On Air is strain on its funding, which has not been increased in eight years, limiting what it can do.

³¹⁶ Paul Norris and Brian Pauling, *NZ On Air An Evaluative Study, 1989-2011: A research report for NZ On Air*. March 2012, March 2012, p. 19. Available online <http://www.nzonair.govt.nz/document-library/evaluative-study-of-nz-on-air-may-2012/> (accessed 9 May 2016).

³¹⁷ NZ On Air, 'Children's Content Funding: Public Submission to the Children's Content Funding Discussion Paper', August 2015, p.30. Available online <http://www.nzonair.govt.nz/document-library/august-2015-public-submissions-to-childrens-discussion-paper/> (accessed 21 March 2016).

³¹⁸ Ruth Zanker, 'The Threatened genres – children's' in Paul Norris and Brian Pauling (eds). *NZ On Air An Evaluative Study, 1989-2011: A research report for NZ On Air*. March 2012, p. 89. Available online <http://www.nzonair.govt.nz/document-library/evaluative-study-of-nz-on-air-may-2012/> (accessed 9 May 2016).

In May 2015 NZ On Air initiated a review of its children's provision with a discussion paper.³¹⁹ Public submissions were published in August 2015 and a draft strategy was outlined in October 2015.³²⁰ The review arose out of concerns about the speed of change in the children's content sector. NZ On Air is currently considering a single fund for TV and online content and an online space to distribute New Zealand content.

6.2 Key Players

NZ On Air is the primary funder of New Zealand content for children and is required to 'reflect and develop New Zealand identity and culture'.³²¹ Charged with ensuring that 'a range of broadcasts is available to provide for the interests' of children and youth,³²² it is the only New Zealand media organization specifically required to cater for children.³²³ NZ On Air fully or nearly-fully funds most local children's content on free-to-air channels.

The main broadcast players for children's content are:

- **TV2**, is owned and operated by state-owned broadcaster Television New Zealand (TVNZ), and is required to deliver a dividend to government. TV2 provides blocks of content for children in the morning and afternoon and has the highest reach of all children's content providers.
- **FOUR** is a private channel owned by Mediaworks. FOUR has a smaller audience than TV2, but screens more children's content, including the afternoon magazine show *Sticky TV*. It started to screen first run original children's programming in 2011 when TV3 ceased broadcasting children's content. It will be rebranded as Bravo in 2016 and funded children's content will return to TV3 for this year at least.
- **TV3**, also owned by Mediaworks, ceased commissioning and screening children's programmes in 2011.
- **TV1**, TVNZ's first channel, does not screen children's programming.
- **Māori Television** provides children's programming for Māori language audiences, some as re-versioned animation (*Spongebob Squarepants*, *Dora the Explorer*) and some originations.
- **Kidzone 24** was a dedicated 24-hour preschool channel that launched in 2011. Owned by TVNZ, it was only available behind a pay wall on the SKY platform's Basic Digital Package until May 2016 when it became an advertising-free on demand service. It was the only locally owned children's channel in New Zealand and featured no advertising. It was preceded by a short-lived free-to-air public service children's channel, TVNZ6, which benefited from a small pool of money for local production targeting pre-schoolers and later family audiences before it was closed down in 2011 when funding allocated by Government to drive digital ran out.³²⁴

³¹⁹ NZ On Air, 'Children's Content Funding – Discussion Paper', May 2015, p9. Available <http://www.nzonair.govt.nz/document-library/may-2015-childrens-content-funding-discussion-paper/> (accessed 25 April 2016).

³²⁰ NZ On Air, 'Children's Content Funding – Draft strategy discussion paper', p.7. Available at <http://www.nzonair.govt.nz/document-library/childrens-content-draft-strategy-for-discussion-oct-2015/> (accessed 8 May 2016)

³²¹ New Zealand Legislation, Broadcasting Act 1989 s36 (a). Available online http://www.legislation.govt.nz/act/public/1989/0025/latest/resultsin.aspx?path=act%2fpublic%2f1989%2f0025%2flates&col=act&search=sw_096be8ed80dcc160_NZ+On+air_25_se&p=1 (accessed 10 April 2016)

³²² Ibid.

³²³ NZ On Air, 'Children's Content Funding – Discussion Paper', p. 11.

³²⁴ Zanker, 'The Threatened genres', p. 89.

- **Local SVOD services** include Lightbox and Quickflix. Sky TV launched NEON, and Netflix is also available, but none of these offer very much local content.³²⁵ US owned channels (Disney, Nickelodeon, Cartoon Network) are also available.

6.3 Viewing Trends/Viewing Shares

YouTube (35%) exceeds the daily reach of TV2 (32%), the leading channel for children’s content, and is more popular than TV2 among 12-14 year olds.³²⁶ Pay TV in the form of Sky is available in over 50% of homes.³²⁷ Local content does not usually top the ratings for children and is usually screened in off-peak time periods. Top-rated locally produced shows include the magazine programmes, *The 4.30 Show* (TV2), *What Now* (TV2) and *Sticky TV* (Four). KidZone behind the paywall has a reach of 3% and Māori TV has a reach of 1%.³²⁸

Research commissioned by NZ On Air and the Broadcasting Standards Authority showed that there is strong parental support for children to view New Zealand content that ‘reflects them and their world’, but less confidence that online platforms are the place to find this content.³²⁹

6.4 Expenditure and Output

Most children’s programming on television in New Zealand is sourced from overseas.³³⁰ This is particularly the case for preschool shows imported from the UK and the US, which have become ‘a universal, globally accessible form of public service’.³³¹ Advertising is not permitted around shows targeting pre-schoolers, and preschool content is usually 100% funded by NZ On Air.

Local children’s content is funded mainly by NZ On Air, and scheduled off peak on TV2, Four and Māori Television.

Funding body, Te Māngai Pāho³³² provides contestable funding for Māori language and culture content on free-to-air broadcast TV, mainly on Māori Television, but also on online platforms. Key children’s programmes on Māori Television are *Pūkoro*, a half hour show for the under fives, and *Pūkana*, a bilingual magazine for 7-12 year olds. *Pūkoro* is transmitted in the te reo Māori language and repeated with sub-titles on Four.

³²⁵ NZ On Air, ‘Children’s Content Funding – Discussion Paper’, May 2015, p9. Available <http://www.nzonair.govt.nz/document-library/may-2015-childrens-content-funding-discussion-paper/> (accessed 25 April 2016).

³²⁶ NZ on Air and Broadcasting Standards Authority, ‘Children’s Media Use Study: How our children engage with media today’, 2015, pp.11-12. Available online <http://www.nzonair.govt.nz/document-library/childrens-media-use-study-2015/> (accessed 10 April 2016)

³²⁷ NZ On Air, ‘Children’s Content Funding – Discussion Paper’, p. 13.

³²⁸ NZ on Air and Broadcasting Standards Authority, ‘Children’s Media Use Study’, p.24.

³²⁹ Ibid, p.14.

³³⁰ NZ On Air, ‘Children’s Content Funding – Discussion Paper’, p.8.

³³¹ Ruth Zanker ‘Aotearoa/New Zealand: A Small house with Big windows’, in Whitaker, L. and Hewitt, B (eds), *Children’s Media Year Book 2015* (London, 2015), p. 32.

³³² <http://www.tmp.govt.nz/>

1,231 hours of local content were screened in 2015 across three channels, with most screened by Māori Television, followed by Four and TV2 (Table 6.1)

In 2015 NZ On Air had a total TV budget of NZ\$84.3m (£38.8m).³³³ NZ\$16.1m (£7.4m) or 19% was spent on 392 hours of television content for children and young people in 2015, mostly aired on TV2 and Four.³³⁴

There has been consistent funding of NZ\$15-\$18m between 2003 and 2015 on children’s content, with transmissions of between 800 and 1200 hours a year.³³⁵ However, in parallel with other Government-funded cultural entities, funding has remained fixed for the last eight years, rendering it the single biggest strategic issue faced by NZ On Air. In the context of New Zealand’s main broadcaster, TVNZ, which had NZ\$350m (£161m) in revenues in 2015³³⁶, the amount of funding available to NZ On Air is modest.

Table 6.1 Local Children’s Content Hours on New Zealand free-to-air channels in 2015

	<i>First Run (2014)</i>	<i>Repeat</i>	<i>Total (2014)</i>
TV2	184 (196)	68	252 (261)
Four	176 (169)	243	419 (421)
Māori Television	88 (115)	473	560 (352)
TOTAL	448 (480)	784	1231 (1034)

Source: NZ On Air³³⁷

Since 2006 total local children’s content transmitted on the free to air channels has risen 51 percent from 814 hours to 1232 hours in 2015.³³⁸ Amounts of first run local children’s content have remained steady since 2006 with a small decline of 5.9 percent to 448 hours in 2015.³³⁹ Originations peaked in 2009 with 587 hours. Children’s content accounted for just under 10% of all local content hours broadcast by genre in 2015.³⁴⁰

Since 2006 hours of first run originations on TV2 have declined 51 percent from a peak of 374 hours to 184 hours in 2015.³⁴¹ 71% of TV2’s 252 hours of transmissions in 2015 comprised magazine shows including *The 4.30 Show* (100 hours) and *What Now* (80 hours).³⁴²

³³³ NZ On Air, ‘Annual Report 2015’, p. 33. Available online <http://www.nzonair.govt.nz/corporate-document-library/annual-report-201415/> (accessed 10 May 2016).

³³⁴ Ibid p. 33.

³³⁵ NZ On Air, ‘Children’s Content Funding – Discussion Paper’, pp.11-12.

³³⁶ TVNZ, ‘Annual Report Financial Year 2015’. Available online http://www.parliament.nz/resource/mi-nz/51DBHOH_PAP66276_1/2709a35caac09b75442a36f8fcb4195d6ba05fa (accessed 10 April 2016)/

³³⁷ NZ On Air, ‘Local Content Report 2015’, 15 April 2016, Available <http://www.nzonair.govt.nz/research/all-research/local-content-report-2015/> (accessed 9 May 2016).

³³⁸ NZ On Air, ‘Local Content Report 2015’, p. 22.

³³⁹ Ibid, p.20.

³⁴⁰ Ibid, p.23 .

³⁴¹ Ibid, p. 33.

³⁴² Ibid p. 41.

Four's originated hours have grown to 176 hours from zero in 2010, because children's content moved across from TV3 in 2011.³⁴³ 93% of its 419 hours of transmissions in 2015 are attributable to first runs and repeats of the *Sticky TV* magazine show.³⁴⁴

Hours of originations have grown on Māori Television from 7 hours in 2006 to 88 hours in 2015. 55% of hours broadcast in 2015 were attributable to preschool show *Pūkoro*.³⁴⁵

6.5 Public Interventions in Children's Content

In the absence of a national public service broadcaster, NZ On Air takes the lead on children's content in a deregulated environment where quotas are not part of the regulatory toolkit.

6.5.1 Production and Investment Quotas

Free-to-air broadcasters have no production or investment quotas for children's content. The Television New Zealand Amendment Act 2011 removed Charter requirements around children's provision for TVNZ that were put in place by the previous government.³⁴⁶ The lack of quotas makes it more difficult to maintain demand among broadcasters. According to one commentator, it gives broadcasters the power to spend and do less:

What if free-to-air broadcasters choose to not to commission the desirable range of children's programmes required by NZ On Air? Beleaguered commercial broadcasters have the power to say 'we don't want anything on weekend mornings, or after school, we'll just go back to cheap imported cartoons or reruns of *Gilligan's Island*'.³⁴⁷

Without quotas NZ On Air has 'traded, juggled and explored'³⁴⁸ with broadcasters such as TV2 and Four, whose children's schedules rely on long-running magazine shows (see Section 6.4). According to one interviewee, the fact that TV2 and Four engage with NZ On Air funded content is attributable to,

good will and no doubt the fact that these [magazine shows] are often long-running programmes that have an established audience and are fairly cost-effective to produce [...] Where it starts to become more arduous for broadcasters, or risky, is something that is not tried and tested. That's when things might start to become a bit more difficult.³⁴⁹

In the small world of New Zealand media this is where strong relationships between NZ On Air and commissioning broadcasters, but also between broadcasters and a small number of key producers, are paramount. The system creates a tension between broadcasters, content producers and NZ On Air's obligation to invest in local content on behalf of all New Zealanders.

³⁴³ *ibid*, p. 33

³⁴⁴ *ibid*, p. 38

³⁴⁵ *ibid*, p. 44

³⁴⁶ Zanker, 'The Threatened genres', p. 89.

³⁴⁷ *Ibid*.

³⁴⁸ Ruth Zanker 'Aotearoa/New Zealand: A Small house with Big windows', p. 33.

³⁴⁹ Anonymous, Interviewed by Jeanette Steemers (3 March 2016).

6.5.2 Direct Funding – New Zealand On Air

The funding of original New Zealand children’s broadcast and digital content is supported almost entirely by NZ On Air, which is funded out of general taxation. 76% of first-run local children’s programming, airing on free-to-air TV (mainly TV2 and Four) is supported by NZ On Air.³⁵⁰

NZ On Air’s core function is to ‘reflect and develop New Zealand identity and culture.’³⁵¹ As part of its remit it must ensure that there are a range of broadcasts that cater for the interests of children and youth.³⁵² NZ On Air’s core purpose is investment in local content ‘that the market cannot deliver alone’ for both mainstream and specialist audiences.³⁵³ Decisions on funding are guided by the principles of:³⁵⁴

- Cultural value – investment in New Zealand content.
- Content balance – balancing mainstream and specialist content.
- Risk – NZ On Air is ‘generous with creative risk’, but ‘conservative’ with business risk.
- Competition – to encourage ‘competition for the best ideas’.
- Value for money – a focus on cost effective content and attracting appropriately sized audiences.
- No duplication – which entails content investment, which the market alone can’t support.
- Leverage – prioritizing content that attracts other investment.
- Partner Capability – track record of partners.
- Fairness – efficient and transparent procedures.

The system is based on a market failure understanding of local content. For NZ On Air local content is public service content and if local content is popular this is not a reason to withhold funding.³⁵⁵ Since it considers business issues as well as cultural issues when evaluating proposals, popular children’s magazine shows are regularly funded.

NZ On Air’s content investments are guided by three strategic objectives. These are to:³⁵⁶

- Invest in diverse, relevant local content;
- Maximise available funding through skillful investment and collaboration opportunities; and
- Explore and maximize digital opportunities

NZ On Air additionally acknowledges the principles underpinning the Children’s Media Rights Declaration, drafted by the New Zealand Children’s Screen Trust which includes the right of children to ‘accessible and diverse local media which is made specifically for them and which doesn’t exploit them.’³⁵⁷

³⁵⁰ <http://www.nzonair.govt.nz/television/what-we-fund/childrens-and-young-people/>

³⁵¹ New Zealand Legislation, Broadcasting Act 1989 s36 (a).

³⁵² Ibid.

³⁵³ TVNZ ‘Statement of Intent 2014-2018’ p. 22 <http://www.nzonair.govt.nz/corporate-document-library/statement-of-intent-2014-2018/> (accessed 5 May 2016)

³⁵⁴ NZ On Air, ‘How we invest,’ 2016. Available online <http://www.nzonair.govt.nz/about-nz-on-air/how-we-invest/> (accessed 8 May 2016)

³⁵⁵ , ‘Public service broadcasting beyond public service broadcasting’, p. 134.

³⁵⁶ NZ On Air, ‘Children’s Content Funding – Draft strategy discussion paper’, p. 7

³⁵⁷ Ibid.

NZ On Air Procedures

NZ On Air considers most proposals for children's content once a year in September or October, allowing content to be compared annually. Funding decisions are made by the Staff Investment Committee or by the Board if more than NZ\$1m is requested. External assessments are often sought. The Board has six members who are appointed by the Minister of Broadcasting. The Board meets bi-monthly and includes a mixture of media and governance specialists.

All applications from producers require a broadcaster or platform commitment. The first release is usually on a free-to-air channel and all programming must be available online for a defined period depending on producer rights. Like programmes funded by NZ On Air cannot be scheduled against each other. NZ On Air does not fund content behind the pay wall, which means that dedicated children's channels such as Kidzone 24, which was behind a pay wall until May 2016, are excluded from applying.

NZ On Air does not give editorial direction to producers. When evaluating content for children, it considers the following:

- Proposed co-investment.
- The potential size of audience.
- Whether it will be broadcast or transmitted on demand.
- Whether a project meets more than one funding objective and contributes to a balanced range of content.³⁵⁸

Funding is provided as an investment. NZ On Air shares in the net income from sales, but does not hold distribution rights or copyright.

One bone of contention is how NZ On Air funded programming has found its way onto pay TV channels. According to Ruth Zanker:

any original commissions funded by NZ On Air on pay television, for example for Nickelodeon, disenfranchise children who have no access to pay television. Furthermore such commissions divert public money to global corporate children's channels, thus positioning them in the local market against less well-promoted local media.³⁵⁹

The move in 2016 of TVNZ's Kidzone 24 children's channel from the Sky pay platform to a freely available online platform is a new development that may address these concerns, but the impact has yet to play out in the New Zealand marketplace.

What children's content is funded by NZ on Air?

In 2014/15 NZ\$15.7m (about £7.4m) was distributed by NZ On Air to twelve projects as follows:

³⁵⁸ NZ On Air, 'Children's Content Funding – Draft strategy discussion paper', p.4.

³⁵⁹ Zanker, 'The Threatened genres', p. 90.

Table 5.2 Content funded by NZ On Air in 2014/2015

Programme	Type	Duration	Channel	NZOA \$
PRE-SCHOOL				
<i>Little Monstar 2</i>	Animation	40 x 5	TV2	394,980
<i>Wiki the Kiwi 3</i>	Animation	12 x 7	TV2	339,670
<i>The Moe Show 2</i>	Puppet	52 x 11	Four	1,974,926
Sub-Total				2,709,576
PRIMARY				
<i>What now 2014</i>	Magazine	40 x 120	TV2	3,189,000
<i>Pukana</i>	Magazine	80 x 20 captioning	Four	54,901
<i>Sticky TV 2014</i>	Magazine	264 x 35	Four	2,364,627
<i>Barefoot Bandits</i>	Animation	10 x 30	TV2	827,670
Sub-Total				6,436,198
SECONDARY				
<i>The 4.30 Show/Adam & Eve Show</i>	Magazine	200 x 30	TV2	3,080,400
<i>2 Kaha 2</i>	Māori	25 x 30	TV2	1,025,000
<i>Fresh</i>	Pasifika	25 X 30	TV2	1,143,890
<i>Smokefree Rockquest</i>	Entertainment	1 x 1 + 4 x 30	Four	319,050
<i>The Cul de Sac</i>	Drama	6 x 30	TV2	1,024,942
Sub-Total				6,593,282
Total 2014/15 (March 2015)				15,739,056

Source: NZ On Air³⁶⁰

From funding in 2014/15 it is evident that:

- 70% of funding was awarded to programming commissioned by TV2
- 55% of funding was awarded to magazine shows
- One six episode drama was commissioned by TV2, accounting for 7.3% of funding .
- Magazine shows (*What Now*, *Sticky TV*, *The 4.30 Show*) accounted for 81% of the volume of funded content.

Like other funders NZ On Air has found it more difficult to support drama and animation. It does fund one or two children’s drama series a year with budgets of approximately NZ\$1million (£461,000) such as *Cul-de-Sac*.³⁶¹ Drama represents an eternal dilemma because it is regarded as expensive and risky and co-production finance is difficult to pin down, meaning fewer series are funded. Magazine shows by contrast can be reliably re-commissioned and function as a vehicle for delivering popular entertainment that attracts viewers, sponsors and advertising.³⁶²

The system tends to favour a small number of production companies with the scale to produce long-running shows such as Whitebait TV. In 2014/15 Whitebait received NZ\$3,080,400 for *The Adam and Eve Show*, \$3,189,000 for *What Now?* and NZ\$1,025,000 for *2Kaha*, a Saturday morning magazine celebrating Māori success. All aired on TV2. This represents 46% of NZ On Air funding for children’s programming in 2014/15. Both the *Adam and Eve Show* and *What Now?* were re-commissioned in March 2016.

³⁶⁰ NZ On Air, ‘Children’s Content Funding – Discussion Paper’, p.12.

³⁶¹ NZ On Air, ‘Children’s Content Funding: Public Submission to the Children’s Content Funding Discussion Paper’, p.7.

³⁶² Ruth Zanker, ‘After Public Service Channels Close Down’, p.15.

Pickled Possum Productions makes the magazine show, *Sticky TV*, for Four, securing NZ\$2,364,627 in funding in 2014/15. Combined Pickled Possum and Whitebait accounted for 61% of funding allocated by NZ On Air to children's shows, and 84% of hours.

The Digital Media Fund

NZ On Air funding has largely focused on television content. Digital media (online-only) projects have been relatively small scale because of relatively small audiences. Many have struggled to find audiences of any size, even when well executed. According to a 2015 NZ On Air strategy paper,

It is difficult to launch online content successfully outside an existing website or online aggregator of substance. This is because both discovery and repeat visits are very difficult to achieve.³⁶³

In 2008 the Digital Content Partnership Fund was set up to provide innovative media experiences that extended beyond television. In 2012 a refreshed Digital Media Fund funded two children's projects. *Nia's Extra Ordinary Life* a twelve-part web series had low YouTube views of 12,000. *Let's Get Inventin* an iPad app connected with a successful formatted TV series attracted 1,743 downloads over nine months, but was undermined by the series not being re-commissioned.³⁶⁴ In 2014 the Digital Media Fund supported four further projects, but co-investment by broadcasters is rare.³⁶⁵ NZ On Air has signalled this may no longer be acceptable in future.

The Platinum Fund

In 1999 NZ On Air introduced the Platinum Fund to fund programming of a different type to other funded output, reestablishing quality as a criterion for PSB.³⁶⁶ This fund is currently used for drama and documentaries but not for children's programming.

In their submission to NZ On Air's 2015 review of children's content, campaigners from the New Zealand Children's Screen Trust have proposed a Junior Platinum Fund to enhance the range and quality of New Zealand children's content.³⁶⁷ Proposals have focused on repurposing the Platinum Fund for children's content, giving children a share of drama and documentary funding, or creating a new category of 'family' programming which is suitable for children.³⁶⁸

New Draft Strategy

As children's media consumption habits change and audiences fragment, NZ On Air has reviewed its strategy for children's content. In its policy deliberations it is seeking to reach a balance between the reliable content it has supported before and new material that allows for content creation with children, mobile apps and other forms of digital

³⁶³ NZ On Air, 'Children's Content Funding: Public Submission to the Children's Content Funding Discussion Paper', p.5.

³⁶⁴ NZ On Air, 'Children's Content Funding – Discussion Paper', p. 14.

³⁶⁵ NZ On Air, 'Children's Content Funding – Draft strategy discussion paper', p.5.

³⁶⁶ Flynn. 'Public service broadcasting beyond public service broadcasting', p. 135.

³⁶⁷ NZ On Air, 'Children's Content Funding: Public Submission to the Children's Content Funding Discussion Paper', p.51.

³⁶⁸ *Ibid*, p.15.

content.³⁶⁹ It needs to work out how it can reach the child audience in an interactive and mobile environment even though IP and rights issues are complicated. While TV remains important, NZ On Air has conceded that ‘genre and age group diversity’ is limited due to funding limitations, and that online access after broadcast is limited to platforms ‘rarely used by children’.³⁷⁰ The transition from supporting primarily broadcast content to more content online requires some hard choices about where NZ On Air needs to invest its limited financial resources. According to one commentator,

[...] if they are going to make any changes, that presence on the broadcast channel is going to have to be looked at because basically they don’t have enough money to do that and go online and serve a digital audience with different kinds of audience.³⁷¹

In a strategy document published in October 2015, NZ On Air put forward a draft strategy that reflects changes in the viewing environment.³⁷²

- NZ On Air is considering creating one single contestable children’s multimedia fund for linear and/or online platforms.³⁷³ It has signalled that this might lead to a change in its funding priorities, including a shift from funding long running magazine shows in favour of content with a greater online focus.
- It also announced that it would scope an ‘online home’ for funded content to reflect changes in audience behaviour either as an existing platform partnership or as a standalone solution.

In March 2016 it issued an ‘Expressions of Interest’ document for an online space for children aged 6-12 focused around the ‘New Zealandness’ of the project. NZ On Air is looking to partner with an organisation. The expectation is that content will be provided on a non-exclusive basis for free without advertising on a cost sharing basis. As a consequence the 2016/17 NZ On Air funding round could be reshaped.³⁷⁴

6.6 Tax Benefits

The New Zealand Screen Production Grant (NZSPG) scheme administered by the New Zealand Film Commission (NZFC) came into force on 1st April 2014. There are two different sets of criteria – the NZSPG Criteria for International Productions and the NZSPG Criteria for New Zealand Productions. The international scheme encourages large budget productions to film in New Zealand offering a cash grant of 20% of Qualifying New Zealand Production Expenditure (QNZPE), with a possibility of 5% extra for productions that can show significant economic benefits to New Zealand.³⁷⁵

For New Zealand productions, the scheme offers a cash grant equivalent to 40% of QNZPE to productions that have significant New Zealand content.³⁷⁶ The grant is capped at NZ\$6

³⁶⁹ NZ On Air, ‘Children’s Content Funding: Public Submission to the Children’s Content Funding Discussion Paper’, p.88.

³⁷⁰ NZ On Air, ‘Children’s Content Funding – Draft strategy discussion paper’, p.4.

³⁷¹ Anonymous, Interviewed by Jeanette Steemers.

³⁷² Ibid.

³⁷³ Ibid, p.3.

³⁷⁴ NZ On Air, ‘An Online space for New Zealand Children – seeking expressions of interest’, 14 March 2016. Available online <http://www.nzonair.govt.nz/document-library/childrens-eoi-march-2016/> (accessed 9 May 2016).

³⁷⁵ Film New Zealand, ‘NZSPG- International,’ 2016. <http://www.nzfilm.co.nz/funding/feature-films/production-funding/new-zealand-screen-production-grant/nzspg-international-productions>

³⁷⁶ Significant New Zealand content is defined in Section 18 of the *New Zealand Film Commission Act 1978*.

million per production unless the production qualifies for an Additional Grant (granted to productions or official co-productions that have QNZPE of NZ\$15 million or more). The Additional Grant is 40% of QNZPE from NZ\$15 million to \$50 million. This grant is capped at \$14 million and hence the total maximum New Zealand grant is NZ\$20 million.³⁷⁷

Animation projects and children's drama are the only genres that can 'double dip' and receive both an NZSPG rebate and NZ On Air funding.³⁷⁸ The minimum threshold is \$250k.³⁷⁹ It is too early to tell if these incentives will boost New Zealand animation and children's drama. Tax breaks have benefited incoming productions such as ITV's *Thunderbirds*.

³⁷⁷ Film New Zealand, 'NZSPG Criteria New Zealand,' 2016. Available online <http://www.nzfilm.co.nz/international-productions/incentives/new-zealand-screen-production-grant/nzspg-criteria-new-zealand> (accessed 2 May 2016)

³⁷⁸ NZ On Air, 'Children's Content Funding – Draft strategy discussion paper', p.7.

³⁷⁹ Film New Zealand, 'NZSPG Criteria New Zealand'

7. Children's Content in Latin America: Argentina, Brazil, Chile

7.1 Market Overview

Latin America has witnessed developments in recent years that have boosted local children's content. Examples include the launch of Argentinian public service channel Paka Paka in 2010 and the growth of an award-winning animation industry in Chile. The children's VOD market is expanding with the entry of Netflix, but the amount of locally produced content on VOD platforms and transnational channels is limited.³⁸⁰ As emerging economies with no strong tradition of public service content, initiatives in Latin America show how hard it is to establish quality children's content from scratch. For example, in Chile initiatives have only grown since 1992 after the reestablishment of democracy.

7.2 Argentina

Within Latin America Argentina has taken the lead in developing advertising-free public service television for children with Paka Paka, providing opportunities for local producers.

Paka Paka, operated by the Argentinian Ministry of Education, targets children aged 2 to 12. Launched in 2010, Paka Paka emerged as an offshoot of a popular children's block on the Encuentro educational network, initiated by the Ministry of Education in 2005. The channel has partnerships with public television stations across Latin America. Broadcasting schedules include imported as well as local content and cover drama, animation and documentaries. A schedule analysis in April 2016 revealed an estimated 65% - 35% split between local and imported content.³⁸¹

Although Paka Paka is free, it is only available to those with cable or an antenna to receive digital television. Paka Paka also airs on free-to-air Channel 7, which has a block dedicated to Paka Paka to meet its public service quota requirements.

El Trece (Channel 13) produces two local magazine programmes broadcast daily as part of the children's hour.

The 2009 Audiovisual Communication Services law was an important milestone (Number 26.522) in helping to establish local content services for children. This specified:

- The creation of an Advisory Council on Audiovisual Communication and Children, comprising experts in the field of childhood and adolescence.
- A 50% local quota for children's content blocks on all broadcast channels (Art. 68)
- 60% Argentinian content quotas on free to air TV stations³⁸²

³⁸⁰ Nico Franks, 'At the Cutting Edge', *C21 Media*, 27 March 2015. Available online <http://www.c21media.net/at-the-cutting-edge/print/> (accessed 10 March 2016)

³⁸¹ Carolina Duek, Universidad de Buenos Aires, Interviewed by Feryal Awan (30 March 2016)

³⁸² Open society foundation, 'Mapping Digital Media: Argentina', 29 February 2012, p.85.

- A must carry obligation for cable companies to include Paka Paka.³⁸³

According to the General Director of Paka Paka, Verónica Fiorito:

As an industry, we are seeing big changes regarding the things we produce and more people are getting involved in producing them. Production companies that used to be small have grown and some are working non-stop with Paka Paka or other channels. The 2009 media law is really driving production, and Paka Paka, like other channels, will open new windows to innovate in terms of content, formats and storytelling. We welcome the local production quotas, since they will create vibrant audiovisual production hubs all across Argentina.³⁸⁴

In spite of children's content quotas there are no investment quotas for children's content, which means other networks tend to buy in cheaper programmes. Paka Paka remains the only local option for higher quality Argentinian content. However, this is under threat because the new conservative government is reviewing media laws and ownership and there are indications that it may sell or part-sell media entities that are not generating economic revenue for the state. The new government is encouraging media consolidation raising concerns for the future of advertising-free television for children.³⁸⁵

7.3 Brazil

In Brazil public service television channels, TV Cultura and TV Brazil, are important providers of children's content. However, the most popular channels exist behind the pay wall. In 2012, market leader TV Globo stopped its weekday programming block for children and launched the 24 hour children's pay channel Gloob.³⁸⁶

There are a number of direct funds and tax incentives available to Brazilian producers. Law 12.485, which came into force in 2012 requires many pay channels to air specific amounts of local content per week free to air, produced by independent producers. For example, NBC Universal is commissioning locally produced animated feature films.³⁸⁷ While it is too early to predict the impact the new regulatory landscape will have on local production for children, producers are hopeful.³⁸⁸

National and regional funds include:

- **Sector Fund Audiovisual (FSA)**, administered by the Ministry of Culture. This funds the production and distribution of independently produced feature films and TV programmes. Many FSA grants were awarded to animation projects produced for public service television, with grants worth up to two million BRL (equivalent to US\$1 million) per series.³⁸⁹

³⁸³ Mercopress, 'Cristina wants an Audiovisual Pole modelled on Hollywood in Buenos Aires waterfront', 31 August 2012. Available online <http://en.mercopress.com/2012/08/31/cristina-wants-an-audiovisual-pole-modelled-on-hollywood-in-buenos-aires-waterfront> (accessed 15 March 2016)

³⁸⁴ cited in Ed Waller, 'Educating Argentina', *C21 Media*. 15 October 2013.

³⁸⁵ Duek, Interviewed by Feryal Awan.

³⁸⁶ Anna Stuart, 'Brazil's TV market growth creates opportunities for independents'. *Media and Technology Digest*. January 2015.

³⁸⁷ Franks, 'At the Cutting Edge'.

³⁸⁸ Stuart, 'Brazil's TV market growth creates opportunities for independents'.

³⁸⁹ Ibid.

- **Cultural Program of Petrobras** (Petróleo Brasileiro S/A) – a fund operated by the semi-public energy company. This provides funding for feature films, digital media, short films and film distribution.³⁹⁰
- **Banco Nacional de Desenvolvimento Econômico e Social (BNDES)** – Run by the National Bank for Economic and Social Development, this fund supports the production of feature films, documentaries and animation.

7.4 Chile

Chile has one public educational television channel called Novasur, which was founded in 2000 and also caters for children and young people. Televisión Nacional de Chile (TvN) also caters for children but tends to buy in. American channels are very popular. Within Chile there is some contestability administered by regulator, CNTV for historical and cultural programmes including children’s content. Applications are made once a year and decisions are made by a CNTV jury. CNTV commissions about 27 projects a year for free to air broadcast including 3 or 4 children’s series a year. Finding a broadcaster to show the programming is a significant challenge.³⁹¹

Chile boasts a growing animation industry, having won an Oscar in 2016 for its CG-animated short *Historia de un Oso* (Bear Story). However, local animators work in challenging circumstances as there is limited financial support from either the public or the private sector. Chile currently has more than 15 production companies and 8 universities that offer animation courses. While animation is funded by different government-funded institutions and also universities, there is little private sector and broadcaster investment in animation.

The main sources of public funding available to the animation industry include:

- The National Television Council (CNTV), which funds most animation in Chile. According to 2013 statistics it invests between US\$200,000 and US\$500,000 a year in animated series in the 13x13’ format and accounts for around 90% of all Chilean animation produced for TV. In early 2016, CNTV launched a tender for the production of 3 new children’s and youth programmes. Deadline was March 2016.³⁹²
- Corporación de Fomento de la Producción de Chile (Corfo), a public-sector organization dedicated to promoting entrepreneurship, innovation and growth in Chile³⁹³ invests in animation pre-production. According to 2013 statistics it invested US\$40,000.
- The National Council of Culture (CNCA) also funds animated feature films.
- Smaller funds include FondArt, backed by the Cultural Ministry and the CNCA.
- Universities also invest in animation.

³⁹⁰ Rebeca Duran, ‘Incentives for Film Production’, *The Brazil Business*. 31 October. 2013. Available online <http://thebrazilbusiness.com/article/incentives-for-film-production> (accessed 20 March 2016)

³⁹¹ Maria Dolores Souza, CNTV, Consejo Nacional De Television, Interviewed by Jeanette Steemers (23 March 2015).

³⁹² CNTV, ‘CNTV llama a concurso para producción de nuevas series infantiles y juveniles’, 2016. Available online http://www.cntv.cl/cntv-llama-a-concurso-para-produccion-de-nuevas-series-infantiles-y-juveniles/prontus_cntv/2016-02-23/154252.html (accessed 20 March 2016)

³⁹³ CORFO, ‘About Corfo’, 2016. Available online <http://www.english.corfo.cl> (accessed 10 March 2016)

Appendix A

Populations

Country	Total Population	Under 15	Percentage
Australia	24 300 997	4 417 241	18.3%
Canada	36 265 824	5 669 066	15.7%
Denmark	5 690 292	1 001 874	17.6%
France	64 650 425	11 964 517	18.5%
Germany	81 266 906	10 821 513	13.3%
Ireland	4 701 242	992 717	21.1%
New Zealand	4 555 874	926 230	20.4%
UK	65 073 078	11 263 197	17.3%

Source: Country Meters³⁹⁴

³⁹⁴ Country Meters, 'World Population'. 2016. Available online <http://countrymeters.info> (accessed 10 May 2016)

Appendix B

Funding Children's TV Production in the UK³⁹⁵

In 2013, Anne Brogan from Kindle Entertainment reported to a House of Commons Inquiry, that she could expect a 78 percent contribution from the BBC on a £3.3m budget for a 13-part half hour series, filmed in South Africa.³⁹⁶

Broadcast licence fees from UK broadcasters have since declined, and apart from the BBC there are few other UK broadcasters to approach. Disney, Nickelodeon and ITV commission too infrequently to support 'any kind of business model'.

Broadcaster commitment, usually from the BBC, for children's drama is about 65% to 75% of the budget, but can go as low as 52% on shows with clear international potential. This money does not have to be recouped by the broadcaster and the producer retains rights in it.

The BBC will commit around 24% of the budget for an animation acquisition before production. For live action drama the financial commitment is higher because these are commissions and because drama 'does not have nearly the sales potential that animation has around the world.'

For most UK producers it is still important to get UK broadcaster commitment first, in most cases from the BBC, as this unlocks sales to other broadcasters internationally.

The next port of call is the international distributor. In a perfect scenario the distributor will supply an advance that covers the deficit. This allows the greatest editorial freedom in terms of locations, because there is then no need to look for overseas tax credits.

Key distributors include BBC Worldwide, DHX Media based in Canada and Zodiak Rights (part of the Banijay Group) as well as smaller specialists like Cake, but in recent years there has been consolidation in the distribution sector.

On drama a distributor might pay a recoupable advance of 6-10% of the budget. In rare instances this might get pushed to 15%, but rarely on a children's live action drama. Every deal is negotiable, but in return for a recoupable advance, which is risk money, the distributor will often require:

- A percentage of the back-end (or net profits).
- A share of copyright.
- Plus enhanced commission on all sales. If a standard commission is 30% the distributor might ask for 35%
- Deferred recoupment of commission on pre-sales that contributed to the budget.

³⁹⁵ Information is based on interviews with producers and distributors actively involved in raising finance for UK children's TV productions.

³⁹⁶ Written evidence submitted by the Children's Media Foundation to the House of Commons Culture, Media and Sport Committee, *Supporting the Creative Economy. Third Report of Session 2013-14*. Vol. II Additional written evidence, 97-98.

This is on the understanding that all pre-sales will contribute to the budget.

Foreign pre-sales are very difficult to get for live action drama particularly in France and Germany, but these territories are still important for animation.

Once a broadcaster and, if necessary, a distributor are in place, a producer can look at tax credits including the UK children's tax credit or animation tax credit. Tax credits range from between 15% and 40% of qualifying spend of the country where production takes place. However tax credits are, in most cases, only paid after completion of production, which necessitates bridging finance from a bank or financing companies, which adds further non-screen related costs to the budget. A 15% tax credit may only translate into 8% of the budget when non-qualifying expenditure and costs are taken into account. Banks may not loan against the tax breaks of foreign countries.

A small number of producers have used Enterprise Investment Schemes (EIS), which allow investors to invest up to £1m in any tax year in a company set up especially for a production. In return for their investment they receive 30% tax relief and exemption on capital gains tax and inheritance tax, provided the money is locked away for three years. The equity investor will want to make a profit on their equity investment at some point in the future by selling their shares in the SPV (Special Purpose Vehicle) company created to house the production and the IP (intellectual property). For animation and live action properties the three-year time-scale of an EIS scheme is not long enough for investments to mature. For example income from licensed merchandise on an animation property might not roll in until three or four years after launch, because the property needs to build audiences and sufficient popularity for manufacturers and retailers to risk investment in product lines.³⁹⁷ The use of investment companies to cashflow a tax credit of 13% will also involve interest payments, setup fees and substantial legal fees.

The UK animation and children's tax credits allow producers to produce in the UK, and have been popular. In response other countries have raised the thresholds on their own tax credits. Canada has been popular, because producers can access Canadian tax credits from both federal and provincial sources, and if they have a Canadian co-production partner, producers can also access subsidies from the Canada Media Fund and specialist funds such as the Shaw Rocket Fund. Official co-productions are less popular, because of their complexity.

According to one producer:

On all these tax credits you have to weigh up what you actually get out of it. What looks on paper like a 20% or 25% or 30% tax credit, by the time you have added in the cost of getting your people out there and the legal costs and the financing costs surrounding all of that, that percentage drops down. So you are not getting 25% or 30%, you are probably only getting 15% or 25% on your budget, because of the

³⁹⁷ Jeanette Steemers, *Creating Preschool Television* (Basingstoke, 2010)

added costs. It is taking away 5% of the bonus. You are losing upwards of 5% of the gain because of the additional costs.

Some argue that tax credits have encouraged broadcasters to offer even lower licence fees than before.

Table B.1 Example of UK Drama Financing in 2016

Broadcaster Licence Fee	65-75%	non-recoupable
Distributor Advance	6-10%	recoupable
Regional Screen Funds	Up to 10%	usually recoupable
Tax Credit	8-10%	non-recoupable
External Investor – cashflow	dependent on investment	recoupable

Table B.2 Example of UK Drama Recoupment in 2016

1. Distributor Advance (6-10%)
2. Equity Investor (after payment of tax break)
3. Distributor sales commission (often 30% of gross sales)
4. Distributor deferred commission on presales
5. Producer fees

Video-on-demand provides new complexities as players like Netflix only pay on delivery or in some cases pay some on delivery and the balance over the next two or more years of the licence. In the same way as tax credits this has to be covered by a bank loan or funding from a media financing company. Against a Netflix contribution, a financing company may loan 100%; against a tax credit a financing company will pay between 90-95% of the tax credit due, leaving the producer to find the balance.

For preschool animation the first point of call is a broadcaster. The BBC will pay up to 24% for an enhanced pre-buy. Any more than that and it is a commission. Then there are overseas pre-sales before you can obtain EU funding. However presales have become more challenging because broadcasters have become more risk averse. Co-productions with Canada, France or Asia might be the next point of call.

Table B.3 Example of Animation Funding in 2016

Broadcaster Licence Fee (Acquisition)	24%
Pre-Sales	Up to 26% to secure EU Funding
EU Funding	12.5% (worth 10%)
Tax Break	20% (worth 15-17%)
Equity Investor to cash flow tax break	Variable

For a European production non-repayable funding on a competitive basis can be obtained from the EU's Creative Europe programme (previously the Media Programme). Fiction or animation programmes can apply for up to 12.5% of production costs (capped at €500,000 for fiction or animation) under the TV Programming scheme. However, 50% of the total estimated production budget has to be in place from presales to at least three EU countries involved in the Creative Europe programme prior to an application. There are only two application rounds a year and it takes 6 months to process. Some producers and distributors are concerned that Brexit may cut off access to this funding. Applications are assessed centrally with assistance from industry experts. The Creative Europe scheme also operates programmes for distribution and development including the development of video games.

In April 2016 the following Creative Europe awards were made to UK animation productions as part of the TV Programming Scheme:³⁹⁸

- Lupus Films *We're Going on a Bear Hunt* - €200,000
- Hoho Entertainment *Shane the Chef* - €500,000

In 2015 the following shows were funded under the same scheme:

<i>Revolting Rhymes</i> 2 X 30	Magic Light	Animation	€300,000
<i>Hettie Make Believe</i> 52 X 7	1973 Films	Animation	€500,000

Applications are judged on four criteria up to a maximum of 100 points:³⁹⁹

- Relevance and European added-value including potential for European and international distribution (30)
- Quality of the content and activities including European dimension and financing of the project (originality and quality of the treatment) (30)
- Dissemination – Quality of the distribution and marketing strategy (30)
- Organisation of the project team – (10)

³⁹⁸ Creative Europe, 'Creative Europe grants over €7 million to film and TV producers', 19 April 2016. Available online <http://www.creativeeuropeuk.eu/news/creative-europe-grants-over-%E2%82%AC7-million-film-and-tv-producers> (accessed 20 May 2016)

³⁹⁹ Creative Europe, 'Guide For Experts On Assessment Of Tv Programming Actions'. Available online https://eacea.ec.europa.eu/sites/eacea-site/files/guide_for_experts_tv_eacea_21.2015.pdf (accessed 20 May 2016)

Appendix C Methods

In the first instance this report involves a review and analysis of academic literature, policy documents and press coverage in other markets. We concentrated on those markets that had significant forms of ‘contestable’ funding or a funding ecology that suggested significant interventions for supporting children’s content. Our main focus has been on Australia, Canada, Denmark, France, Ireland and New Zealand. We also looked briefly at Argentina, Brazil and Chile as examples of countries that are trying to build up a children’s production community through regulatory interventions. We looked briefly at Germany as the largest market in Western Europe, but established that it had few interventions to support public service media content apart from public service broadcasting. Our sample includes larger countries (France), medium-sized territories (Canada, Australia) and smaller countries where there are contestable funds (Denmark, Ireland, New Zealand).

In total we conducted 29 interviews (in person, by phone and by Skype) mostly between February and May 2016. Most interviews took 45 minutes to an hour. Interviews were supplemented with emails, and where possible we have checked country reports with respondents. Many of our respondents requested anonymity to be able to speak freely. Respondents included:

- Distributors, Production Consultants and Producers
- Regulatory Authorities
- Academic Experts
- Broadcasters
- Children’s Media Advocacy Groups
- Funding Bodies
 - Australian Children’s Television Foundation (ACTF)
 - Broadcasting Authority of Ireland (BAI)
 - Canada Media Fund
 - Cogeco Program Development Fund (Canada)
 - Consejo Nacional de Television (Chile)
 - Danish Film Institute
 - Independent Production Fund (Canada)
 - Kultur Ministeriet (Denmark)
 - New Zealand On Air
 - Shaw Rocket Fund (Canada)

