



## AUSTRALIAN CHILDREN'S TELEVISION FOUNDATION

### **Submission to the Productivity Commission's Study into the Contribution of the Not for Profit Sector**

The Australian Children's Television Foundation ("**ACTF**") is pleased to have the opportunity to respond to the Productivity Commission's *Study into the Contribution of the Not for Profit Sector*.

The ACTF is a national not for profit children's media production and policy hub. The ACTF performs a wide range of functions within children's media; as a voice in policy matters; as a distributor of and investor in Australian children's television series; and as an instigator of new, innovative and entertaining children's media.

#### **Background**

The ACTF wishes to highlight the ways in which it contributes to the Government's policy objectives.

The Federal Government's screen policies aim to build a successful Australian audiovisual industry and to ensure Australian stories and voices are heard. In acting as a conduit between government and the private sector in the development of innovative and high quality children's programming, the ACTF makes a significant contribution towards government objectives for the screen industry.

The ACTF's work also furthers the underlying policy objective of the *Children's Television Standards*. The *Children's Television Standards* impose obligations on Australian free-to-air commercial broadcasters to program content which is made specifically for the child audience which enhances a child's understanding and experience. The ACTF is also unique in its capacity to develop educational resources which build upon the cultural and educative objectives of these programs.

The Productivity Commission's Issues Paper touches on several issues that impact on the ACTF's ability to achieve its core objectives. In particular, the concern with enhancing the efficiency and effectiveness of the not for profit sector is shared by the ACTF.

The ACTF believes that minimising the regulatory and administrative burden on not for profit organisations would enable them to direct their limited resources towards their core activities. Possible suggestions for reform are set out below, according to the issues set out in the Productivity Commission's Terms of Reference.

**• Identify unnecessary impediments to the efficient and effective operation of not for profit organisations and measures to enhance their operation**

Allowing not for profit organisations greater flexibility in financial reporting requirements to their funding bodies would allow them to focus their resources on their core activities. This could lead to improvements in overall organisational efficiency and allow them to minimise their spend on administration.

In addition to the income it receives from its distribution and production investment activities, the ACTF receives a range of funding from Federal, State and Territory Governments and is required to report to each funding body separately.

The ACTF acknowledges that its extensive reporting obligations are a direct result of its wide funding base. It is a situation that is unique to the ACTF and is brought about by the fact that the government departments and agencies that fund it sit across several levels of government and across different jurisdictions and responsibilities.

The issue faced by the ACTF and other not for profits however, is that the amount of reporting required of the ACTF results in duplication and diverts resources away from its core activities. As the ACTF operates with a relatively small staff, minimising the amount of reporting that is required would allow a more efficient use of its staff on its core activities of children's television production, distribution and policy development.

Organisations such as the ACTF must continue to maintain transparent financial reporting and administrative practices. However, such requirements should also be in proportion to the levels of funding that they receive.

The ACTF currently publishes an annual report with fully audited accounts that are lodged with the Australian Securities and Investment Commission and are available via the ACTF's website. As the ACTF's annual report provides a comprehensive account of the ACTF's activities and its performance against key performance indicators, it has been accepted by some funding bodies as a summary of its financial activity.

It is suggested that the Productivity Commission investigate ways in which sector wide standardised reporting requirements could be implemented.

Another issue that the ACTF faces in respect of funding is that standardised grant application processes usually anticipate only project-based applicants. This may be appropriate for some organisations that seek funding to facilitate specific initiatives or projects, however, the ACTF manages its operations on longer term timeframes due to the nature of television production. Accordingly, the ACTF seeks funding for a general pool to be applied across all its key activities, including operating expenses.

The ACTF also suggests that the Productivity Commission also investigate reform of funding arrangements that recognise the way in which funding is most commonly applied.

**• Examine recent changes in the relationships between government, business and community organisations and whether there is scope to enhance these relationships so as to improve outcomes delivered by the not for profit sector**

The ACTF plays a key role in the development of quality children's television programming in Australia.

The Federal Government has attempted to address the low levels of Australian production through a range of strategies, including the introduction of the Australian Screen Production Incentive as well as the establishment of the government agency Screen Australia.

In addition, the *Children's Television Standard* maintained by the Australian Communications and Media Authority mandates minimum levels of children's content on commercial free-to-air broadcasters. This will be augmented later this year with the introduction of the newly announced dedicated children's channel, ABC3.

The difficult conditions that face the Australian film and television industry are even more acute in children's television. In an industry where investment is scarce, production funding for children's television can be difficult to obtain as it is often an uncommercial enterprise.

The ACTF plays a strategic and essential role in facilitating investment in production of children's television as well as the distribution of programs in Australia and overseas. It does this through partnerships with independent production companies and government funding agencies. The ACTF is also very active in funding development of projects at an early stage.

Without the ACTF's development and production investment, many projects would struggle to find finance.

The ACTF's strategy of partnering with screen development and funding agencies, and independent producers, has resulted in a range of critically and commercially successful productions. *Lockie Leonard* and *Mortified* are productions that the ACTF has invested in and distributed, that have achieved considerable domestic and international sales and critical acclaim.

Arts Minister Garrett emphasised at its announcement that the new government agency Screen Australia would be required to 'realise its cultural objectives while also being acutely conscious of the need to promote the development of commercially focused screen businesses'<sup>1</sup>. In fulfilling its aims of developing and assisting in the production of quality children's content, the ACTF manages to support the development of commercial audiovisual businesses. In the film and television industry, the ACTF's nurturing of relationships between government and the private sector has resulted in successful outcomes, both in respect of the ACTF's objectives, as well as broader Government policy.

The ACTF suggests that the Productivity Commission acknowledge the valuable contribution that not for profit organisations, such as the ACTF, make towards fulfilling government objectives.

**• *Examine the impact of the taxation system on the ability of not for profit organisations to raise funds and the extent to which the tax treatment of the sector affects competitive neutrality.***

The ACTF believes tax exemptions should be maintained for not for profit organisations that, like the ACTF, have as their primary objectives cultural and educational outcomes.

The experience of the ACTF provides a valuable case study.

The ACTF's tax exempt status should be maintained as its activities represent a net contribution to children's television production and the development of educational

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<sup>1</sup> Second Reading Speech, *Screen Australia 2008 Bill*, Wednesday, 20 February 2008.

resources. Furthermore, the ACTF's activities are not carried out exclusively for commercial gain, but for wider industry development. In essence, the ACTF's activities:

- are not focused exclusively on the production of children's content, but assisting in the development, production, financing and distribution. It is not a direct competitor to private production but instead aims to facilitate greater commercial activity;
- are aimed at cost recovery, rather than profit making;
- fill a gap in the marketplace by providing educational resources (often run at a loss) and distribution for programs that would not be viable for a commercial operator; and
- income generated from its activities are used by the ACTF in achieving its cultural and educational objectives

This submission contains a brief summary of the issues being considered by the Productivity Commission's study that affect the ACTF. For further information please contact Mr Andrew Ma, Senior Corporate Lawyer, at [andrew.ma@actf.com.au](mailto:andrew.ma@actf.com.au)

**The Australian Children's Television Foundation**  
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