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Department of Infrastructure, Transport, Regional Development, Communications and the Arts
Office for the Arts
GPO Box 594
Canberra ACT 2061

Via email: culturalpolicy@arts.gov.au

Submission as part of the development of the new National Cultural Policy

Stan is the country's leading local streaming service and has been at the forefront of changing how Australians consume video content. We have made it possible for consumers to access the best Australian television series and films and content from around the world whenever and wherever they want, through a multitude of connected and portable devices. This content has been made available for free to all Australians for the first 30 days of a subscription, and from \$10 a month thereafter.

Launched in 2015, Stan is owned by one of Australia's most trusted and culturally significant media companies, Nine Entertainment Co. In just over seven years, Stan has built a base of more than 2.5 million active subscribers and cemented itself as the leading local SVOD player. The business offers Australians the chance to work in one of the world's most exciting industries from their own backyard. Stan and its employees are all based locally so our team experiences and understands all of the operations and functions of a dynamic SVOD business, which is a unique opportunity in Australia.

Stan makes a significant contribution to Australia's national cultural identity and the artists and industries that underpin it. The streaming service commissioned its first local production within two months of its launch and, today, Stan is one of the most significant and important commissioning platforms in the country. The company has contributed to thousands of jobs directly and indirectly through these investments in local productions, known as Stan Originals.

Stan welcomes the opportunity to provide its submission to the Department of Communications as part of the development of a new National Cultural Policy and also looks forward to further engagement with the Department and Government on the key focus areas. Stan's submission is set out in Annexure 1 to this letter.

Annexure 1 – Stan’s submission

- The Australian production industry has enjoyed surging levels of expenditure in recent times. The most recent Screen Australia Drama Report, which covered financial year 2021, showed total Australian expenditure had nearly doubled to a new record of just under \$2 billion¹.
- Stan and the streaming sector have formed a significant and growing part of this investment, which has been detailed in the industry’s voluntary reporting to the Australian Communications and Media Authority (ACMA). Stan, Netflix, Amazon and Disney invested \$629 million in Australian and Australian-related content in FY21, which was up from \$268M in FY20². Stan’s slate has included a raft of world class Australian productions, including *The Tourist*, *Wolf Like Me* and *Bump*, while upcoming Stan Originals include *Bali 2002*, *Transfusion*, *Black Snow* and *Ten Pound Poms*.
- Stan Original productions promote and celebrate the diversity of Australia with creative talent and crew on screen and behind the camera.
- Stan Originals proudly showcase First Nations stories through our content which is made with extensive consultation with community through key creators, heads of department, story creators and performers.
- Stan’s contribution to the Australian production industry began when the company was launched in January 2015. Stan commissioned its first local production, *No Activity*, just two months later, and is now one of the most significant and important commissioning platforms in the country.
- Stan has commissioned local productions with budgets totaling more than \$410M to date, and is ramping up its output even further to deliver around 30 per cent of its premium first run slate from original productions by 2025.
- The investments made by Stan have translated into some of the highest production values seen in Australian television and the productions have attracted significant investment in the local sector from some of the world’s biggest studios and platforms. For example, *The Tourist* was a co-production with the BBC, which broadcast the series in the UK, and Warner Bros. Discovery-owned streaming service HBO Max, which brought the series to US audiences. Stan also recently signed a major partnership with Hollywood studio, Lionsgate, for the development of a new slate of Stan Originals.
- This type of investment from international media companies in exchange for international rights and distribution is critical to the economic viability of making world class Australian productions and these sorts of commercial models should be encouraged if we are to maintain and grow the local industry.
- Further demonstrating its commitment to the local production industry, Stan recently launched a partnership with the Australian Children’s Television Foundation which will include the production and development of Australian live action projects for young and family audiences. Stan also has several active development initiatives in place with state screen agencies.

¹ <https://www.screenaustralia.gov.au/fact-finders/reports-and-key-issues/reports-and-discussion-papers/drama-report> ² <https://www.acma.gov.au/spending-subscription-video-demand-providers-2020-21>

- As a local SVOD service and significant commissioner of premium local content, it is important that Australian audiences are able to easily find and access the Stan app on connected TVs and other connected platforms.
- There is a raft of publicly available data that makes it clear there is no market failure in relation to the delivery and availability of local content that would require policy intervention in the streaming sector, while the surging production market has led to a shortage in the availability of production facilities and key crew which has driven up costs and delayed many projects.
- An investment obligation on the streaming sector would sharply and artificially further drive up the costs of content and production. This is a view shared by Australia's commercial free-to-air broadcasters who are concerned that such regulation would substantially impact their ability to commission, produce and create Australian content and stories.
- Notwithstanding the buoyant state of the production industry and growing pipelines of Australian content coming to streaming services, if the Government is minded to implement some form of investment obligation or expectation on the streaming industry, Stan considers that the following points would need to be reflected in such a policy instrument in order to avoid market distortions and other negative and unintended consequences;
 - Any investment obligation or expectation would need to apply to new entrants in the local streaming market controlled by large international companies. Minimum thresholds for such new entrants would lead to market distortion and would not meet the Government's intention of supporting investment in Australian content from those who are able to do so. New entrants to the streaming market controlled by large international companies have the means to invest in Australian content and should do so from launch. Failing to address this point would put local and existing players, many of whom have invested in Australian content from launch, at a significant disadvantage to large scale late market entrants.
 - Commercial free-to-air networks are already subject to extensive content obligations and as such any business that holds a commercial free-to-air licence is already contributing significantly to Australian content. Therefore, in order to avoid duplication of regulatory obligations, streaming services owned by the holder of a commercial free-to-air television license should be excluded from any sort of investment obligation or expectation that may be implemented.
 - The definition of Australian content that would contribute to any investment obligation or expectation would need to be carefully considered in order to avoid disincentivising investment in world class local productions and popular content.
 - Acquisitions of Australian content should count towards any investment expectation or obligation. Acquisitions can be crucial to the release and commercial viability of new and first-run content, while the availability of second window and library Australian content on streaming services is also important in supporting the Government's cultural objectives in the screen sector.