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Department of Infrastructure, Transport, Regional Development and Communications
Content Division

Via email: content@communications.gov.au

Submission in Response to the Media Reform Green Paper (Green Paper)

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 television series and films from Australia and 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 six years, Stan has built a base of 2.3 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 makes a significant contribution to the Australian content and production industries, and has been doing so since its launch. 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 *New rules for new media landscape – modernising television regulation in Australia (Green Paper)* review, and also looks forward to further engagement with the Department and Government on the key focus areas. Although the Green Paper canvasses a wide range of important policy considerations, Stan will confine its submission (set out in Annexure 1 to this letter) to the issues that are most relevant to its business. Stan has also included its recommended policy approach from its submission to last year's Options Paper review in Annexure 2 for convenience.

Annexure 1 – Stan’s Submission in Response to the Green Paper

Executive Summary

- Stan has submitted extensive reporting of its investment in Australian content to the Australian Communications and Media Authority and Department of Communications, as requested by the Federal Government. This reporting shows a significant and growing investment in Australian content, even in COVID-19-affected years. With Australia in the midst of a production boom and the streaming sector contributing significantly to that growth in investment, Stan encourages the Government to collate the industry data and other important information over a multi-year period in order to fully understand the real numbers and trends before deciding on its long-term policy approach.
- Screen Australia reported that investment in Australia on dramas commissioned by, or for, online services surged by 95% to \$94M in fiscal year 2020, largely driven by the SVOD sector¹. This significant increase in investment came despite evidence suggesting at least eight online drama titles, with budgets approaching \$20M, were postponed due to COVID-19. The online drama figures also do not capture investments by the SVOD sector into co-productions which have a traditional television premiere or co-premiere.
- Due to the increase in demand for Australian production facilities and crew, these key resources are becoming harder to secure which is delaying many projects and driving up the costs of production. Exacerbating this issue for local commissioning platforms and broadcasters is one example of the myriad unintended consequences that are likely to arise from government intervention designed to accelerate the streaming sector’s investments into Australian content.
- This is a concerning issue because local media companies are best placed to tell Australian stories and any policy setting that undermined their ability to invest in such content would inevitably stem the cultural and economic benefits that flow from our local production industry.
- As the leading local streaming service, Stan’s contribution to the Australian content and creative industries continues to grow. For example:
 - Stan has commissioned productions with budgets totaling more than \$250M, and has outlined its plans to ramp up its output to 30 Stan Originals per year by 2025².
 - Stan Originals have proven particularly saleable overseas, with more than 20 distinct titles, or just under 100 hours of programming, sold into the United States and United Kingdom markets alone. Stan has forged production partnerships with some of the world’s biggest studios, networks and platforms to help export premium Australian content to the world.
 - Each Stan Original production directly and indirectly employs many hundreds of people, from the principal cast and creatives all the way through to daily extras.

¹ <https://www.screenaustralia.gov.au/getmedia/f87c32c8-3d5d-4d99-95ad-224931812f49/Drama-Report-2019-2020.pdf>

² <https://www.dropbox.com/sh/am5o8m4c8ojyab9/AADftw9eg3W1EZ3fkjds5Mja?dl=0&preview=Stan+Originals+Announceme nt+Press+Kit.pdf>

- Stan recently announced a new development fund with The South Australian Film Corporation³ to drive the creation of new and original South Australian scripted series. This comes after Stan launched similar funds with Film Victoria⁴ and Screen Queensland⁵.
- Stan employs around 150 staff at its Sydney headquarters, and its parent company, Nine Entertainment, is domiciled in Australia for tax purposes and, therefore, contributes to the government support that is crucial to the local production industry.
- Content quotas were designed to regulate a fixed group of free-to-air television networks operating under the same business model. Yet streaming companies have vastly different business models with different operating margins and economics. It follows that these streaming companies are contributing to Australian content and creative industries in vastly different ways; for example, Stan invests significantly in premium Australian productions, while an international company in the same sector invests in production capacity, skills and development via studios and other infrastructure. Stan recommends that the government look at the Australian content landscape holistically in order to identify areas of need and inform its policy approach, rather than focusing on one aspect in isolation.
- Content quotas regulating free-to-air television networks were designed for an industry governed by a fixed licensing regime. However, Stan operates in an open market and faces competition from a growing number of global media and technology companies. For example, ViacomCBS's Paramount Plus is due to launch locally in August, which comes after the launches of Disney+ and Apple TV+ in the past 18 months.

³ <https://stan.cmail19.com/t/ViewEmail/t/49A29FA8578D25512540EF23F30FEDED/30C23CA33166A220DDA3541AF197FE1F>

⁴ <https://www.film.vic.gov.au/news/stan-and-film-victoria-team-up-for-comedy-fund-initiative-searching-for-next-great-comedic-screen-talent>

⁵ <https://screenqueensland.com.au/investment-support/sq-stan-premium-drama-development-fund-2020/>

Stan's Contribution to the Australian Content and Production Industries

Stan's contribution to the Australian content and production industries has grown every year since the company was launched in January 2015. The streaming service commissioned its first local production, *No Activity*, just two months later and, today, Stan is one of the most significant and important commissioning platforms in the country. Australia's leading local streaming service has commissioned productions with budgets totaling more than \$250M, and has outlined its plans to ramp up its output to 30 Stan Original productions per year by 2025. Its Originals have attracted widespread critical acclaim and enjoyed considerable commercial success – most recently evidenced through the smash-hit teen drama, *Bump*. The investments made by Stan have translated into some of the highest production values seen in Australian television, with examples including *The Commons*, shot in Sydney, *The Gloaming*, filmed in Tasmania, and upcoming dramas, *The Tourist*, which was shot in the South Australian outback, and *Eden*, filmed in Byron Bay on NSW's north coast. The growth seen in Stan's investment in local productions is consistent with the broader trend in the streaming industry, with investment in Australia on dramas commissioned by, or for, online services surging by 95% to \$94M in FY 2020, largely driven by the SVOD sector.

Stan Originals have proven particularly saleable overseas, with more than 20 distinct titles, or just under 100 hours of programming, sold into the United States and United Kingdom markets alone. Stan has forged production partnerships with some of the world's biggest studios, networks and platforms to help export premium Australian content to the world. For example, upcoming Stan Original, *The Tourist*, is produced by Two Brothers Pictures, an All3Media company, and was co-commissioned by the BBC, which will broadcast the series in the UK, and WarnerMedia's streaming service HBO Max, which will bring the series to US audiences. Another upcoming Stan Original, *Wolf Like Me*, was co-commissioned by Stan and NBCUniversal's Peacock streaming service, which will exhibit the title in the US.

Further demonstrating its commitment to the local production industry, Stan recently announced a new development fund with The South Australian Film Corporation to drive the creation of new and original South Australian scripted series. South Australian Minister for Innovation and Skills, David Pisoni said in relation to the fund: "This exciting new initiative will further cement South Australia's reputation as a hub of screen creative excellence by providing fresh opportunities for local talent to create ambitious new works for a national platform."⁶ The announcement came after Stan launched similar funds with Film Victoria and Screen Queensland.

Stan's Original productions have attracted widespread acclaim and won multiple awards. *Bloom* won two Logie Awards at the most recent Logies event in 2019; Most Outstanding Miniseries or Telemovie and Most Outstanding Supporting Actress, won by Jacki Weaver. Stan became the first streaming service to win a Logie Award through *Romper Stomper*, which was recognised with the awards, Most Outstanding

⁶ <https://stan.cmail19.com/t/ViewEmail/t/49A29FA8578D25512540EF23F30FEDED/30C23CA33166A220DDA3541AF197FE1F>

Miniseries and Most Outstanding Supporting Actress (Jacqueline McKenzie) in 2018. Stan Originals, including *Wolf Creek* and *No Activity*, have also won several AACTA Awards.

Stan's investment in local productions has contributed significantly to the industry and Australian economy more broadly. Each Stan Original production directly and indirectly employs many hundreds of people, from the principal cast and creatives all the way through to daily extras. These productions have been responsible for employment and expenditure on goods and services that has benefitted tens of thousands of Australians in the production and ancillary sectors, including media and marketing, hospitality, transport, IT, and professional services.

When assessing Stan's contribution to the Australian economy, it is important to note the company's 150 employees that are based in Sydney. Stan gives Australians the chance to work in one of the world's most exciting industries from their own backyard, and in doing so delivers significant benefits to the broader economy. Stan's parent company, Nine Entertainment Co, is domiciled in Australia for tax purposes and, therefore, contributes to the government support that is crucial to the local production industry.

Stan's Response to Issues Raised in the Green Paper

Stan has submitted extensive reporting of its investment in Australian content to the Australian Communications and Media Authority and Department of Communications, as requested by the Federal Government. This was an approach recommended by Stan and the streaming industry under their responses to the Options Paper last year. The reporting shows Stan's significant and growing investment in Australian content, even in COVID-19-affected years. With Australia in the midst of a production boom⁷ and the streaming sector contributing significantly to that growth in investment, Stan encourages the Government to collate the industry data and other important information over a multi-year period in order to fully understand the real numbers and trends before deciding on its long-term policy approach.

Stan's own data, a range of publicly available information, and extensive anecdotal evidence all suggest that currently there is no market failure in the Australian content industry to address in terms of the level and trajectory of investment into local productions. If there is a market failure to address it would be in relation to production capacity. Due to the increase in demand for Australian production facilities and crew, these key resources are becoming harder to secure which is delaying many projects and driving up the costs of production. Intervening to implement content quotas on the SVOD sector could only serve to exacerbate this issue. It is the local media companies, including Stan and the free-to-air networks, that would suffer the most from this proposed government intervention as they faced competition from an

⁷ <https://www.smh.com.au/culture/movies/we-re-certainly-busy-behind-the-boom-in-overseas-film-and-tv-production-20210119-p56vcv.html>

increasing number of global behemoths with deep pockets at their disposal. This is a concerning issue because local media companies are best placed to tell Australian stories and any policy setting that undermined their ability to invest in such content would inevitably stem the cultural and economic benefits that flow from our local production industry. This is just one example of the myriad unintended consequences that are likely to arise from government intervention designed to accelerate the streaming sector's investments into Australian content.

The aforementioned issue around production capacity also highlights why Stan and the streaming industry have been consistent in their view that the Government should look at the Australian content ecosystem holistically when assessing what, if anything, needs to be addressed. While it was encouraging to see the Government move forward with some of the key aspects of the streaming industry's proposal to the Options Paper Review – namely that the Government should seek real data points from streaming services about their investments in Australian content and assess these over a multi-year period to inform its policy approach – Stan would suggest that other aspects of the proposal warrant further consideration. Key to the proposal was that the Government should consider the vast differences in business models across the streaming sector, as opposed to the homogenous nature of the free-to-air industry, and how this was actually helping the development of the Australian content industry. It should not be assumed to be a negative dynamic that some businesses are investing in different, but important, parts of the broader content ecosystem. For example, Stan invests significantly in premium Australian productions, while an international company in the same sector invests in production capacity, skills and development via studios and other infrastructure. As demand for Australian productions has surged, this has underlined the importance of investing in the infrastructure required to facilitate these productions. Streaming services, including Stan, have also proven to be particularly effective at exporting Australian content to the world, which is another important part of growing our local production industry. These examples highlight why Stan recommends that the Government look at the Australian content landscape holistically in order to identify areas of need and inform its policy approach, rather than focusing on one aspect in isolation.

While Stan is strongly opposed to regulated investment obligations of any kind being imposed on the streaming industry for the reasons discussed above, Stan agrees that if such regulation was to be enacted, it would be logical for a streaming service that was owned by the holder of a broadcast license to be exempt from such obligations.

The Green Paper also suggests that provisions could be included in the Broadcasting Services Act that would ensure SVOD services made Australian content discoverable to Australian audiences. Stan is happy to assess any proposal that the Government puts forward on this issue, but it should be noted that Stan currently makes its Original productions, and Australian content more broadly, extremely discoverable via feeds and prominent positioning on its platform, as well as via the tens of millions of dollars that it spends each year marketing its Originals via high-profile above-the-line campaigns across the country.

Annexure 2 – Stan’s Recommended Policy Approach from the Options Paper Review

Recommended Policy Approach for the Streaming Sector

Notwithstanding the absence of any market failure, if the Government decides policy action is required, then the logical approach would be to provide a broad set of guiding principles outlining that the streaming industry should be making a meaningful contribution to Australian content. The Government could then provide specific feedback to companies where they were not meeting that broad intent. Adherence to the guiding principles would be voluntary to allow the Government to fine-tune its approach over time, if required, and ensure the framework maintained the required level of flexibility to keep up with changing technologies and industry dynamics. This model would also mitigate the risk of introducing a new regulatory regime that suffered from the same shortcomings that have led to this review, which became necessary largely because the current content quota system is too rigid and prescriptive, and out of touch with audience behavior and trends. The guiding principles would address the interests of all industry stakeholders holistically, rather than focusing on a particular interest group, while also recognizing the vast differences in business models across the streaming sector. Stan suggests that the government could review the focus areas of the guiding principles after a period of time (3-5 years) to determine whether streaming companies were continuing to make a meaningful contribution to Australian content, or whether a different policy approach was required.

The guiding principles would articulate that the expected meaningful contributions to Australia’s content and creative industries could be made across a range of categories, at the discretion of the provider, including but not limited to:

- Commissioning productions (recognising total production value);
- Foreign export of Australian productions;
- Investment in direct employment, skills and talent development in the Australian screen content, production and media industries;
- Investment in co-productions;
- The nature and volume of local third-party commercial partnerships;
- Domiciled in Australia for tax purposes;
- Licensing Australian content;
- International productions filmed in Australia; and
- Investment in production capacity.

Each subscription streaming service would be required to advise the Government on an annual basis of its investments and contributions to the Australian content and creative industries. This information would be able to be shared in confidence where appropriate (for example, to maintain confidential licensing terms or where disclosure would damage a business’s competitive position in the market).



The Government would monitor and assess the information provided regarding the holistic contribution of the streaming industry over the three to five year period. The Government would take into account all of the investment made by the streaming sector over the initial three to five year cycle to assess whether companies were continuing to make a meaningful contribution to Australian content and creative industries, or whether more action was required. Government action could range from feedback to individual companies about their contribution (which could be given during the cycle if necessary), or a detailed industry review into whether regulation was required.