

SVOD STREAMING REGULATION

MYTHS & FACTS



WHO ARE STREAMING SERVICES?

SVOD's like Amazon Prime, Disney+ Netflix and Stan are highly successful businesses, often globally based, with strong and growing Australian subscription revenues forecast by PWC to be \$2.5 billion in 2023.

These businesses have the benefit of over 50 years of investment in Australian screen culture, underpinned by government support through tax offsets, incentives, financing by federal and state government agencies, ABC & SBS commissioning and generations of talented Australian directors, writers, actors, cinematographers and crew. Most reportedly don't pay much if any tax.

There are many Facts & Myths about the impact of the proposed regulation on SVOD services. Here are some of them.

"EVERYTHING IS GREAT, SO WHY REGULATE?" - WRONG!!

FACT - without any regulation for streaming services, the future is uncertain for the Australian screen industry.

- SVOD services invest in some Australian or Australian-related titles now but this is at a low level and not consistent.
- The streamers have previously claimed content investment levels as high as \$628M, but the ACMA data indicates a much smaller figure of \$176.9M into Australian content. The ACMA states the accuracy of these numbers can't be confirmed and SPA believes the number to be closer to \$103M into new Australian projects. So with such opaqueness who should, we believe?
- Without regulation, our industry faces an uncertain future increasingly subject to global business decisions and impacts.
- Australian audiences are not happy with current levels of local content available on SVOD platforms.
- Legacy platforms have always had regulations which encouraged local content investment. This regulation has built our important screen industry and delivered -

strong cultural and economic benefits.

- Platforms are simply not delivering meaningful levels of content in critical genres such as children's, drama and documentary which has been allowed to decline over the last few years.
- Australian content while preferred by local audiences is more expensive to produce and is easily substitutable for cheaply acquired US and UK content.
- Australia is losing valuable intellectual property through unfair contracting and a lack of "terms of trade" framework.
- SVODs can access generous tax incentives and use the public NBN to deliver their services – there should therefore be some reciprocal minimum investment in Australian content.

"REGULATION IS NOT NEEDED AS MARKET FORCES ALREADY DELIVER LOCAL INVESTMENT" - WRONG!!

FACT - Australian content is an important cultural product and shouldn't be merely at the gift or whim of a global business – which can be switched off with little notice.

- SVODs are competing to attract Australian audiences right now prompting varying levels of voluntary investment and heading off proposed regulation.
- Without a strong safeguard for investment, if there's a downturn in global business conditions, important Australian content is at high risk of disappearing.
- Other countries with comparable domestic screen industries like Canada, France and Italy are moving to require significant levels of commitment from SVODs to invest in their local content. If Australia doesn't do something similar, global investment dollars will continue to move offshore.
- Minimum investment safeguards in Australian content are a proven response to market uncertainty.

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"REGULATION WILL DISTORT THE MARKET AND HAVE UNINTENDED CONSEQUENCES" - NO EVIDENCE!!

Creating some business certainty in a high-risk industry by setting a floor in ongoing investment levels should not be overly problematic or cause mysterious and un-evidenced "unintended consequences".

"THERE IS NO CAPACITY TO DO MORE SCREEN PRODUCTION DUE TO SKILLS AND STUDIO SHORTAGES" - WRONG!!

FACT – this is completely wrong.

- Capacity issues are a largely temporary situation that will stabilise over time and should not be the basis for any permanent policy development.
- Competition for studio space and experienced crew is fierce, although there are different impacts across different parts of our sector.
- The majority of Australian stories are in fact filmed on location, so the issue of studio access is not as pertinent to them.
- The near-doubling of funding for the Location Incentive with an additional \$400m being front-loaded into the industry was a Covid-19 response by the former Government at the same time as it was attempting to deregulate parts of the domestic sector. This led to a jump in international productions coming to Australia, taking up studio space and crew.
- Sensible planning will avoid these challenges.
- A stable Australian screen industry will bring more skilled Australian crew and actors home and ensure our industry is seen as a more attractive career choice, naturally building capacity that addresses employment pressures.
- The issue of access to a skilled workforce is a challenge in many sectors, not just ours. SPA believe the solutions lie in a suite of training and skill-development programs with a key role for industry.

"LACK OF REGULATION HASN'T LED TO LESS AUSTRALIAN CONTENT" - WRONG!!

- Currently, SVODs are investing in some minimal levels of Australian content in anticipation of regulation.
- However, this spend includes "Australian-related" titles, sport and acquired programs (mainly older stock).
- Even this investment is declining, including in important children's and drama genres.
- Genuine Australian stories are of utmost importance and need support.

"REGULATION OF INVESTMENT IN AUSTRALIAN CONTENT WILL LEAD TO HOMOGENISED OUTPUT" - WRONG!!

Regulation will ensure a diverse range of Australian content in critical genres including drama, documentary and children's that will address market failure and lead to a mixture of output.

"REGULATION SHOULD INCLUDE ACQUISITIONS, NOT COMMISSIONED CONTENT" - WRONG!!

FACT – only commissioned Australian content delivers true creative and economic benefit to the production sector.

Acquiring existing content from back catalogues is a cheap way to deliver previously created Australian content but doesn't create new jobs or generate new local stories.

"REGULATION WILL TAKE AWAY BUSINESS FLEXIBILITY" - WRONG!!

FACT - there is simply no evidence for this. Requiring minimum investment in Australian content ensures ongoing relevancy and certainty for the platforms with many options for content. It also protects local businesses from global shifts.