



VOD SERVICES ARE HELPING AUSTRALIA'S AV INDUSTRY THRIVE

A SUMMARY OF RESEARCH FINDINGS FROM THE ECONOMIC IMPACT OF VOD SERVICES IN AUSTRALIA

AUSTRALIA SUPPORTS A VIBRANT, RELATIVELY YOUNG, VIDEO ON-DEMAND (VOD) SECTOR AND VOD SERVICES ARE INVESTING HEAVILY IN AUSTRALIAN CONTENT



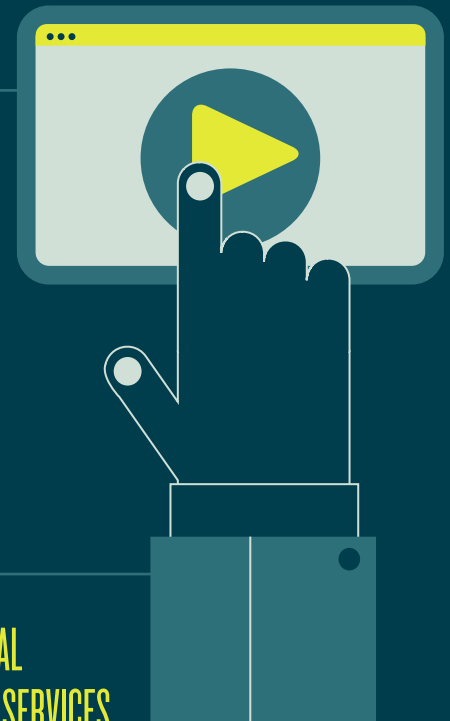
Australians subscribed to VOD services in 2020.



of internet users in Australia use VOD at least once a week.



was invested by just four VOD services in Australian and Australian-related content in 2020/21, up from \$268m in 2019/20.



VOD SERVICES ARE INCREASING THEIR INVESTMENT IN LOCAL CONTENT ACROSS DISTRIBUTION CHANNELS TO MEET LOCAL CONSUMER DEMAND

\$52.0BN

was directly invested by VOD services in VOD content worldwide in 2020 and this is likely to soar to \$113bn by 2026. The geographic distribution of the investment is broadly proportionate to each country's number of VOD subscribers.

AUSTRALIANS ARE FINDING THE LOCAL CONTENT THEY WANT ON THEIR VOD SERVICES

40% of hours watched by Australians on VOD services was viewing Australian content.*

73% of Australians consider it important that their VOD or TV content services provide representative, Australian content.

15% do not think VOD services have enough Australian content.

58%

OF CONSUMERS ARE SATISFIED WITH THE AMOUNT OF LOCAL CONTENT ON THE VOD SERVICES THEY USE.

*This is consistent with other research done in across APAC countries (AlphaBeta, Asia-On-Demand, 2018).



\$20-23bn planned investment per year in global VOD content by 2024.

Stan.

\$300m worth of local productions commissioned since launch. Has outlined plans to ramp up its output to deliver around 30% of its first-run slate from original productions.

prime video

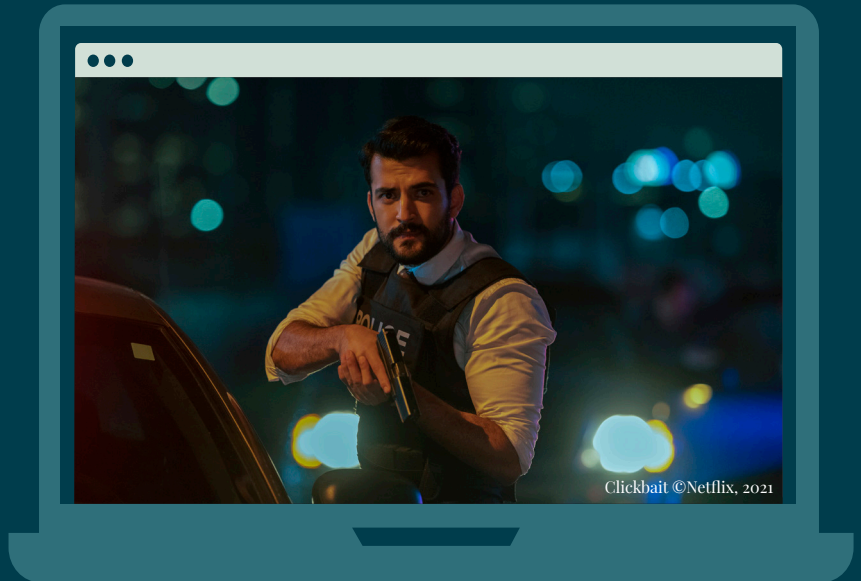
14 original series have been commissioned by Prime Video in Australia, investing \$150m in local productions.

NETFLIX

\$110m was invested in Australian original and co-produced children's programs alone in the four years to 2020. In 2020, Netflix invested in 16 new Australian titles such as its \$36m investment in the recent original series *Clickbait*.

VOD SERVICES ALSO BRING AUSTRALIAN CONTENT TO THE GLOBAL STAGE

- VOD services expand the reach of Australian content to a global audience.
- This means global consumers can connect and engage with Australian content and local producers can increase the export value of their content.



Netflix series *Clickbait* was the first Netflix original series to be produced in Victoria. It was produced at Docklands Studios Melbourne involving majority Australian cast and crew. Australian co-creator Tony Ayres said that *"We are equally delighted to produce this US show in Melbourne. It's an opportunity to showcase the international level of Australian talent both behind and in front of the camera...I think this proves that we can make work in Victoria that actually competes on the world stage, and can get the attention of the world."*

The show hit the number one most watched spot on Netflix in more than 20 countries including Australia, the USA and the UK.

CLICKBAIT, NETFLIX

VOD SERVICES CREATE JOBS, DRIVE ECONOMIC OUTPUT AND PRODUCE BROADER BENEFITS FOR AUSTRALIA

- The Australian media sector employed 90,000 Australians in 2018/19 and generated \$47.7bn of domestic revenue.
- In FY 2020-21 investment by Amazon Prime Video, Disney+, Netflix and Stan employed over 7,400 Australian cast, crew and extras.
- In 2020/21 a record \$1.9bn was invested in Australia, across both Australian content and foreign filming, on scripted drama content for film and TV. As part of this a record \$874m was invested in Australian titles. VOD investment formed part of this. The investment was spread throughout Australia.



JUST ONE PRODUCTION CAN HAVE A SIGNIFICANT IMPACT ON THE LOCAL ECONOMY

- VOD investments also spur skills, innovation and infrastructure developments. These wider economic benefits also develop through numerous co-production and investment partnerships between VOD services and local producers or broadcasters.
- The impact of VOD investments go beyond the AV sector stimulating tourism, delivering social messages and through projecting Australia's culture on to the global stage.



The \$55m investment in the original *Shantaram* series based on an Australian novel by Gregory David Roberts, will provide up to 1,000 jobs in Victoria during production.



Minister for Communications, Urban Infrastructure, Cities and the Arts, the Hon Paul Fletcher MP, said before filming began that Amazon's *The Wilds* is expected to bring investment of more than \$73m to the Australia economy and create more than 270 jobs for cast and crew. Filming has now finished.



The investment in *Thor: Love and Thunder* brought \$260m to the NSW economy, created 2,500 jobs and used services from 1,650 local businesses.

The Disney+ original series *Nautilus* is expected to create more than \$172m of local economic activity in Queensland.



ViacomCBS's investment in Australia has delivered more than \$130m to the local economy (2017-20), supporting 990 jobs and more than 700 Australian businesses.

PRO-INVESTMENT POLICIES CAN KEEP AUSTRALIA'S AV SECTOR GROWING

A policy framework that encourages investment in Australia's AV sector could underpin a virtuous cycle of investment.

By carefully calibrating policy to incentivize investment, Australia will enjoy wider benefits such as new employment opportunities, higher economic output, increased exports, a more competitive skills base and expanding sector infrastructure. This, in turn, creates conditions to attract new investment.

VIRTUOUS CYCLE OF INVESTMENT AND SKILLS



These results have already been seen through on-going successful federal and provincial incentive schemes. The attractiveness of Australian through schemes, infrastructure and skills should be maintained and built on to ensure high quality, high impact investments continue to be made in Australia.

Policies that discourage or constrain foreign investment or market entry, or reduce investment flexibility can disrupt this virtuous cycle. Instead of the local AV sector enjoying rising investment, cutting-edge infrastructure and ever-higher skill levels, more "protectionist" policies may hamper innovation and growth opportunities in the long run.

Frontier Economics research has found that tough protectionist policy restrictions can hurt the economic potential of local AV industries by reducing broadcasting exports and are associated with lower investment in content.

INCREASING AV POLICY RESTRICTIONS, EQUIVALENT TO INTRODUCING QUOTAS FOR BROADCAST TIME, LEADS TO REDUCED BROADCASTING EXPORTS IN THAT COUNTRY BY **4.3%** ↓

By way of example, investment obligations are designed to ensure sufficient levels of investment in local content, but implementing them can have unintended consequences such as;

- **Reduction in flexibility** of investment decisions may lead to investment in titles to fit a quota rather than to meet audience demand.
- **Increased pressure on production facilities** could potentially lead to cost inflation in the near term which may reduce the level of future investment.
- Investment quotas combined with restrictive local content definitions might lead to more **homogenous content and services** and less scope for innovation and less ability to scope services to specific consumer needs. Such homogeneity might impact competition and the ability of local or regional services to differentiate.

*The \$18m in Northern Territory represents the scripted drama content investment across Northern Territory, Tasmania and Australian Capital Territory as it is combined in the Screen Australia report. Sources include Kantar Survey (conducted October 2021), Frontier Economics research and third party sources including Ampere Analytics, AMCA, Screen Australia Drama Reports and press articles. All monetary values are in Australian dollars.