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Executive Summary

Google has a positive impact on the lives of millions of Australians every day. Google helps Australians harness the immense resources of the internet to assist our work, study and personal lives. YouTube in particular entertains and educates Australians and provides a platform through which Australian content creators can make their content available to both Australian and global audiences. This has resulted in Australian creators finding new and exciting ways to produce innovative, high quality Australian content online. It has also resulted in an explosion in the amount of Australian content being uploaded to YouTube.

More than 550,000 hours of video was uploaded to Australian YouTube channels in 2016, with over 90% of views coming from overseas.

Australia has never had such a diverse range of Australian creators achieving incredible levels of creative and financial success. There are now more than 65 Australian YouTube channels with more than 1 million subscribers, that's more than double the number in 2016. The amount of revenue YouTube drives to content creators from advertising continues to grow. Australian creators are embracing the monetisation opportunities YouTube provides, with more than 2,000 Australian YouTube channels earning between \$1,000 and \$100,000 from YouTube in 2016. And more than 100 Australian channels earned more than \$100,000 from YouTube in 2016.

The financial benefit of YouTube for Australian creators, business and consumers was estimated to be \$570 million in 2017.

YouTube invests directly in local Australian content creators through direct funding, partnerships with bodies such as Screen Australia, training and providing production facilities via YouTube Pop-up spaces.

As a result, YouTube and the Australian content creators uploading content to the platform are making a substantial economic and cultural contribution to the Australian public and economy.

Introduction

Google Australia welcomes the opportunity to provide this submission to the Senate's inquiry into Australian content on broadcast, radio and streaming services.

This submission explains the opportunities for Australian creators on online and the high quality of Australian content being produced on platforms like YouTube. It then goes on to describe and explain how YouTube invests in the production of Australian content, before detailing the substantial economic and cultural contribution that YouTube and YouTube creators make to Australia.

Attached to this submission are three publications and one letter, which provide further information and context for the matters raised in this submission:

- Attachment A – *YouTube – The Australian Story*;
A guide created by Google to explain how YouTube supports Australian creators to succeed online;
- Attachment B – Google Australia's *submission to the Australian and Children's Screen Content review*;
- Attachment C – *Bigger Picture – the new age of screen content*
A report commissioned by Google and prepared by AlphaBeta that provides insight into the production, distribution and consumption of screen content in Australia;
- Attachment D – Letter from AlphaBeta setting out the economic value of YouTube in Australia and the methodology by which it is calculated.

Opportunities for Australian creators

The number of screen content creators in Australia has more than doubled over the past 15 years as the internet has created new opportunities.¹ In Australia, the main driver of the increase has been the 230,000 new online video creators,² who are taking advantage of the lower barriers of entry, niche markets and new global audiences. Traditional content producers, as well as a new generation of creators, are taking advantage of open online video sharing platforms such as YouTube to distribute their content online.³

¹ AlphaBeta, '*Bigger Picture: The New Age of Screen Content*' (Report, December 2016) 22.

² AlphaBeta, above n 1, 7.

³ See for example how the Seven Network and the ABC are using YouTube to distribute sporting highlight clips and news content created by student journalists respectively in *YouTube – The Australian Story* (Report November 2017) 45.

<https://drive.google.com/file/d/19P0L-uL4oQsOov4PhaEmIP3uBAWA9_vn/view>

In September 2017 there were more than 65 Australian YouTube channels with more than 1 million YouTube subscribers, that's more than double the same number in September 2016.⁴ To put this into perspective, the highest rating free to air television show in Australia in the week of 13-19 August 2017 was *The Block*, with a total estimated viewing audience of 1.35 million.⁵

Savvy creators are leveraging this success to further their careers. Superstars like the Australian musician Harley Streten, known as 'Flume', who released his first official song on YouTube in 2011⁶ has since gone on to win multiple Australian and international awards including a Grammy award in 2017 for Best Dance/Electronic Album. Flume now has more than 1 million subscribers to his YouTube channel and his videos have been viewed more than 550 million times.

Australia has never had such a diverse range of Australian creators achieving incredible levels of creative and financial success, both locally and on the international stage. Australia has long been proud of its talented actors, musicians and its television and music industries – and we can now be just as proud of the new breed of rising online Australian stars with a global following on YouTube.

Production of high quality Australian content

The CEO of Screen Australia recently described Danny and Michael Philippou, the twin brothers from Adelaide behind YouTube channel RackaRacka, as the 'most successful content creators in Australia'.⁷ With over four million subscribers on YouTube and their videos watched more than five hundred million times, it's easy to see why.

The twin brothers have been making videos together since they were nine years old, but they shot to internet-stardom in 2014 with their fantasy-fight-scene-mashup 'Harry Potter vs Star Wars'.⁸ That first viral hit was an over-the-top mix of choreography, comedy and combat that has since become RackaRacka's instantly recognisable style.

RackaRacka's most popular video, Marvel VS DC (Avengers Battle!), has been watched close to fifty million times.⁹ RackaRacka is reaching a global audience through YouTube with their action-packed scenes being played on US late night shows Jimmy Kimmel and Conan O'Brien.

⁴ *YouTube – The Australian Story* (Report November 2017) 19.

<https://drive.google.com/file/d/19P0L-uL4oQsOov4PhaEmIP3uBAWA9_vn/view>

⁵ OzTam, *Consolidated Metropolitan Top 20 Programs 5 City Ranking Report* (August 2017)

<<http://www.oztam.com.au/documents/2017/OzTAM-20170813-EMetFTARankSumCons.pdf>>.

⁶ Flume YouTube channel <<https://www.youtube.com/watch?v=J7egFMQG7XY>>

⁷ Graeme Mason, 'The Good, The Bad and the Possible' (Speech delivered at the Screen Producers Australia conference, 16 November 2016).

⁸ RackaRacka, Harry Potter vs Star Wars (28 April 2014) YouTube

<<https://www.youtube.com/watch?v=9N5KyjM5v0c>>.

⁹ RackaRacka, Marvel vs DC (Avengers Battle!) (20 April 2015) YouTube

<<https://www.youtube.com/watch?v=zNILAp2OGi8&t=90s>>.

As recently stated by Danny Philippou “[w]ithout YouTube we wouldn’t be anywhere. Before it we were struggling to be noticed or seen. YouTube gave us access to millions of people and the opportunities it has provided us are incredible!”¹⁰

Their huge profile has helped them find opportunities on the silver screen, teaming up with a local production company to develop a full length feature film.¹¹ However, RackaRacka is not an isolated example of Australians making high quality Australian content on YouTube, other examples include the Mighty Car Mods, Draw with Jazza and SketchShe, to name a few.

Mighty Car Mods is the world’s number one online DIY automotive show that’s written, filmed and produced by two Australian creators, Blair Joscelyne and Martin Mulholland, and hosted on YouTube. Mighty Car Mods has almost two and a half million subscribers and their videos average over 370,000 views per day.¹² Mighty Car Mods videos average more than 20 minutes in length, and are avidly watched by fans keen for the next episode.

The content being produced by Mighty Car Mods is so popular that they’ve been signed by Discovery Networks to broadcast existing episodes on Foxtel locally as well as internationally into Europe, Africa, The Middle East and the USA, opening up an entirely new audience across multiple demographics. Their six part series 'Lend Us A Ride: Australia' which was jointly funded by Screen Australia and Google through their Skip Ahead partnership, was licensed by QANTAS Airlines and appears on their planes, both domestically and internationally.

Diversity of Australian voices

Audience numbers only tell part of the online story. Some of the most significant Australian content on YouTube is content which only garners a few hundred or thousand views, but has an incredibly significant social purpose. This is the sort of content that can be viable online, but would never work for the business model of broadcast television.

For example, when Kaurna man Jack Kanya Buckskin uploaded his first YouTube video, less than five people spoke the language of the Kaurna people from the Adelaide Plains. With strong collaboration with academics at the University of Adelaide, and drawing on historical documents, the Kaurna Warra Pintyanthi team created a series of language videos and uploaded them to YouTube. These have amassed thousands of views. While these are not record breaking numbers on a world scale, they are significant to the local communities, and in relation to the

¹⁰ YouTube, *YouTube - the Australian story* (2017) 33.

¹¹ Todd Spangler, *RackaRacka: Australian Brothers’ Gory Video Leads to Film Deal* (21 June 2016) <<http://variety.com/2016/digital/news/racka-racka-youtube-film-deal-1201797416/>>.

¹² Social Blade, User Statistics Table for Mighty Car Mods (19 September 2017) Social Blade <<https://socialblade.com/youtube/user/mightycarmods/monthly>>.

number of language speakers. The videos have been described as one of the “most effective new weapons in the battle to preserve the language”.¹³

Rural and regional voices also find space online. For example, a regional journalist or film maker who produces content irregularly is still able to supply their content to an interested audience, while such programming would have been excluded from traditional television due to fixed programming schedules. A quick online search of topics of everyday importance to rural communities, such as mustering cattle in the Kimberley, will reveal videos with hundreds of thousands of views.¹⁴ At the other end of the scale there are videos of local sporting or community events that might only garner a few hundred views: but these are important community voices that otherwise may have no platform.¹⁵

Democratisation of access to technology has had – and will continue to have – the greatest impact on Australians watching Australian stories. By providing everyone with a camera phone and an internet connection and a space to upload and share their stories, YouTube has blurred the lines between users and creators, traditional and contemporary content production, and spawned a new category of creators and creative entrepreneurs. This wave of new Australian content and voices is having a flow on effect that is influencing what Australian stories are being showcased to worldwide audiences- and what we see on-screen is no longer determined by a small group of people with editorial and/or production control.

YouTube investing in local Australian content creators

In addition to providing creators with access to a free state of the art platform through which to distribute their content, with one third of all internet users using YouTube,¹⁶ YouTube invests significantly in the Australian content ecosystem.

Partnerships with government

Skip Ahead is a joint initiative by Google in partnership with Screen Australia that supports the next generation of Aussie content creators. The program provides project funding of up to \$250,000 for Aussies with an established subscriber base who are creating exciting new content on YouTube. The funding helps successful applicants to produce longer, narrative-driven films that could be one-offs, or serve as a pilot for a new series.

¹³ Michael Coggan, ‘NAIDOC Week 2017: Language warrior turns to YouTube to keep Indigenous culture alive’, ABC News, 1 July 2017. For an example video, see:

<https://www.youtube.com/watch?v=xtejyc6bU44>.

¹⁴ See, eg, Harry Ford, Outback Cattle Muster - One (28 August 2013)

<<https://www.youtube.com/watch?v=aYmZYdznwMg>>.

¹⁵ See eg, Danny Clark, Burnie wheel race 1977 (16 February 2015)

<<https://www.youtube.com/watch?v=JnPp31peaYU>>.

¹⁶ YouTube, *YouTube For Press* (2017) <<https://www.youtube.com/intl/en-GB/yt/about/press/>>.

As of September 2017, the 14 videos developed in the Skip Ahead program had amassed more than 27 million views on YouTube,¹⁷ and RackaRacka called the initiative “the perfect stepping stone” in their career. Past recipients of the funding have included Draw With Jazza, SketchShe and Mighty Car Mods, just to name a few.

The Queensland Government has recently partnered with YouTube to invest in original creative content. The partnership has resulted in the launch of two separate programs: CQ Series and Screen Queensland's YouTube Entrepreneur Program.

The CQ Series program is open to Queensland-based YouTuber's and provides five awards between \$10,000 and \$30,000 each. The funding is designed to support both aspiring and established content creators on YouTube to develop the quality of their content and expand their audience globally, as well as offering first-hand experience at the YouTube Space in LA.

Screen Queensland's YouTube Entrepreneur Program is open to proposals from content creators with targeted strategic plans to expand their YouTube audience and business and invests in strategies to increase or diversify content, improve skills, boost marketing, collaborate with other content creators within and beyond the YouTube platform, or engage new audiences in innovative ways.

YouTube Pop-up Space

In order to support the creative ecosystem in countries around the world, YouTube has established dedicated YouTube Spaces where creators have access to professional studios and equipment.

YouTube Spaces bring together the most creative people on YouTube to learn, connect and create with one another. The Spaces can be found across the globe offering events, workshops, as well as the latest production resources to help creators to bring their biggest ideas to life.

As well as these permanent Spaces, YouTube hosts Pop-up Spaces in order to support a diverse range of creators in different cities. YouTube has hosted three Pop-up Spaces in Sydney, two of which were hosted in collaboration with AFTRS, the Australian Film, Television and Radio School.

These events have allowed creators to shoot original content in professional studios with access to the latest production equipment and industry expertise. The end goal of the initiative is to produce unique digital video content for the creator's own YouTube channel. Videos that were developed at the first YouTube Pop-up space in Sydney were viewed over 10 million times and included original content from RackaRacka and other successful creators.

¹⁷ Screen Australia, *Skip Ahead turns four: \$500K for online creators from Google and Screen Australia* (9 September 2017) Screen Australia News
<<https://www.screenaustralia.gov.au/sa/media-centre/news/2017/09-09-skip-ahead-turns-four>>.

As well as the production of amazing new content, the Pop-up Space program has included hands-on training in production fundamentals and improving presence across Google and YouTube, as well as opportunities to collaborate and network with other players in the industry. The initiative is a unique opportunity for AFTRS students and others within the industry to gain an insight into the process of developing content for a global audience on YouTube.

YouTube Red Originals

YouTube's premium ad-free subscription service, YouTube Red, had its Australian launch in 2016. YouTube Red offers original content and is another way for YouTube to help content creators take their careers to the next level.

Through this initiative YouTube has already started to invest in original family programming, with four new programs currently available on YouTube Red. This includes our first Australian original - Fruit Ninja - an animated series created in partnership with Australian game developer Halfbrick.

The partnership between YouTube and Halfbrick led to an initial 13 episodes of a new original animated series, which is shown on Halfbrick's YouTube channel. The series is also accessible from within Halfbrick's Fruit Ninja games, which reach around 60 million users per month.¹⁸

The ability to generate new web series content based on the success of popular mobile games like Fruit Ninja is a perfect example of the diverse opportunities that YouTube makes available for Australian content producers. These sorts of collaborations reflect changing media consumption habits, and trends that show a move away from broadcast-based linear content.

YouTube also provides families with the option to use the YouTube Kids mobile app, which provides a fun and educational place for families to explore and discover millions of videos. At launch, 25% of the content featured within the app was Australian. The app was also developed with features designed for early literacy, limited dexterity, and easy video viewing.

VidCon Australia

VidCon is the world's leading online video festival, dedicated to developing content creators, strengthening the online video community, and kick starting the careers of emerging video artists.

For the first time in 2017, in partnership with YouTube, VidCon came to Australia, connecting more than 7,000 aspiring YouTubers, industry partners and fans. With a suite of creative workshops, Q&As and networking events, VidCon supported the whole online Australian ecosystem to build and strengthen key connections, develop YouTubers' skills and careers, and fosters a thriving and collaborative online video community.

¹⁸ Amy Remeikis, 'Halfbrick Studios inks YouTube deal for children's series' *The Sydney Morning Herald*, 26 June 2015.

Following the success of Australia's first VidCon, with YouTube's support, the festival will return to Australia in 2018.

Creator Workshops

YouTube hosts regular workshops to help Australian YouTube creators develop the skills they need to make appealing content and build successful YouTube channels. Workshops are specifically tailored to creators of different levels of experience on the YouTube platform, such as through 'Content Labs' and 'Creator Days', where YouTube teaches them about things like audience development best practices, the fundamentals of content creation for YouTube and brand-building.

Contribution to the Australian economy and Australian culture

Australian creators are also increasingly building businesses around YouTube.

The primary way creators make money from their YouTube videos is from advertising revenue. Creators receive the majority of the advertising revenue generated from ads associated with their content. Advertising appears on YouTube in several different forms, including display and video advertising.

As Josiah Brooks, the creator of the YouTube channel 'Draw With Jazza' states, "YouTube has made it possible for me to run an art entertainment channel from regional Victoria, which reaches a large global audience and provides a substantial income."¹⁹ The income that Josiah makes allows him to support four full time staff members as well as additional staff as required for specific productions.

Josiah is not alone. The amount of revenue YouTube drives to content creators has continued to grow – for example the number of channels earning more than US \$100,000 per year on YouTube is up 50% year-on-year.²⁰ And Australian creators are embracing the monetisation opportunities YouTube provides.

More than 2,000 Australian YouTube channels earned between \$1,000 and \$100,000 from YouTube in 2016. And more than 100 channels earned more than \$100,000 from YouTube in 2016.²¹ AlphaBeta estimated that in 2017 \$87 million was distributed to Australian content creators by YouTube.²²

As most of the views of Australian content on YouTube come from overseas it means that most of the revenue Australian creators are earning on YouTube from advertising is also being

¹⁹ YouTube, '*You Tube - the Australian story*' (2017) 36.

²⁰ Google, '*How Google Fights Piracy*' (2016) 4.

²¹ YouTube, '*You Tube - the Australian story*' (2017) 15.

²² Attachment D.

earned from overseas advertisers. This means that Australian YouTube content is an increasingly large export opportunity. And not only are these creators bringing revenue into Australia, but they are also exporting Australian culture to the world.

In addition to revenue earned on YouTube directly through advertising, many Australian content creators are leveraging their popularity on YouTube to earn incomes from entirely new revenue streams and business opportunities. Aunty Donna, an Australian trio of comedians and content creators, has a comedy and variety entertainment YouTube channel. Aunty Donna has been able to leverage their strong US based YouTube audience to perform in Los Angeles. The major sold out show at Largo attracted people who travelled from across America to see it. This has paved the way for a U.S. Tour in 2017, following on from sell out audiences at Comedy Festivals, packed houses in London and Edinburgh and a debut tour in Australia and New Zealand.

On top of revenue earned from advertising on YouTube, creators have been able to diversify their success through new projects such as broadcasting deals, merchandising, fan meetups, tours and in-person appearances, sponsorship and brand endorsement and book deals. For example:

- As well as Josiah Brook's video content, which is occasionally sponsored by major brands like Adobe and Disney, Josiah also been able to monetise his YouTube success through his best selling App, 'Jazza's Arty Games', and an online store hosted on his website. Here he's been able to sell artwork, games, reference packs and e-books. He's even selling his 'signature photoshop brushes' allowing viewers on his YouTube channel to develop advanced skills in digital art;²³
- Following the international success of SketchShe, with their unique brand of 'car-aoke' videos on YouTube, the all female sketch comedy trio, Shae-Lee Shackelford, Lana Kington and, Madison Lloyd, were recently announced as hosts of the world's first online-only talent show, Megastar that is being shot in Los Angeles. They will also be regular contributors on Foxtel's The Slot, a showcase of Aussie YouTube talent;²⁴ and
- Wendy Ayche, known as 'Wengie', is the creator of one of Australia's most successful YouTube channels with over 8.8 million subscribers and almost 2 million daily views on her primary channel alone. Using her growing popularity on YouTube, Wengie has recorded her first album in China, and has just landed a role as the voice of the new PowerPuff Girl on the Cartoon Network.

²³ Josiah Brooks, *My Own TV show and Book!?!* (18 September 2016) YouTube <<https://www.youtube.com/watch?v=e8RV97gxlho>>.

²⁴ Holly Byrnes, 'Foxtel has commissioned a new comedy series, The Slot featuring your YouTube favourites' *News.com.au*, 12 May 2017.

Alpha Beta estimated that in 2017 YouTube supported \$147 million in benefits for business in Australia.²⁵ These benefits reflect the income earned by Australians from YouTube advertising displayed on their content. However, they do not reflect the huge financial benefits generated by Australian YouTube creators from sources other than advertising, that nevertheless depend on their YouTube channels.

Another way to measure the economic impact of YouTube and Australian YouTube creators, is to consider their value to Australian consumers.

Australians now have more choices regarding what Australian stories to watch, when to watch them, and how to watch them, than ever before. Just over two decades ago, Australians living in a capital city were lucky to have a handful of free-to-air television stations. Today, Australians not only have access to a number of free-to-air television stations but also to catch-up television, subscription services, streaming video on demand, online video hosting services, social media platforms, interactive games and more. These additional services, provide Australian consumers with a smorgasbord of screen content options for them to consume.

During this same period, Australians have moved from a world where they were the passive recipients of just over a hundred hours of broadcast content a day in the early nineties, to a universe where they are active participants in the consumption of a near limitless number of hours of screen content. The amount and variety of content available online is hard to even imagine - every minute of every day, more than 400 hours of new video is uploaded to YouTube alone.²⁶ In Australia, more than 550,000 hours of video was uploaded to Australian YouTube channels in 2016. This equates to an average of more than 1 hour every minute.²⁷

And Australians are tuning in. The average Australian watches more than 100 hours of screen content a month, an increase of more than 10 hours since 2006.²⁸ Much of this (80%) is still via traditional broadcast channels, although online delivery (including the online services of Australian broadcasters) is growing steadily.²⁹ In July 2017, 14.7 million Aussie adults spent an average of 20 hours and 59 minutes per person that month watching videos on YouTube.³⁰

It's not just comedy and entertainment that's finding great success on YouTube, Australian YouTube channels are particularly popular in the 'Education' and 'How To' genres,³¹ with Australian creators and educators finding great success with videos focusing on education, science, health, business, engineering and history.

²⁵ Attachment D.

²⁶ Google, *How Does YouTube Handle So Much Video?* (2016) <<https://www.google.com/intl/en/about/behind-the-scenes/youtube-video/>>.

²⁷ YouTube, *YouTube - the Australian story* (2017) 23.

²⁸ AlphaBeta, above n 1.

²⁹ Ibid.

³⁰ Nielsen Digital Content Ratings, Video, Computer, and Mobile," July 2017, P18+.

³¹ AlphaBeta, above n 1, 18.

YouTube has become increasingly important in Australian education, becoming the 'go to' screen content resource for teachers at all levels of schooling.³² Teachers can find YouTube videos that illustrate key concepts from a lesson, often to illustrate concepts in a fun way, with production values that appeal to students. Teachers are also increasingly producing their own videos and lessons and sharing these on YouTube for the benefit of other teachers and students - in Australia and globally. A perfect example of this is Cherrybrook Technology High School maths teacher Eddie Woo, who operates the 'WooTube' channel on YouTube. Eddie's videos his lessons and makes them freely available. Eddie has more than 100,000 subscribers, including students, parents and even other teachers from across the country.³³

Alpha Beta estimated that in 2017 the value of consumer benefits of YouTube to Australians was \$336 million.³⁴ These benefits represent the value that individuals place on accessing the diversity of free, advertising supported, videos on YouTube.

Conclusion

This submission has highlighted the significant shifts in the Australian landscape for the creation and consumption of Australian content and the economic and cultural value that has been created in the process. However, this internet-driven transformation has only just begun.

While it is impossible to know the ways in which the internet will continue to revolutionise the creative industries, we can already predict that Australian creators and consumers will continue to benefit from a proliferation of services through which to distribute their content to Australians and people around the world. We also know that Australian creators have been remarkably adaptable at exploiting the enormous opportunities it provides, placing Australian voices at the forefront of the world stage.

Australian creators have enjoyed incredible creative and financial success on YouTube, to the great benefit of both Australian and worldwide audiences. There is no reason to doubt that Australian creators will continue to create world class Australian content across the entire content ecosystem, for the benefit of Australian audiences. Australian stories will continue to emerge in both traditional formats and online, delivering significant creative, economic and cultural benefits to Australia's creative sector.

³² Stuart Cunningham et al, 'Screen Content in Australian Education: Digital Promise and Pitfalls' (Queensland University of Technology, 2016) 21.

³³ YouTube, *YouTube - the Australian story* (2017) 25.

³⁴ Attachment D.