# SENATE ENVIRONMENT AND COMMUNICATIONS LEGISLATION COMMITTEE

INQUIRY INTO BROADCASTING LEGISLATION AMENDMENT (MEDIA REFORM) BILL 2016

SUBMISSION BY

SEVEN WEST MEDIA

23 MARCH 2016

**Senate Environment and Communications Legislation Committee**

**Inquiry into broadcasting legislation amendment (Media Reform) Bill 2016**

**Submission by Seven West Media Ltd**

**March 2016**

## 1. About Seven West Media

Seven West Media is Australia's leading multiple platform media company with a market-leading presence in broadcast television, magazine and newspaper publishing and online.

Seven West Media owns Australia's largest commercial television network (by audience and advertising market share), the Seven Network and regional television broadcaster Seven Queensland; and The West Australian, the leading daily newspaper in Western Australia. It also owns the second largest publisher of magazines in Australia, Pacific Magazines, and 21 Western Australian regional newspapers and nine regional radio licences.

Seven West Media is also creating a significant presence in online and new communications technologies, such as through its 50% interest in Yahoo!7, the Plus7 catch-up service aund its recently launched live streaming initiative.

Seven is also the largest Australian owned producer of Australian content. We broadcast more than 7,500 hours of Australian programming per year (6am-midnight) including over 300 hours of adult first run drama in addition to Australian documentaries and children's programs.

The scope of services provided by Seven West Media is shown in Appendix 1.

## 2. The Dangers of a Piecemeal Approach

Seven West Media has maintained a consistent position in relation to any proposed changes to media laws. We see great danger in addressing these matters in a piecemeal manner.

The history of media law reform in Australia is littered with deals and trade-offs. In the debate around changes to media ownership rules, we have consistently warned that if these are addressed without knowing what other regulatory changes might be considered by the Government, we are likely to find that there are quid pro quos down the track.

And in the current case of changes to the 2 out of 3 rule, we have pointed out that these changes only comprise a small sub-set of the complex set of related media ownership rules. If we are truly serious about modernizing these laws, surely we should at the very least be looking at the whole set of media ownership laws and making the case for abolition or retention of each one so that we have a clear picture of what we are left with. Otherwise we risk making changes at the behest of a few players with specific deals in mind and creating uneven outcomes in the competitive marketplace.

Seven has neither sought nor opposed changes to media ownership rules. However we have pointed out that the current approach is unduly narrow. It risks legislating a single media ownership deal because other media ownership rules such as the minimum voices test or the limits on ownership of television and radio licences in each market, have not been reviewed as part of this process.

More importantly, related matters, such as anti-siphoning, can become trade-offs later down the track for changes legislated now. It has been widely reported that Minister Fifield and before him Minister Turnbull originally wanted to include changes to the anti-siphoning list as a quid pro quo for changes to the media ownership laws. He has been careful in his statements around this issue to leave the door open to changes to the anti-siphoning list post the 2016 election.

We need to understand the true price of these media ownership changes before we can decide whether this price is the right one. If the price is removal of key events from the anti-siphoning list, we say the price is too high.

No clear consumer benefit from merger and acquisition activity that may follow removal of the 75% reach rule or the 2 out of 3 rule has been articulated. And previous M&A activity from the 2006 changes did not deliver more or better services to Australians. In fact, these changes will arguably see greater consolidation, less diversity and less local content than ever before.

This may be the price of competitive change in our sector. However we need to clearly and honestly identify that this is the likely outcome of these changes and demonstrate why this delivers a better outcome for Australian media consumers than leaving the current rules in place.

And this discussion should take place in the clear understanding of the other changes to follow so that media proprietors and the public can form a view on the merits of the full suite of proposed Government actions.

Media ownership rules were last updated in late 2006. At that time, then Minister the Hon Senator Helen Coonan took a comprehensive approach to the daunting task of media reform. In addition to significant changes to media ownership laws (introduction of 2 out of 3 rule, abolition of foreign ownership, minimum voices test, regional services protections) Minister Coonan's package also encompassed changes to spectrum management, digital television switchover, new digital services on broadcasting and other platforms, anti-siphoning rules, closed captioning and the role of industry regulators.

The Howard Government rightly recognized that it was not possible to change one or two elements of media policy without having flow-on effects on a range of other policy elements. Seven West Media strongly believes that this is the better approach to media law changes. It allows for a full analysis of the media regulatory framework. And a clear understanding of the true effects of the recommended package.

In 2006 the full impact of what was proposed by the Government was clear and unambiguous. By contrast, the only thing we really know about this Bill is that it presents us with a very small part of the overall picture of a new media regulatory landscape and that the Government has plans to make further changes in a range of related areas which have not yet been fully articulated. We are simply asking to understand the full picture before we are asked to endorse what is clearly only the first step in a range of measures that will significantly impact the entire media sector.

## 3. The 75% Reach Rule

The 75% Reach Rule is a law that stops three metropolitan television networks from buying three regional television networks. Two of the three metropolitan television networks have indicated they do not wish to purchase either their affiliate regional television partner.

Some regional television operators have argued that removal of the 75% reach rule is critical to the ongoing provision of local news in regional Australia. However it is difficult to see how this can be the case if they do not end up selling themselves to their affiliate partners.

It is also questionable how much weight should be given to those who say their aim is to protect local news when they have consistently cut their commitment to local news over the past 15 years (see Appendix 2) and are crystal clear about having no interest in being there to provide it in future.

Seven Queensland, owned by Seven West Media, is the most successful regional television broadcaster in the country. Year to date, it enjoys an advertising revenue share of 53.3%. And we have achieved this result because of our commitment to local news and local engagement.

On most nights, Seven Queensland's market share in the 6-6.30pm news hour exceeds 55%. In individual markets this can be even higher. For example in Mackay, the local news sometimes enjoys a market share of over 74% in its time slot.

Seven Queensland is run as a stand-alone operation. It has separate management, pays the same affiliation fees to Seven West Media as SWM's other regional affiliates and runs its own P&L. Seven Queensland employs 179 people, 79 of them in its news operations. There are few centralized functions between SWM and Seven Queensland.

It would be incorrect to see Seven Queensland as an example of what could be expected if there were greater levels of consolidation between metropolitan and regional licensees. History shows that company mergers more usually result in centralized operations and significant cost cutting. This is usually at the cost of localism, as was demonstrated in the 2015 Fairfax/Macquarie radio deal which resulted in 50 jobs being axed and local Brisbane programming being switched off in key time slots.

In recent years, Seven Queensland has continued to invest increasing amounts in its local news services. Seven Queensland accounts for more than 20% of all expenditure on local news by all regional television broadcasters combined. It is also investing in new ways to deliver local content, through digital streaming of its content and digital delivery of even more local material online.

Seven Queensland now provides seven half-hour weeknight news bulletins across the Regional Queensland licence area, stretching from the Sunshine Coast to Cairns. Most recently Seven Queensland launched its latest weeknight bulletin in Toowoomba in December 2015. In less than four months, the Toowoomba bulletin is now the clear market leader, regularly enjoying a market share of over 42% in its time slot.

Seven West Media was surprised to read in the Regulation Impact Statement accompanying this Bill that the Government claims to have consulted with stakeholders in relation to the proposed local content rule and that Seven "did not make their views on this measure known"[1]. We were certainly advised of the Government's decision in relation to this matter shortly before its announcement on 1 March. However neither Seven West Media nor Seven Queensland was either consulted nor requested to provide any views about the local content proposal at any time during its development. Given that 20 cents in every dollar spent on the production of local television news in Australia is spent by Seven Queensland, it seems reasonable to expect that its views would be considered relevant.

While we certainly do not advocate for greater levels of regulation on regional television broadcasters, the effect of the proposed local content rules should be clearly understood. On the most recently available compliance figures published by the ACMA (before reporting obligations were lifted) many regional broadcasters in aggregated licence areas comfortably exceeded the proposed "increased" local content levels of 900 points per six week period (see Appendix 3).

Combined with the proposed increase to 3 points for locally produced material, it is clear that the 900 point obligation on a trigger event could see a significant reduction in current levels of local news in large number of local markets.

It is possible that this may be the right level to achieve sustainable regional television businesses. However this has not been the subject of any public analysis or discussion. It should be clearly understood that the new local content requirements will not maintain current levels of local news, much less increase them.

[1] Broadcasting Legislation Amendment (Media Reform) Bill 2016, Explanatory Memorandum ,p 26

Further information about the economics of regional television broadcasting and local news, as well as a description of regional services provided by Seven West Media can be found in Appendix 4.

## 4. Cross Media Rules

Seven West Media is concerned that media ownership rules and media regulation more generally is being approached in a manner that may have limited benefits and give rise to unforeseen trade-offs down the track.

The 75% reach rule and the 2 out of 3 rule are a sub-set of the many inter-related media ownership laws that currently exist. The full suite of ownership rules are:

- **The 75% reach rule –** prohibits a person from exercising control of commercial television broadcasting licences whose combined licence area populations exceed 75% of the Australian population
- **The 2 out of 3 rule –** prohibits a person from controlling more than 2 out of the 3 regulated media platforms (television, radio, newspapers) in any commercial radio licence area
- **The 5/4 voices test –** requires at least 5 independent media "voices" in each metropolitan commercial radio licence area and at least 4 in regional commercial radio licence areas
- **The 1 to a market rule –** prohibits a person from exercising control of more than one commercial television licence in each licence area
- **The 2 to a market rule –** prohibits a person from controlling more than 2 commercial radio licences in each licence area

These rules were designed to operate in concert to produce a diversity of sources of news and opinion. Although much has been made of the original cross media laws being introduced in 1987, these laws were in most part enacted in 2006 by the Howard Government, following a comprehensive review of the media regulatory framework, not limited to questions of media ownership.

What we are presented with in this Bill is a proposal to remove two of these interrelated rules because it is considered politically feasible to do so. There has been no broader consideration of the ongoing role or impact of leaving 3 of the ownership rules in place and unaltered without the countervailing balance of the other two.

Nor has there been any comprehensive review of the wider media regulatory framework, as occurred in 2006. In that case, changes to media ownership rules (both cross media and foreign ownership) were accompanied by far-reaching changes to digital television legislation, new digital services on broadcasting spectrum and other platforms, anti-siphoning rules, spectrum management and the role of industry regulators.

Seven West Media is calling for just such a comprehensive process one decade on. Many of the changes to media ownership rules made in 2006 were accompanied by justifications identical to those being offered in 2016.

The Discussion Paper presented by then Minister the Hon Helen Coonan entitled "Meeting the Digital Challenge: Reforming Australia's Media in the Digital Age" included the following analysis:

> *Traditional media services are being challenged by new digital technologies resulting in the emergence of new players, content services and delivery platforms. For consumers, this means an ever-increasing number of new sources of information and entertainment. For the media sector, while it poses challenges as audiences are attracted away from traditional media sources, it also presents significant opportunities to embrace new ways of doing business. From the Government's perspective, the impact of digital technologies means the current regulatory settings, which are largely designed for an analogue world, require review….*
>
> *These developments mean that it is necessary to consider models which move away from controlling market structures in the way successive Governments have to date and to consider a new media regulatory framework that allows for some efficiencies of scale and scope for existing industry players while encouraging new entrants, new investment and new services to contribute to diversity in a competitive environment…*
>
> *Developments with digital technology, particularly the convergence of television, telecommunications and the internet,* ***make it difficult to consider a framework for media ownership reform and changes to the digital broadcasting regime in isolation.****" 2 [emphasis added]*

This comprehensive approach to the broader media regulatory framework contrasts starkly with the approach we are presented with in this Bill. Two out of five media ownership rules are presented for abolition, the ongoing relevance or otherwise of the remaining three seemingly have not been considered.

[2] "Meeting the Digital Challenge: Reforming Australia's media in the digital age" Discussion Paper on Media Reform Options, March 2006, Australian Government, pages 3-4

The relationship between these rules and broader media regulation, so clearly enunciated by Minister Coonan in 2006, has been ignored in 2016. The media sector, and more importantly Australian consumers, deserve better.

The Howard Government, to its credit, recognized that the complex array of media regulations were inter-related and required a comprehensive, progressive and nuanced approach. The proposals we are presented with in 2016 fall far short of the standard set only a decade ago.

We are asked to believe that all these matters are able to be considered individually and that they do not relate to each other. Experience, and more importantly the careful analysis conducted in the lead-up to the 2006 changes, demonstrates the complete opposite.

This is why Seven West Media has consistently called for the Government to present us with a comprehensive package so we can see where the relationships between the various parts lie.

One example in the limited scope of media ownership demonstrates this point. The Government proposes to remove the 75% reach rule (enacted in 1987 at the level of 60% and subsequently extended to 75% in 1992) and the 2 out of 3 rule (enacted in 2006), but has not considered the ongoing relevance of the 4/5 voices test, the 1 to a market or 2 to a market rules.

In metropolitan markets, the current number of voices per market is:

| | |
|---|---|
| Sydney | 10 voices |
| Melbourne | 9 voices |
| Brisbane | 8 voices |
| Adelaide | 6 voices |
| Perth | 7 voices |

Source: Department of Communications

Removing the 2 out of 3 rule with no corresponding consideration of the minimum voices impacts in effect allows for only one major national deal to occur. Once the number of voices in Adelaide reaches the permitted minimum of 5, there are no further deals of this scale permitted.

It is worth noting that the two most widely speculated deals, the Nine/Southern Cross deal and the Ten/News deal would both reduce the voices in Adelaide to the permitted minimum voices. So presumably it would be a case of “first in, best dressed” before the gate closed on any future M&A activity.

Although Minister Fifield has claimed on many occasions to be “deal agnostic”, changing some of the rules without looking at all of them in their entirety could result in a benefit for only a limited set of media players. Many of today’s ownership rules were introduced in 2006. Decoupling them and changing some and not others without so much as a consideration of the outcomes is poor public policy.

And this does not even begin to touch on the many adjacent areas of media regulation that should be looked at in any move to modernize our regulatory framework.

At the top of this list is the ongoing sustainability of television licence fees, which are considered in more detail in section 5 of this submission. But as was recognized in 2006, anti-siphoning laws are a key element of media regulation, and possibly the one with the greatest direct relevance to the consumer. Other laws such as retransmission rules, Australian content production incentives and spectrum management should also be clearly outlined and considered in the broader context of a set of rules that will set us up for the next decade and beyond as occurred in 2006.

## 5. Television Licence Fees

Forget 1987, the *Television Licence Fees Act* was enacted in 1964. It has never been seriously reviewed, other than to adjust the brackets, until 2013, when television licence fees were cut by 50% from 9% of gross revenue to 4.5% of gross revenue.

At the time, although a welcome move in the right direction, commercial television broadcasters made the point that the 50% cut was totally arbitrary, and did not result from a careful consideration of the level at which television licence fees should actually be set.

We pointed out that although a 4.5% gross revenue tax was obviously better than a 9% gross revenue tax, Australian television licence fees were still significantly higher than those paid in any comparable international jurisdiction and were rapidly becoming unsustainable. Three years later, nothing has changed.

But so much *has* changed since 1964.

Minister Fifield has referred to television licence fees as a "super profits tax"[3]. We only wish this were the case. Unfortunately, the television licence fee applies regardless of profitability, and in the case of at least one commercial licensee, is payable even if the entity is actually making a loss.

Having been enacted over 40 years before the media ownership laws enacted in 2006 which the Minister says are now well overdue for review (or 23 years prior to the earlier 1987 changes sometimes referred to), it is clear that the television licence fee should be well up in the priorities for review.

If this were not sufficient in itself, most other countries have reviewed their licence fee frameworks, some up to a decade ago. All this time, commercial television broadcasters have been laboring under the burden of an unsustainable tax, while watching the Government act swiftly to remove similarly unreasonable imposts in the form of the Mining Tax and the Carbon Tax.

Broadcasting licence fees were originally set for analogue, single channel free-to-air television services. A plethora of domestic and international players are now delivering content to consumers in range of ways, driven by new technology, business models and consumer

[3]"Communications Minister Mitch Fifield dubs TV licence fees 'super profits tax'", Dominic White, Sydney Morning Herald, 25 January 2016

behaviour. Urgent action is required to remove broadcasting licence fees to reflect these market changes and rebalance the regulatory playing field.

Commercial free-to-air broadcasters continue to be the largest investors in the screen production industry in Australia. Free TV members spent more than $1.5 billion on Australian content in 2014-15 to deliver high quality local sports, drama, documentaries, children's programs, and news and current affairs to Australians at no charge to the viewer. 62% of all spending on Australian content comes from commercial television broadcasters.

The extremely high cost of meeting local content obligations is a cost unique to domestic free-to-air broadcasters. Broadcasters also meet local content obligations including a 55% transmission quota and also adult and children's drama quotas, documentary quotas and children's programming requirements.

At the same time commercial broadcasters are competing with new content services provided in many cases by large multinational companies These new media market entrants do not make any substantial investments in Australian content, pay no revenue-based fees, and in some cases do not even pay their fair share of tax in Australia.

Licence fees for commercial free-to-air broadcasters in Australia remain higher than in any other market on any comparative measure. On a percentage of revenue basis, Australia is nearly twice as expensive as Singapore, with other international markets at significantly lower levels. These disparities are outlined in the Free TV submission to this Inquiry.

Removing broadcasting licence fees is a critical tax reform that recognises the changing nature of the media industry and lessens risk of market failure in the sector. It will address some of the regulatory imbalance in the media market, and enable a popular and highly valued Australian industry to continue to deliver the services that Australian viewers rely on and love.

Appendix 5 contains an extract from analysis conducted on behalf of FreeTV by Venture Consulting, demonstrating the strong case for review of this onerous and outdated tax.

## 5.1 Television Licence Fees and local content

There is a clear link between the ability to maintain Australian production and local news in regional areas and the payment of television licence fees.

ACMA collected an estimated $148m from Australia's commercial television broadcasters in 2014 in television licence fees. An estimated $33m of this was paid by regional broadcasters. ACMA figures show that the regional broadcasters spent $32m on local news in the 2013 financial year.

A reduction in licence fees would therefore be the most effective mechanism to support Australian content as well as ongoing local news production. Other mechanisms worthy of consideration to encourage local news could be some form of incentive for maintaining or adding local news services.

Since the 50% licence fee reduction in 2009, broadcasters have reinvested more than the equivalent amount in Australian content production and in new technology and innovation to transform their businesses for the future.

Commercial television broadcasters spend over $1.5 billion on Australian content annually, and this figure continues to grow. Over 60c in every dollar spent on local content comes from commercial television broadcasters. The sector employs over 15,000 people. The viability of commercial television and its ability to continue to invest in local content, is critical to the ongoing health of the entire Australian film and television sector.

It is disappointing that because of the limited scope of the current Bill, the issue of television licence fees has not been given the urgent attention it clearly needs as part of a comprehensive response to the changing operating environment for commercial television broadcasters.

## 6. Other Necessary Reforms

### 6.1 Anti-siphoning

The anti-siphoning list is a list of sporting events that are significant to Australians. The rules establishing the list prevent pay TV from purchasing the exclusive broadcast rights to those important sporting events until those rights have been acquired by a free-to-air broadcaster. There are 12 sports on the anti-siphoning list.

The siphoning provisions were always intended to give effect to social and cultural policies, not an economic policy. The cultural policy objective sought to foster an Australian sense of place and identity by ensuring continued access for all Australians to cultural icons that they valued most highly. The social equity objective sought to ensure that those that had traditionally enjoyed listed events free of charge would continue to do so and that those least able to afford them would continue to have access.

These underlying principles remain sound.

More than 70% of Australians cannot afford or choose not to pay to watch sport on television. The anti-siphoning list ensures all Australians are able to watch key sporting events, not just the small proportion who choose to pay up to $134 a month for subscription television.

The popularity of sport on television has not diminished, reaffirming the continued importance of the scheme to Australian viewers. In 2015, 8 of the top ten most watched programs on commercial free-to-air television were sport. 3.96 million Australians watched the second State of Origin match, 3.54 million watched the AFL Grand Final and 3.078 million watched the Melbourne cup, all provided live and free.

Foxtel has presented this Committee with a list of sports that it believes should be removed from the anti-siphoning list. Each and every one of these events is currently shown live on free-to-air television. Removing these events from the list will simply have the effect of forcing Australian families to pay for something they currently get for free. The result will be that many people without the economic power to afford expensive pay TV subscriptions, will not be able to watch these events with their children, friends and family.

What we know is that the list submitted to this Committee is just a sub-set of the real targets for de-listing by the Pay TV sector. Foxtel and others prepared a list of the sports they really want off the list and provided it to key Canberra contacts in 2013. This list is contained in Annexure 6. It makes it abundantly clear that the current list of sports provided by PayTV is just a continuation of their consistent strategy over the past decade to whittle away at the list until it becomes meaningless.

There have been clear and consistent signals from Minister Fifield and the Prime Minister that while the anti-siphoning rules are not part of the Government's current proposal, they will be looked at post-election4. It has also been reported that anti-siphoning changes were originally intended to be part of this current Bill but were delayed until after the election.

Australian families should be very concerned at these signals. They have a right to know which of the sports they currently enjoy for free that they will have to pay to watch in future.

This is why we ask for a comprehensive approach from the Government on media law changes. Because media companies, but more importantly the Australian viewer, deserve to know what the full picture when it comes to the television services they value. And we deserve to know what is being offered up as a trade-off down the track for the changes proposed in this Bill.

## 6.2 Spectrum

Spectrum access and certainty are critical to free-to-air broadcasting services which continue to be highly valued by Australian viewers. Without adequate access to spectrum or long term certainty, broadcasters will not have sufficient confidence to make the long-term investment and business planning decisions required to support the platform and innovate free-to-air broadcasting services provided to Australian viewers

Broadcasting spectrum is uniquely regulated by a complex longstanding relationship between the Broadcasting Services Act 1992 and the Radio communications Act 1992 which ensures that spectrum planning balances a range of economic, social and cultural objectives so that spectrum is used in a way that maximises its overall public benefit.

Any reforms to the spectrum management framework must be made in the context of the ongoing importance of free-to-air broadcasting spectrum in delivering quality Australian

[4] Mitch Fifield to Review Anti-Siphoning List, Dominic White, Sydney Morning Herald, 27 September 2015; "Mitch Fifield hints that some anti-siphoning rules are redundant" The Australian, 14 March 2016; "Turnbull canvasses trim for anti-siphoning list" http://www.tvtonight.com.au/2015/04/report-turnbull-canvasses-trim-for-anti-siphoning-list.html 6 April 2015

content to the Australian public for free and in line with the existing spectrum planning objectives.

The Government released a Consultation Paper on 10 March 2016 which outlined a number of proposals for changes to spectrum management5.

The proposals outlined in the Consultation Paper to implement a “single licensing framework” do not give any confidence that the Government is committed to a long term future for free-to-air broadcasting.

Seven West Media is concerned at the lack of transparency in these recommendations and in particular the proposal to abolish the Broadcasting Services Bands, which is the spectrum designated for broadcasting use.

Broadcasters are confused at the intention of the proposals contained in the Consultation Paper. What is clear is that future allocation of spectrum for specific uses (eg broadcasting) will be at Ministerial discretion. While the Consultation Paper states that “the rights of existing licence holders will not be diminished” it is not specified how this will be achieved or what is meant by this statement. Clearly there is a significant risk that in future a Government could fundamentally change broadcasters’ access to and pricing for spectrum. This could in turn jeopardise the ongoing provision of free broadcasting services. Under current legislation, these are matters specified in legislation and subject to the oversight of the Parliament, so it is hard to see how the current rights of broadcasters to spectrum are not diminished by this proposed approach.

Spectrum access issues are a critical component of any comprehensive review of media regulation. However, as with so many other issues, we have been presented with a proposal to deal with each component in a silo and at different points in time, without any clear understanding of how the components fit together.

Whatever is proposed in the area of spectrum management, it should be considered in conjunction with the other interrelated aspects of media regulation. This was the approach taken in 2006 and it is the approach we need again today to understand the full implications of the Government’s approach to these critical issues.

[5] Legislative Proposals Consultation Paper, Radiocommunications Bill 2016, Department of Communications and the Arts, March 2016

## 6.3 Producer offset

The tax offset available to incentivize Australian television drama is currently set at 20%. However feature films are able to access an offset of 40%.

The disparity between the tax offsets available for film and television no longer makes sense in a market where content is produced for distribution on multiple screens. Producers of Australian drama operate in an environment of increasingly complex financing structures and are competing on the international market.

A recent study by PwC found that a doubling of the tax offset from 20% to 40% would cost the Commonwealth a maximum of $15.5 million in foregone tax revenue, but would generate an additional $119.4 million in economic activity, making the overall economy better off by more than $103 million.

Local content production is a key element of any comprehensive media policy framework. Along with television licence fees, the producer offset should be at the centre of any consideration of the best means to maintain and increase Australian content.

## 6.4 Screen Australia funding

Screen Australia funding guidelines currently preclude Australian owned broadcasters such as Seven from applying for funding. Seven is the largest Australian owned producer of Australian content and employs thousands of Australians on its various productions.

There is no justification for this, when foreign multinational companies like Endemol/Shine, Fremantle, ITV and even Google can access Screen Australia funding.

Seven has been seeking change to this discriminatory practice that has no demonstrable benefit to either the Australian economy or the film and television production sector for over three years.

This is yet another piece of the media regulation puzzle that is well overdue for change and should form part of a comprehensive package of changes.

## 6.5 Retransmission

Under current rules in the Broadcasting Services Act and Copyright Act, third parties can retransmit a broadcast without seeking permission and without having to pay for the use of the broadcast signal.

These rules were originally put in place in the 1960's to assist areas of poor signal reception to retransmit a broadcast signal which was otherwise unavailable. They were not intended to permit the wholesale commercial exploitation of free-to-air broadcasts by their competitors.

In the US, where broadcasters are able to determine who makes commercial use of their services, retransmission payments to networks are now a significant revenue stream. Retransmission fees are expected to more than double from $2.36 billion in 2012 to $6.05 billion — about 23% of total TV station revenue — by 2018.

The current retransmission rules in Australia allow the exploitation of free-to-air television broadcasts by competitors of the relevant broadcaster without the consent of that broadcaster. In the case of existing Pay TV providers, their business has been built around carriage of the commercial free-to-air television services, which account for over 50% of total prime time viewing in Pay TV homes.

Financial compensation is not the only, or even the most important issue for broadcasters. The most important issue is that the existing retransmission rules deny free to air broadcasters the ability to control and manage their primary commercial asset. Issues such as channel placement, EPG representation and technical quality are all out of our control.

The proliferation of new service providers makes reform of the existing retransmission rule an urgent issue. The urgency is amplified by rapid expansion in multi-media content viewing on mobile and tablet devices.

This unintended statutory anomaly from the 1960's is now well overdue for consideration by Government. Free to air broadcasters have been consistently raising this issue with successive Governments since 1995.

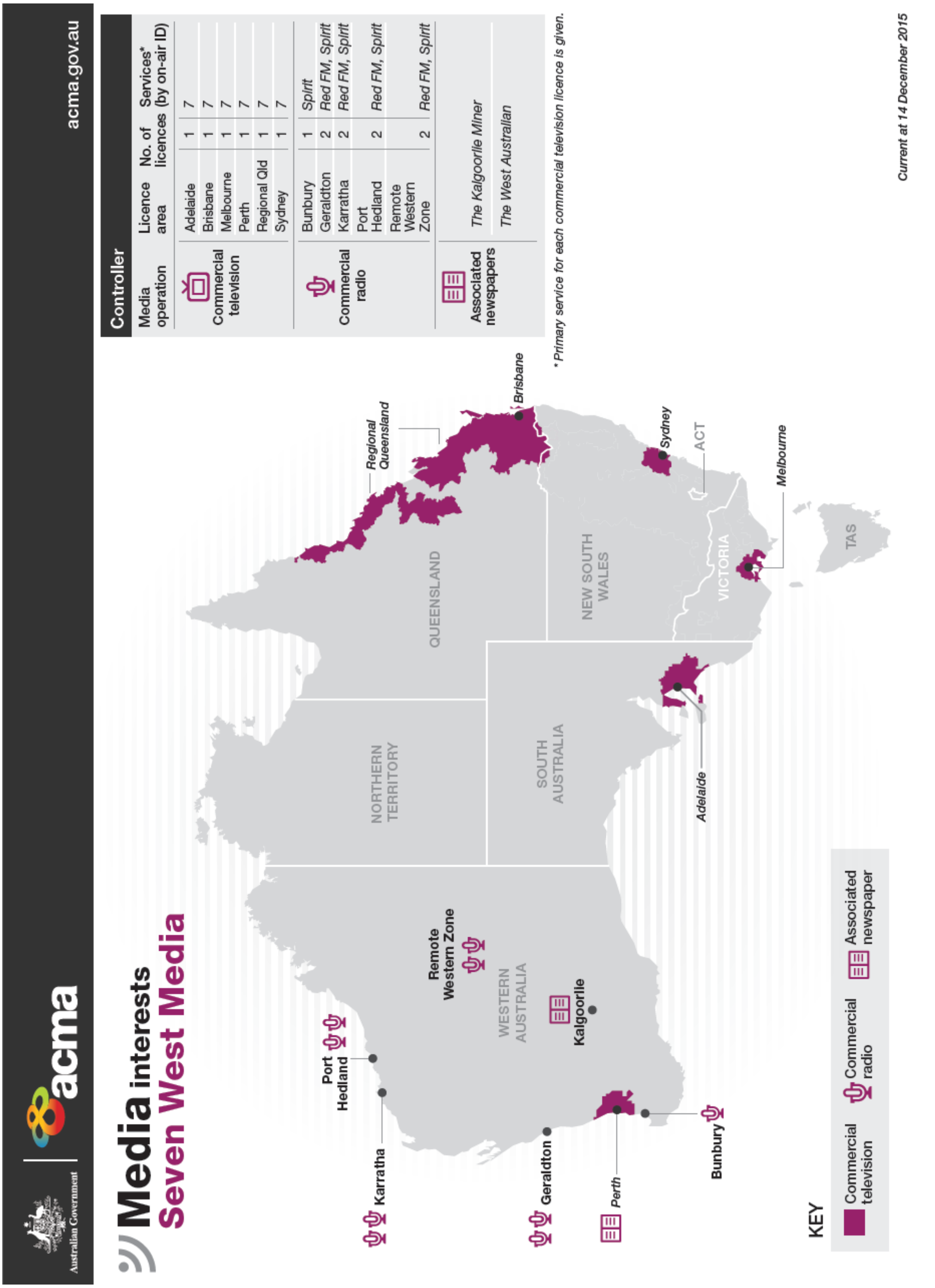
## Conclusion

In 2006, the Howard Government presented a package of changes to the media regulatory framework. These were the most far reaching changes made to media law in two decades.

The Minister Coonan recognised that the various elements of media policy are interrelated. It is not possible to change one without creating flow on effects to another. As a result, we were presented with a comprehensive package of changes that have stood the test of time.

This Bill addresses two media ownership rules in isolation, with no consideration for the wider ramifications of making this change. The media sector and the Australian public deserve to know where these proposed changes fit into a plan for the future of the Australian media.

## Appendix 1



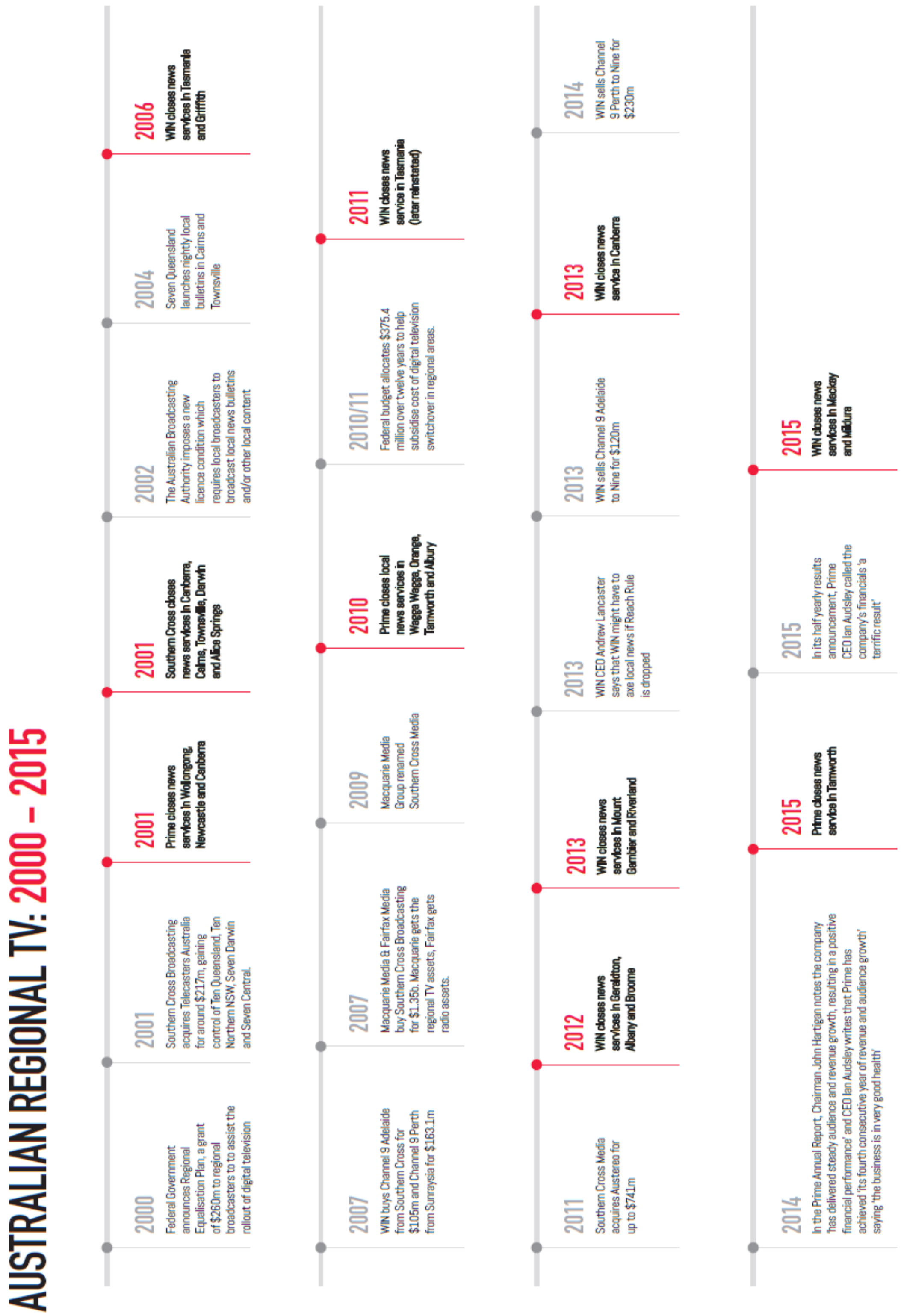

**Controller**

| Media operation | Licence area | No. of licences | Services* (by on-air ID) |
|---|---|---|---|
| Commercial television | Adelaide | 1 | 7 |
| | Brisbane | 1 | 7 |
| | Melbourne | 1 | 7 |
| | Perth | 1 | 7 |
| | Regional Qld | 1 | 7 |
| | Sydney | 1 | 7 |
| Commercial radio | Bunbury | 1 | Spirit |
| | Geraldton | 2 | Red FM, Spirit |
| | Karratha | 2 | Red FM, Spirit |
| | Port Hedland | 2 | Red FM, Spirit |
| | Remote Western Zone | 2 | Red FM, Spirit |
| Associated newspapers | *The Kalgoorlie Miner* | | |
| | *The West Australian* | | |

**Primary service for each commercial television licence is given.*

| | |
|---|---|
| **Free to Air Television** | |
| 1. | Seven is Australia's leading FTA television network |
| 2. | Digital channels - 7TWO, 7Mate, racing.com |
| 3. | Commercial television licences in each metropolitan capital city and regional Queensland |
| 4. | Regional affiliates broadcasting Seven content in VIC, NSW, Tasmania, SA, Northern Territory, western Qld and WA |
| **Newspapers** | |
| 1. | The West Australian is the #1 metro newspaper in WA |
| 2. | 20 regional newspaper publications in WA |
| 3. | Investment in Community Newspaper Group (49.9%) - 17 titles across Perth |
| **Magazines** | |
| 1. | Pacific Magazines |
| 2. | Over 25 publications |
| 3. | Readership base of approximately 7.2m |
| **Online** | |
| 1. | Yahoo7 is a leading platform for online TV, Newspaper and Magazine content |
| **Other** | |
| 1. | Nine radio licences across regional WA |
| 2. | Other Media related investments include Sky News (33.3%), OzTAM (33.3%), TX Australia (33.3%) |

## Appendix 2


AUSTRALIAN REGIONAL TV: 2000 – 2015
2000
Federal Government announces Regional Equalisation Plan, a grant of $260m to regional broadcasters to to assist the rollout of digital television
2001
Southern Cross Broadcasting acquires Telecasters Australia for around $217m, gaining control of Ten Queensland, Ten Northern NSW, Seven Darwin and Seven Central.
2001
Prime closes news services in Wollongong, Newcastle and Canberra
2001
Southern Cross closes news services in Canberra, Cairns, Townsville, Darwin and Alice Springs
2002
The Australian Broadcasting Authority imposes a new licence condition which requires local broadcasters to broadcast local news bulletins and/or other local content
2004
Seven Queensland launches nightly local bulletins in Cairns and Townsville
2006
WIN closes news services in Tasmania and Griffith
2007
WIN buys Channel 9 Adelaide from Southern Cross for $105m and Channel 9 Perth from Sunraysia for $163.1m
2007
Macquarie Media & Fairfax Media buy Southern Cross Broadcasting for $1.35b. Macquarie gets the regional TV assets, Fairfax gets radio assets.
2009
Macquarie Media Group renamed Southern Cross Media
2010
Prime closes local news services in Wagga Wagga, Orange, Tamworth and Albury
2010/11
Federal budget allocates $375.4 million over twelve years to help subsidise cost of digital television switchover in regional areas.
2011
WIN closes news service in Tasmania (later reinstated)
2011
Southern Cross Media acquires Austereo for up to $741m
2012
WIN closes news services in Geraldton, Albany and Broome
2013
WIN closes news services in Mount Gambier and Riverland
2013
WIN CEO Andrew Lancaster says that WIN might have to axe local news if Reach Rule is dropped
2013
WIN sells Channel 9 Adelaide to Nine for $120m
2013
WIN closes news service in Canberra
2014
WIN sells Channel 9 Perth to Nine for $230m
2014
In the Prime Annual Report, Chairman John Hartigan notes the company 'has delivered steady audience and revenue growth, resulting in a positive financial performance' and CEO Ian Audsley writes that Prime has achieved 'its fourth consecutive year of revenue and audience growth' saying 'the business is in very good health'
2015
Prime closes news service in Tamworth
2015
In its half yearly results announcement, Prime CEO Ian Audsley called the company's financials 'a terrific result'
2015
WIN closes news services in Mackay and Mildura

# Appendix 3

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Compliance with Local Content Licence Condition by Regional Commercial Television - Period Commenced 21 July 2013 & Ended 1 February 2014

Minimum requirement for each six-week period: 90 points per week & 720 points over six weeks

| | | | | Period 1 - Weeks 1 to 6 | | | | | | | Period 2 - Weeks 7 to 12 | | | | | | | Period 3 - Weeks 13 to 18 | | | | | | | Period 4 - Weeks 19 to 24 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 1 | 2 | 3 | 4 | 5 | 6 | *Period 1 Total* | 7 | 8 | 9 | 10 | 11 | 12 | *Period 2 Total* | 13 | 14 | 15 | 16 | 17 | 18 | *Period 3 Total* | 19 | 20 | 21 | 22 | 23 | 24 | *Period 4 Total* |
| Australian Capital Television Pty Ltd | CTC | 85 | ACT & Southern Tablelands | 127.00 | 127.00 | 127.00 | 127.00 | 125.67 | 127.00 | 760.67 | 127.00 | 127.00 | 127.00 | 124.00 | 127.00 | 104.00 | 736.00 | 127.00 | 127.00 | 127.00 | 125.00 | 125.00 | 125.00 | 756.00 | 130.00 | 130.00 | 125.00 | 125.00 | 125.00 | 102.00 | 737.00 |
| | | | Central Tablelands & Central Western Slopes | 127.00 | 127.00 | 127.00 | 127.00 | 127.00 | 127.00 | 762.00 | 127.00 | 127.00 | 127.00 | 124.00 | 127.00 | 104.00 | 736.00 | 127.00 | 127.00 | 127.00 | 125.00 | 125.00 | 125.00 | 756.00 | 130.00 | 130.00 | 125.00 | 125.00 | 125.00 | 102.00 | 737.00 |
| | | | Illawarra & South Coast | 127.00 | 127.00 | 127.00 | 127.00 | 127.00 | 127.00 | 762.00 | 127.00 | 127.00 | 127.00 | 124.00 | 127.00 | 104.00 | 736.00 | 127.00 | 127.00 | 127.00 | 125.00 | 125.00 | 125.00 | 756.00 | 130.00 | 130.00 | 125.00 | 125.00 | 125.00 | 102.00 | 737.00 |
| | | | South Western Slopes & Eastern Riverina | 127.00 | 127.00 | 127.00 | 127.00 | 127.00 | 127.00 | 762.00 | 127.00 | 127.00 | 127.00 | 124.00 | 127.00 | 104.00 | 736.00 | 127.00 | 127.00 | 127.00 | 125.00 | 125.00 | 125.00 | 756.00 | 130.00 | 130.00 | 125.00 | 125.00 | 125.00 | 102.00 | 737.00 |
| Channel Seven Queensland Pty Ltd | STQ | 115 | Central Coast & Whitsundays | 130.43 | 150.12 | 155.23 | 162.65 | 166.32 | 169.32 | 934.07 | 168.20 | 167.87 | 165.32 | 167.52 | 167.35 | 167.33 | 1,003.59 | 164.15 | 175.67 | 171.02 | 165.60 | 167.77 | 170.20 | 1,014.41 | 186.35 | 188.30 | 172.60 | 158.95 | 162.30 | 162.92 | 1,031.42 |
| | | | Far North Queensland | 134.52 | 165.90 | 166.02 | 166.35 | 166.68 | 168.32 | 967.79 | 167.73 | 168.97 | 161.98 | 164.33 | 160.20 | 168.90 | 992.11 | 159.02 | 175.42 | 161.30 | 165.88 | 157.00 | 153.70 | 972.32 | 173.18 | 168.55 | 179.90 | 163.38 | 161.98 | 161.82 | 1,008.81 |
| | | | North Queensland | 145.62 | 171.62 | 165.48 | 169.20 | 176.52 | 167.98 | 996.42 | 181.33 | 173.35 | 178.13 | 171.87 | 164.48 | 166.32 | 1,035.48 | 158.08 | 169.78 | 168.22 | 166.67 | 172.82 | 167.48 | 1,003.05 | 188.62 | 175.47 | 176.03 | 154.25 | 172.67 | 161.68 | 1,028.72 |
| | | | Sunshine Coast | 145.95 | 190.50 | 187.00 | 187.33 | 198.83 | 186.68 | 1,096.29 | 182.87 | 183.03 | 185.63 | 189.17 | 189.25 | 197.12 | 1,127.07 | 197.77 | 186.50 | 190.17 | 191.63 | 184.53 | 183.57 | 1,134.17 | 176.35 | 173.60 | 191.70 | 189.40 | 187.35 | 189.23 | 1,107.63 |
| | | | Wide Bay | 126.15 | 165.02 | 162.43 | 167.05 | 154.23 | 163.40 | 938.28 | 178.50 | 168.98 | 167.48 | 162.67 | 164.40 | 167.68 | 1,009.71 | 164.40 | 156.97 | 162.32 | 159.77 | 161.98 | 176.82 | 982.26 | 182.50 | 188.75 | 175.52 | 174.15 | 167.48 | 164.17 | 1,052.57 |
| NBN Ltd | NBN | 94 | Central Coast | 158.01 | 151.19 | 157.01 | 160.04 | 159.64 | 152.91 | 938.80 | 156.27 | 157.32 | 156.37 | 153.24 | 143.88 | 147.88 | 914.96 | 139.90 | 152.17 | 158.79 | 159.08 | 160.51 | 147.72 | 918.17 | 154.95 | 164.13 | 135.53 | 144.46 | 146.11 | 161.36 | 906.54 |
| | | | Hunter | 278.63 | 274.63 | 275.57 | 278.45 | 271.59 | 302.59 | 1,681.46 | 276.81 | 274.72 | 285.75 | 308.96 | 287.78 | 275.56 | 1,709.58 | 329.05 | 334.55 | 296.35 | 280.34 | 288.77 | 281.09 | 1,810.15 | 287.91 | 299.40 | 243.23 | 254.03 | 268.26 | 289.37 | 1,642.20 |
| | | | North West | 159.97 | 164.05 | 159.27 | 164.96 | 162.54 | 166.61 | 977.40 | 169.37 | 161.99 | 160.82 | 172.20 | 164.91 | 164.29 | 993.58 | 158.88 | 159.21 | 165.07 | 167.97 | 165.06 | 159.64 | 975.83 | 172.41 | 168.39 | 142.76 | 158.82 | 156.80 | 172.52 | 971.70 |

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## Compliance with Local Content Licence Condition by Regional Commercial Television - Period Commenced 21 July 2013 & Ended 1 February 2014

Minimum requirement for each six-week period: 90 points per week & 720 points over six weeks

| | | | | Period 1 - Weeks 1 to 6 | | | | | | | Period 2 - Weeks 7 to 12 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 1 | 2 | 3 | 4 | 5 | 6 | *Period 1 Total* | 7 | 8 | 9 | 10 | 11 | 12 | *Period 2 Total* |
| NBN Ltd | NBN | 94 | Slopes & Plains | | | | | | | | | | | | | | |
| | | | Northern Rivers & Mid North Coast | 163.36 | 164.31 | 166.81 | 167.70 | 167.33 | 163.08 | 992.59 | 165.22 | 163.04 | 161.99 | 170.11 | 163.23 | 169.46 | 993.05 |
| | | | Richmond/ Tweed | 231.70 | 235.17 | 242.75 | 241.56 | 243.40 | 250.99 | 1,445.57 | 222.08 | 241.53 | 238.97 | 245.45 | 243.77 | 234.12 | 1,425.92 |
| Northern Rivers Television Pty Ltd | NRN | 96 | Hunter | 127.00 | 127.00 | 127.00 | 127.00 | 127.00 | 127.00 | 762.00 | 127.00 | 127.00 | 127.00 | 124.00 | 127.00 | 104.00 | 736.00 |
| | | | North West Slopes & Plains | 127.00 | 127.00 | 127.00 | 127.00 | 127.00 | 127.00 | 762.00 | 127.00 | 127.00 | 127.00 | 124.00 | 127.00 | 104.00 | 736.00 |
| | | | Northern Rivers & Mid North Coast | 127.00 | 127.00 | 127.00 | 127.00 | 127.00 | 127.00 | 762.00 | 127.00 | 127.00 | 127.00 | 124.00 | 127.00 | 104.00 | 736.00 |
| | | | Richmond/ Tweed | 127.00 | 127.00 | 127.00 | 127.00 | 127.00 | 127.00 | 762.00 | 127.00 | 127.00 | 127.00 | 124.00 | 127.00 | 104.00 | 736.00 |
| Prime Television (Northern) Pty Ltd | NEN | 95 | Hunter | 135.00 | 135.00 | 135.00 | 131.00 | 135.00 | 135.00 | 806.00 | 135.00 | 133.00 | 135.00 | 135.00 | 135.00 | 135.00 | 808.00 |
| | | | North West Slopes & Plains | 207.00 | 230.00 | 218.00 | 209.00 | 219.00 | 213.00 | 1,296.00 | 211.00 | 212.00 | 214.00 | 219.00 | 215.00 | 209.00 | 1,280.00 |
| | | | Northern Rivers & Mid North Coast | 146.00 | 168.00 | 164.00 | 156.00 | 166.00 | 167.00 | 967.00 | 156.00 | 158.00 | 161.00 | 157.00 | 157.00 | 162.00 | 951.00 |
| | | | Richmond/ Tweed | 146.00 | 168.00 | 164.00 | 156.00 | 166.00 | 167.00 | 967.00 | 156.00 | 158.00 | 161.00 | 157.00 | 157.00 | 162.00 | 951.00 |
| Prime Television (Southern) Pty Ltd | CBN | 90 | ACT & Southern Tablelands | 135.00 | 135.00 | 135.00 | 131.00 | 135.00 | 135.00 | 806.00 | 135.00 | 133.00 | 135.00 | 135.00 | 135.00 | 135.00 | 808.00 |
| | | | Central Tablelands & Central Western Slopes | 268.00 | 277.00 | 274.00 | 274.00 | 271.00 | 270.00 | 1,634.00 | 271.00 | 270.00 | 268.00 | 269.00 | 270.00 | 270.00 | 1,618.00 |
| | | | Illawarra & South Coast | 135.00 | 135.00 | 135.00 | 131.00 | 135.00 | 135.00 | 806.00 | 135.00 | 133.00 | 135.00 | 135.00 | 135.00 | 135.00 | 808.00 |

| | | | | Period 3 - Weeks 13 to 18 | | | | | | | Period 4 - Weeks 19 to 24 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 13 | 14 | 15 | 16 | 17 | 18 | *Period 3 Total* | 19 | 20 | 21 | 22 | 23 | 24 | *Period 4 Total* |
| NBN Ltd | NBN | 94 | Slopes & Plains | | | | | | | | | | | | | | |
| | | | Northern Rivers & Mid North Coast | 161.69 | 163.04 | 164.21 | 164.16 | 169.27 | 167.88 | 990.25 | 171.55 | 165.14 | 151.52 | 162.16 | 151.15 | 168.73 | 970.25 |
| | | | Richmond/ Tweed | 236.59 | 219.03 | 240.19 | 247.51 | 248.91 | 227.25 | 1,419.48 | 256.33 | 240.26 | 228.63 | 226.49 | 230.68 | 251.23 | 1,433.62 |
| Northern Rivers Television Pty Ltd | NRN | 96 | Hunter | 127.00 | 127.00 | 127.00 | 125.00 | 125.00 | 125.00 | 756.00 | 130.00 | 130.00 | 125.00 | 125.00 | 125.00 | 102.00 | 737.00 |
| | | | North West Slopes & Plains | 127.00 | 127.00 | 127.00 | 125.00 | 125.00 | 125.00 | 756.00 | 130.00 | 130.00 | 125.00 | 125.00 | 125.00 | 102.00 | 737.00 |
| | | | Northern Rivers & Mid North Coast | 127.00 | 127.00 | 127.00 | 125.00 | 125.00 | 125.00 | 756.00 | 130.00 | 130.00 | 125.00 | 125.00 | 125.00 | 102.00 | 737.00 |
| | | | Richmond/ Tweed | 127.00 | 127.00 | 127.00 | 125.00 | 125.00 | 125.00 | 756.00 | 130.00 | 130.00 | 125.00 | 125.00 | 125.00 | 102.00 | 737.00 |
| Prime Television (Northern) Pty Ltd | NEN | 95 | Hunter | 126.00 | 129.00 | 135.00 | 133.00 | 135.00 | 135.00 | 793.00 | 133.00 | 135.00 | 135.00 | 118.00 | 118.00 | 128.00 | 767.00 |
| | | | North West Slopes & Plains | 216.00 | 213.00 | 213.00 | 216.00 | 216.00 | 211.00 | 1,285.00 | 213.00 | 211.00 | 210.00 | 169.00 | 169.00 | 195.00 | 1,167.00 |
| | | | Northern Rivers & Mid North Coast | 163.00 | 155.00 | 158.00 | 158.00 | 157.00 | 162.00 | 953.00 | 186.00 | 194.00 | 195.00 | 163.00 | 159.00 | 181.00 | 1,078.00 |
| | | | Richmond/ Tweed | 163.00 | 155.00 | 158.00 | 158.00 | 157.00 | 162.00 | 953.00 | 160.00 | 159.00 | 158.00 | 133.00 | 132.00 | 145.00 | 887.00 |
| Prime Television (Southern) Pty Ltd | CBN | 90 | ACT & Southern Tablelands | 126.00 | 129.00 | 135.00 | 133.00 | 135.00 | 135.00 | 793.00 | 133.00 | 135.00 | 135.00 | 118.00 | 118.00 | 128.00 | 767.00 |
| | | | Central Tablelands & Central Western Slopes | 270.00 | 270.00 | 270.00 | 273.00 | 273.00 | 273.00 | 1,629.00 | 271.00 | 274.00 | 273.00 | 128.00 | 130.00 | 129.00 | 1,205.00 |
| | | | Illawarra & South Coast | 126.00 | 129.00 | 135.00 | 133.00 | 135.00 | 135.00 | 793.00 | 133.00 | 135.00 | 135.00 | 118.00 | 118.00 | 128.00 | 767.00 |

Australian Government | acma

Australian Communications and Media Authority
communicating | facilitating | regulating

## Compliance with Local Content Licence Condition by Regional Commercial Television - Period Commenced 21 July 2013 & Ended 1 February 2014

Minimum requirement for each six-week period: 90 points per week & 720 points over six weeks

| | | | | Period 1 - Weeks 1 to 6 | | | | | | | Period 2 - Weeks 7 to 12 | | | | | | | Period 3 - Weeks 13 to 18 | | | | | | | Period 4 - Weeks 19 to 24 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 1 | 2 | 3 | 4 | 5 | 6 | *Period 1 Total* | 7 | 8 | 9 | 10 | 11 | 12 | *Period 2 Total* | 13 | 14 | 15 | 16 | 17 | 18 | *Period 3 Total* | 19 | 20 | 21 | 22 | 23 | 24 | *Period 4 Total* |
| Prime Television (Southern) Pty Ltd | CBN | 90 | South Western Slopes & Eastern Riverina | 264.00 | 275.00 | 254.00 | 260.00 | 255.00 | 276.00 | 1,584.00 | 285.00 | 280.00 | 271.00 | 278.00 | 274.00 | 273.00 | 1,661.00 | 275.00 | 276.00 | 274.00 | 275.00 | 277.00 | 272.00 | 1,649.00 | 273.00 | 290.00 | 291.00 | 247.00 | 249.00 | 253.00 | 1,603.00 |
| Prime Television (Victoria) Pty Ltd | AMV | 103 | Gippsland | 135.00 | 135.00 | 135.00 | 131.00 | 135.00 | 135.00 | 806.00 | 135.00 | 133.00 | 135.00 | 135.00 | 135.00 | 135.00 | 808.00 | 126.00 | 129.00 | 135.00 | 133.00 | 135.00 | 135.00 | 793.00 | 133.00 | 135.00 | 135.00 | 118.00 | 118.00 | 128.00 | 767.00 |
| | | | North Central Victoria | 135.00 | 135.00 | 135.00 | 131.00 | 135.00 | 135.00 | 806.00 | 135.00 | 133.00 | 135.00 | 135.00 | 135.00 | 135.00 | 808.00 | 126.00 | 129.00 | 135.00 | 133.00 | 135.00 | 135.00 | 793.00 | 133.00 | 135.00 | 135.00 | 118.00 | 118.00 | 128.00 | 767.00 |
| | | | South West Victoria | 170.00 | 141.00 | 156.00 | 167.00 | 169.00 | 187.00 | 990.00 | 160.00 | 157.00 | 169.00 | 164.00 | 156.00 | 163.00 | 969.00 | 164.00 | 151.00 | 163.00 | 173.00 | 153.00 | 158.00 | 962.00 | 183.00 | 184.00 | 183.00 | 185.00 | 189.00 | 160.00 | 1,084.00 |
| | | | Upper Murray & Goulburn Valley | 174.00 | 170.00 | 210.00 | 213.00 | 213.00 | 208.00 | 1,188.00 | 196.00 | 202.00 | 204.00 | 201.00 | 201.00 | 200.00 | 1,204.00 | 200.00 | 204.00 | 198.00 | 202.00 | 205.00 | 201.00 | 1,210.00 | 193.00 | 205.00 | 208.00 | 210.00 | 212.00 | 206.00 | 1,234.00 |
| Regional Television Pty Limited | TNQ | 113 | Capricornia | 127.00 | 127.00 | 127.00 | 127.00 | 127.00 | 127.00 | 762.00 | 127.00 | 127.00 | 127.00 | 124.00 | 127.00 | 104.00 | 736.00 | 127.00 | 127.00 | 127.00 | 125.00 | 125.00 | 125.00 | 756.00 | 130.00 | 130.00 | 125.00 | 125.00 | 125.00 | 102.00 | 737.00 |
| | | | Central Coast & Whitsundays | 127.00 | 127.00 | 127.00 | 127.00 | 127.00 | 127.00 | 762.00 | 127.00 | 127.00 | 127.00 | 124.00 | 127.00 | 104.00 | 736.00 | 127.00 | 127.00 | 127.00 | 125.00 | 125.00 | 125.00 | 756.00 | 130.00 | 130.00 | 125.00 | 125.00 | 125.00 | 102.00 | 737.00 |
| | | | Darling Downs | 127.00 | 127.00 | 127.00 | 127.00 | 127.00 | 127.00 | 762.00 | 127.00 | 127.00 | 127.00 | 124.00 | 127.00 | 104.00 | 736.00 | 127.00 | 127.00 | 127.00 | 125.00 | 125.00 | 125.00 | 756.00 | 130.00 | 130.00 | 125.00 | 125.00 | 125.00 | 102.00 | 737.00 |
| | | | Far North Queensland | 127.00 | 127.00 | 127.00 | 127.00 | 127.00 | 127.00 | 762.00 | 127.00 | 127.00 | 127.00 | 124.00 | 127.00 | 104.00 | 736.00 | 127.00 | 127.00 | 127.00 | 125.00 | 125.00 | 125.00 | 756.00 | 130.00 | 130.00 | 125.00 | 125.00 | 125.00 | 102.00 | 737.00 |
| | | | North Queensland | 127.00 | 127.00 | 127.00 | 127.00 | 127.00 | 127.00 | 762.00 | 127.00 | 127.00 | 127.00 | 124.00 | 127.00 | 104.00 | 736.00 | 127.00 | 127.00 | 127.00 | 125.00 | 125.00 | 125.00 | 756.00 | 130.00 | 130.00 | 125.00 | 125.00 | 125.00 | 102.00 | 737.00 |
| Southern Cross Communications Pty Limited | BCV | 104 | North Central Victoria | 127.00 | 127.00 | 127.00 | 127.00 | 127.00 | 127.00 | 762.00 | 127.00 | 127.00 | 127.00 | 124.00 | 127.00 | 104.00 | 736.00 | 127.00 | 127.00 | 127.00 | 125.00 | 125.00 | 125.00 | 756.00 | 130.00 | 130.00 | 125.00 | 125.00 | 125.00 | 102.00 | 737.00 |
| | | | South West Victoria | 127.00 | 127.00 | 127.00 | 127.00 | 127.00 | 127.00 | 762.00 | 127.00 | 127.00 | 127.00 | 124.00 | 127.00 | 104.00 | 736.00 | 127.00 | 127.00 | 127.00 | 123.67 | 125.00 | 125.00 | 754.67 | 130.00 | 130.00 | 125.00 | 125.00 | 125.00 | 102.00 | 737.00 |
| | GLV | 106 | Gippsland | 127.00 | 127.00 | 127.00 | 127.00 | 127.00 | 127.00 | 762.00 | 127.00 | 127.00 | 127.00 | 124.00 | 127.00 | 104.00 | 736.00 | 127.00 | 127.00 | 127.00 | 125.00 | 125.00 | 125.00 | 756.00 | 130.00 | 130.00 | 125.00 | 125.00 | 125.00 | 102.00 | 737.00 |
| | | | Upper Murray & Goulburn Valley | 127.00 | 127.00 | 127.00 | 127.00 | 127.00 | 127.00 | 762.00 | 127.00 | 127.00 | 127.00 | 124.00 | 127.00 | 104.00 | 736.00 | 127.00 | 127.00 | 127.00 | 125.00 | 125.00 | 125.00 | 756.00 | 130.00 | 130.00 | 125.00 | 125.00 | 125.00 | 102.00 | 737.00 |

Australian Government | acma

Australian Communications and Media Authority
communicating | facilitating | regulating

## Compliance with Local Content Licence Condition by Regional Commercial Television - Period Commenced 21 July 2013 & Ended 1 February 2014

Minimum requirement for each six-week period: 90 points per week & 720 points over six weeks

| | | | | Period 1 - Weeks 1 to 6 | | | | | | | Period 2 - Weeks 7 to 12 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 1 | 2 | 3 | 4 | 5 | 6 | *Period 1 Total* | 7 | 8 | 9 | 10 | 11 | 12 | *Period 2 Total* |
| Southern Cross Television (TNT9) Pty Ltd | TNT | 133 | Tasmania | 198.00 | 176.00 | 176.00 | 198.00 | 184.00 | 166.00 | 1,098.00 | 190.00 | 169.00 | 175.00 | 170.00 | 171.00 | 214.00 | 1,089.00 |
| Tasmanian Digital Television Pty Ltd | TDT | 1150806 | Tasmania | 127.00 | 127.00 | 127.00 | 127.00 | 127.00 | 127.00 | 762.00 | 127.00 | 127.00 | 127.00 | 124.00 | 127.00 | 104.00 | 736.00 |
| WIN Television NSW Pty Ltd | WIN | 99 | ACT & Southern Tablelands | 253.00 | 232.00 | 238.00 | 256.00 | 236.00 | 241.00 | 1,456.00 | 236.00 | 250.00 | 240.00 | 233.00 | 240.00 | 241.00 | 1,440.00 |
| | | | Central Tablelands & Central Western Slopes | 276.00 | 272.00 | 259.00 | 262.00 | 257.00 | 242.00 | 1,568.00 | 232.00 | 235.00 | 249.00 | 229.00 | 214.00 | 222.00 | 1,381.00 |
| | | | Illawarra & South Coast | 223.00 | 236.00 | 256.00 | 236.00 | 208.00 | 242.00 | 1,401.00 | 277.00 | 237.00 | 267.00 | 259.00 | 240.00 | 243.00 | 1,523.00 |
| | | | South Western Slopes & Eastern Riverina | 220.00 | 223.00 | 231.00 | 176.00 | 205.00 | 229.00 | 1,284.00 | 224.00 | 229.00 | 233.00 | 216.00 | 215.00 | 192.00 | 1,309.00 |
| WIN Television QLD Pty Ltd | RTQ | 116 | Capricornia | 226.00 | 241.00 | 182.00 | 232.00 | 221.00 | 249.00 | 1,351.00 | 215.00 | 224.00 | 217.00 | 209.00 | 192.00 | 196.00 | 1,253.00 |
| | | | Central Coast & Whitsundays | 203.00 | 197.00 | 178.00 | 203.00 | 193.00 | 220.00 | 1,194.00 | 208.00 | 195.00 | 210.00 | 190.00 | 198.00 | 195.00 | 1,196.00 |
| | | | Darling Downs | 170.00 | 141.00 | 156.00 | 167.00 | 169.00 | 187.00 | 990.00 | 160.00 | 157.00 | 169.00 | 164.00 | 156.00 | 163.00 | 969.00 |
| | | | Far North Queensland | 216.00 | 169.00 | 176.00 | 231.00 | 212.00 | 243.00 | 1,247.00 | 202.00 | 210.00 | 222.00 | 216.00 | 211.00 | 234.00 | 1,295.00 |
| | | | North Queensland | 202.00 | 187.00 | 170.00 | 207.00 | 205.00 | 218.00 | 1,189.00 | 225.00 | 240.00 | 160.00 | 181.00 | 206.00 | 197.00 | 1,209.00 |
| | | | Sunshine Coast | 245.00 | 189.00 | 187.00 | 252.00 | 239.00 | 266.00 | 1,378.00 | 246.00 | 239.00 | 253.00 | 232.00 | 254.00 | 228.00 | 1,452.00 |
| | | | Wide Bay | 270.00 | 242.00 | 183.00 | 241.00 | 247.00 | 260.00 | 1,443.00 | 250.00 | 252.00 | 254.00 | 256.00 | 252.00 | 246.00 | 1,510.00 |

| | | | | Period 3 - Weeks 13 to 18 | | | | | | | Period 4 - Weeks 19 to 24 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 13 | 14 | 15 | 16 | 17 | 18 | *Period 3 Total* | 19 | 20 | 21 | 22 | 23 | 24 | *Period 4 Total* |
| Southern Cross Television (TNT9) Pty Ltd | TNT | 133 | Tasmania | 188.00 | 179.00 | 187.00 | 190.00 | 170.00 | 167.00 | 1,081.00 | 176.00 | 164.00 | 153.00 | 177.00 | 174.00 | 180.00 | 1,024.00 |
| Tasmanian Digital Television Pty Ltd | TDT | 1150806 | Tasmania | 127.00 | 127.00 | 127.00 | 123.00 | 125.00 | 125.00 | 754.00 | 126.00 | 121.67 | 130.00 | 123.00 | 125.00 | 102.00 | 727.67 |
| WIN Television NSW Pty Ltd | WIN | 99 | ACT & Southern Tablelands | 239.00 | 239.00 | 244.00 | 248.00 | 247.00 | 261.00 | 1,478.00 | 267.00 | 259.00 | 217.00 | 205.00 | 168.00 | 245.00 | 1,361.00 |
| | | | Central Tablelands & Central Western Slopes | 229.00 | 250.00 | 259.00 | 267.00 | 246.00 | 268.00 | 1,519.00 | 255.00 | 237.00 | 212.00 | 210.00 | 153.00 | 235.00 | 1,302.00 |
| | | | Illawarra & South Coast | 255.00 | 245.00 | 257.00 | 240.00 | 249.00 | 280.00 | 1,526.00 | 279.00 | 279.00 | 240.00 | 236.00 | 139.00 | 226.00 | 1,399.00 |
| | | | South Western Slopes & Eastern Riverina | 219.00 | 212.00 | 224.00 | 227.00 | 206.00 | 211.00 | 1,299.00 | 199.00 | 206.00 | 196.00 | 182.00 | 139.00 | 226.00 | 1,148.00 |
| WIN Television QLD Pty Ltd | RTQ | 116 | Capricornia | 228.00 | 217.00 | 213.00 | 218.00 | 223.00 | 200.00 | 1,299.00 | 213.00 | 191.00 | 187.00 | 189.00 | 195.00 | 208.00 | 1,183.00 |
| | | | Central Coast & Whitsundays | 185.00 | 187.00 | 203.00 | 210.00 | 226.00 | 180.00 | 1,191.00 | 166.00 | 204.00 | 183.00 | 192.00 | 206.00 | 213.00 | 1,164.00 |
| | | | Darling Downs | 164.00 | 151.00 | 163.00 | 173.00 | 153.00 | 158.00 | 962.00 | 183.00 | 184.00 | 183.00 | 185.00 | 189.00 | 160.00 | 1,084.00 |
| | | | Far North Queensland | 209.00 | 216.00 | 222.00 | 229.00 | 204.00 | 220.00 | 1,300.00 | 202.00 | 220.00 | 214.00 | 202.00 | 201.00 | 214.00 | 1,253.00 |
| | | | North Queensland | 198.00 | 183.00 | 220.00 | 191.00 | 174.00 | 182.00 | 1,148.00 | 195.00 | 195.00 | 209.00 | 217.00 | 215.00 | 224.00 | 1,255.00 |
| | | | Sunshine Coast | 266.00 | 243.00 | 252.00 | 253.00 | 255.00 | 243.00 | 1,512.00 | 238.00 | 217.00 | 222.00 | 225.00 | 237.00 | 236.00 | 1,375.00 |
| | | | Wide Bay | 255.00 | 243.00 | 255.00 | 262.00 | 244.00 | 212.00 | 1,471.00 | 225.00 | 233.00 | 229.00 | 221.00 | 218.00 | 237.00 | 1,363.00 |

Australian Government | acma

Australian Communications and Media Authority
communicating | facilitating | regulating

## Compliance with Local Content Licence Condition by Regional Commercial Television - Period Commenced 21 July 2013 & Ended 1 February 2014

Minimum requirement for each six-week period: 90 points per week & 720 points over six weeks

| | | | | Period 1 - Weeks 1 to 6 | | | | | | | Period 2 - Weeks 7 to 12 | | | | | | | Period 3 - Weeks 13 to 18 | | | | | | | Period 4 - Weeks 19 to 24 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 1 | 2 | 3 | 4 | 5 | 6 | *Period 1 Total* | 7 | 8 | 9 | 10 | 11 | 12 | *Period 2 Total* | 13 | 14 | 15 | 16 | 17 | 18 | *Period 3 Total* | 19 | 20 | 21 | 22 | 23 | 24 | *Period 4 Total* |
| WIN Television TAS Pty Ltd | TVT | 132 | Tasmania | 301.00 | 305.00 | 288.00 | 280.00 | 258.00 | 307.00 | 1,739.00 | 265.00 | 272.00 | 293.00 | 303.00 | 285.00 | 259.00 | 1,677.00 | 308.00 | 300.00 | 266.00 | 280.00 | 263.00 | 305.00 | 1,722.00 | 290.00 | 311.00 | 306.00 | 275.00 | 281.00 | 314.00 | 1,777.00 |
| WIN Television VIC Pty Ltd | VTV | 107 | Gippsland | 209.00 | 164.00 | 182.00 | 180.00 | 215.00 | 203.00 | 1,153.00 | 206.00 | 206.00 | 213.00 | 196.00 | 207.00 | 182.00 | 1,210.00 | 205.00 | 211.00 | 202.00 | 233.00 | 195.00 | 210.00 | 1,256.00 | 187.00 | 185.00 | 198.00 | 194.00 | 162.00 | 149.00 | 1,075.00 |
| | | | North Central Victoria | 185.00 | 170.00 | 166.00 | 173.00 | 198.00 | 181.00 | 1,073.00 | 180.00 | 195.00 | 184.00 | 162.00 | 143.00 | 158.00 | 1,022.00 | 176.00 | 177.00 | 184.00 | 199.00 | 179.00 | 184.00 | 1,099.00 | 161.00 | 172.00 | 194.00 | 188.00 | 142.00 | 146.00 | 1,003.00 |
| | | | South West Victoria | 234.00 | 220.00 | 231.00 | 212.00 | 243.00 | 221.00 | 1,361.00 | 219.00 | 203.00 | 229.00 | 195.00 | 212.00 | 219.00 | 1,277.00 | 198.00 | 202.00 | 209.00 | 220.00 | 216.00 | 223.00 | 1,268.00 | 194.00 | 211.00 | 178.00 | 195.00 | 185.00 | 175.00 | 1,138.00 |
| | | | Upper Murray & Goulburn Valley | 245.00 | 230.00 | 233.00 | 258.00 | 235.00 | 239.00 | 1,440.00 | 245.00 | 215.00 | 234.00 | 208.00 | 183.00 | 213.00 | 1,298.00 | 296.00 | 192.00 | 219.00 | 216.00 | 226.00 | 214.00 | 1,363.00 | 205.00 | 175.00 | 233.00 | 232.00 | 169.00 | 175.00 | 1,189.00 |

# Appendix 4

## 4.1 Seven Queensland

Seven West Media has shown a longstanding commitment to Australian content, to quality news and to local content in each of its licence areas, but particularly so in regional Queensland through its ownership of Seven Queensland.

Seven Queensland is licensed to serve the Regional Queensland licence area which covers the Regional TV1 Licence area from South Eastern Queensland up to Cairns.

Although Seven Queensland is owned by Seven West Media, it operates independently from the metropolitan network, running its own P&L and paying the same level of affiliation fees to SWM as its other regional affiliates including Prime Media.

## 4.2 Seven Queensland Local News

Seven Local News bulletins are broadcast each weeknight at 6pm in all seven areas of regional Queensland: Cairns, Townsville, Mackay, Wide Bay, Toowoomba, the Sunshine Coast, and Rockhampton. They are followed by a shortened 30 minute version of Seven News Brisbane. The bulletins are repeated on a half hour delay on 7Two at 6.30pm.

The bulletins are presented by Rob Brough, with Joanne Desmond co-anchoring the Cairns, Townsville, Rockhampton and Toowoomba editions. Nathan Spurling presents sport with Livio Regano presenting weather for all seven sub-regions.

Prior to November 2010, Seven Queensland provided nightly local bulletins to five of the seven local area sub-markets within the Regional Queensland Licence Area.

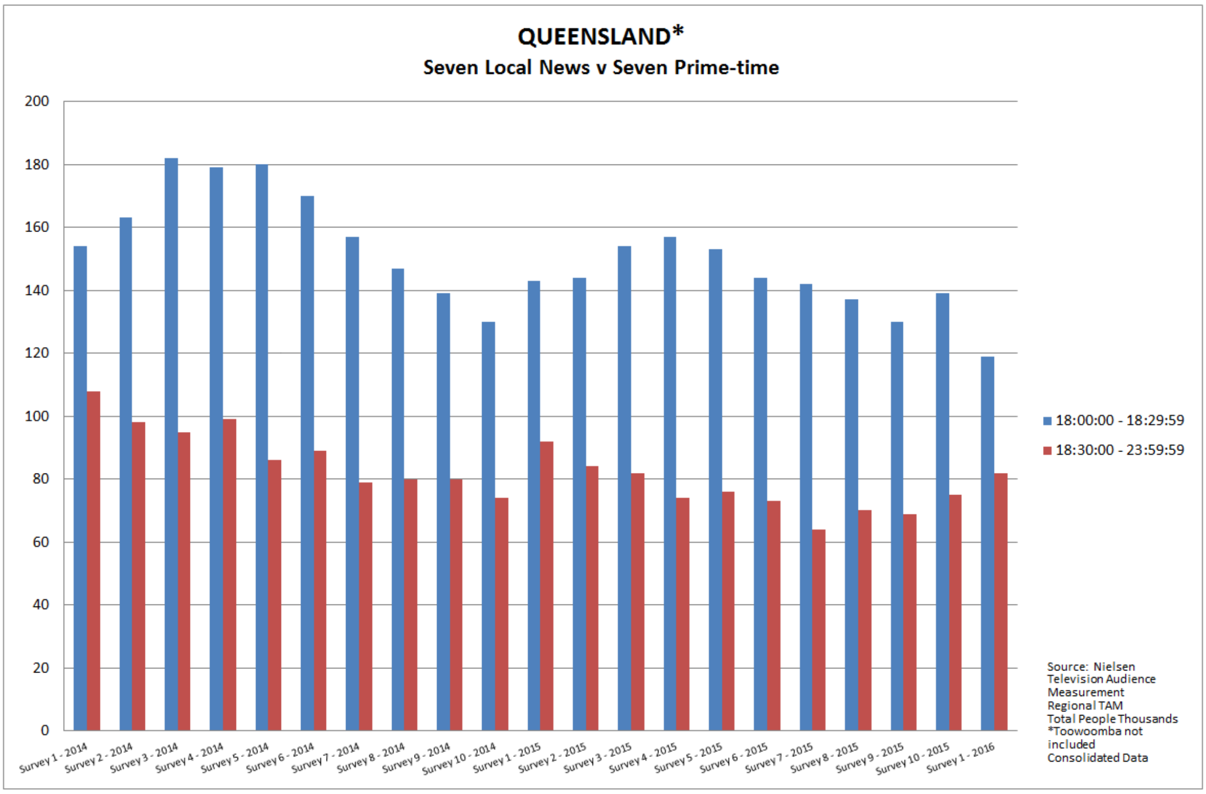
On 22 November 2010, Seven Local News launched a new nightly local news service for the Rockhampton/Gladstone and Central Queensland region. A seventh nightly local news for Toowoomba and the Darling Downs was introduced on 2 November 2015, making Seven Queensland the only regional television network to provide a full-scale local news service for every local market in the regional Queensland television licence area.

We maintain local offices, journalists and news production facilities in each of those areas. The nightly bulletins are read and distributed from a centralized hub in Maroochydore. However the local news content is produced in the local markets to which they relate.

Seven Queensland employs 178 people. 79 of them work in the news department.

People value local news. Seven Local News consistently outperforms Seven's overall prime time schedule, which is the number one service in the region (Exhibit 1).

**Exhibit 1: Queensland Seven Local News v Seven Prime-time (6:00-pm-6:30pm & 6:30pm-12:00am)**




The highest rating program on Seven Queensland in 2015 was House Rules (The Reveal) which averaged 186,000 viewers over six episodes. Seven Local News averages 162,000 viewers over more than 200 nights per year.

In terms of market share, Seven Local News at 6pm averaged 59.5% of all commercial television viewers over the 2015 year. In short, more people watch Seven Local News than the combined viewing audience of our commercial competitors.

Seven's recently launched Toowoomba News service has to date exceeded our expectations. In just a few weeks, it has improved our performance in the Toowoomba market significantly. Toowoomba Local News is now one of our best performing programs (Exhibits 2-3).

**Exhibit 2: Toowoomba News (6:00pm Monday to Friday)**

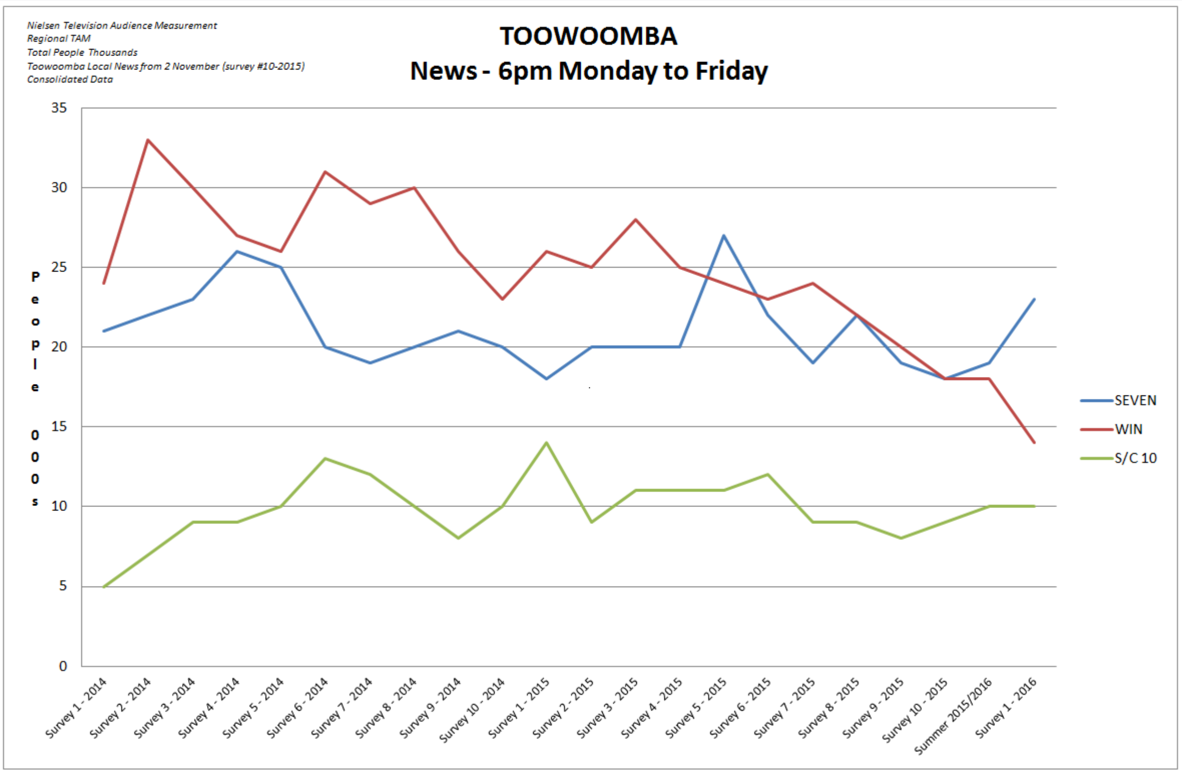
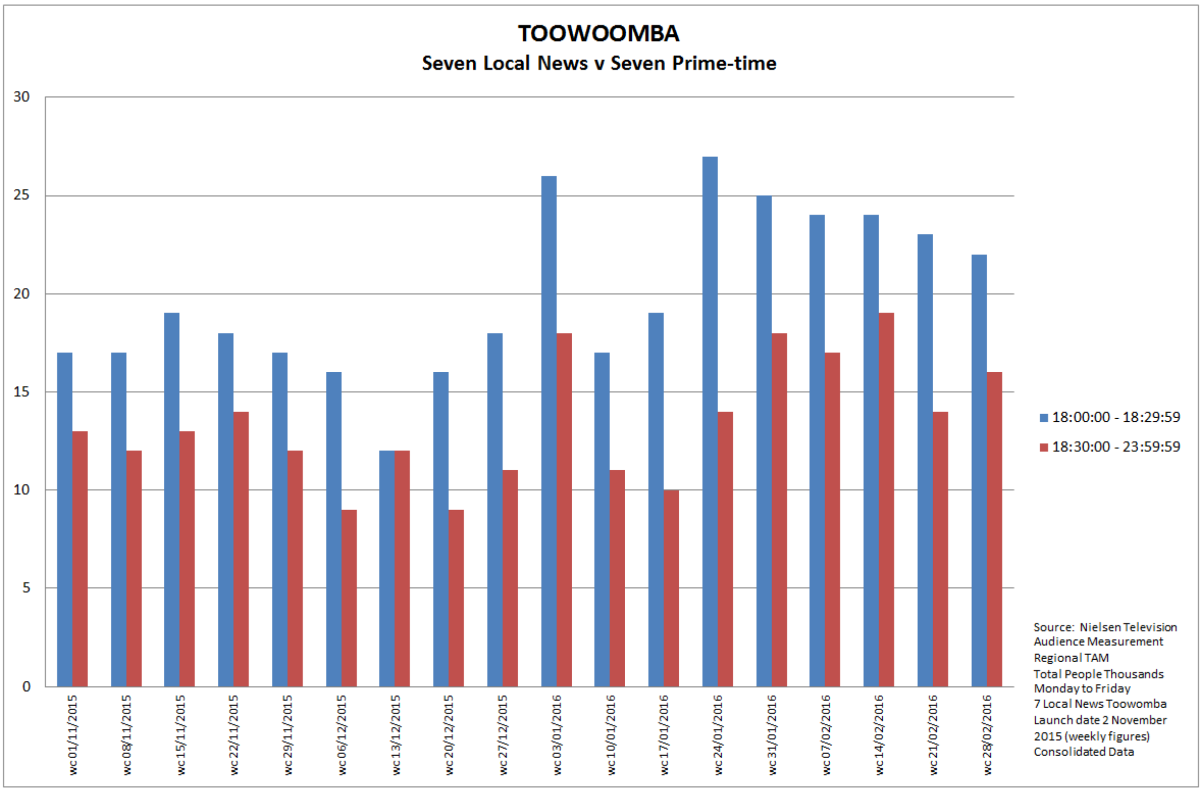



**Exhibit 3: Toowoomba Seven Local News v Seven Prime-time**



Channel Seven Queensland also produces one-off local programs, including news specials reporting on natural disasters (floods, cyclones, fires etc) and topics of local interest, profiles of local regions, travel destinations and happenings. Seven Queensland plans to increase local productions outside news.

This commitment to local news and local engagement underpins the strategy for Seven Queensland, which has consistently outperformed its competitors in the 6pm news timeslot and across primetime throughout the licence area. (Exhibit 4-5)

**Exhibit 4: Queensland News (Monday to Friday 6:00pm to 6:30pm)**

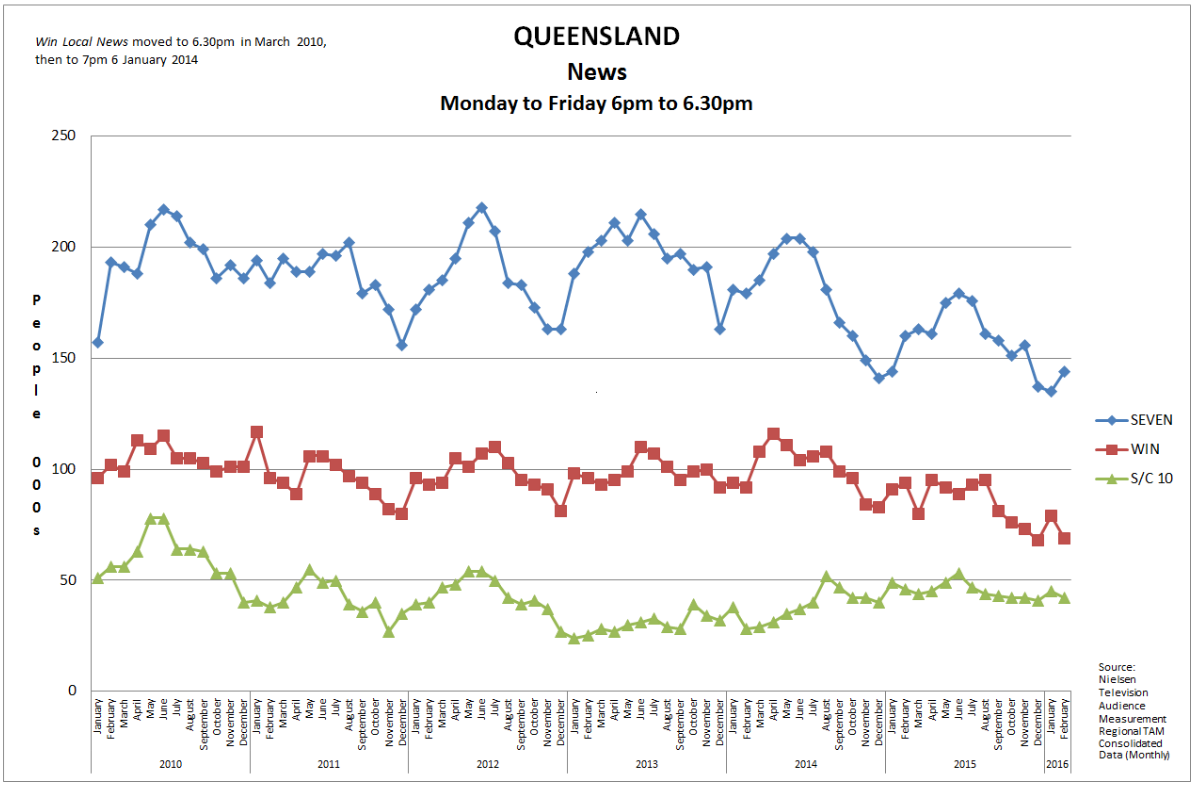
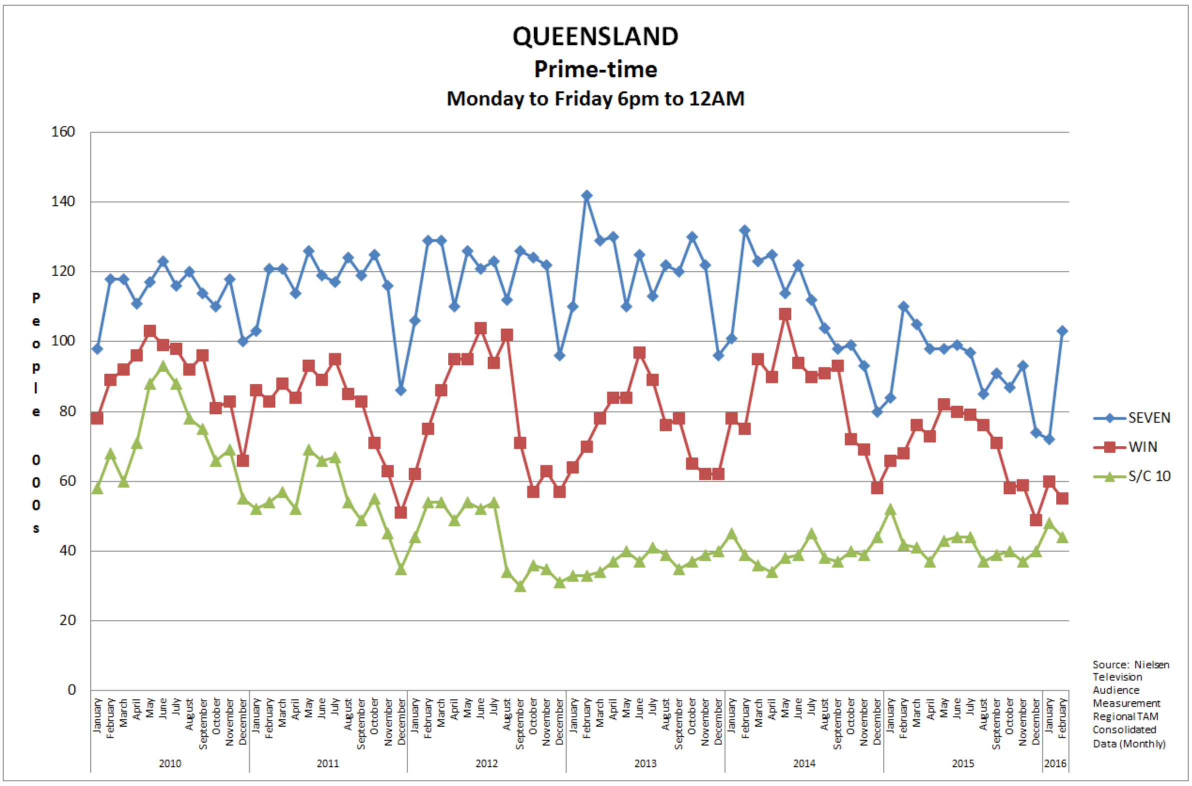


**Exhibit 5: Queensland Prime-time (Monday to Friday 6:00pm to 12:00am)**




Seven Queensland's regional community reach, engagement and activity is at an all-time high and shows no sign of waning. 7 Queensland's conventional TV broadcast services in regional areas continue to be extremely popular, providing both Local News, Sport and Weather, with over 370,000 viewers tuning in weekly across 7 main markets.

With the introduction and subsequent push of complementary News, Sport, Weather and information via social media platforms in these regions, Seven Queensland has seen engagement figures of 15million+ people annually, with impressive growth forecasts, reaching well beyond the state and national borders.

In addition to Local News on Social Media, Seven Queensland has recently introduced a new hyper-local content online service. Over time it is planned to reach local communities at a more granular level. These services will cover community news, events, schools, small business, tourism and the local people themselves and will also provide a voice for small communities to express their views on the issues that concern them.

## 4.3 Local Presence and Engagement

Seven is proud of the commitment we show to our local communities through the content we produce, the advertisers we serve and the engagement we have with community groups and our viewers.

Seven Queensland sees a strong future for regional broadcasting and we believe that future is served by investing in the local communities we serve. We provide local news and maintain an active role in the local community.

Seven Queensland has deployed a number of initiatives to strengthen our commitment to the regions we cover. These include programs to help our local business clients to develop and improve their business skills through face to face training and education programs and regular newsletters focusing on best business practices and trends. These support programs are delivered free of charge to local businesses to assist them in maintaining and growing their businesses.

Seven Queensland also runs a Buy Local campaign on television in all local markets, hosted by David Koch and other members of the Sunrise television team. The campaign outlines to viewers how important it is for local communities to shop locally.

To back this up we also have a policy to buy locally, supporting the communities who support us. For example if we buy cars and vans (which we do regularly) we buy from a local dealer in the local market it will be used.

Seven Queensland also provides cash and in kind help to many local communities in all markets. Our biggest commitment is the Seven Sunshine Coast Marathon where we are naming rights sponsor. In the five years since it was started, we have committed airtime and cash of over $1million. The event has also raised around $1million which is distributed to charities. The marathon has grown to be one of the biggest marathons in Australia with 8,500 local and international runners.

Seven Queensland helps out local charities and community groups in all markets through sponsorship and provision of Community Service Announcement airtime. The total cost is over $3 million per annum.

Seven Queensland enters into more than 100 Community Partnerships each year across regional Queensland. They include partnerships in the fields of charity, sport, education, community groups, health, local festivals and shows and the arts.

## 4.4 The Future of Local News

Local News is a key pillar of the success of Seven Queensland. It gives you a local identity. If you do it well, we have found that the community will embrace you.

At Seven Queensland, our aim is to be seen by local communities as "The local station". If you are genuine about this, viewers and advertisers will support you.

Seven Queensland has launched digital offerings and is exploring other digital and streaming services. Although Seven Network has launched national streaming service, Seven Queensland is streaming the local services in each sub-market. At every turn we are continually reinforcing our commitment to localism.

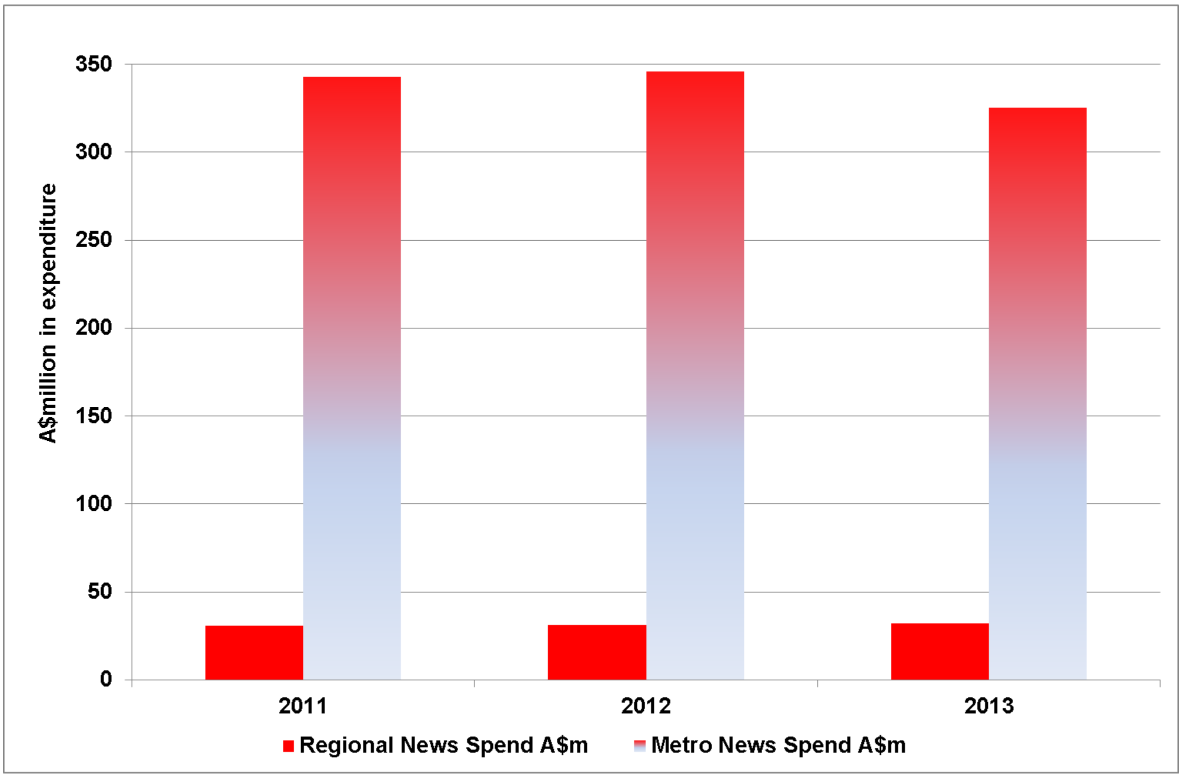
Seven sees a future in local news and local content. In our view it makes commercial sense to enhance our local offering. In our view, without local content, local engagement and local advertising, it is difficult to see why we would have regional broadcasting licences at all.

## 4.5 The Cost of Local News

When considering the viability and future of local news and local content it is important to understand the economics of these services.

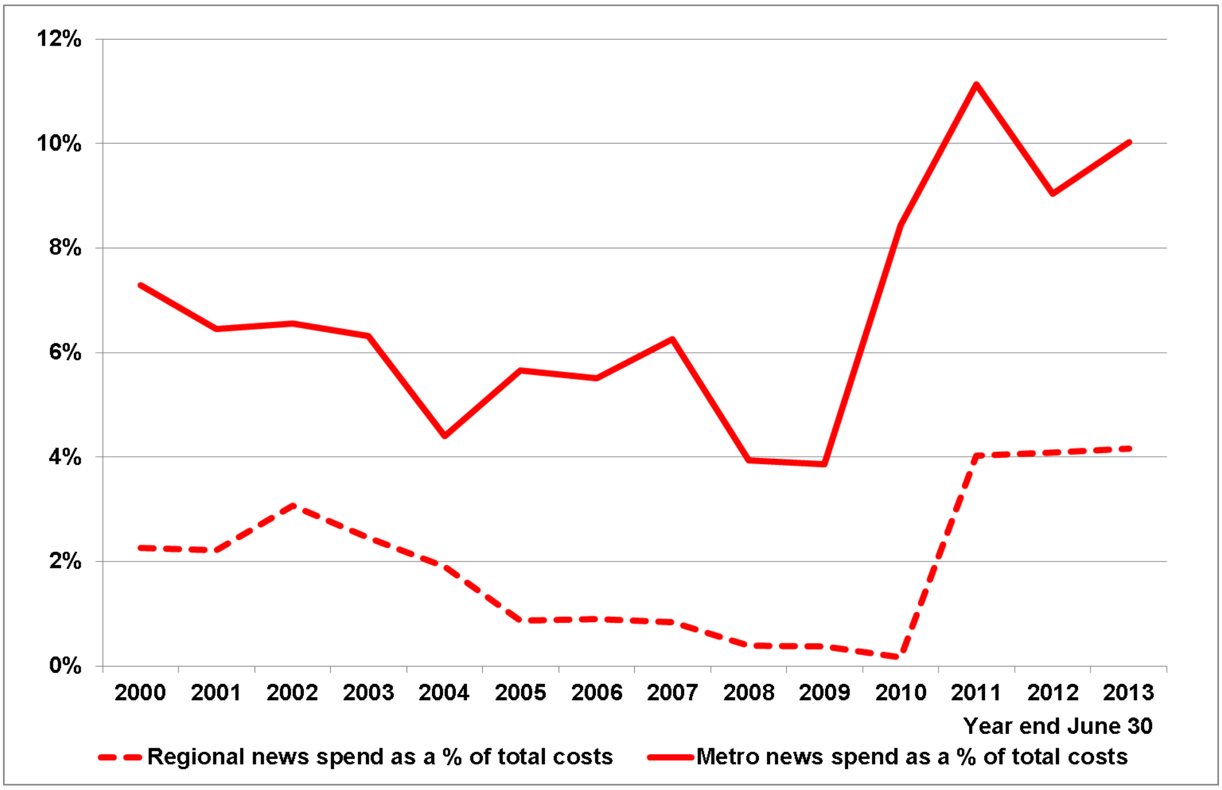
According to the ACMA Regional Commercial Television Local Content Investigation Report, the regional networks spent just over $32 million on news in 2013, compared with the metropolitan networks which spent a combined $326 million on news.

**Exhibit 6: Combined news expenditure of the metropolitan and regional networks**




*Source: ACMA Broadcasting Financial Results 2011-2013*

**Exhibit 7: Regional local news expenditure is currently just over 4% of their total cost base; compared with 10% for the metros.**




*Source: ACMA Broadcasting Financial Results 2001-2013*

By contrast, the Seven Queensland spend on news services represents more than 9% of its cost base, substantially more than the peer average of 4%. More than 20% of all expenditure on local news by regional broadcasters is spent by Seven Queensland.

Seven Queensland has gone against the trend of closing news services and instead has launched two new services in Rockhampton and Toowoomba in the past five years. These services underpin Seven's increased audience and revenue share in the aggregated market and at the local level.

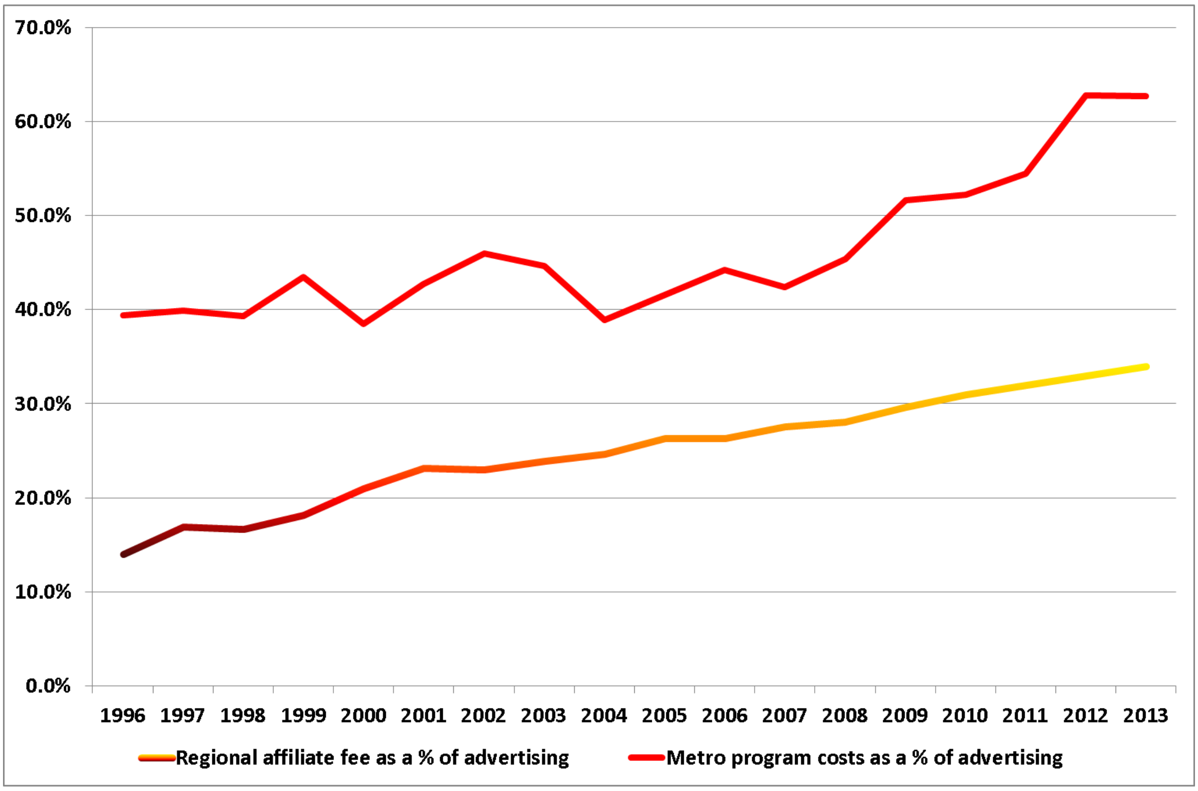
## 4.6 Affiliation Fees

Seven Queensland is run as a stand-alone operation. It maintains a separate P&L from the Seven metropolitan stations and pays the same level of affiliation fees to the Seven Network as Prime does.

There is no doubt that the regional networks' affiliation fees as a proportion of their advertising revenues have risen since the mid-1990s. At the same time, however, the cost of programming both in real terms and as a proportion of metropolitan advertising dollars has grown at a faster clip as the networks both combated fragmentation from the internet and pay TV and new channels were created under Freeview.

The following exhibit shows the growth of affiliation fees and programming costs as a percentage of advertising dollars.

**Exhibit 8: Regional affiliation fees as a % of regional ad dollars vs programming costs as a % of metro ad dollars**

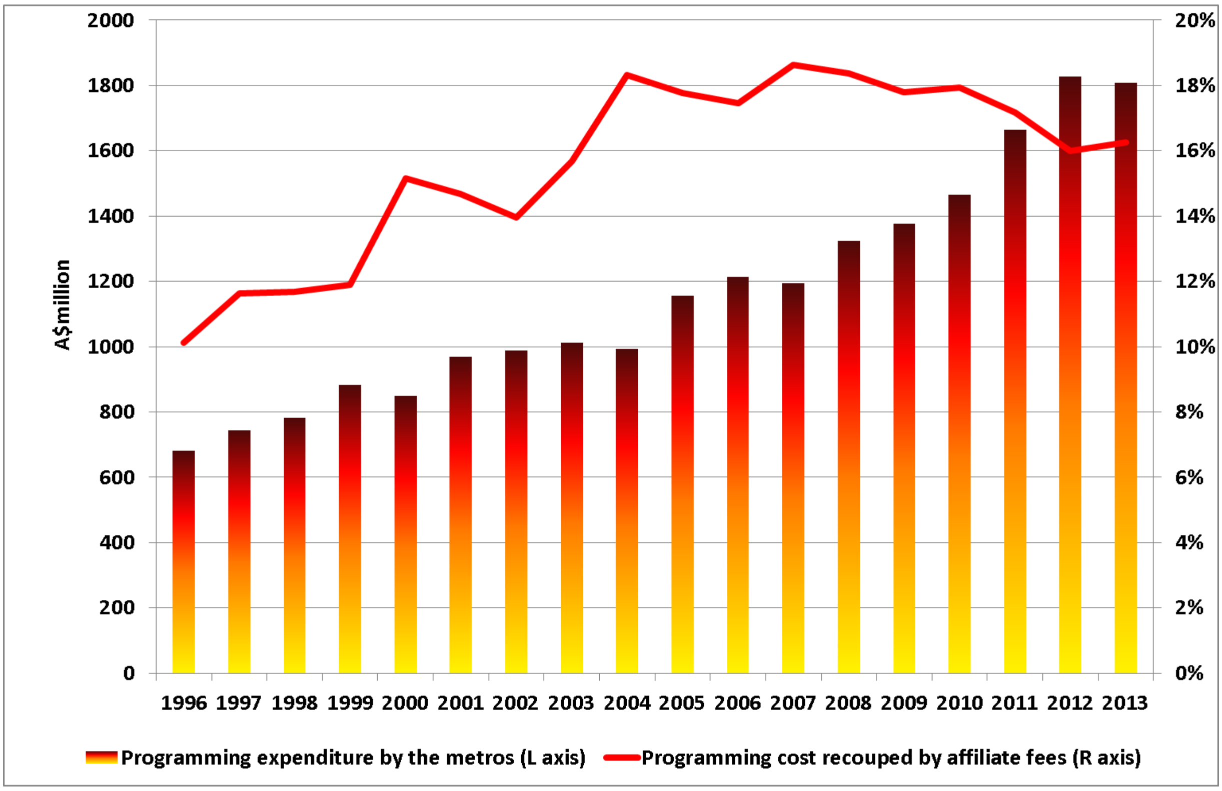



*Source: ACMA, company reports*

Another way of looking at this is to consider the annual expenditure on programming by the metropolitan networks and then look at what proportion of this expenditure is covered by the affiliate fees generated from the regional networks.

As the exhibit below demonstrates, the affiliate fees cover less than one-fifth of the expenditure made by the metro networks. Essentially the regionals have enjoyed an uplift in programming spend from their metropolitan affiliate partners without a significant lift in affiliate fees.

**Exhibit 9: Metro TV programming spend and the percentage of expenditure recouped from affiliate fees**




## 4.7 West Australian Regional Newspaper Group

The West Australian Regional Newspaper group (WARN) publishes 20 titles covering the majority of regional WA.

It has a combined total audited circulation of 217, 356 and a total readership of 332, 626.

WARN employs 192 people throughout Western Australia including 83 editorial staff.

The West Australian Newspaper Group sponsors many community groups and awards each year and participates in community fundraising efforts.

## 4.8 Redwave Media

Redwave Media operates 9 regional licences in Western Australia – Port Hedland (2), Karratha (2), Geraldton (2), Remote WA (2) and Bunbury (1).

Redwave employs a total of 43 staff with between 3-7 staff in each office.

Red FM has an audience of 64,000 in the 120 towns in WA it broadcasts to and more than 29,000 FIFO workers at mine sites and oil and gas platforms. It is a 24-hour, seven-day-a-week service.

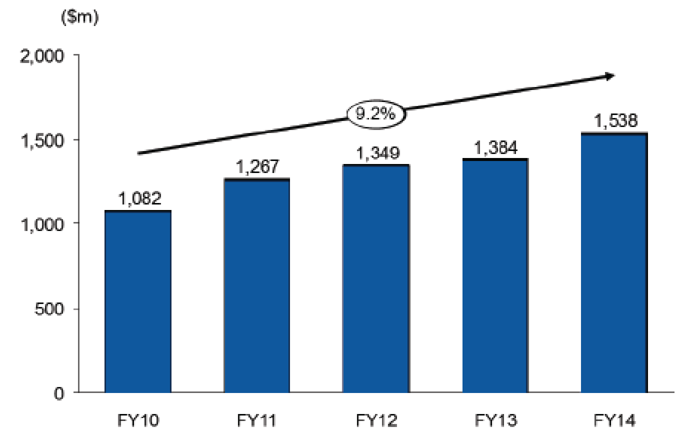
Spirit Radio Network's audience is 278,000 into the big regional centres, including Geraldton, Karratha, Exmouth, Port Hedland, Broome and Bunbury. As an AM service, it is received by many mine sites.

Redwave broadcasts National News bulletins from 6am to 6pm on business days and 6am to noon on weekends and public holidays. Local news broadcasts are scheduled three times each business day in each region and are compiled, recorded and presented by local staff.

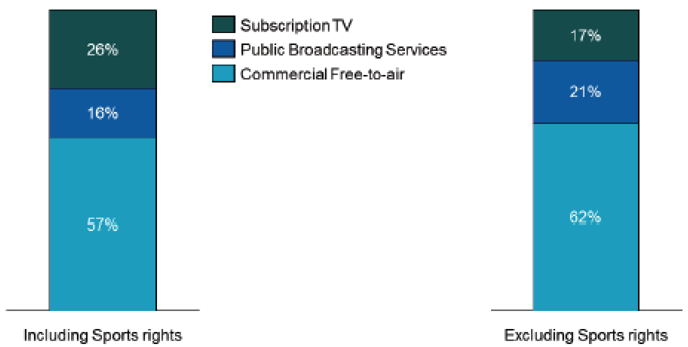
## Appendix 5

# However, we remain by far the largest contributor to domestic content production in Australia and our investment underpins the entire production industry

Domestic content spend by commercial free-to-air TV




Spend on Local Content by Industry, FY 2014




- Commercial free-to-air television the largest contributor to domestic content production in Australia, spending over $1.5 billion a year on Australian programming
- This spend is increasing at steadily at ~10% YOY
- Commercial free-to-air TV is responsible for the majority ($6 out of every $10) of spending on domestic content
- Without this investment from commercial free-to-air TV, the domestic production sector would be heavily impacted – with significant cultural and social impacts for Australia

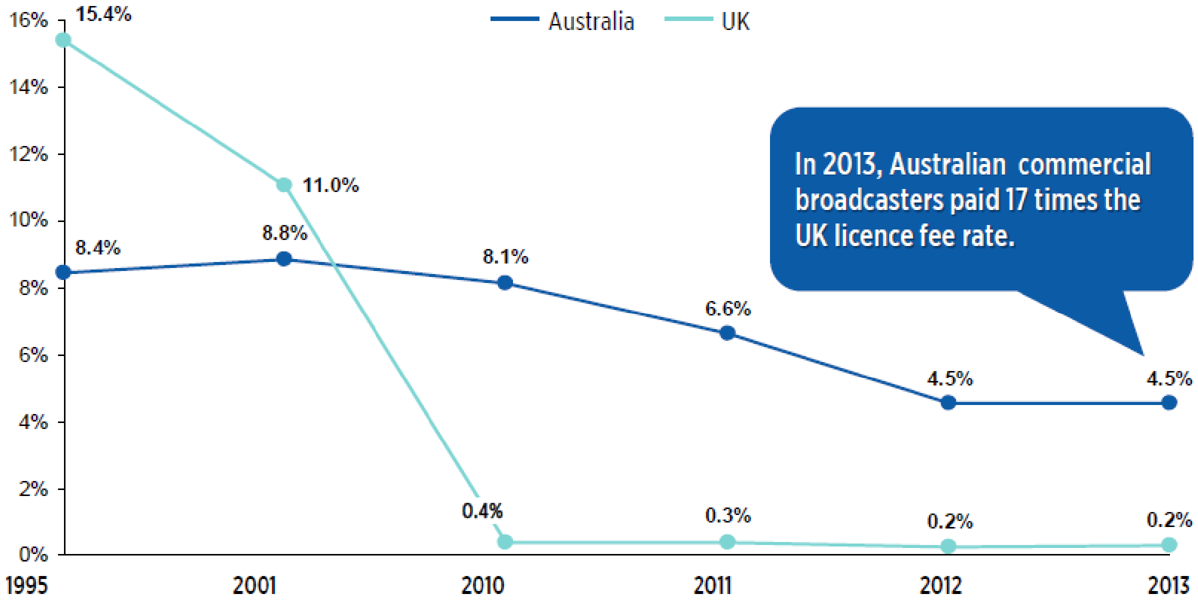
Source: Broadcasters Submission to Free TV, FY10-14; Venture Consulting (based on data reported by the Free-to-air networks, ABC, SBS, ASTRA and publically available information)

VENTURE Consulting

3

# Ofcom proactively reduced licence fees to just 0.2% stimulated a thriving TV environment

## Broadcast Licence fees as a % of FTA revenue




- Ofcom in the UK radically reduced licence fees in 2010 which freed up funds for broadcasters to invest in their services and digital offerings.
- Today, they pay just 0.2% of gross revenues – significantly less than the 4.5% paid in Australia.

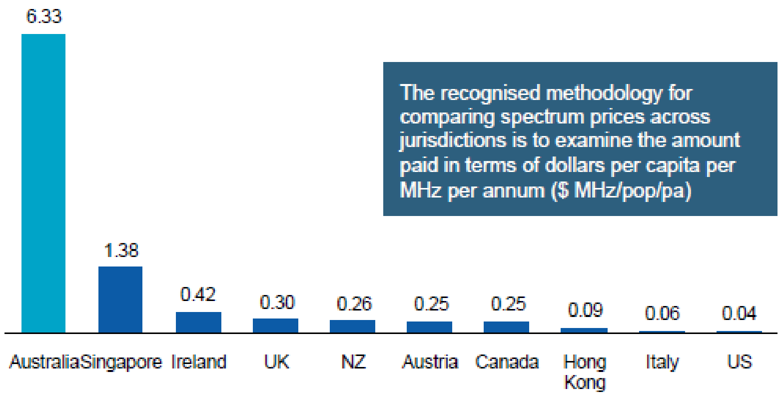
| | 1995 | 2001 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|
| UK ($A) | $543m | $293m | $15m | $9m | $10m |
| Aus ($A) | $157m | $222m | $231m | $154m | $149m |

Analysis conducted by Venture Consulting 2015, currency conversion using annual averages, figures sourced Ofcom, ACMA, CAESA, Free TV, fxtop.com.

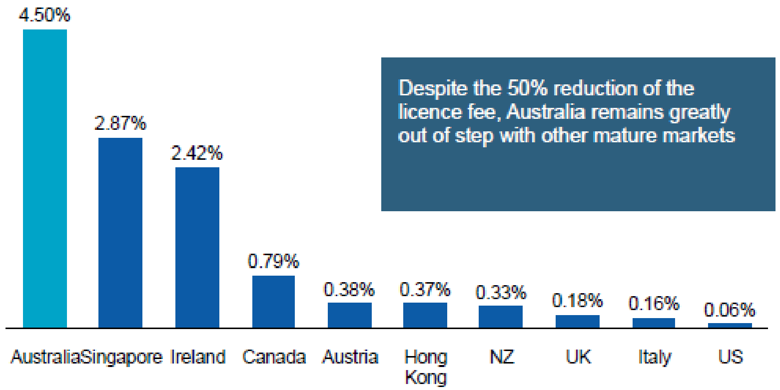
FreeTV Australia

# In addition, we are burdened by the Australian licence fee regime – a global outlier and an outdated holdover from yesterday's regulatory and market environment

A$ cents / MHz / Pop by country




Licence Fees as a % of broadcasters' revenue




- Australia remains a global outlier, with **the most punitive broadcasting licence fee regime in the world**
- Australia is about five times more expensive than the second most onerous regime Singapore and 150 times greater than the US
- This disparity is compounded by Australia's content obligations, which are far more onerous than international regimes
- In other markets, Governments have proactively reduced or abolished their licence fees in recognition of the changing video content environment of increased competition with alternatives to spectrum as a delivery platform
- Broadcasters are thriving in countries such as the UK that have taken this step
- Further reductions would empower broadcasters to compete more effectively as they do in other sophisticated markets

Notes: Figures for 2014: Australia, New Zealand, US, Singapore, UK and Hong Kong; Figures for 2013: Canada, Ireland; Figures for 2011/2: Austria, Italy; due to a lack of availability of more recent data
Italy is still considering allocation of six DTT multiplexes after the cancellation of a comparative evaluation process in the first quarter of 2012
In Hong Kong, licences to DTT spectrum were awarded to PCCW and I-cable in October 2013.
MHz pre and post DSO provided from regulators: ACMA, ComReg, IDA, Ofcom, CRTC, OFTA, ACOM, RTR, RSM, FCC. Singapore, Hong Kong, Austria and the US do not have a listed 'post DSO' value as Hong Kong and Singapore have not yet announced their DSO dates or digital dividend and the United States and Austria have already completed their DSOs and as such the 2011 figure stands

Source: Fee costs: ACMA, BAI, RSM, RTR, AGCOM, HBA, CRTC, MDA, FCC, and OFCOM. Revenue data: regulators and Zenith Optimedia. Population stats: World Bank

5

VENTURE Consulting

## Appendix 6 – Sports targeted for de-listing by Pay TV

| Sport | Events |
|---|---|
| Olympic Games | Opening and closing ceremonies of the Summer Olympic Games (removing other events) |
| Commonwealth Games | Opening and closing ceremonies of the Commonwealth Games held in Australia (removing other events) |
| Horse racing | Melbourne Cup |
| AFL | Each match in the final series of the AFL Premiership including the Grand Final |
| AFL | 4 matches of the AFL Premiership competition per round (save for split rounds and bye rounds where a commensurate number of matches will be scheduled) played after 1 January 2018 (removing 5 matches per week) |
| Rugby league | Each match in the finals series of the NRL Premiership including the Grand Final |
| Rugby league | 3 matches of the NRL Premiership competition per round played after 1 January 2018<br>(removing 5 matches per week) |
| Rugby league | Each match in the State of Origin series |
| Rugby union | Final of the Rugby World Cup (removing quarter finals and semi-finals) |
| Rugby union | Each match of the Rugby World Cup involving Australia |
| Rugby union | Each international 'test' match involving Australia and New Zealand (i.e. Bledisloe Cup), played in Australia (removing 'tests' played against other teams and in Europe, SA and NZ) |
| Cricket | Each 'test' match involving Australia, played in Australia |
| Cricket | Each ODI cricket match involving Australia, played in Australia |
| Cricket | The final of the ICC ODI World Cup (removing semi-finals) |
| Cricket | Each match of the ICC ODI World Cup involving Australia |
| Soccer | The final of the FIFA World Cup finals tournament (removing all other matches) |
| Soccer | Each match of the FIFA World Cup finals tournament involving Australia |
| Tennis | The men's and women's singles final of the Australian Open<br>(removing all other matches of the tournament) |
| Motor sports | The Formula 1 World Championship (Grand Prix) held in Australia (excl. qualifying races) |
| Motor sports | The Moto GP World Championship held in Australia (excl. qualifying races) |
| Motor sports | The Bathurst 1000 race in the V8 Supercars Championship Series (excl. qualifying races) (removing all other V8 events) |

| Sport | Events proposed for removal |
|---|---|
| Cricket | Twenty20 matches involving Australia, played in Australia |
| Cricket | Final of the Twenty20 World Cup and each match involving Australia |
| Soccer | English FA Cup final |
| Soccer | Each FIFA World Cup Qualifier involving Australia |
| Tennis | Wimbledon – singles quarter-finals, semi-finals and final |
| Tennis | US Open tennis – singles quarter-finals, semi-finals and final |
| Tennis | Davis Cup – each match in World Group tennis tournament involving Australia |
| Netball | International matches involving Australia played in Australia or New Zealand |
| Netball | Semi-final and final of the Netball World Championships if it involves Australia |
| Golf | Australian Masters |
| Golf | Australian Open |
| Golf | United States Masters |