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Ms Christine McDonald  
Senate Environment and Communications References Committee  
PO Box 6100  
Parliament House  
Canberra ACT 2600

By e-mail: [ec.sen@aph.gov.au](mailto:ec.sen@aph.gov.au)

Dear Ms McDonald

**Inquiry into the economic and cultural value of Australian content on broadcast, radio and streaming services**

Thank you for the opportunity to appear before the Committee on 1 August 2018 in relation to this inquiry.

I attach our responses to the questions on notice taken during the hearing.

Please don't hesitate to contact me if you have any questions.

Yours sincerely

Bridget Fair  
Chief Executive Officer

## QUESTIONS ON NOTICE – FREE TV

### **1. How important are the catch-up services becoming for the free-to-air channels in terms of revenue growth through advertising? Are there advertising figures available on the catch-up services?**

At the moment AVOD revenue represents approximately 2% of terrestrial TV ad revenues.

### **2. Do you have any details about how you've promoted the accessibility of the kids programs on your multichannels?**

Commercial free-to-air broadcasters put significant effort into promoting and marketing the move of their C and P programs onto their multichannels. For example:

#### *Seven example – Beat Bugs*

- Beat Bugs is an Australian animated children's television series, that premiered in Australia on 7TWO in 2016, featuring music from the Beatles performed by various contemporary recording artists and interwoven into the narrative.
- The series won an AACTA Award for Best Children's Television Series and a Daytime Emmy Award in 2017.
- Beat Bug was extensively marketed by The West Australian newspaper – including a special promotional leaflet for a free download of 3 Beat Bugs Beatle's music tracks.
- The launch of the series was also covered widely across other print and digital media, and around 100 on-air promos were run during other programs of appeal to children such as G classified Disney programs and other C programs.
- Despite this, the series attracted an average audience below 7,000 viewers.

#### *Nine example – GoKids!*

- Nine identified in 2016 that children were increasingly switching to on-demand services and YouTube. After a great deal of research and modelling we created and launched Nine's children's destination GoKids!
- This was launched in December 2016 in line with school holidays and has been in place since. This included a dedicated brand, destination and section on Nine Go including a deep library of content on 9Now, Nine's free streaming service.
- On 9Now it has the highest prominence with its own tab at the top of the home page and dedicated, kid friendly design. At launch Nine did a great deal of promotion on our main primary channel, social media and through the press.
- Nine also invested in new content such as relaunching Hi5. Despite all these efforts we are unable to retain children on linear TV and our viewership continues to decline.

#### *Ten example – Totally Wild*

- The Totally Wild 25th Birthday special was broadcast on 22 July 2017 at 8am on Channel ELEVEN, celebrating 25 years of Ten's C non-drama program. First release Totally Wild is usually broadcast in this timeslot on Saturdays.
- To publicise this achievement, Ranger Stacey, appeared on various Network Ten programs including:
  - Have You Been Paying Attention? Monday 17 July 2017. (879,000 capital city viewers)
  - The Project (Thursday 20 July 2017) (479,000 capital city viewers)
  - Studio 10 (Thursday 20 July 2017). (77,000 capital city viewers)

- Ten also ran program promotions for the 25th Birthday show during our C & P programs (and online).
- On average, approximately 4 program promotions for the 25th birthday show were broadcast each morning during Ten's children's block of programs on ELEVEN during the week leading up to the program.
- That is, during C & P programs and during G classified kids shows including *My Little Pony*, *Pokemon*, and *Transformers: Rescue Bots*.
- ELEVEN also broadcast the 25th birthday promo in primetime during *The Simpsons* on 20 July 2017. (72,000 capital city viewers).
- Network Ten publicised the event on the Ten website and social media including YouTube, Facebook and Twitter. This included highlighting Ranger Stacey's appearances on the other Ten programs via their social media sites.
- Ranger Stacey conducted print media, online and radio interviews including *TV Week*, *Woman's Day* and *97.3FM Breakfast*.
- Despite this, *Totally Wild's* 25th Birthday averaged 1,000 child viewers aged 0-15 (5 city metro, consolidated 7 day). The total audience was 8,000 viewers (with 5,000 viewers aged 40+).

#### *Ten – Other promos*

- So far this year Ten have scheduled 15,434 Children's related promos (to 20 August) including for *Crocamole*, *Totally Wild*, *The Bureau of Magical Adventures*, *Mia & Me*, *Scope*. This includes Ten's *Toasted TV L-Up* promos. *Toasted TV* is not itself a C or P show but is the brand for Ten's kids block of programming and the line-ups showing multiple shows within the *Toasted TV* slot include C & P programs.
- Generally, these promos are scheduled within Ten's children's block of programming (*Toasted TV* block) of 6am – 10am on Eleven.
- Hence these promos run during C programs, and other G classified children's shows.

It is also worth bearing in mind that the Children's Television Standards (CTS 9) **requires** commercial free-to-air broadcasters to give public notice of broadcast times of C & P programs in advance of the scheduled start times of those programs, including any variations to the scheduled start times, in their online TV guides/EPGs within specified time-frames.

### **3. Is children's television the lowest-rating programming on commercial television? Are there any other programs on commercial television that rate as low as children's television? What is the next-lowest rating program? What are those figures and how much of the schedule do they actually take up?**

C & P programs are the lowest rating of all genres other than religious programming. However, the CTS requires a minimum of 260 hours of children's C programs and 130 hours of Australian preschool P programs to be broadcast annually, within designated time bands with a minimum of 30 minutes of each C and P material to be broadcast every weekday between certain times. By contrast, religious programming generally takes up under 5 hours of broadcasters' schedules per week. As there are no content requirements governing religious programming, these shows are usually broadcast overnight or very early in the morning on weekends. Broadcasters are generally paid to broadcast religious programs. There are no production costs involved with these programs.

C& P programs and religious programs were the only genres where even the highest rating programs in the genre had less than 10% cumulative reach in July 2018.

**5. Earlier you said that commercial TV is delivering Australian stories in new ways with children now watching family programs such as MasterChef, Ninja Warrior and even The Bachelor. What are those programs rated? Are they G, PG or M?**

MasterChef, Ninja Warrior and The Bachelor are all rated PG.

## QUESTIONS ON NOTICE – NINE

**1. Do you think that Free TV will continue to be the relevant industry body for the new Nine company, or would that be the Press Council or both? How do you see that playing out?**

The deal is not finalised but regardless, the new business will comply with all applicable regulatory obligations.

**2. Do you agree that the Nine-Fairfax merger means the update of the regulatory framework is becoming more urgent? Do you think that needs to be a wholesale update rather than piecemeal pieces?**

It is important that the regulatory framework is always reviewed, keeps pace with technological change and is fit for purpose. The Nine-Fairfax merger does not change this.

**3. Do you think the minister understands that the new Nine company will be subject to different regulatory frameworks for content depending on the platform, be it print, TV, radio or online?**

I suggest that is a question for the Minister but would say he is well across how different platforms are regulated.

**4. What does the Nine-Fairfax merger mean for Free TV's position on the abolition of children's television quotas? Does it actually change things?**

No this does not change Nine or Free TV's position on this matter.

**5. Doesn't the creation of a large new commercial media company mean that they should be able to produce children's content as a social good, given the scale that they will have?**

Nine has many numerous obligations under its broadcast licence and our Code of Practice that provide significant social and cultural dividends, including a 55% Australian transmission quota, news quality obligations, captioning and advertising restrictions. We reject any suggestion that we should carry further regulatory obligations for an entire industry in circumstances where we as we try to compete against largely unregulated international media companies which are significantly bigger and better resourced than that of a combined Nine and Fairfax entity.

Further it is worth noting that we must also compete against publicly funded broadcasters who have no obligation to carry Australian children's content. Australian children are not watching Australian quota obligation content on Commercial TV and it is an unavoidable reality that has resulted from increased competition and changing viewing habits in an increasingly fragmented media environment. Nine has responded to this new competitive pressure by creating great family entertainment programming which hundreds of thousands of Australian children are watching.