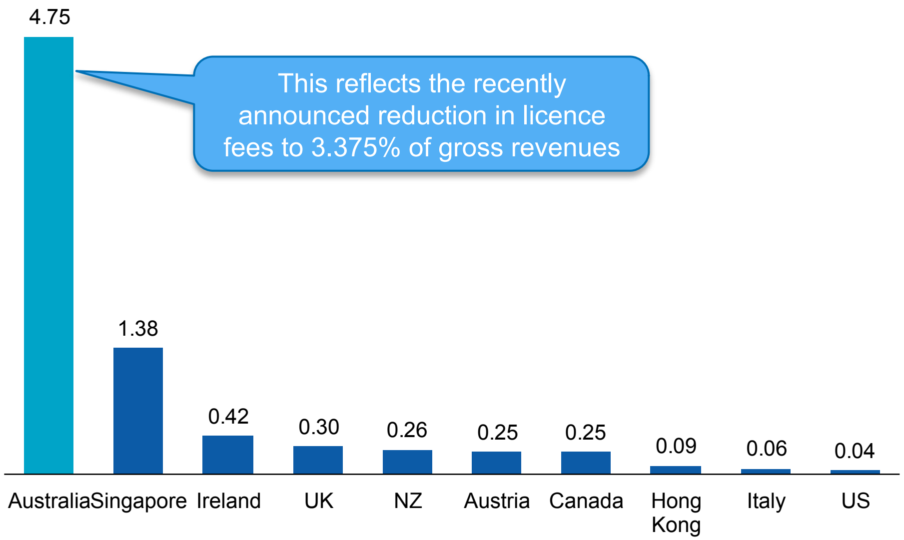
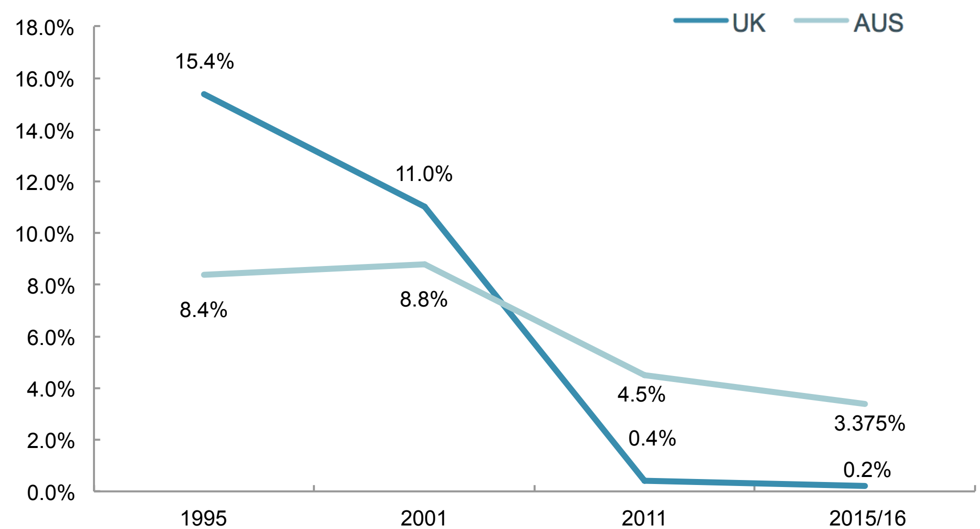
The policy case for change has been clearly established. The Australian regime remains a global outlier, whilst other markets have greatly reduced licence fees

Licence Fee Comparison (A$ cents / MHz / Pop by country)



Licence Fees as a % of FTA revenue over time



- Despite the recent cut, Australia remains a global outlier, with **the most punitive broadcasting licence fee regime in the world** – we are about three and a half times more expensive than the second most onerous regime Singapore and 115 times greater than the US
- 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. As a result, broadcasters in those markets (such as the UK) are thriving
- This disparity is compounded by Australia's content obligations, which are far more onerous than international regimes

Notes: Figures include all Broadcast Licence fees and / or Spectrum fees
Figures for 2016: Australia. Licence fee in Australia have been calculated on the basis of the BLF applied in 2015 (6.33 A$ cents/MHz/Pop) adjusted down by 25% to reflect the recently announced reduction in licence fees from 4.5% to 3.375%; Figures for 2014: 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
Currency conversion using annual average for 1995/2001/2011 (respectively -2.13:1 / 2.79:1 / 1.55: 1)

Source: Fee costs: ACMA, BAI, RSM, RTR, AGCOM, HBA, CRTC, MDA, FCC, and OFCOM. Revenue data: regulators and Zenith Optimedia. Population stats: World Bank. Broadcast licence fees: Ofcom, Free TV Australia, fxtop.com

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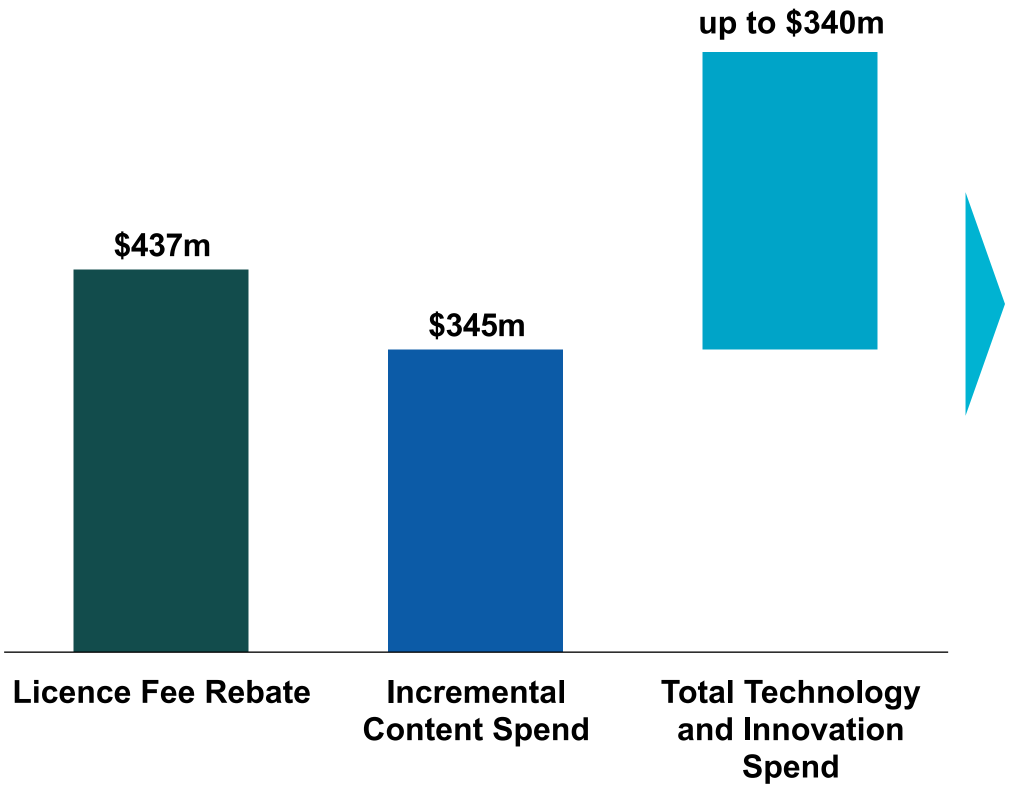
We will re-invest Licence fee savings into local content and technology – since the Government last reduced fees, we have re-invested 150% of the savings

Aggregate Licence Fee Rebate and Free TV Spend ($m, FY13-15)



- Following the reduction of the licence fee, we have continuously re-invested the rebate into the Australian economy
- In the three years since the rebate came into effect, we have spent an incremental $345m on the local content industry – and an aggregate of $4.39bn in that period
- In addition, we have spent $345m (Capex + Opex) on innovation and technology – bringing services to the Australian public such as Stan, Presto, HbbTV and a host of streaming and catch up services
- The abolition of the licence fee would enable us to continue supporting the domestic production industry through spend on local content
- In 2013, this industry supported 13,000 jobs and created almost $1bn of direct economic impact
- Free-to-air broadcasters account for $6 of every $10 spent on production…
- ....Without the reform of the licence fee, this spend would be seriously put at risk – with **significant threat to jobs and wider economic, cultural and fiscal impacts for the Government**

Source: Free TV

This reinvestment would drive growth in the economy and have a positive impact on employment, more than offsetting the cost of removing the licence fee

Legend

- Positive impact for the Government
- Negative impact for the Government

Cost of scrapping the licence fee

Will be a maximum of **-$115m pa,** based on an analysis of the flow-on increase in tax revenues from increased personal and corporate tax within the TV broadcasting eco-system as the licence fee funds are re-invested in production and technology.

Uplift in Australian GDP

Will grow by **+$140-150m,** based on an analysis of the economics of the Australian film and television industry conducted by Deloitte Access Economics analysis undertaken for Screen Australia. This is a measure of incremental value added that would be generated within the Production and FTA sectors.

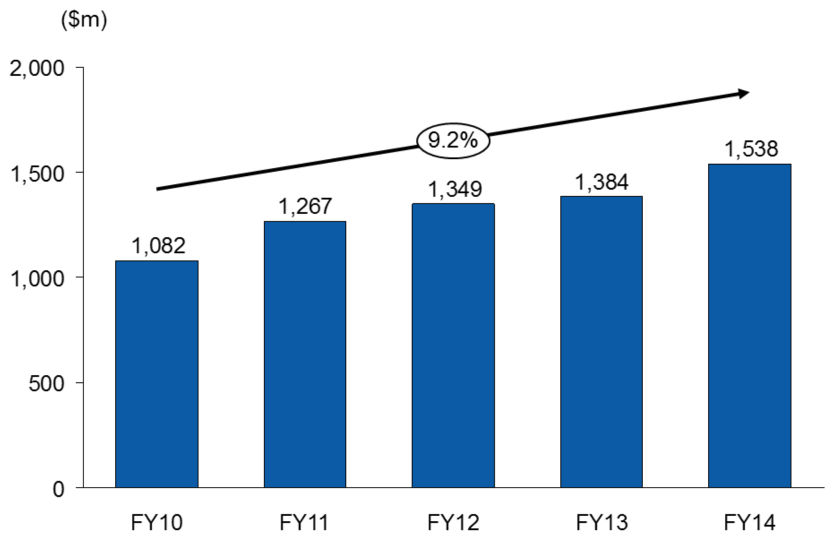
New television and production jobs

As many as **+1,000** new jobs will be created, based on the Venture Consulting Economic Impact Study and the Screen Australia / Deloitte numbers

Source: Venture Consulting research and analysis

Finally, without reform we would be unable to underpin the production industry, where we invest $1.5bn today – equal to $6 in every $10 spent locally

Domestic content spend by commercial free-to-air TV



Spend on Local Content by Industry, FY 2014

- Commercial free-to-air television is 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)

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