

**MEDIA RELEASE**  
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## **FREE TV CALLS FOR FAIR DEAL ON RETRANSMISSION FEES**

Following the release of new independent research, Free TV Australia has renewed its call for broadcasters to be fairly compensated for the resale of their services by competitors.

The report, *Delivering for Television Viewers: Retransmission Consent and the US Market for Video Content*, by NERA Economic Consulting and written by Jeffrey A. Eisenach, PhD, finds the US scheme has contributed significantly to the overall health of the US broadcasting industry and has played a significant role in creating the current “golden age of US television”.

The report was jointly commissioned by Free TV Australia in partnership with ITV in the UK and German commercial broadcasters.

Free TV Chairman Harold Mitchell AC said: “The great news from this research is that fairly compensating broadcasters for the use of their services by pay TV operators such as Foxtel delivers more quality content to viewers with little or no impact on the price of pay TV.”

The NERA report finds that retransmission consent:

- has led to higher levels of investment in content, better quality content, and greater diversity of content;
- has allowed broadcasters to compete more effectively with pay TV networks for high quality programming, including widely viewed sporting events;
- has resulted in a significant increase in spending on news and other public interest programming;
- accounts for less than 3% of pay TV’s revenues and has little or no impact on pay TV prices; and,
- is good economics that generates benefits for the entire digital video ecosystem.

Significantly, the report observes that the retransmission consent scheme in the US has seen consumers reap the benefits of competition and innovation in the video marketplace, including through the upgrade of facilities, improved quality of signals as a result of investment in digital multi-casting, and an increase in the quantity and quality of programming.

An out-dated legal exception designed to assist remote Australian communities to access free-to-air television has been used by pay TV businesses to build lucrative and now well established services that compete with free-to-air.

Foxtel recorded revenues of US\$2.9 billion and EBITDA of US\$903 million in the 2013/14 financial year<sup>^</sup>, and 54% of prime time viewing in Pay TV homes is on free-to-air channels.

“The report demonstrates the urgent need for reform,” Mr Mitchell continued.

“Australian commercial free-to-air broadcasters have made record investments in extremely expensive Australian content, but their ability to continue doing so in the future is at risk.

“Allowing broadcasters to be compensated for their signals will provide massive benefits to the viewing public.”

[Click here](#) for a copy of the report.

**For media enquiries contact Julie Flynn CEO, Free TV Australia on 0408 455 456**

<sup>^</sup>News Corporation 2014 Annual Report (form 10-K) filed with the SEC.

Share of free-to-air television viewing in pay TV homes (commercial free-to-air and public broadcasters) is sourced OzTAM, national pay TV database, consolidated data, 1 Jan – 31 July 2014, 6pm to midnight, total people.

## Supporting quotes

As Fox Networks explained in a regulatory submission to the Federal Communications Commission (FCC):

*“Today, the broadcast business is facing new challenges and it is apparent that without creating a second revenue stream, broadcasters will no longer be able to acquire major sports events and the popular entertainment programming that consumers value and to produce local news.”*

15th MVPD Report, Separate Statement of FCC Commissioner Ajit Pai in July 2013:

*“American consumers are reaping the benefits of competition and innovation in the video marketplace. While many fondly refer to the period between 1948 and 1959 as the Golden Age of Television, there is no time like the present for those who savour quality content.”*

Greg Walden, Chairman of the House Telecommunications Subcommittee, said in Dec 2013:

*“Americans enjoy quality and choice in video programming that is the envy of consumers in the rest of the world. At the heart of this volume of video programming and choice lies retransmission consent: a recognition of the value of video programming.”*