

Free TV Australia

2022 Federal Election Policy Manifesto

An aerial photograph of a residential street. The left side of the image shows a dry, orange-brown landscape with sparse green shrubs. The right side shows a row of houses with red and blue roofs, a paved road, and parked cars. The text "FREE. FOR EVERYONE." is overlaid on the image.

FREE.
FOR EVERYONE.

freeforeveryone.com.au

Urgent Policy Actions for a strong Local TV sector

1. Prominence

Free TV services are becoming increasingly hard to find amongst the multitude of other choices in the connected TV environment.

This risk becomes even greater as manufacturers seek to monetise prominent spots on user interfaces and to reach lucrative deals with global streaming services over and above Australian Free TV services.

Policy Action 1

Introduction of a new law to require that Free TV services are prominent and easy to find on connected TVs and other content distribution platforms.

2. Keep sport free

The anti-siphoning list ensures that sporting events of national importance and cultural significance are available to all Australians free of charge.

The list expires in April 2023 and only applies to Foxtel. There is a real risk that our iconic sporting events could be exclusively locked behind the paywalls of online streamers and pay TV broadcasters that many Australians cannot afford or access if we don't modernise our anti-siphoning framework.

Policy Action 2

Renew the anti-siphoning list and expand it to guard against sport being put behind the paywalls of streaming services.

3. Reduce broadcast spectrum tax

In 2017, the Government introduced a \$40 million annual commercial broadcasting spectrum tax as part of a package of media reform measures. The tax was to be temporary, applying only until 2022 before a review of the tax could be undertaken.

This tax disproportionately impacts regional broadcasters. To ensure that these broadcasters were not made worse off from the 2017 changes, support payments were legislated to offset the worst impacts of the spectrum tax.

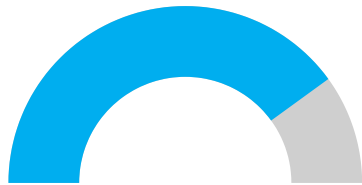
Despite independent analysis showing that this tax is out of step with international best practice, the only action taken by the Government is a two year extension to the regional support payment.

Policy Action 3

Make the transitional support payments for regional broadcasters permanent and undertake a proper review into the overall level of the broadcast spectrum tax.



Australians support Free TV



81% of Australians

believe Free TV is a valuable service, with nearly half stating it is 'very valuable'.

78% Agree

A reliable commercial television service is crucial, especially for those who don't have strong internet.

76% Agree

Free TV ensures Australians have access to iconic sporting events

75% Agree

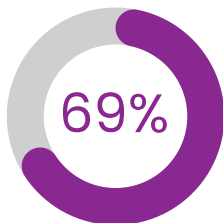
Free TV plays an important role as an information source in times of crisis

72% Agree

Free TV means I can enjoy television without straining my budget

67% Agree

Free TV services are inherently egalitarian because it can be accessed by all Australians no matter where they live or how much they earn.



Over two-thirds

of Australians agree that giving all Australians access to major sporting events is in the public interest.

5X

Nearly 5 times

as many Australians support the Government maintaining the anti-siphoning list, than oppose it.



Nearly 1 in 3

respondents say that ensuring all Australians can continue to enjoy free commercial television services is an important media issue.



60%

The majority of Australians

support the Government introducing legislation that requires Smart TVs to ensure that broadcast TV services are easy to find, with just 8% opposing this proposal.

Research Methodology

This research was independently conducted by C/T Group to support Free TV's advocacy activities in response to the Morrison Government's Media Reform Green Paper.

Results are based on an online survey conducted on 14-21 October 2021 nationwide, with an online sample size of N=2092, supplemented with Caller-assisted-telephone-interviews (CATI).

The data are weighted by Age-Sex, Education and Location. At a 95% confidence level, there is a maximum margin of error of approximately +/- 3%.

Introduction

Commercial television broadcasting is a fundamental part of the Australian way of life. We provide a universal and free service to all Australians, bringing us together through live sport, trusted local news and Australian entertainment and drama.

The industry's unique contribution to Australia's shared culture and civic life cannot and should not be understated. Collectively, our members spend around \$1.5 billion every year on Australian content, broadcast more than 25,000 hours of local programming. More than 13 million Australians tune into Free TV every day to watch sports, local news and Australian content.

Free TV broadcasters enjoy strong support from the public, with more than 4 in 5 people (81%) stating they value commercial television and want it to remain available to all Australians.¹

Television has undergone significant change in the last decade, and Australians now have more choice than ever before, with new technology, on-demand services and the arrival of multinational entertainment companies. This has important implications for Australia's national and cultural identity, and for access to trusted local information. We have never needed a strong local media sector more than we do today.

While the Morrison Government's media sector reform policy statement of February 2022 acknowledged these critical issues, it fell short of the urgent action required to ensure the future of the broadcasting services relied on by millions of Australians.

Free TV Australia has been an active participant in the policy development process and has outlined three policy priorities to ensure that we have a strong local television industry and that all Australians can continue to enjoy the local news, sport and entertainment programs that unite Australians.

The time for action on these critical issues is now.

Free. For Everyone.



Greg Hywood
Chairman
Free TV Australia



Bridget Fair
Bridget Fair
Chief Executive Officer
Free TV Australia

¹. C|T Group Research, October 2021, [n=2092]



Free TV Australia

is the peak industry body representing Australia's commercial television broadcasters in remote, metropolitan and regional areas.

We advance the interests of our members in national policy debates, position the industry for the future in technology and innovation and highlight the important contribution commercial television makes to Australia's culture and economy.

1. Prominence

Ensuring that Australians can easily find Free TV services and that these services are displayed prominently on modern TVs and other devices is the single most critical regulatory issue facing broadcasters in the connected TV and digital environment. After all, more than 7 out of 10 Australians love Free TV services and critically value them for great Australian content, and access to news and live sport.

With TV sets increasingly becoming more-and-more like large computers, television content is becoming harder to find amongst the many other choices in the connected TV environment. Connected TVs and other devices like set-top-boxes provide access to a range of video content, streaming, video games, and internet services, as well as traditional terrestrial broadcast services.

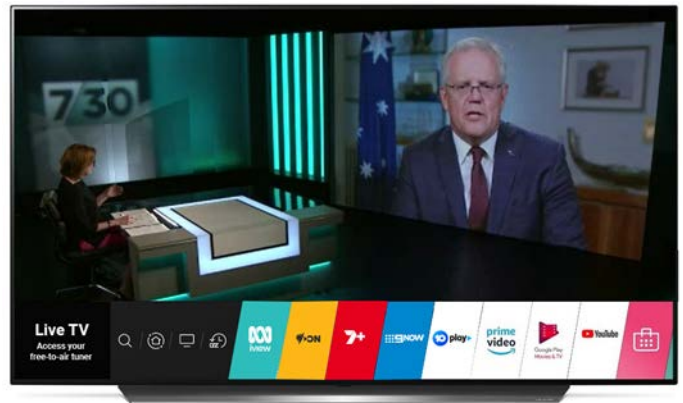
This gives rise to the risk that locally relevant Free TV services, both provided via an aerial and through the internet, will be difficult to find among the numerous choices now available to consumers and will become less prominent over time. The risk is exacerbated as TV manufacturers increasingly seek to monetise prominent spots on user interfaces and to reach lucrative deals with global streaming services.

As with access to information, the Australian television market is seeing a small number of international players dominating access to television services. They are seeking revenue for display prominence, and standing between our local broadcasters and the Australian public.

Free TV services are becoming hard to access behind a mass of streaming services who buy positions on TV home screens



Australians must be able to easily find Free TV services from the home screen of smart TVs



But these options are not presented to consumers in a fair and impartial manner. Instead, TV manufacturers and operating system developers increasingly exert control over which options are displayed to consumers, directing viewers to those services that can pay the highest price for preferred placement on the home screen. Other mechanisms to divert traffic come through pre-installing apps, putting streaming-specific buttons on remote-controls as well as favourable placement on Smart TV home screens.

The importance of a local, freely available, ubiquitous television service has never been clearer. Global entertainment platforms such as Netflix, Disney+ and Amazon Prime cannot cut to breaking news to cover health advice updates from Government or provide critical bushfire updates.

Prominence and accessibility of Free TV services are therefore essential to ensuring the Government's policy goals are achieved, including those relating to accurate, impartial, and trustworthy news; iconic sporting events; and provision of emergency information. However, the current Australian regulatory framework does not guarantee prominence of local, Australian content.

Easy access to free local content for all Australians



Free TV services should be as easy to access as other services



It is for these reasons that the regulatory framework must be updated to ensure the prominence of commercial broadcast services.

The government should introduce legislation to mandate that manufacturers of connected TVs and other smart devices provide free-of-charge prominence for Free TV services, including live TV and catch-up apps, to ensure that Australians have free, easy and universal access to locally relevant television services.

Other countries, like the United Kingdom, have already recognised the threat to their Free TV broadcasters and have announced plans to introduce legislation to address this problem as soon as possible.

Without updated regulations, the continued viability of the industry's business model would be drawn into question, threatening the nation's access to local news and Australian content more broadly.

The UK Experience

The UK Government has recently announced that it will shortly bring forward legislation to safeguard the prominence of public service broadcasters*.

"I want to ensure British broadcasters get the exposure they deserve – no matter how their content is consumed. Public service broadcasters have been part of our national life for almost a century, and are uniquely placed to reflect our values. It's incredibly important that they keep their place at the heart of television.

That's why we plan to legislate as soon as possible, and make it a legal requirement that major online platforms must carry PSB content, and that they must ensure it's easy to find."

The Rt Hon John Whittingdale OBE MP,
UK Media Minister
15 September 2021³

This recent announcement follows an extensive inquiry and series of recommendations made by the UK communications regulator, Ofcom, under the name "Small Screen: Big Debate." Ofcom's final statement of recommendations were provided to the UK Government on 15 July.

In its final report, Ofcom strongly urged the Government to introduce "legislation to secure prominence for live and on-demand public service content across all major TV services and platforms."

* The UK refers to national and commercial broadcasters collectively as "public service broadcasters" – PSBs

2. Free Sport on TV

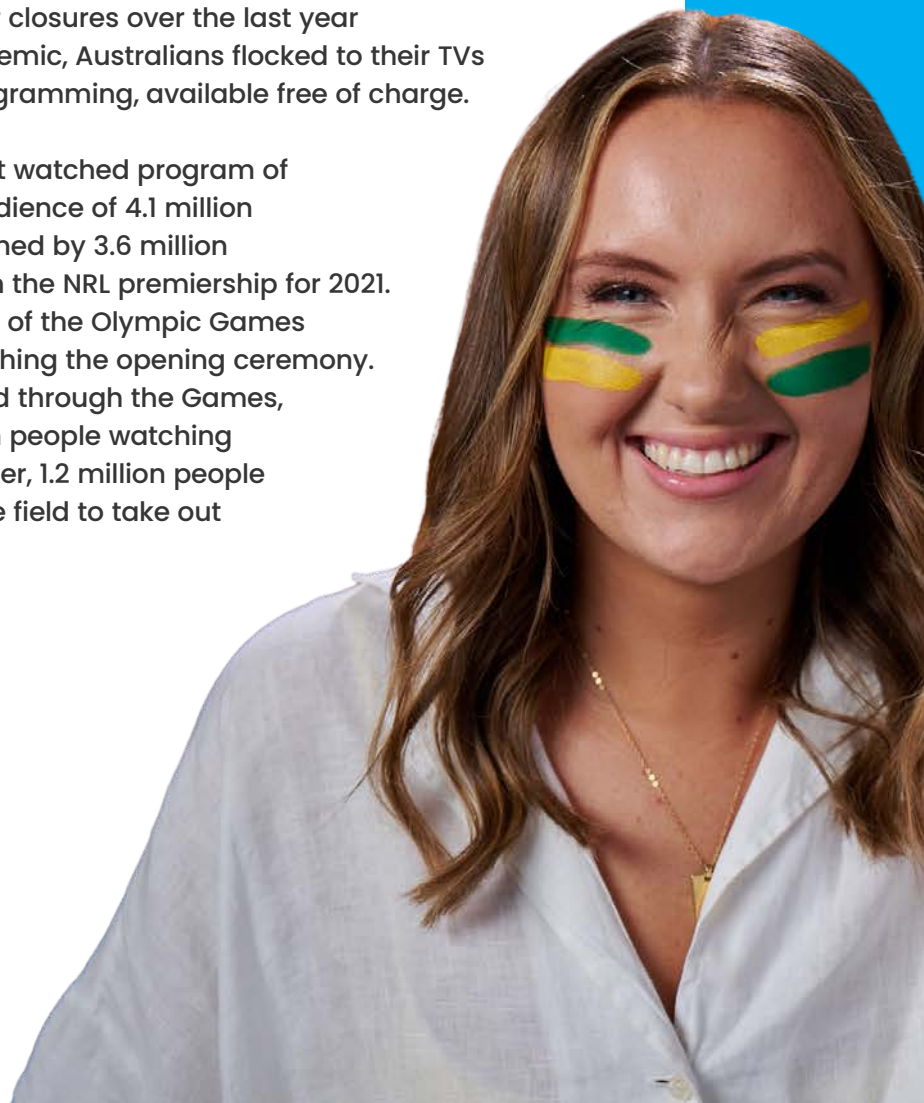
The aim of the anti-siphoning list is to ensure that sporting events of national importance and cultural significance are available to all Australians free of charge. The list was introduced to prevent major sporting events from migrating exclusively to pay TV, resulting in viewers being forced to pay for access to national events that they should be able to access for free.

The list expires in April 2023 and only applies to Foxtel. There is a real risk that our iconic sporting events could be exclusively locked behind the paywalls of online streamers and pay TV broadcasters that many Australians cannot afford or access if we don't modernise our anti-siphoning framework.

However, at the moment the list applies only to Foxtel. It does not protect major sporting events from migrating to online subscription platforms, despite the fact there is an impending risk that sports on the list could be acquired by platforms many Australians do not have access to.

Sports hold a unique place in Australian culture and the national psyche, and the policy basis for maintaining and extending the list is more robust than ever. With lockdowns and border closures over the last year precipitated by the Coronavirus pandemic, Australians flocked to their TVs and tuned into to a host of sports programming, available free of charge.

The 2021 AFL Grand Final was the most watched program of the year, with an average national audience of 4.1 million people. Similarly, Penrith fans were joined by 3.6 million Australians watching the Panthers win the NRL premiership for 2021. The two weeks of drama and emotion of the Olympic Games kicked off with 3.8 million people watching the opening ceremony. These huge numbers were maintained through the Games, right the way through to over 3 million people watching Peter Bol in the 800m final. In November, 1.2 million people watched Verry Elleegant dominate the field to take out the 2021 Melbourne Cup.





These events bring Australians together and have been a permanent fixture in the Australian cultural calendar, providing a nationally unifying moment for nearly three decades. However, new digital platforms and streaming services are entering the domestic market with increasing frequency and are not covered by the current regulations, meaning continued, free access to iconic sporting events is no longer guaranteed.

Should this trend continue unchecked, iconic Australian sports would only be accessible to Australians provided they have access to both a reliable, fast internet service, and a paid subscription to the online service. And even if consumers can afford paid streaming services, there are no guarantees that these can match the reliability of the ubiquitous, uninterrupted service that Australia's broadcasters currently offer.

National sporting events moving behind paywalls would undermine the policy basis for the anti-siphoning list, and unfairly disadvantage lower-income and regional Australians who may not have a sufficient internet connection or be able to afford paid subscriptions. Thus, action is needed, now.

For these reasons, the Government should amend the current legislation and extend the anti-siphoning scheme to online service providers.

Enacting this would fulfill the anti-siphoning regime's original goals and ensure that broadcasters are supported sufficiently in fulfilling their role of contributing to Australian culture.

3. Reduce Broadcast Spectrum Tax

In 2017, the Government introduced a \$40 million annual commercial broadcasting spectrum tax as part of a package of media reform measures. These were meant to be temporary arrangements until a review of the tax could be undertaken prior to 2022.

A requirement for a review of this interim arrangement was established in legislation and was highlighted in the Minister's Second Reading Speech when introducing the spectrum tax legislation.

In the second reading speech, Minister Paul Fletcher noted that:

“

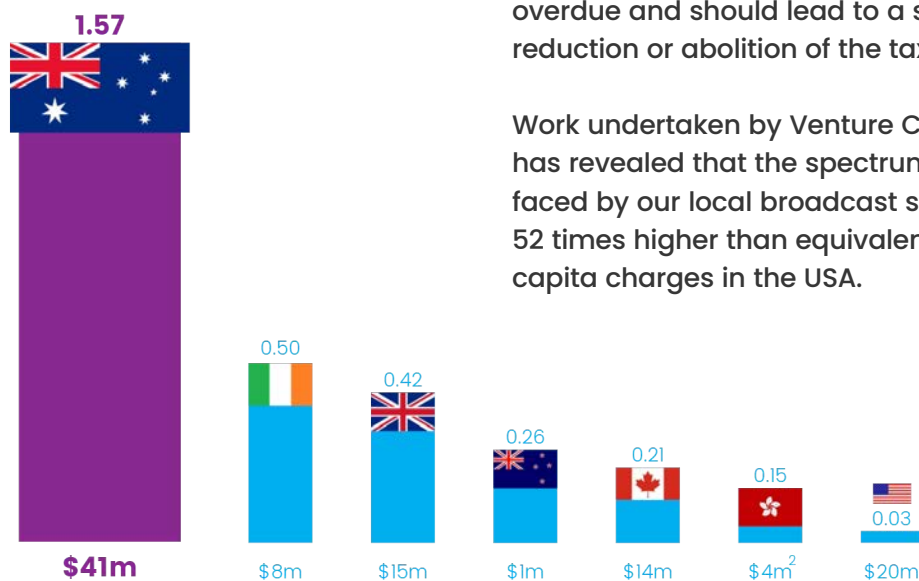
As a part of this package, the legislation will require the Australian Communications and Media Authority after 30 June 2019 to undertake a review and report on whether the new tax law should be repealed or amended on or before 1 July 2022. ACMA will consult on the review, enabling broadcasters to input into the development of future tax arrangements. The report would be tabled in parliament.

This review will be a valuable input into future spectrum taxing arrangements.

”

A review of the level of the tax is now well overdue and should lead to a substantial reduction or abolition of the tax.

Work undertaken by Venture Consulting has revealed that the spectrum tax faced by our local broadcast sector is 52 times higher than equivalent per capita charges in the USA.



Source: AU(ACMA), Canada(CRTC), US(FCC), NZ(BSA), UK(OFCOM, ITV), Singapore(IMD), Ireland(BAI), Hong Kong (Communication Authority)

Regional broadcasters were disproportionately impacted by the new spectrum tax in 2017. To ensure that these changes did not make regional networks worse off, transitional support payments were legislated to offset the worst impacts of the new tax.

These transitional payments were due to expire in 2022, timed to coincide with the review of the spectrum tax.

However, despite the evidence that the spectrum tax is fundamentally out of step with international best practice, the only action taken by the Government has been to extend the support payment to regional broadcasters for two years.

Urgent action is required for an immediate review of the level of the spectrum tax faced by broadcasters, consistent with the commitment made in 2017. In addition, the regional support payments must be made permanent.

It is critically important that broadcasters are not saddled with spectrum fees that are the highest in the world, particularly regional broadcasters. Local media binds us together as a nation. It informs us, it entertains us, and it challenges our world view. Everyone benefits from free and diverse sources of news, sport and entertainment, and fees compromise the quality of services for country viewers.

Australians should not be unfairly disadvantaged in their access to local news, live sports, and entertainment, solely due to their geographical location.

It is for these reasons the Government must make the transitional support payments for regional broadcasters permanent and undertake a proper review into the overall level of the spectrum tax levied on all commercial broadcasters.



Facts and Figures



6.5 million Australians tune into commercial television news and current affairs every day and more than 17 million people watch something on commercial television every week.



Free TV provides broadcast services across **40 local markets, with up to 18 channels** being provided in most markets, broadcasting trusted local news, entertainment, drama and live sport.



Free TV broadcasters **contribute over \$2.3 billion** per year to the economy, supporting 16,300 full-time jobs²



The average Australian spends **around 2 hours** every day watching broadcast TV.

In addition, Australians are increasingly watching Free TV content through their connected TVs and other devices with over 100 million hours of live streaming and catch-up content being viewed every month.

2. Deloitte Access Economics, 'Everybody Gets It: The Economic and Social Benefits of Commercial Television in Australia', 2020.



\$1.5B

Free TV Australia members are committed to making local content, **investing around \$1.5 billion** every year in Australian programming.



23%

Free TV is a critical service in times of crisis. At its peak, the Free TV national audience during the bushfire crisis was **23% higher,** relative to a year earlier.

More than 4.1 million people tuned in at the same time for the top-rated show in 2021, showing how commercial television continues to be central **to bringing Australians together, no matter where they live.**



Conclusion

Australians love Free TV.
And not just because it's free.
Australia's Free TV broadcasters create jobs, provide trusted local news, tell Australian stories, give Australians a voice and nurture Australian talent. Free TV broadcasters are who we grew up with, and what we know and love.

Technological innovation is inevitable, and the growth of global media platforms has important implications for Australia's national and cultural identity, and for our access to local information. But the broader benefits Free TV provides must be protected.

A strong local media sector is central to our ability to maintain public participation and trust in democracy and a shared sense of national identity.

The rapidly changing media sector means that Australia needs a new framework to secure a strong future for free television broadcasting. Regardless of which Government, these issues must be addressed, now.

It is critical that policy settings for future delivery of television services are set in such a way as to ensure that as a country we can continue to enjoy the benefits delivered by a viable and thriving local broadcast industry.

Without this, we risk losing our access to local news, local stories, and free sport.

Help keep TV Free. For Everyone.





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