

Media Reform Green Paper Response

Introduction



ViacomCBS welcomes the opportunity to respond to the Media Reform Green Paper.



While ViacomCBS has worked closely with industry associations on detailed submissions this response highlights the areas that for most critical for ViacomCBS, namely:



- Prominence and discovery rules for FTA services (linear and BVOD)
- No change to 7Mhz allocations for FTA TV until at least the end of the decade
- Lower broadcast spectrum taxes
- Net neutrality and other policies that ensure the fair treatment of and reliable, universal access to FTA TV content over the internet
- Measures to address shortages of skilled workers and production infrastructure
- No introduction of local content quotas for VOD services – allow voluntary reporting until an evidence base exists to make considered policy decisions



Who we are



ViacomCBS is a leading global media and entertainment company that creates premium content and experiences for audiences worldwide. Our iconic brands here and abroad include Network 10, CBS Television (USA), Channel 5 (UK), SHOWTIME, Paramount Pictures, Nickelodeon, MTV, Comedy Central, BET and subscription streaming service Paramount+.



In Australia, we employ 994 people and reach 16.3 million Australians every month via our FTA and Pay TV channels, and 2.3 million Australians on our digital video on demand platforms¹.

Prominence protects Australia's cultural identity

Recommendation:

- *Protect public policy objectives by legislating prominence and discovery for FTA TV (linear & BVOD) in the connected TV environment.*

ViacomCBS strongly supports the position of Free TV Australia that “the single most urgent regulatory issue facing broadcasters in the connected environment is ensuring free-to-air content is prominent on connected TVs.”

Connected TV (CTV) manufacturers are already demanding both substantial fixed fees for brand/app prominence on their home screens as well as advertising revenue share arrangements under which the

¹ Source: OzTAM, 5 City Metro, Regional TAM, Combined Aggregate Markets, Jan-April 2021, % of metro combined 2am-2am, Consolidated 7 Network 10 + Viacom monthly reach, Adobe Analytics

equipment manufacturers siphon off scarce advertising revenue (without making any financial contribution to production) with every view using a network's BVOD app on that manufacturer's CTV device. These emerging demands are not economically sustainable for Australia's television networks. Further, through the payment of substantial sums made at the behest of the equipment manufacturers, subscription based SVOD-only services are securing exclusivity over branded buttons on remote control devices and for priority placement and prominence on CTV screens and main screen menu bars. By "crowding-out" FTA terrestrial channels and BVOD content apps from device screens and access points, legacy free to view services that are currently available to all Australians are increasingly less visible and accessible.



Paramount+



nickelodeon
nick jr.

These strategic practices threaten the viability of free to view television services in Australia. In the absence of targeted regulation to counter-balance the emerging gatekeeper power of the CTV device manufacturers, FTA networks will be forced to choose between onerous revenue share arrangements (and the consequential diminution in the available revenue pool available for investment in Australian content) and relegation on, or expulsion from, CTV screens such that many Australians may be left without access to linear content and on-demand content provided through the classical channel options as well as BVOD apps such as *10 Play* on connected televisions and other similar devices.

In the United Kingdom, where ViacomCBS owns commercial FTA *Channel 5* (known as a Public Service Broadcaster or PSB), there are already rules in place regarding prominence of PSB linear channels through the various Electronic Program Guides. The UK media regulator OfCom is currently preparing the groundwork for further prominence legislation, to be tabled by the British Government in the northern Spring of 2022, that would ensure that FTA BVOD services are protected and prominent across a range of connected devices (smart TVs, set-top boxes and streaming sticks).

The introduction of legislation to enshrine protection and prominence for the terrestrial and digital services of Australia's FTA commercial and national broadcasters is essential.

Flexibility and optionality – why current spectrum allocations remain critical to Network 10

Recommendation:

- *No change to current 7Mhz spectrum allocations for all FTA TV networks until at least the end of the decade.*
- *Broadcasters to participate in the long-term planning of the 600Mhz spectrum band.*
- *Support for FTA broadcasters to upgrade broadcasting technologies that will provide a pathway to a spectrum dividend while also improving the FTA experience.*

Despite all the other options to access audio-visual content, nine out of ten Australians continue to tune-in to Network 10 across the year.²

² Source – OzTam 5 City Metro Network total cumulative reach

The table below shows why terrestrial broadcasting is the platform of choice for viewers and advertisers. This is expected to continue for some time to come.

	Broadcast 7 Day	BVOD Live Stream	BVOD 7 Day	% from BVOD
MasterChef Australia 2020	1,354,000	14,000	81,000	7%
MasterChef Australia 2020 Finale	1,722,000	37,000	69,000	6%
Melbourne Cup Race 2020	1,869,000	144,000	0	7%
Have You Been Paying Attention? 2021	1,005,000	14,000	67,000	7%
The Project 2021	463,000	6,000	2,000	2%

Source: OzTAM, 5 City Metro, Regional TAM, Combined Aggregate Markets, OzTAM National VPM, Consolidated 7, 2020, Jan 1 – May 23, 2021



The proposal to reduce spectrum allocations, requiring MPEG-4 transmission and the sharing of multiplexes, would force a reduction in multichannels.



Our multichannels 10 Bold, 10 Peach and 10 Shake are critically important to Network 10's ability to compete for audience share by offering diverse content and simultaneously satisfy advertiser demands for access to both broad and demographically targeted audiences. Any reduction in our offering will necessarily impair the revenue base with a consequential reduction in spend on Australian content and production and a potential compromise to the viability of the existing quota regime.



Further, a reduction in spectrum would constrain FTA TV in its ability and efforts to compete with the limitless capacity of alternative media platforms.



Accordingly, current FTA spectrum allocations must be retained until at least the end of the 2020s. ViacomCBS would welcome the opportunity to work alongside government, ACMA and other stakeholders on a long-term spectrum plan, including detailed investigation and of the potential needs (if any) for 5G in the 600 MHz spectrum band, which is yet to commence.

ViacomCBS supports the submission from Free TV Australia that provides extensive consideration of spectrum issues, broadcast technology pathways and the need for long-term planning before any decisions are made affecting future uses.

Australians should have the same FTA experience whether it's terrestrial broadcast or online communication



Recommendations:

- *Ensure FTA broadcaster's online services (which we shall call "free to view") and viewers do not suffer discrimination by embedding principles of net neutrality in regulation.*
- *Long-term spectrum planning to take account of the capacities of the NBN and 5G infrastructure to provide universal, reliable delivery of FTA (free to view) services to all Australians as is already required of terrestrial broadcasting.*

ViacomCBS supports the recommendations of the Free TV Australia submission on net neutrality. Freedom of information exchange underpins democracy. ISPs are already considering measures that would extract payment for prioritisation of data intensive service providers including SVOD platforms. Rules are required to prohibit this practice before any such demands extend to FTA platforms. ViacomCBS also recommends extensive planning so as to understand the capabilities and capacity of the NBN and 5G networks.

As FTA content consumption continues to shift to the online environment, there will be increasing demands placed on infrastructure. This is an acute issue for major event television such as sport grand finals and the Melbourne Cup where millions of homes watch the same stream simultaneously. Without proper planning and action, there is a real risk that the accessibility of FTA online will not match the current requirements of terrestrial TV to provide a universal, reliable FTA service.

Lower spectrum taxes support jobs and innovation

Recommendation:

- *Commence the review of the Commercial Broadcasting Tax (CBT) that was endorsed as part of the 2017 media reforms to the Broadcast licence fees.*
- *Reduce the tax so it aligns with levies of comparable nations and is no higher than the costs for ACMA of broadcast spectrum management.*

Australia has a disproportionately high spectrum tax for broadcasters compared to comparable countries. As the Free TV Australia submission sets out, Australia's CBT is 52 times higher on a per capita basis than the US and three times higher per capita than the UK.

ViacomCBS urges the Government to implement the promised review of the CBT, with the objective of aligning the tax with comparable nations and with a measure based on the ACMA costs of managing broadcaster spectrum.

This would enable broadcasters to invest the savings more productively into their broadcast and digital services, including local content and jobs.

Skilled worker and production infrastructure shortages

Recommendation:

- *Ensure skilled jobs in film and tv production are eligible for JobTrainer*
- *Provide on-the-job training subsidies so the Australian film & television industry can immediately begin upskilling people to meet current demands.*



The Federal Government's commendable focus on improving tax incentives, along with the corresponding rapid rise of SVOD platforms, has created huge demand for local and global content production in Australia and a corresponding shortage of skilled workers and production infrastructure. Shortages in supply have resulted in significant price increases, rendering some productions economically unviable. Content creation and delivery across our FTA, Pay TV and SVOD platforms has become increasingly challenging, with the prospect that Network 10 faces an inability to meet regulated local content obligations.

Addressing these shortages requires immediate government action to address both short-term and longer-term needs.

A focus on work experience programs that provide on-the-job training opportunities could act as an immediate solution. This will require government incentives via wage subsidies that accommodate relocation costs or grants so that any such scheme is universally attractive to recruits and program managers like Network 10/ViacomCBS.

The Federal Government's *JobTrainer* program could also be harnessed to ensure a pipeline of skilled workers are available over the medium to longer term. Currently, there are no skills areas listed on *JobTrainer* that are unique to the film/tv production sector. ViacomCBS recommends that the following skills be added to the list:

- Writer (film/tv),
- Director, producer (film/tv),
- Editor (film/tv)
- Audio Visual technician.

These roles would align with the objectives of the *JobTrainer* program to address workforce areas of critical need that will support a growing Australian economy.

It would also ensure that more young Australians have support to access VET courses specialised in film and tv training that would underpin long term skilled, well paid career paths.

The roles listed above are not an exhaustive list which could be provided via industry consultation.

Local Content quotas or spend requirements for VOD

Recommendation:

- *No introduction of SVOD/AVOD local content quotas or minimum spend requirements*



ViacomCBS endorses the opposition of Australia New Zealand Screen Association (ANZSA) and Free TV Australia to this proposal given the upward trend of investment by FTA and VOD services in the now booming local production sector, the industry's current capacity constraints and the risk of unintended and undesirable consequences (including the rising costs of production discussed above).

ViacomCBS is already a major investor in Australian content across our FTA and Pay TV platforms. ViacomCBS has announced that exclusive Australian productions will premiere on our new SVOD service *Paramount+*. These include *The Last King of the Cross*, *Spreadsheet* and *6 Festivals*. We expect local content to be a significant ongoing feature of *Paramount+*.

Over the last 3 years, ViacomCBS's investment in global film and television production in Australia has delivered more than \$130 million to the local economy, supporting 990 jobs and more than 700 Australian businesses.

ViacomCBS continues to support the voluntary reporting regime for major SVOD platforms that was implemented in 2021. Before taking any premature actions on quotas, this reporting process should be permitted to unfold for at least three years to provide a full understanding of the level of investment by these platforms in the Australian production sector and the implications (both positive and negative) of this investment. Collection of sufficient information would facilitate an evidence-based approach to any future decisions.

In the short-term, as discussed above, the Government should engage with the major AVOD/SVOD platforms about possible support measures to address the need for more training of skilled workers and more studio infrastructure which would have positive flow-on benefits for the entire Australian content industry.

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