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CHOICE DISINGENUOUS AND HYPOCRITICAL IN DIGITAL CONTENT DEBATE

Foxtel today disputed claims made by Choice in relation to digital content pricing and distribution models.

"Choice have made invalid comparisons between completely different products to justify their claims," said Bruce Meagher Group Director of Corporate Affairs at Foxtel.

"To compare Foxtel's service with that of Netflix in the US is nonsensical. Netflix is essentially a library service which, due to its success, has been able to commission a few high quality and popular dramas. So while it is true that consumers can get access to *Orange is the New Black* and *House of Cards* as part of their Netflix subscription that's basically where the new content offering ends.

"To acquire other new dramas US consumers have to sign up to different service providers, and given that drama lovers don't just watch one show, this is what they inevitably do.

"As part of a Foxtel service consumers can get access to virtually every major new US drama produced, usually within hours of its American broadcast. They also get a huge range of UK dramas, Australian dramas especially commissioned by Foxtel, plus a host of other general entertainment, sport, documentary, news and kids programming.

"To acquire a similar cable or satellite subscription service in the US, consumers would pay a similar price and depending on the bundle structure offered by particular suppliers sometimes more," Mr Meagher said.

"What's more, given that Netflix doesn't sell *Orange is the New Black* to other US broadcasters, they'd have to have Netflix on top of their cable account if they want to watch that show! They would almost certainly be paying more than Foxtel customers for the same service.

"Foxtel will become even more affordable when it introduces its new \$25 entry level package on 3 November.

"Choice CEO Alan Kirkland claimed on ABC radio that Foxtel is protected by a regulatory regime that prevents competition; this is simply untrue. There are no regulations that protect Foxtel from competition and the speculation that Netflix will enter the Australian market shortly is stark evidence of that fact.

"Mr Kirkland objects to geographic licensing of content and claims that broadcasters like Foxtel are "local middle men wanting to clip the ticket." Leaving aside the obvious point that the producers of content should be entitled to determine how it is distributed and monetised, there are profound implications for the Australian media in this proposal.

"If free to air or subscription broadcasters were not able to aggregate the best international content to attract eyeballs for advertisers or subscription revenues we would not have the resources to invest in Australian content and the TV production sector would largely collapse.

"Last year Foxtel alone broadcast around 70,000 hours of first run Australian content.

“What Choice propose would result in a massive loss of Australian jobs and the diminution of Australian cultural life. Given the interdependence between sectors, it would also have a profoundly negative effect on Australia’s film industry.

“In addition, it would impact our ability to pay significant sports broadcasting licensing fees, seriously undermining Australia’s sporting codes.

“Finally, Choice regularly claims that Foxtel’s bundle model is outdated and a cause of many of the problems they say exist. We would simply make the observation that Choice itself operates a bundle model both through its magazine and online.

“Many Choice reports can only be viewed by subscribers and many others are available at a one off charge equal to almost three months’ subscription, if you ask for one over the phone, the kindly Choice staff member will advise you that you’d be better off buying a subscription!

“Choice know as well as we do that the best way to operate a successful content creating business is to aggregate content and sell it in bundles to customers,” Mr Meagher concluded.

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About Foxtel

Foxtel is one of Australia’s most progressive and dynamic media companies, directly employing around 2,500 people, and delivering a diverse subscription television service over cable, satellite and broadband distribution. We offer a better entertainment experience every day to each one of our 2.6 million subscribing homes through delivery of new and inspiring programming across all genres, the world’s most popular channel brands, and investment in high quality local content. As constant champions of innovation we have brought customers the iQ personal digital recorder, Australia’s largest HD offering, the Foxtel Go App for tablets and mobile devices, internet TV service, Foxtel Play and online movie service, Presto. Foxtel is owned by Telstra Corporation Limited ACN 051 775 556 (50%) and News Corporation (50%). foxtel.com.au

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