

SCA WELCOMES INTERIM BROADCASTING LICENCE FEE RELIEF

Southern Cross Media Group Limited (ASX:SXL) (**SCA**) today welcomed the Federal Government's announcement that it had removed free-to-air television and radio broadcasting licence fees for the current financial year ending on 30 June 2017.

This will result in savings for SCA of \$11.8 million in the current financial year. These savings were not included in the trading update provided by SCA on 19 May 2017.

The Government's announcement confirmed its proposal that broadcasting licence fees will be permanently replaced in the 2018 and subsequent financial years by a spectrum tax to be introduced by the Government's recently announced Media Reform package. Parliamentary debate on the Media Reform package will resume in the Spring sitting of Parliament commencing on 8 August.

According to the Explanatory Memoranda that accompanied tabling of the Media Reform package, the television, radio and datacasting licence fees that have now been removed were forecast to raise a total of \$127 million in the 2018 financial year, while the new spectrum tax is forecast to raise \$43.5 million.

The Media Reform package proposes that the new spectrum tax payable by each commercial radio and television broadcaster will depend on the spectrum used by each broadcaster's transmitters and the power level of those transmitters. This will mean that transmitters used for television and in metropolitan areas will generally be subject to higher tax than transmitters used for radio and in regional areas. If the new spectrum tax becomes law, having regard to SCA's portfolio of radio and television assets, it is expected that SCA's liability to the new spectrum tax in the 2018 financial year would not exceed \$4 million.

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