

Options for digital broadcasting

- 2.1 This chapter examines community television (CTV) in Australia, including its history and the services that currently operate.
- 2.2 The chapter also examines the key issue of access to digital spectrum for CTV and discusses the available options.

CTV in Australia

- 2.3 The Community Broadcasting Association of Australia (CBAA) provided a detailed history of CTV in Australia. CBAA explained the beginnings of CTV:

The earliest models for community television were developed in the early 1970s with the establishment of video access production centres by the Australia Council. While these centres represented a landmark in providing public access to media facilities, independent producers using the centres found difficulty in getting their work screened on commercial or national television ...¹

- 2.4 CBAA further explained:

From as early as 1973, video access groups were submitting petitions to parliament calling for the establishment of open access community television to provide an outlet for the cultural and educational material produced by community

1 CBAA, *submission no. 61.1*, p. 5.

groups. In 1984, a community group based in Perth made the first application for a community television licence, but was unsuccessful.²

2.5 CBAA stated that, in the late 1980s, Imparja Television, based in Alice Springs, was established as an Indigenous public television station operating under a commercial licence. CBAA added that metropolitan-based groups began campaigning for their own CTV stations.³

2.6 CBAA discussed the first transmission of CTV:

The first test transmission of “community television” (as we know it today) was conducted in 1987 by RMITV [Royal Melbourne Institute of Technology Television], a founding member of the Melbourne Community Television Consortium, which operated C31 Melbourne. Subsequently, a range of local production groups undertook test broadcasts throughout the late 1980s and early 1990s.⁴

2.7 CBAA also discussed the development of CTV policy:

In 1988, public television groups, the Public Broadcasting Association of Australia (the CBAA’s predecessor) and the Department of Transport and Communications formulated a three-stage policy to introduce community television; comprising test broadcasts, trial licences and finally a permanent licensing regime.⁵

2.8 The Australian Communications and Media Authority (ACMA) discussed the parliamentary inquiry that examined the use of the last television channel:

In 1992, the House of Representatives Standing Committee on Transport, Communications and Infrastructure conducted an inquiry into possible uses of the last available analog high power television channel in most parts of Australia, the so-called ‘sixth channel’.⁶

2 CBAA, *submission no. 61.1*, p. 5.

3 CBAA, *submission no. 61.1*, pp. 5-6.

4 CBAA, *submission no. 61.1*, p. 6.

5 CBAA, *submission no. 61.1*, p. 6.

6 ACMA, *submission no. 115*, p. 7.

2.9 CBAA elaborated on the inquiry process:

The Inquiry received more than 70 submissions supporting the immediate introduction of community owned and operated television.⁷

2.10 ACMA explained the outcomes of the inquiry:

The Committee recommended that the sixth channel be made available on a trial basis for community access television until such time as a decision was made about the permanent use of the channel. The Government accepted the Committee's recommendation and asked the ABA to facilitate community television (CTV) trials.⁸

2.11 Following Government acceptance of the Committee's recommendations, trial transmissions began in 1994. CBAA discussed this process:

Community television services were licensed under the open narrowcast 'class licences' on a trial basis, with the first community television 'trial' services being broadcast in 1994. These trials led to the establishment of consortia of public television producers which together became known as Channel 31 in five metropolitan and two regional areas.⁹

2.12 ACMA further explained the trials:

Community groups in Adelaide, Bendigo, Brisbane, Hobart, Lismore, Melbourne, Perth/Mandurah and Sydney expressed interest in providing a CTV trial service using the sixth channel, and were issued with narrowcasting licences from September 1993. The licences were subject to the condition that services were to be provided for community and educational non-profit services. Licences were re-issued, generally on a one or two year basis, in line with advice from the Minister.¹⁰

2.13 A further inquiry was conducted by the former Australian Broadcasting Authority (ABA) in 1997 to consider the uses of the sixth channel. The inquiry recommended that:

7 CBAA, *submission no. 61.1*, p. 6.

8 ACMA, *submission no. 115*, p. 7.

9 CBAA, *submission no. 61.1*, p. 6.

10 ACMA, *submission no. 115*, pp. 7-8.

The sixth channel, if put to any use at all, should be used for community access television, as most socio-economic benefits presently appear likely to follow from this use.¹¹

2.14 In response to these inquiry findings, CBAA noted that:

In July 1998, the Minister announced that the community broadcasting stations would continue to broadcast on UHF 31 until the introduction of digital transmission on 1 January 2001.¹²

2.15 CBAA added that:

On 31 May 1999, the Minister unreserved the sixth channel spectrum in all areas except where licences had been issued for trial community television services, that is, in Sydney, Melbourne, Brisbane, Lismore, Perth, Adelaide, Hobart and Bendigo.¹³

2.16 A statutory review of CTV was tabled in Parliament in June 2002. This review concluded that consideration should be given to providing greater regulatory certainty and stronger accountability and governance mechanisms for the sector.¹⁴

2.17 ACMA explained that, in response to the review, relevant legislation was amended under the Broadcasting Legislation Amendment Bill (No. 2) 2002 to provide new licensing arrangements for CTV services and provide for permanent CTV licences.¹⁵

Current CTV services

2.18 The former ABA allocated permanent CTV licences for the Sydney, Perth, Melbourne and Brisbane licence areas between December 2003 and July 2004.¹⁶

2.19 The stations operating these licences are TVS (Television Sydney), ACCESS 31 Perth, C31 Melbourne and Briz 31 Brisbane.¹⁷

11 Australian Broadcasting Authority (1997) *Inquiry into the future use of the sixth television channel*, p. xi.

12 CBAA, *submission no. 61.1*, p. 6.

13 CBAA, *submission no. 61.1*, p. 6.

14 www.dcita.gov.au/media_broadcasting/television/community_television/the_future_of_community_television, accessed 18 January 2007.

15 ACMA, *submission no. 115*, p. 8.

16 ACMA, *submission no. 115*, p. 8.

17 CBAA, *submission no. 61.1*, p. 3.

- 2.20 CTV trial services currently operate in Adelaide, Lismore and Mount Gambier.¹⁸
- 2.21 The stations operating these licences are LINC TV Lismore, Channel 31 Adelaide and Bushvision Mount Gambier.¹⁹
- 2.22 CBAA is the peak body that represents the seven CTV licensees currently operating in Australia.²⁰

C31 Melbourne

- 2.23 C31 Melbourne has been broadcasting to Melbourne and Geelong since it was granted a temporary broadcasting license in October 1994. The station was granted a fulltime license in July 2004.²¹
- 2.24 C31 Melbourne has 40 affiliated member groups that represent a variety of communities from Melbourne and Geelong. These not for profit community groups utilise 70 per cent of C31's airtime. C31 Melbourne has 1.3 million viewers tuning in every month.²²
- 2.25 C31 Melbourne was the first CTV station to implement the innovative and low-cost Playbox system:
- ... that converts program and sponsorship tapes into mpeg2 digital files. These files are stored onto a central server for scheduling. Once they are coordinated into play-lists they are ready for automated broadcast, and do not require a human operator.²³

ACCESS 31 Perth

- 2.26 Channel 31 Community Educational Television Limited, trading as ACCESS 31, commenced broadcasting in June 1999:

From the commencement of its transmissions, [the station] has provided a real, local alternative for Perth television audiences. It was (and remains) the only locally owned and operated television station in Western Australia. ACCESS 31 complements existing free to air TV services and fills a

18 ACMA, *submission no. 115*, p. 8.

19 CBAA, *submission no. 61.1*, p. 3.

20 CBAA, *submission no. 61.1*, p. 3.

21 C31 Melbourne, *submission no. 102*, p. 4.

22 C31 Melbourne, *submission no. 102*, pp. 8-9.

23 C31 Melbourne, *submission no. 102*, p. 4.

growing community need for locally produced programs with a diverse program schedule.²⁴

- 2.27 ACCESS 31 commenced operations from leased facilities at Edith Cowan University in Mount Lawley. In December 2003, the station relocated to larger, privately leased premises in Belmont.²⁵
- 2.28 In December 2004 the Western Australian Government and Lotterywest granted Access 31 over \$2 million to carry out a major upgrade to the station's facilities and for the purchase of additional equipment to enable the production of local programming. The completion of equipment commissioning and fit-out was officially launched by the Western Australian Premier in October 2005.²⁶
- 2.29 In March 2004 ACCESS 31 was awarded Australia's first permanent CTV licence over four rival applicants. The station has been operating under these permanent licensing conditions since May 2004.²⁷
- 2.30 In response to ongoing requests from Western Australian rural communities for access to its service, the station persuaded the Western Australian Government to carry ACCESS 31 programming during downtime on its Westlink satellite service:

This initiative commenced in December 2002 and gives remote area satellite TV viewers in WA as well as nationwide an additional viewing choice on Thursday nights and continuously through the weekends. The major centres of Albany and Bunbury have harnessed their redundant SBS TV transmitters to re-broadcast the Westlink/ACCESS 31 service on the ground.²⁸

Television Sydney (TVS)

- 2.31 TVS Channel 31 is the only permanent CTV broadcast licence in NSW.²⁹ TVS went to air in late 2005.³⁰

24 ACCESS 31 Perth, *submission no. 35*, p. 3.

25 ACCESS 31 Perth, *submission no. 35*, p. 3.

26 ACCESS 31 Perth, *submission no. 35*, p. 3.

27 ACCESS 31 Perth, *submission no. 35*, p. 3.

28 ACCESS 31 Perth, *submission no. 35*, p. 4.

29 NSW Government, *submission no. 116*, p. 3.

30 CBAA, *submission no. 61.1*, p. 4.

- 2.32 TVS is a not-for-profit company comprising two member organisations:

SLICE TV (Sydney Local Information Community Education Television) is the umbrella organisation for community groups, independent producers and individuals wishing to assist TVS.³¹

ETC TV (Education Training Community Television Limited) focuses on education and training for television production, as well as developing innovative and relevant programs that highlight social and cultural issues. It involves the University of Western Sydney, where its broadcast operations centre is located, and Metro Screen, a not-for-profit media production and training organisation based in Paddington.³²

- 2.33 The TVS Broadcast Operations Centre is located at the University of Western Sydney's Werrington South campus and is linked to a 20 kW transmitter on the Australian Broadcasting Corporation (ABC) and Special Broadcasting Service (SBS) transmission tower at Gore Hill.

It has a fully digital television play-out facility, purpose-built to ensure that the channel is able to evolve with future advances in broadcasting technology and Australian media laws.³³

Briz 31 Brisbane

- 2.34 Briz 31 commenced transmission on 31 July 1994. The station has grown rapidly and now broadcasts 24 hours a day, seven days a week. The recent purchase of a larger transmitter has allowed the station to expand its geographic coverage across Brisbane by 400 per cent.³⁴

- 2.35 The station has a strong relationship with Queensland University of Technology, the State Government and the Brisbane City Council.³⁵

31 NSW Government, *submission no. 116*, p. 4.

32 NSW Government, *submission no. 116*, p. 4.

33 CBAA, *submission no. 61.1*, p. 4.

34 CBAA, *submission no. 61.1*, p. 3.

35 CBAA, *submission no. 61.1*, p. 3.

LINC TV Lismore

2.36 LINC TV, based in Lismore, Northern NSW, reaches approximately 27 000 people, and has been broadcasting intermittently since 1993.³⁶

2.37 CBAA explained that LINC TV:

... provides an audience for the wealth of talented filmmakers in the region and provides local opportunities for the production and broadcasting of innovative programs for regional, national and international markets and subsequent employment opportunities for local filmmakers.³⁷

C31 Adelaide

2.38 C31 Adelaide is the holder of the CTV trial licence for the Adelaide area. C31 Adelaide transmits to the greater Adelaide area, potentially reaching an audience of 1.2 million.³⁸

2.39 The consortium which runs Channel 31 Adelaide is made up of community groups, educational institutions, corporations, industry professionals and individuals who are committed to community broadcasting.³⁹

2.40 In June 2006, ACMA decided not to allocate a permanent CTV licence in Adelaide on the basis that neither of the two applicants for the licence (C31 and OUR TV Adelaide) satisfied the relevant criteria. Instead ACMA extended the C31 trial licence for six months to 4 January 2007 and sought expressions of interest for a future trial.⁴⁰

2.41 In December 2006 the current CTV trial in Adelaide was extended until 4 July 2007. The trial will continue to be conducted by the current operator, C31 Adelaide.⁴¹

36 LINC TV, *submission no. 15*, p. 1.

37 CBAA, *submission no. 61.1*, p. 3.

38 Channel 31 Adelaide, *submission no. 79*, p. 1.

39 CBAA, *submission no. 61.1*, p. 3.

40 ACMA, www.acma.gov.au/ACMAINTER.1507598:STANDARD::pc=PC_100978, accessed 3 January 2007.

41 ACMA, www.acma.gov.au/ACMAINTER.1507598:STANDARD::pc=PC_100978, accessed 3 January 2007.

Bushvision

2.42 Bushvision, based in Mount Gambier, aims for:

- rural Australians to have a more relevant and accessible television service;
- a better record of their historical events, places, people and issues;
- another way of accessing information helpful to disadvantaged people;
- more performing opportunities and exposure for their local artists; and
- better educational opportunities in spite of their distance.⁴²

2.43 Bushvision received a trial CTV license in July 2005⁴³, and is currently operating under a temporary open narrowcast licence.⁴⁴

The role and importance of CTV

2.44 This section of the report briefly discusses the significant role that CTV plays in the greater broadcasting and media sector.

2.45 CBAA discussed the role of CTV:

Community television is founded upon and governed by the principles of open access, diversity, localism and independence. It has survived and strengthened over the past decade despite facing an uncertain regulatory future and receiving no regular government funding.⁴⁵

2.46 Open Spectrum Australia (formerly Community Spectrum Taskforce) discussed the importance of community broadcasting and how it contributes to the wider broadcasting and media sector:

Community broadcasting plays an important role in the Australian media, encouraging diversity and open access, delivering training and content innovation to the industry at large and providing a platform for local content

...

42 CBAA, *submission no. 61.1*, p. 4.

43 Bushvision, *submission no. 4*, p. 3.

44 CBAA, *submission no. 61.1*, p. 4.

45 CBAA, *submission no. 61.1*, p. 8.

community broadcasting takes grassroots stories and issues to a wide audience, ensuring that our diverse communities are both visible and accessible

...

only community television and radio unite disparate interests, publicising the openness of our diverse and dynamic society

...

community broadcasting is the engine-house of the broadcasting industries. It is the major training ground for radio and television in Australia, teaching and nurturing new talent and production crew

...

[it] remains an important bastion of local and niche programming. There are more local programs on a single community television station than on all the other networks combined.⁴⁶

- 2.47 CBAA explained that, in an era of increasing concentration of media ownership, CTV provides much-needed diversity:

In the midst of increasing networking and syndication by commercial and national broadcasters, community television provides a platform for locally produced content focusing on local issues.⁴⁷

- 2.48 CBAA suggested that CTV services meet the objects of the *Broadcasting Services Act 1992* (BSA) by encouraging effective and diverse control of the more influential broadcasting services:

Community television stations are owned and operated by the communities they serve. A recent survey conducted by the CBAA of the four metropolitan stations on air for the duration of 2005 revealed that these stations alone have more than 260 member groups, 3200 volunteers and 50 paid staff. They provided more than 500 members of the public with training in broadcast, presentation, production and management skills during 2005.⁴⁸

46 Open Spectrum Australia, *submission no. 56*, p. 3.

47 CBAA, *submission no. 61.1*, p. 8.

48 CBAA, *submission no. 61.1*, p. 8.

2.49 CBAA explained the influence of CTV on other television sectors:

Community television is an important training ground for careers in the media industry. Countless CTV volunteers have [gone] on to work for the commercial and national networks, as journalists, producers, presenters and in other crew positions. Rove McManus, Peter Hellier, Hamish Blake and Andy Lee are just some of the bigger names to have first received exposure and training, as both presenters and producers, on community television.⁴⁹

2.50 C31 Melbourne discussed some of the benefits of CTV with regard to training and content production:

Community television, I would argue, provides value for its allocated spectrum. The training value provided for the broadcasting industry alone could be costed at millions of dollars per year. If you had to build schools to train those people, what would it cost the government? The local content production is unparalleled. In fact, we produce more local content in a week than all the other stations combined.⁵⁰

2.51 ACCESS 31 Perth also discussed the value of the CTV sector as a training ground for the wider broadcasting industry:

... community television training and experience has direct benefits for the entire media industry. These training initiatives save the commercial media many millions of dollars, which reduces their costs and lifts their profitability. The ABC and SBS, too, are freed from many of their professional development obligations, because community telecasters have already provided much of the necessary training. This saves the national broadcasters money which would otherwise have to be diverted away from programming or other needy areas.⁵¹

2.52 LINC TV discussed its appeal to a local audience:

People watch LINC TV because they see people they know, watch events they've participated in and dramas that have local references. Friends and relatives may also be members or involved with the station. LINC TV broadcasts material

49 CBAA, *submission no. 61.1*, p. 9.

50 C31 Melbourne, *transcript of evidence 20 July 2006*, p. 4.

51 ACCESS 31 Perth, *submission no. 35*, p. 7.

that other stations may not broadcast as it is seen to be non-commercial.⁵²

National Indigenous Television (NITV)

2.53 The Committee received a submission from the National Indigenous Television Committee (NITVC), and spoke to representatives at a public hearing.

2.54 NITVC stated that, in September 2005, the Australian Government announced that from 1 July 2006 it will fund the establishment of an Indigenous television service.⁵³

2.55 NITVC is charged with the implementation of the new service provisionally named National Indigenous Television (NITV).⁵⁴

2.56 NITVC discussed the importance of the new service:

The establishment of National Indigenous TV is both an important symbol and an incredible tool. When it is up and running, NITV will provide quite a distinct service in tone and manner, based on centuries – millennia – of powerful community feeling.⁵⁵

2.57 The Australian Government announced funding for NITV of \$48.5 million over four years, with funding available from 1 July 2006.⁵⁶

2.58 NITVC discussed what the service will include in its programming and how it will be broadcast:

The new service will produce and commission diverse programming including news, children's and drama that reflect Australia's diverse Indigenous communities ... it will build on the existing narrowcast service of Imparja's Indigenous Community Television (ICTV) satellite transmission and other Indigenous production infrastructure nationwide, and will use a variety of other delivery platforms.⁵⁷

2.59 NITVC explained that Indigenous broadcaster Imparja has:

52 LINC TV, *submission no. 15*, p. 2.

53 NITV, *submission no. 80*, p. 1.

54 NITV, *submission no. 80*, p. 1.

55 NITV, *transcript of evidence 16 August 2006*, p. 1.

56 NITV, *submission no. 80*, p. 1.

57 NITV, *submission no. 80*, p. 1.

... already deployed a satellite delivered remote community sustaining service, ICTV as part of its remote satellite delivery platform. This is used to deliver Indigenous programmes, education, health and community information, and Indigenous sport, all of which are re-broadcast by the participating RIBS (Remote Indigenous Broadcasting Services, formerly BRACS) operators. Under a 1.8 million dollar scheme administered by the community broadcasting federation analogue transmitters will be deployed in up to 180 remote Indigenous communities.⁵⁸

2.60 NITVC stated that this broadcast system has been identified by the Department of Communications, Information Technology and the Arts (DCITA) as the basis for the new Indigenous television service.⁵⁹

2.61 NITVC added that:

Discussions with DCITA have however indicated that the operational model proposed and the funding provided does not include consideration of any terrestrial digital delivery capability for NITV.⁶⁰

2.62 NITVC believes that without a free to air, full time dedicated transmission capability, NITV will never develop as a mainstream free to air broadcaster.⁶¹

2.63 Open Spectrum Australia discussed the aims and benefits of a dedicated channel for NITV:

Indigenous groups have argued that a dedicated channel will:

- allow for the expression of a dynamic and evolving Indigenous culture;
- maintain language and culture;
- assist in the development of the Indigenous creative industries;
- provide community education; and
- present Indigenous stories to all Australians, thereby promoting a richer understanding of Australian identity and culture.

It is vitally important that Indigenous television be available, free of charge, to all Australian audiences.⁶²

58 NITV, *submission no. 80*, pp. 1-2.

59 NITV, *submission no. 80*, p. 2.

60 NITV, *submission no. 80*, p. 2.

61 NITV, *submission no. 80*, p. 2.

- 2.64 SBS Television's Indigenous program, *Living Black*, broadcast a story on NITV in September 2006, which included interviews with Indigenous television stakeholders. Ken Reys, the Chair of the Australian Indigenous Communications Association, discussed the proposed NITV service:

It's all about having an Indigenous service that is controlled by ourselves as an Indigenous body. And about promoting us and our people and our culture and the issues, to not only inform our people and keep our people's faces on the screen, like radio is on the ear, but it's also about promoting who we are, what we are, and controlling that process.⁶³

- 2.65 Some issues were raised concerning the new service. Cinematographer Allan Collins stated:

The most obvious concern with something called a National Indigenous Television Service is that we are very broad as a people. We got people from metropolitan big cities to very small bush communities. Very different issues. So that's obviously the biggest concern - how each community, nationally, can be represented fully and equally and fairly.⁶⁴

- 2.66 The impact on smaller existing services such as Indigenous Community TV, a group of community-based program-makers who represent four remote areas, was also raised as an issue. Rita Cattoni from PAW Media and Communications stated:

Given that Walpiri Media and PAW Media have our origins firmly entrenched in community, indigenous community television, there's a big worry that the model put forward will leave us behind. There's really big stakes here because remote communities don't have ... there's not a lot of viable industry there. There is a capacity here to create industry, to create jobs, to have our own industry, to have people out bush with

62 Open Spectrum Australia, *submission no. 56*, p. 7.

63 Transcript, *Living Black*, SBS Television, 6 September 2006, news.sbs.com.au/livingblack/index.php?action=proginfo&id=369, accessed 16 January 2006.

64 Transcript, *Living Black*, SBS Television, 6 September 2006, news.sbs.com.au/livingblack/index.php?action=proginfo&id=369, accessed 16 January 2006.

real jobs, producing content. And I think, for us, we don't want to see that lost.⁶⁵

- 2.67 NITVC stated that Indigenous Business Australia agreed to fund several consultancies for the preparation of a number of plans and research papers for the implementation of NITV. These include a Business Plan, Technical Plan, Programming Paper and Location Options Paper.
- 2.68 The Committee understands that the plans for NITV have been prepared and approved by the Minister, and that the NITV Board has been established.

Access to digital spectrum

- 2.69 CBAA outlined the state of the CTV sector and its aim to broadcast in digital:

The community television sector has reached a critical stage in its development. The stations have a combined annual turnover of more than \$5 million and a cumulative monthly audience reach, according to OzTam⁶⁶, of more than 3 million. The permanent licensing of community television has ensured that there exists considerable stability which has allowed CTV stations to enter into long-term financial arrangements. Financial support from state governments and philanthropic agencies has been secured. The growth and development of the sector in recent years means that the community television sector is ready and able to make the next step in its evolutionary journey: the transition to digital broadcasting.⁶⁷

65 Transcript, *Living Black*, SBS Television, 6 September 2006, news.sbs.com.au/livingblack/index.php?action=proginfo&id=369, accessed 16 January 2006.

66 www.oztam.com.au, OzTAM is the official source of television audience measurement, covering the five city metropolitan areas and nationally for Subscription TV.

67 CBAA, *submission no. 61.1*, p. 9.

2.70 CBAA added that:

... the history of community television demonstrates that the sector is resilient, highly valued and certainly deserving of a permanent future in the digital media landscape.⁶⁸

2.71 C31 Melbourne summarised the plight of CTV in gaining access to digital spectrum:

We have had a longstanding commitment from this government, since 1998, that CTV gets free access to digital spectrum, and we have had reassurances from the minister and the Prime Minister that we are provided for in the forthcoming digital action plan. Yet so far the community broadcasting sector has been denied parity with the commercial and public industry sectors, has no allocation or reservation of any digital spectrum, has the lack of a clear decision on the method for community access to digital broadcast spectrum, and has no financial support for community television, including no financial support for digital transmission. It seems rather inequitable.⁶⁹

2.72 CBAA explained that the *Television Broadcasting Services (Digital Conversion) Act 1998* required that a review be conducted into the regulatory arrangements that should apply to digital transmission of CTV using spectrum in the broadcasting services bands and how access to spectrum should be provided free of charge.⁷⁰

2.73 CBAA added:

The CTV sector welcomed [the review] as the first legislative recognition of the permanent role of community television in the digital broadcasting environment.⁷¹

2.74 DCITA conducted the review in 2001. It produced its final report in June 2002 in response to this review.⁷²

2.75 The report concluded that:

- an immediate or short-term transition to digital transmission for the CTV sector was not necessary; and

68 CBAA, *submission no. 61.1*, p. 5.

69 C31 Melbourne, *transcript of evidence 20 July 2006*, p. 4.

70 CBAA, *submission no. 61.1*, p. 7.

71 CBAA, *submission no. 61.1*, p. 7.

72 CBAA, *submission no. 61.1*, p. 7.

- consideration be given to providing an environment in which the sector will have greater regulatory certainty with stronger accountability and governance arrangements.⁷³
- 2.76 CBAA further explained that arising out of this review, and following sustained lobbying and community pressure, CTV finally received permanency of licence through the passage of the Broadcasting Legislation Amendment Bill (No 2) 2002.⁷⁴
- 2.77 CBAA added:
- The community broadcasting sector was heartened that the vital role played by community television was recognised and enshrined through permanency of licence. However, despite permanency of licence, the future of the community television sector is still unclear. The looming transition to digital broadcasting and the community television sector's ongoing exclusion from pay-TV platforms continues to pose a threat to the viability of the sector, and requires urgent action from government.⁷⁵

Australian Government commitment to CTV

- 2.78 The Australian Government's commitment to digital broadcasting of CTV was announced in 1998. The CBAA summarised:
- When Senator Richard Alston, then Minister for Communications, Information Technology and the Arts announced his blueprint for digital television in a media release titled *Digital – A New Era in Television Broadcasting* on 24 March 1998, he stated that 'the community television sector ... will be guaranteed free access to the spectrum needed to broadcast one Standard Definition channel'.⁷⁶
- 2.79 CBAA outlined some points from Senator Alston's media release from 1998, which indicated the Australian Government's support for CTV:
- ... the Government will assist the migration of community television to the digital environment by requiring new datacasting players to ensure spectrum access, free of charge,

73 www.dcita.gov.au/media_broadcasting/television/community_television/the_future_of_community_television, accessed 8 January 2007.

74 CBAA, *submission no. 61.1*, p. 7.

75 CBAA, *submission no. 61.1*, p. 8.

76 CBAA, *submission no. 61.1*, p. 12.

of a Standard Definition community television service as a condition of their licence

...

the Government also recognises the vulnerability of the community television sector and that it faces considerable challenges in funding its own migration to digital transmission

...

the Government will also consider, in light of its other fiscal priorities, whether revenue obtained from allocation of spectrum for commercial datacasting would also enable the Government to assist community TV broadcasters in meeting the upfront costs of digital conversion.⁷⁷

- 2.80 The Australian Government has long recognised the vast public benefits that will be provided to Australian viewing audiences through digital carriage of CTV. This recognition was detailed in the Explanatory Memorandum to the Television Broadcasting Services (Digital Conversion) Bill 1998:

... the objectives for the introduction of DTTB [Digital Terrestrial Television Broadcasting] in Australia could be seen as to ... increase viewer choice and diversity of product (recognising the role of community television services and Australian content in this regard).⁷⁸

- 2.81 CBAA stated that an original intention of the digital television legislation was to provide carriage of CTV via a transmission facility operated by one of the successful bidders for a datacasting licence:

In 1998, the Government digital terrestrial television policy envisaged a licence condition on datacasters to require them to provide, free of charge, a Standard Definition community television service.⁷⁹

- 2.82 Senator Alston, in his Second Reading speech to the Television Broadcasting Services (Digital Conversion) Bill 1998 stated:

The Government will also continue to support community broadcasters and will facilitate the transmission of

77 CBAA, *submission no. 61.1*, p. 13.

78 Television Broadcasting Services (Digital Conversion) Bill 1998, Explanatory Memorandum, p. 6, www.aba.gov.au/tv/licence/digitalTV/documents/1e98068.pdf

79 CBAA, *submission no. 61.1*, p. 13.

community television broadcast services, free of charge, in conjunction with datacasting services.⁸⁰

2.83 The Explanatory Memorandum to the Bill also stated that:

The proposed sale of broadcast services band spectrum for datacasting would also ensure transmission of community television services.⁸¹

2.84 CBAA explained what eventuated with the proposed sale of spectrum for datacasting:

In May 2001, the Minister for Communications, Information Technology and the Arts, Richard Alston, announced the cancellation of the datacasting spectrum due to inadequate competition within the market as well as potential problems with the licence term. This effectively left the future of digital community television in limbo.⁸²

2.85 CBAA explained that, in the past, the Government made strong suggestions to the CTV sector that it would be provided with access to digital spectrum by 2001. CBAA quoted Senator Alston, speaking at the launch of the Community Access Network at Radio 3ZZZ in Melbourne in July 1998:

'[I]t is important not to leave the community television sector's future in any way uncertain. Consequently, the Government today publicly affirms that the sector will continue to occupy the sixth channel until the introduction of digital transmission on 1 January 2001. The community television sector will then be guaranteed free access to the spectrum needed to broadcast one Standard Definition digital channel. The Government is currently examining the simulcast requirements for the community television sector following the introduction of digital broadcasting'.⁸³

2.86 CBAA added that, despite such assurances, the transition of CTV services to digital in 2001 did not occur.⁸⁴

80 www.dcitv.gov.au/Article/0,,0_4-2_4008-4_12264,00.html, accessed 19 January 2007.

81 Television Broadcasting Services (Digital Conversion) Bill 1998, Explanatory Memorandum, p. 15, www.aba.gov.au/tv/licence/digitalTV/documents/1e98068.pdf

82 CBAA, *submission no. 61.1*, p. 14.

83 CBAA, *submission no. 61.1*, p. 14.

84 CBAA, *submission no. 61.1*, p. 14.

- 2.87 CBAA further explained that a new object was inserted into the BSA in late 2000:
- ... to ensure the maintenance and, where possible, the development of diversity, including public, community and Indigenous broadcasting in the Australian broadcasting system in the transition to digital broadcasting.⁸⁵
- 2.88 In June 2002, DCITA conducted a review of the regulatory arrangements that should apply to the digital transmission of CTV broadcasting services bands and how access to spectrum could be provided free of charge.⁸⁶
- 2.89 CBAA explained that the resulting report from DCITA canvassed a number of options for CTV's digital future, including the transmission of CTV services by CTV operators, carriage of CTV services by other digital providers and carriage of CTV services by other means such as pay-TV analogue or digital cable services.⁸⁷
- 2.90 CBAA also explained that the report concluded that an immediate or short-term transition to digital transmission for the CTV sector was not necessary. The report also concluded that consideration should be given to providing an environment in which the sector would have greater regulatory certainty with stronger accountability and governance arrangements.⁸⁸
- 2.91 CBAA added that, in response to this second recommendation:
- ... the narrowcasting trial came to an end and provision was made for ongoing community television licences through the passage of the Broadcasting Legislation Amendment Bill (No 2) 2002.⁸⁹
- 2.92 CBAA commented that the Australian Government has made frequent election commitments that the CTV sector will be provided with free access to digital spectrum.⁹⁰

85 CBAA, *submission no. 61.1*, p. 14.

86 www.dcita.gov.au/media_broadcasting/television/community_television/the_future_of_community_television, accessed 8 January 2007.

87 CBAA, *submission no. 61.1*, p. 15.

88 CBAA, *submission no. 61.1*, p. 15.

89 CBAA, *submission no. 61.1*, p. 15.

90 CBAA, *submission no. 61.1*, p. 15.

- 2.93 The 2002 DCITA review referred to the Coalition's previous election commitment:

In 2001, the Coalition committed to 'ensure that community broadcasters are provided with access to spectrum for digital. Spectrum for digital community television will be made available free-of-charge'.⁹¹

- 2.94 DCITA explained that the Australian Government committed during the 2004 election to working with the community broadcasting sector to develop an appropriate framework for the transition of CTV to digital.⁹²

- 2.95 CBAA quoted the Coalition's 2004 election policy:

'The Coalition remains committed to the inclusion of community broadcasters in the digital environment ... we will also continue to work with the community television sector to develop an appropriate framework for the transition to digital services'.⁹³

- 2.96 CBAA remarked that it has made a number of submissions to DCITA's digital television reviews of 2004-2005:

... setting out our preferred policy, regulatory and technical options for the advent of digital community television, and stressing the urgent need for the Government to take action to stem the sector's loss of audience.⁹⁴

- 2.97 CBAA added:

For more than seven years, the community television sector has accepted with good faith the Government's commitments that digital access would soon be provided.⁹⁵

- 2.98 DCITA discussed the digital media reform discussion paper released by the Minister in 2006:

On 14 March 2006 the Government released a discussion paper on reform options for Australia's media industry - including the development of a Digital Action Plan for

91 www.dcita.gov.au/media_broadcasting/television/community_television/the_future_of_community_television, accessed 8 January 2007.

92 DCITA, *submission no. 75.1*, p. 3.

93 CBAA, *submission no. 61.1*, p. 15.

94 CBAA, *submission no. 61.1*, p. 15.

95 CBAA, *submission no. 61.1*, p. 15.

analogue switch off. In the discussion paper *Meeting the Digital Challenge: Reforming Australia's media in the digital age* it was noted that 'the Government is yet to finalise conversion strategies for community television broadcasters ... the Digital Action Plan would provide an opportunity for the Government to consider the basis upon which conversion of these services can occur'.⁹⁶

2.99 CBAA explained that it was extremely disappointed by the policy proposals put forward by the Minister, in that no provision was made for the rollout of digital CTV.⁹⁷

2.100 CBAA summarised its position on digital conversion of CTV:

Time is running out for these decisions to be made. We respectfully suggest that, given that CTV's exclusion from the digital platform threatens the sector's very survival, ensuring digital access for community television should be a matter of priority for the Government. As Minister Alston acknowledged back in 1998, it is important not to leave the sector's future in any way uncertain. Unfortunately, regulatory uncertainty has been the common theme of the community television sector's history.⁹⁸

2.101 In November 2006 the Australian Government released *Ready, Get Set, Go Digital, A Digital Action Plan For Australia*. The plan reaffirms the Australian Government's commitment to working with CTV in its transition to digital.⁹⁹

2.102 However, the short section on CTV in the plan does not appear to give a definite series of steps for CTV's conversion to digital. The plan states:

The sector is being encouraged to explore options for a simulcast arrangement with a digital platform operator.¹⁰⁰

96 DCITA, *submission no. 75*, p. 8.

97 CBAA, *submission no. 61.1*, p. 15.

98 CBAA, *submission no. 61.1*, p. 16.

99 www.dcita.gov.au/__data/assets/pdf_file/53496/Digital_Action_Plan_web.pdf, accessed 8 January 2007.

100 www.dcita.gov.au/__data/assets/pdf_file/53496/Digital_Action_Plan_web.pdf, accessed 8 January 2007.

Options for CTV to gain access to digital spectrum

2.103 DCITA suggested that some of the issues that the Australian Government will need to consider in developing a digitisation path for CTV include:

- the potential digital carriage options, including whether or not digital community TV services would be simulcast;
- the timing of conversion; and
- cost of digital transmission.¹⁰¹

2.104 Broadcast Australia outlined what it believes to be the three options available to the Government for conversion of community TV services:

- Conversion of community television on the same basis as the Free To Air (FTA) broadcasters, i.e. the allocation of a full digital channel (7MHz) with a phase-in simulcasting period of 8 years (or until FTA analogue switch-off, whichever is the sooner).
- Conversion of community television utilising a simulcasting period (the length of which to be agreed) in conjunction with the allocation of a part of a new digital/datacasting channel for community television use. In this situation, the allocation of a datacasting channel would include a 'must-carry' obligation on the licensee ...
- Direct conversion of community analogue services to digital without the benefit of a simulcast period at an appropriate point in the overall digital television take-up cycle ...¹⁰²

A full seven megahertz channel

2.105 CBAA stated that there must be parity with commercial and national broadcasters, and that a nation-wide allocation of a full channel for digital CTV services should still occur in the long term. CBAA claimed that without a long term full seven megahertz channel:

... community television will be left with little capacity for new digital innovations or growing its services to meet the needs of a variety of community interests. To legislate only for a carriage obligation would be to place community broadcasters in a marginal position, possibly with inadequate

101 DCITA, *submission no. 75.1*, p. 3.

102 Broadcast Australia, *submission no. 59*, pp. 1-2.

spectrum or resources to participate to their full potential in the digital television environment.¹⁰³

- 2.106 CBAA suggested that the reservation of a full seven megahertz channel for community purposes could occur once spectrum is returned upon analogue switch-off.¹⁰⁴
- 2.107 CBAA suggested that the channel used by analogue CTV will be available for re-purposing as a full seven megahertz digital channel assigned for community purposes.¹⁰⁵
- 2.108 Evidence to the inquiry suggested that the CTV sector prefers the allocation of a full seven megahertz channel for CTV services.
- 2.109 CBAA put its case for a full seven megahertz channel for CTV services:

There is every reason to reserve a complete television channel (7MHz) in each market for digital transmission of CTV. Each national and commercial broadcaster has been allocated an extra channel for digital transmission during the transition phase. Community television is only asking for parity with the other television networks. To assign any less to CTV is to relegate the sector to a marginal and disadvantaged position within the broadcasting environment, and to significantly reduce the diversity of television broadcasting services available to the Australian public.¹⁰⁶

- 2.110 CBAA added that:

... assigning a full 7MHz is a critical means of ensuring the maintenance and, where possible, the development of diversity, including public, community and Indigenous broadcasting, in the Australian broadcasting system in the transition to digital broadcasting.¹⁰⁷

- 2.111 CBAA suggested that a community digital multiplex could be established to make use of the seven megahertz of spectrum:

A separate channel could be assigned for digital transmission of the National Indigenous Television Service. All avenues for co-operation between a NITV service and community

103 CBAA, *submission no. 61.1*, p. 24.

104 CBAA, *submission no. 61.1*, p. 24.

105 CBAA, *submission no. 61.1*, p. 24.

106 CBAA, *submission no. 61.1*, p. 23.

107 CBAA, *submission no. 61.1*, p. 23.

broadcasters, as well as mutual benefits, should be explored. Other options for the spectrum could include use by state and local governments for datacasting services, Ethnic broadcasters serving culturally and linguistically diverse communities, and educational institutions wishing to provide services for their students and the wider community.¹⁰⁸

2.112 CBAA added that the CTV sector has embarked on a process of community consultation and has met with widespread support for the prospect of a community multiplex.¹⁰⁹

2.113 CBAA explained that the advantage of assigning seven megahertz immediately is that it:

... provides community and non-profit services with independent carriage, removing the need to impose an obligation on existing or new digital carriers.¹¹⁰

2.114 CBAA also explained that digital services could be established and operational within six to twelve months of being granted the spectrum, meaning that any decline in audience could be arrested quickly.¹¹¹

2.115 C31 Melbourne explained that it has the content to be able to operate more than a single standard definition channel.

... one Indigenous station, one children's channel, one ethnic channel, a diverse channel and our normal mainstream community channel we could pretty much fill up [a seven megahertz channel] tomorrow.¹¹²

2.116 NITVC proposed the allocation of a full seven megahertz channel for the NITV service:

Treating NITV in the same way as other (government funded) broadcasters would see it provided with its own 7MHz digital terrestrial channel. This would provide the capacity for up to 4 SD TV (multi-channelled) services and/or a number of innovative datacast services.¹¹³

108 CBAA, *submission no. 61.1*, pp. 23-24.

109 CBAA, *submission no. 61.1*, p. 25.

110 CBAA, *submission no. 61.1*, p. 24.

111 CBAA, *submission no. 61.1*, p. 24.

112 C31 Melbourne, *transcript of evidence 20 July 2006*, p. 13.

113 NITV, *submission no. 80*, p. 2.

- 2.117 NITVC added that a dedicated NITV channel could also act as a 'channel multiplexer' or host, to provide digital carriage of CTV.

This would allow the community service to continue to be provided with spectrum "free of charge", without the need for them to provide expensive technical infrastructure for digital services. It would also provide capacity for new and innovative service providers who maybe would not wish (or be able) to operate a full multiplex.¹¹⁴

- 2.118 NITVC admitted that a similar result could be obtained by allocating available spectrum to CTV, with an associated requirement to carry NITV:

However this would mean NITV having to make separate arrangements with each capital city community channel. It is also the case that the long term financial and operational capabilities of community broadcasters has been somewhat variable and it would be unsatisfactory for NITV to be placed at risk by issues affecting the viability of each community broadcaster. Additionally, the community broadcasters are not permitted, by their licences, to become national networks and so they would not be in a position to deliver a national infrastructure or service to which NITV could contract.¹¹⁵

- 2.119 DCITA explained its view of NITV:

The government's policy in that regard has been focused on NITV being established as a content aggregator with access initially to the satellite platform that is being provided by Imparja to the Indigenous community television service already, ICTV, which is very much a community based service. The NITV will aggregate programs using the funding which the government has allocated ... to it for provision on that service.¹¹⁶

- 2.120 The DCITA website explained what NITV will do:

Starting transmission in 2007, the new service will produce and commission programming including news, children's programs and drama that reflect Australia's diverse Indigenous communities. NITV will build on the existing

114 NITV, *submission no. 80*, pp. 2-3.

115 NITV, *submission no. 80*, p. 3.

116 DCITA, *transcript of evidence 1 November 2006*, pp. 21-22.

narrowcast service of Imparja's Indigenous Community Television (ICTV) satellite transmission and other Indigenous production capacity nationwide, and will use a variety of other delivery platforms, including the Internet.¹¹⁷

- 2.121 DCITA explained that the government's aim at this stage is to not provide spectrum for NITV:

At the moment the government policy is not focusing on providing access to NITV on terrestrial-delivered spectrum, although in remote areas the ICTV service is, in fact, rebroadcast in some localities by local Indigenous communities ... the NITV will basically be a service, obviously subject to the NITV structure which is set up, to combine new programming presumably with community based programming of the kind which is currently used on ICTV.¹¹⁸

- 2.122 When asked how the majority of Australians could gain access to NITV, DCITA stated:

Initially one option would be to get satellite infrastructure to receive the remote broadcaster service. My understanding is that there have been some discussions between community broadcasters and the NITV committee, or indeed people who have been employed by the NITV committee to research the NITV service, about the provision of programs on community television. I understand that those discussions have been quite positive, but I am not sure that any formal agreement has been reached.¹¹⁹

Committee comment

- 2.123 The Committee acknowledges the CTV sector and NITV's desire for a full seven megahertz channel each.
- 2.124 The Committee considers that the allocation of a full seven megahertz channel each following analogue switch off is unlikely to occur.

117 www.dcita.gov.au/indigenous_programs/funding_programs_and_support/indigenous_broadcasting, accessed 16 January 2007.

118 DCITA, *transcript of evidence 1 November 2006*, p. 22.

119 DCITA, *transcript of evidence 1 November 2006*, p. 22.

- 2.125 However, the Committee recognises the need for certainty in the near future for current and future broadcasters during the simulcast period and beyond.
- 2.126 The Committee has been unable to fully determine why the Australian Government has not been able to deliver on its promise to the CTV sector made in 1998. That promise was for a dedicated standard definition digital channel.
- 2.127 There are two issues the Committee considers are imperative to address. Firstly, there is a need for an interim arrangement to ensure simulcast broadcasts for the CTV sector leading up to analogue switchoff. Secondly, options for CTV digital broadcasts in the long term must be determined.
- 2.128 In the short term the Committee considers that a single standard definition digital channel for CTV simulcast broadcasts is sufficient.
- 2.129 However, in the long term the Committee supports the reservation of sufficient spectrum to enable the growth and development of a truly vibrant and diverse digital CTV sector.
- 2.130 Consequently, the Committee recommends the reservation of the seven megahertz spectrum band known as channel 31 for CTV. A full seven megahertz channel will provide enough spectrum for current broadcasters, new aspirants, the NITV service and other community uses that will develop in the future.
- 2.131 It is not the Committee's intention to prescribe what use the CTV sector makes of this allocation of spectrum. National and commercial broadcasters have been provided with the opportunity to expand programming with the switch to digital. The development of compression technologies offers additional opportunities to expand programming.
- 2.132 It is the Committee's belief that one of the key values of CTV is experimentation, diversification and exploration of broadcasting and programming techniques and services to the community. The Committee recognises that CTV must be given the same opportunities to expand and develop that have been granted to the national and commercial broadcasters.
- 2.133 The Committee is very supportive of the establishment of the NITV service and the production of new and innovative content that reflects the character of Indigenous Australians.

- 2.134 The Committee is aware of the Australian Government's plans for the establishment of the NITV service and is unable to support the allocation of a full seven megahertz channel dedicated to it at this time. However, the Committee sees scope for NITV to be part of the range of CTV programming in the digital future.
- 2.135 The Committee supports the capacity of the NITV service to reach all Australians.
- 2.136 The Committee notes the evidence provided by DCITA that NITV will produce and commission programming for delivery on a variety of platforms. Further, DCITA stated that current Government policy is not focussing on providing dedicated spectrum for NITV. The Committee urges the Australian Government continue its support of NITV and fully support the development of more content and programming.

The need for simulcast

- 2.137 CBAA claimed that if the CTV sector is not transmitting on the digital platform within 12-21 months it will face serious financial hardship which will threaten the viability of its services.¹²⁰
- 2.138 CBAA added that to remain viable, CTV must be permitted to simulcast on analogue and digital until the analogue switch-off date:
- The CBAA cannot state strongly enough how important the ability to simulcast is to community television viability. Given that the sector is only able to generate revenue through the limited avenues of sponsorship and sale-of-airtime, the business model for community television is dependent on being able to reach the entire free-to-air audience.¹²¹
- 2.139 CBAA is concerned that without a simulcast period CTV audiences will be lost due to the increasing uptake of digital television receivers:
- ... community television is rapidly losing access to viewers who make the transition to digital broadcasting ... with 40,000 digital set-top boxes being purchased every month, and sales likely to increase dramatically if incentives or subsidies are introduced, the viability of [revenue streams for

120 CBAA, *submission no. 61.1*, p. 18.

121 CBAA, *submission no. 61.1*, p. 19.

CTV] are being threatened as the size of the potential community television audience decreases.¹²²

2.140 Digital Broadcasting Australia provided the following statistics on digital television uptake in Australia:

As at the end of September 2006 the estimated number of free to view digital television receivers sold to retailers and installers in the Australian market was in excess of 1,998,000 units with a total of 253,000 units sold during the July to September 2006 quarter.

...

Putting these figures together based on the cumulative sales figures reported to September 2006, the estimated home take-up or penetration of free to view digital television has reached a new mark of 1.8 million or around 23% of Australia's 7.6 million homes.¹²³

2.141 CBAA also believes that the loss of potential audience is further compounded by the increasing uptake of subscription television services:

Because pay-TV services do not carry any licensed community television services, those pay-TV subscribers that live in an area serviced by a community television station are also effectively lost to community television's potential audience.¹²⁴

2.142 The combined effect of the increasing uptake of digital and pay-TV services threatens the ongoing viability of CTV services:

This loss of audience hampers the ability of community television stations to generate revenue through sponsorship and sale-of-airtime. Community television services operate on very lean operating budgets, with current levels of sponsorship and sale-of-airtime revenue meeting operating expenditure. Put simply, community television services cannot afford to bear the financial impact of a further erosion of audience. Access to the digital television platform is thus particularly urgent.¹²⁵

122 CBAA, *submission no. 61.1*, p. 18.

123 www.dba.org.au/newsletter/IB-DecJan07-full.asp, accessed 15 January 2007.

124 CBAA, *submission no. 61.1*, p. 18.

125 CBAA, *submission no. 61.1*, p. 18.

2.143 CBAA explained the need for the ability to simulcast:

... these problems will be exacerbated if community television is forced to make a 'direct switch' to digital before the analogue switch-off date. The ability to simulcast in digital and analogue until the analogue switch-off date is critical to the sector's sustainability.¹²⁶

No simulcast period – a direct switch or 'hot swap'

2.144 DCITA discussed the option of a direct switch from analogue to digital, utilising the same channel:

One option would be to convert them in channel, and there are different possibilities about that ... with no simulcast period ... that is what we would colloquially refer to as a hot swap.¹²⁷

2.145 When asked at what stage a hot swap would occur, DCITA stated:

That would involve reaching a decision about a point at which that happens in terms of the numbers of people ... obviously there would be a timing issue that would have to be managed.¹²⁸

2.146 Broadcast Australia also suggested, as a possibility for conversion to digital, a direct conversion of analogue to digital services without the benefit of a simulcast period:

Under this option, community TV would effectively be cut-over from analogue to digital, with the new digital community television service using part of the channel 31 spectrum.¹²⁹

2.147 Broadcast Australia added that this would be done at an appropriate point in the overall digital television uptake cycle, for example, 50 per cent consumer uptake in the relevant market.¹³⁰

2.148 Open Spectrum Australia commented on the possibility of switching from analogue to digital, noting however that audiences would be lost:

126 CBAA, *submission no. 61.1*, p. 18.

127 DCITA, *transcript of evidence 13 September 2006*, p. 5.

128 DCITA, *transcript of evidence 13 September 2006*, p. 6.

129 Broadcast Australia, *submission no. 59*, p. 2.

130 Broadcast Australia, *submission no. 59*, p. 2.

The only other possible arrangement would be a direct switch-over at some point during the transition phase, and the most obvious time for that to happen would be when the digital market gets to 50 per cent. So when we are at 50 per cent, you turn off Channel 31 analog and you switch on Channel 31 digital. They have still lost half their audience. They cannot economically function that way. There is no viability in them having half the current audience.¹³¹

2.149 C31 Melbourne stated that a direct switch would see its audience lost:

Another recommendation is that, at analog switch-off, there is no direct switch – that is, it is not a case of analog off and digital on at the same time. We must be able to simulcast. If there is a direct switch, we will lose our audience and we will not gain a new one. It took 12 years to get where we are now in Melbourne. We do not want to have to sit there for another 12 years to get an audience back. You cannot say that, because they can receive digital, they will turn on Channel 31.¹³²

2.150 The CBAA summarised its views on a direct switch to digital:

Any ‘direct switch’ to digital which removes access from those consumers who are still using analogue will once again place the community television sector in a marginal and disadvantaged position and impact on its sustainability.¹³³

Committee comment

2.151 The Committee is of the opinion that a hot swap, or direct switch from analogue to digital, would substantially disadvantage CTV and should not be considered as an option for conversion to digital broadcasting. The absence of a simulcast period would see a considerable loss of audience and revenue stream for CTV broadcasters.

2.152 The Committee concludes that, as part of any plan for CTV conversion to digital, there must be a simulcast period.

131 Open Spectrum Australia, *transcript of evidence 9 August 2006*, p. 15.

132 C31 Melbourne, *transcript of evidence 20 July 2006*, p. 5.

133 CBAA, *submission no. 61.1*, p. 19.

Simulcast and future carriage options for CTV

- 2.153 This section examines the various options for CTV to be simulcast prior to analogue switch-off. These options for simulcast require carriage of digital transmission of CTV by some other provider.
- 2.154 CBAA discussed conditions of a carriage agreement:

The obligation would determine the applicable minimum technical and operational parameters that characterise a digital community television service. Under any carriage scenario there would also need to be clear demarcations that separate carriage from editorial responsibility or control of community television program content.¹³⁴

Simulcast arrangements with a national broadcaster

- 2.155 The option exists for CTV to be carried temporarily by either SBS or the ABC.
- 2.156 When asked about the possibility of such an arrangement, DCITA explained:

That would be another matter which the government could throw into the mix. The issue there would be the impact on the ABC and SBS in terms of their own services. They, like every other broadcaster, have to provide a standard definition or version of their analog service and a high-definition channel, and if they do that they will have some capacity left over to provide other services. ABC already provides ABC2; SBS provides a second channel and a program guide. If you were to require them to carry community television, that would limit their capacity to do other things on that spectrum, but that is a matter the government would need to consider and to negotiate ...¹³⁵

- 2.157 Bushvision suggested that the Australian Government could legislate for one of the national broadcasters, for example, SBS, to carry CTV:

... all the community broadcasters [could be carried] on one of their channels for free and for SBS to be compensated ... to

134 CBAA, *submission no. 61.1*, p. 19.

135 DCITA, *transcript of evidence 1 November 2006*, p. 18.

cover the broadcasting costs and any loss of revenue SBS could have from such an arrangement.¹³⁶

- 2.158 CBAA stated that CTV's preferred short-term solution is for a 'must carry' requirement to be placed on an existing digital carrier:

The obligation should be to carry a CTV service on at least one existing digital transmission facility operating in each metropolitan and regional television market.¹³⁷

- 2.159 CBAA explained that this proposal would require legislative amendment with the obligation being imposed as a special licence condition by the ACMA or, in the case of the national broadcasters, in the relevant Acts.¹³⁸

- 2.160 CBAA also discussed the benefits of a carriage agreement with one of the national broadcasters:

Carriage by either national broadcaster would mean community television would potentially be available to all Australians, including in rural and regional television markets. There would be no scramble for available spectrum in each market and the means for national and state based distribution of CTV program content would be intrinsic.¹³⁹

- 2.161 CBAA added:

... there are concerns that any move which ties community television's digital future with a new licensee may frustrate the rollout of digital community television in rural and regional areas. For this reason, carriage on an existing digital carrier remains the sector's preferred short-term option for digital transmission.¹⁴⁰

- 2.162 Open Spectrum Australia supported CBAA's suggestion for CTV to be carried in the short term by a national broadcaster:

We think that community TV should be carried by SBS in the short term, until [analogue] switch-off, not a datacaster. If it is carried on SBS, then we will have the ability to have

136 Bushvision, *submission no. 4*, p. 3.

137 CBAA, *submission no. 61.1*, p. 19.

138 CBAA, *submission no. 61.1*, p. 19.

139 CBAA, *submission no. 61.1*, p. 20.

140 CBAA, *submission no. 61.1*, pp. 20-21.

community TV services for the first time in regional Australia.¹⁴¹

Committee comment

- 2.163 The Committee recognises that the national broadcasters have already developed their own additional content and multichannelling capabilities, and any simulcast obligations would see the temporary suspension of those additional services.
- 2.164 Imposing a CTV simulcast requirement on either national broadcaster is not considered a viable option.

Simulcast arrangements with a subscription television provider

- 2.165 The possibility exists for CTV to be carried temporarily by a subscription television provider such as Foxtel.
- 2.166 ACCESS 31 Perth provided its view on carriage of CTV on a subscription platform:
- ... the take-up of Foxtel Pay TV subscriptions which is already approximately 25% of Australian households is accelerating. Some free to air services such as ABC and SBS are already available through Pay TV and it is only a matter of time before the commercial TV services are also on board. However, there is currently no plan in place to carry any real community TV services on Pay television, despite the existence of must carry community services on Pay TV in places such as the United States.¹⁴²
- 2.167 However, carriage of CTV by a subscription television provider may not be feasible according to C31 Melbourne:

Community television is not carried by cable in any form and the cable stations have asked for something equivalent to our annual turnover to carry our signal on Foxtel ... If Foxtel insists on a very high commercial price for access for a community broadcaster ... then it is difficult to see a resolution.¹⁴³

141 Open Spectrum Australia, *transcript of evidence 9 August 2006*, p. 3.

142 ACCESS 31 Perth, *submission no. 35*, p. 10.

143 C31 Melbourne, *transcript of evidence 20 July 2006*, p. 7.

- 2.168 To confuse matters, Foxtel runs its own CTV service. ACCESS 31 Perth commented on this service.

Aurora is a Foxtel Pay TV channel which calls itself 'Community Television'. Aurora has no Community TV licence. By definition, Community TV services must be local and free to air. Aurora is neither, so it is not legally a community broadcaster as it does not satisfy the criteria. This is not only misleading but undermines the Community TV licensing process that applies to Community TV. Furthermore, the public becomes confused and misled by Aurora calling itself a Community TV station, which it is not. An investigation by the appropriate authority to determine whether Aurora is a Community TV station should be undertaken and if it is not, then the regulatory authority should act accordingly.¹⁴⁴

- 2.169 C31 Melbourne also commented on Foxtel's so-called CTV channel:

When you have Foxtel coming out and calling their station a community television station, we have a problem. We are likely to get lost in a branding war unless something is done about that. There is an act that describes what community television is. I think it is just important that government recognises that community television is not just about making the claim that you are community television. It should be seen to be that which is legislated as community television.¹⁴⁵

- 2.170 C31 Melbourne also discussed negotiations with Foxtel regarding retransmission, and Foxtel's own CTV service:

We spoke to them on many occasions. They proffered some interest at certain times and they also promised us – in meetings, not on paper – that once they went digital there would be lots of channels and said, 'Greg, don't worry. We'll give you space.' Come digital, they said, 'No, it's all too hard and, by the way, we've started up our own community TV channel,' which was to our dismay because there was no consultation. There was no communication with us, the CBAA or our stations. That is their current position: they have a community station. We have said to them, 'Where is the content coming from for your community station?' The

144 ACCESS 31 Perth, *submission no. 35*, pp. 12-13.

145 C31 Melbourne, *transcript of evidence 20 July 2006*, p. 14.

CEO at the time said, 'From you, Greg. You'll be supplying the content.' I said, 'Hang on. How's this going to work?' So it has not gone swimmingly with Foxtel, to be completely honest.¹⁴⁶

- 2.171 ACMA stated that any potential arrangements between CTV and subscription television providers would be commercial:

Foxtel ... gave undertakings to the ACCC that it would make some channel capacity available for community services. My understanding is that it has made that channel capacity available to other community services, not the free-to-air incumbents in those metro areas. I understand that Foxtel's position is that it would discuss access to its channels at a market price.¹⁴⁷

- 2.172 DCITA discussed the option of NITV being carried by a subscription television provider:

The other option which has been looked at is whether or not this can be made available on Foxtel. I believe that, again, that will obviously have to be a commercial decision which the NITV organisation would have to pay for. Again, my understanding is that those discussions have been reasonably positive.¹⁴⁸

Committee comment

- 2.173 The Committee recognises the difficulties the CTV sector faces in negotiating any carriage agreements with subscription television providers.
- 2.174 The Committee also recognises the confusion regarding the use of the term 'community television' and recognises it would be beneficial to the sector for the Australian Government to investigate and clarify the right to use the term.
- 2.175 The Committee acknowledges that any carriage agreement with a subscription television provider would be on a commercial basis. This is not a feasible option for CTV and it would not be appropriate for the Australian Government to attempt to impose a must carry requirement on an already established commercial operation.

146 C31 Melbourne, *transcript of evidence 20 July 2006*, p. 7.

147 ACMA, *transcript of evidence 29 November 2006*, p. 6.

148 DCITA, *transcript of evidence 1 November 2006*, p. 22.

Carriage on a previously unused or reserved digital channels

2.176 There are currently two unused digital channels, known as Licence A and Licence B.

2.177 A further option for carriage or simulcast is a must carry obligation on one of these channels. This would lead to a number of further options as to who would bear the must carry obligation, both before and after the sale of the licences.

2.178 In late 2006, the Australian Government announced that the two unallocated or reserved digital channels would be allocated for new digital services. This was followed by legislation changes on 18 October 2006 to enable the allocation of the two channels.¹⁴⁹

2.179 The purpose of these changes is for the licensing of the channels to:

... provide a range of services, including datacasting and narrowcasting, and in the case of one licence, services such as mobile TV.¹⁵⁰

2.180 The Government's Digital Action Plan outlined two additional television channels for new digital services:

- A free-to-air digital only service which will be able to be received on your ordinary home television. This service would be likely to have the capacity to broadcast up to eight new channels providing datacasting and narrowcasting services to your television set (known as Channel A); and
- A service which could include the delivery of television content over a hand held mobile television device much like a mobile phone. A service devoted to mobile content could carry as many as 30 new channel streams of mobile television (known as Channel B).¹⁵¹

2.181 ACMA stated:

With the existing rules in television channels in Sydney, the only currently vacant digital television channels that they could simulcast on are the channels that will become licence A and licence B. The only other option we are aware of for high-power transmission on the broadcasting bands is Channel 31 itself. So there is not another channel in Sydney,

149 DCITA, *submission no. 75.1*, p. 3.

150 DCITA, *submission no. 75.1*, p. 3.

151 www.dcita.gov.au/__data/assets/pdf_file/53496/Digital_Action_Plan_web.pdf, accessed 9 January 2007.

Melbourne or in Brisbane that we are aware of that could be used.¹⁵²

- 2.182 In December 2006 ACMA released a consultation paper seeking comments on the allocation and licence parameters for two licences for new digital television services.¹⁵³
- 2.183 ACMA stated that the two new national channels will most likely be made available on an auction basis. ACMA is aiming to undertake the price-based allocation process for Channel A in the third quarter of 2007.¹⁵⁴
- 2.184 ACMA also stated that:
- Channel A will be used for free-to-air datacasting, narrowcasting and community television that can be received on a standard digital television receiver. Channel B can be used for a wider range of services including mobile television.¹⁵⁵
- 2.185 When asked which licence would be suitable for a CTV simulcast arrangement, ACMA stated:
- It could be licence B if that was acquired for fixed services but it would certainly be licence A because we know that is mandated for fixed purposes.¹⁵⁶
- 2.186 ACMA explained that the Australian Government is looking to the community sector to negotiate deals with the purchasers of the licences.¹⁵⁷

Must-carry obligation on a reserved channel licensee

- 2.187 The possibility exists for the Australian Government to place an obligation on a reserved channel licensee to carry CTV services on a single Standard Definition channel.

152 ACMA, *transcript of evidence 29 November 2006*, p. 6.

153 www.acma.gov.au/ACMAINTER.1507598:STANDARD::pc=PC_100984, accessed 19 January 2006.

154 www.acma.gov.au/ACMAINTER.1507598:STANDARD::pc=PC_100984, accessed 19 January 2006.

155 www.acma.gov.au/ACMAINTER.1507598:STANDARD::pc=PC_100984, accessed 19 January 2006.

156 ACMA, *transcript of evidence 29 November 2006*, p. 5.

157 ACMA, *transcript of evidence 29 November 2006*, p. 5.

- 2.188 In the first instance, it is possible that a reserved channel licensee could carry CTV for the long term.
- 2.189 CBAA noted that the government may:
- ... elect to impose a carriage obligation on a new licensee of a reserved channel, provided that that content will be delivered to consumers using commonly available digital television reception equipment.¹⁵⁸
- 2.190 DCITA admitted that conditions for sale of Channel A have not been determined.
- What the government has decided is that the channels will be allocated, but one of the things that can be done on channel A is that it can be used to carry community television services. It is one of the licensed categories, if you like, that can be provided on channel A. What the government has not done in the context of the policy framework for those channels to date is say that the person who obtains that channel must carry community television or, equally, the government has not made any decisions to allocate funding to community television, so they could buy access to that.¹⁵⁹
- 2.191 DCITA stated that it would be possible to impose a 'must carry' licence condition on a new licensee:
- You could require that ACMA sell channel A with a condition that it give a certain amount of capacity to community television.¹⁶⁰
- 2.192 Broadcast Australia noted that:
- Any such 'must carry' arrangements would need to be on normal commercial terms to ensure that the channel remains attractive to prospective spectrum owners.¹⁶¹
- 2.193 CBAA expressed concerns over any 'must carry' obligation:
- ... it should be noted that there are real concerns from community television operators about the length of time before a new service would likely be operating in each market. Given the urgency of the need for community

158 CBAA, *submission no. 61.1*, p. 20.

159 DCITA, *transcript of evidence 1 November 2006*, pp. 16-17.

160 DCITA, *transcript of evidence 13 September 2006*, p. 6.

161 Broadcast Australia, *submission no. 59*, p. 2.

television to receive carriage, the longer a service takes to become operational and carry community television, the greater the viewer drop-off on analogue.¹⁶²

Carriage of CTV on Channel 31

2.194 The Australian Government suggested that it will consider converting channel 31 to digital, and imposing a must carry obligation on that licence, if a carriage arrangement cannot be made with a reserved channel licensee.

2.195 The Government's Digital Action Plan states:

... should no opportunity for a simulcast arrangement materialise, prior to digital switchover, the Government will consider the allocation of the Channel 31 analogue channel, for digital services. Any such allocation would be made with a 'must carry' requirement including as a condition of the allocation, digital community television services must be carried on that spectrum. Analogue community television services would then cease and community television broadcasters would operate in digital mode.¹⁶³

Committee comment

2.196 The Committee is of the opinion that a single standard definition channel carried by a reserved channel licensee is the most appropriate option for the simulcast carriage of digital CTV.

2.197 The Australian Government's Digital Action Plan suggests that, for the long term, an arrangement for carriage should be negotiated between the CTV sector and the purchaser of the reserved licence. The Committee suggests that a commercial arrangement is implied, and strongly opposes this option as it considers it detrimental to the future of CTV.

2.198 The Committee recommends that the Australian Government sell the unreserved channel known as Licence A, with an obligation to be placed on the new licensee to carry CTV during the simulcast period.

2.199 Carriage would be at no cost to the CTV sector, during the simulcast period.

162 CBA, *submission no. 61.1*, p. 20.

163 www.dcita.gov.au/__data/assets/pdf_file/53496/Digital_Action_Plan_web.pdf, accessed 8 January 2007.

- 2.200 The Committee understands the urgent need for a simulcast arrangement and that any significant delays will lead to loss of audience and revenue for the sector. The Committee therefore recommends that the terms of sale for Licence A should include the requirement to carry CTV by 1 January 2008 otherwise penalties on the new licensee will apply.
- 2.201 The Committee is concerned that the CTV sector will suffer even further if Licence A does not sell. The committee therefore recommends that, if Licence A does not sell with a 'must carry' obligation before the end of 2007, the Australian Government temporarily allocate sufficient spectrum from Licence A to a national broadcaster in order for it to carry CTV during the simulcast period.
- 2.202 The Committee makes the following two recommendations to ensure simulcast arrangements for CTV.

Recommendation 1

The Committee recommends that the Australian Government sell the unreserved channel known as Licence A, with an obligation to be placed on the new licensee to carry community television during the simulcast period.

Additionally, the Committee recommends that:

- carriage would be at no cost to the community television sector, during the simulcast period;
- the terms of sale for Licence A will include the condition to simulcast community television by 1 January 2008, otherwise penalties on the new licensee will apply; and
- such penalties must be sufficient to ensure that community television is carried by 1 January 2008.

Recommendation 2

The Committee recommends that, if Licence A does not sell before the end of 2007 with a 'must carry' community television obligation, the Australian Government:

- temporarily allocate sufficient spectrum from Licence A to a national broadcaster in order for it to carry community television during the simulcast period; and
- allocate sufficient funding for that national broadcaster to cover the costs of digital community television transmission during the simulcast period.

2.203 Following the conclusion of the simulcast period and the cessation of analogue transmission of CTV, Channel 31 would be converted to digital and permanently allocated to the CTV sector.

Recommendation 3

The Committee recommends that the Australian Government, at analogue switch-off:

- convert the spectrum band known as Channel 31 to digital; and
- permanently allocate it to current and future community broadcasters.

Cost

- 2.204 This section discusses the estimated costing and available funding options for the CTV sector to convert to digital.

The need for assistance

- 2.205 CBAA outlined its position concerning funding for digital conversion:

Recognising the vulnerability of the community television sector and the considerable challenges it faces in funding its own migration to digital, external funding should be provided to meet the digital transmission and distribution costs of the five metropolitan and two regional community television broadcasters over eight years.¹⁶⁴

- 2.206 CBAA also discussed the Government's acknowledgement that the CTV sector will require financial support in order to meet the greater costs inherent in digital broadcasting:

In 1998, the Government said that it 'recognise[d] the vulnerability of the community television sector and the considerable challenges in funding its own migration to digital transmission' ...¹⁶⁵

- 2.207 CBAA explained that the Government also undertook to consider:

'in light of other fiscal priorities, whether revenue obtained from allocation of the spectrum for commercial datacasting would enable the Government to assist community TV broadcasters in meeting the upfront costs of digital conversion'.¹⁶⁶

- 2.208 C31 Melbourne discussed the financial burden of converting to digital:

As the additional costs of simulcasting would be significant, government assistance would be required to meet the distribution and transmission costs of digital broadcasting during the simulcast period.¹⁶⁷

164 CBAA, *submission no. 61.1*, p. 16.

165 CBAA, *submission no. 61.1*, p. 21.

166 CBAA, *submission no. 61.1*, p. 21.

167 C31 Melbourne, *submission no. 102*, p. 13.

- 2.209 ACCESS 31 Perth agreed that conversion to digital is financially onerous:

As non profit organisations with heavy restrictions on their commercial activities, community services already find financial survival to be a challenge ... funding the cost of digital conversion as well as operating a second transmission system is beyond the fiscal capacity of any of Australia's community telecasters.¹⁶⁸

- 2.210 ACCESS 31 Perth suggested that the Australian Government should pay for the conversion to digital:

The introduction of digital broadcasting itself is a Federal Government decision which implies a multitude of additional expenses for community telecasters. Therefore, the onus should be on the Federal Government to offset all incidental costs related to digital conversion and digital/analogue simulcasting.¹⁶⁹

- 2.211 Open Spectrum Australia discussed the financial difficulty that stations would face in simulcasting:

... there would be costs also at the level of the station itself, although, as Melbourne has already demonstrated, those costs are completely achievable. The stations claim that they could run a digital station or an analog station but would struggle to run both at the same time in a simulcast arrangement.¹⁷⁰

How the conversion could be funded

- 2.212 CBAA explained that the costs of digital transmission and distribution could be met in one of the following ways:

- public funding through the Department of Communications, Information Technology and the Arts, potentially using revenue obtained from allocation of the reserved channels;
- a form of tradeable obligation in which the costs of carriage of community television are subsidised by the other carriers; or

168 ACCESS 31 Perth, *submission no. 35*, p. 11.

169 ACCESS 31 Perth, *submission no. 35*, p. 11.

170 Open Spectrum Australia, *transcript of evidence 9 August 2006*, p. 12.

- in the case of carriage on a datacaster or reserved channel licensee, the costs of transmission and distribution could be absorbed by the licensee and offset against the quantum of the licence fee.¹⁷¹

2.213 Each of these options is discussed further below.

2.214 CBAA stated that CTV licensees would still be expected to meet the costs of analogue transmission during any simulcast period.¹⁷²

Public funding

2.215 CBAA suggested that public funding could be provided to meet the costs of digital transmission for community broadcasters:

The commitment of public funds is reasonable given the public value CTV services provide to the community; and the fact that community television does not receive, and has never received, regular federal government funding.¹⁷³

2.216 CBAA added that digital transmission costs are not extravagant, compared to the level of financial support provided to the national and commercial television broadcasters in converting to digital.¹⁷⁴

2.217 CBAA also stated that the indirect value of the Government lending each commercial and national broadcaster a full seven megahertz of digital spectrum free of charge should be considered.¹⁷⁵

Assistance received by commercial and national broadcasters

2.218 CBAA outlined the Australian Government's commitment to converting ABC and SBS to digital:

... in 1998, the ABC received an additional \$20.8 million over five years and SBS an additional \$17.7 million over five years to assist in the upgrade of their equipment and facilities from analogue to digital. In 2000, the ABC received a further \$36.8 million over three years and SBS a further \$29.4 million over four years for the second phase of capital equipment funding for digital. The Government also committed to fund the distribution of their digital television programs to

171 CBAA, *submission no. 61.1*, pp. 16-17.

172 CBAA, *submission no. 61.1*, p. 19.

173 CBAA, *submission no. 61.1*, p. 21.

174 CBAA, *submission no. 61.1*, p. 21.

175 CBAA, *submission no. 61.1*, p. 21.

transmission sites, and to broadcast their digital television programs to viewers.¹⁷⁶

2.219 CBAA also outlined the Australian Government's commitment to the roll out of digital television to regional Australia:

... in 2000, the Government committed \$260 million over 13 years to the Regional Equalisation Plan (REP), which represented 50 per cent of the estimated costs of digital conversion for regional commercial broadcasters. As a rationale for providing this support, the Government acknowledged that 'regional broadcasters do not earn as much money as metropolitan broadcasters, so paying for digital television is harder'.¹⁷⁷

2.220 CBAA argued that:

... the same rationale should apply to community broadcasters, recognising that their income is quite low in comparison to other broadcasters and that this impedes their ability to meet the costs of digital transmission.¹⁷⁸

Tradeable obligation

2.221 CBAA suggested that a form of tradeable obligation could be developed through which the commercial and national broadcasters subsidise the costs of the carriage arrangement:

Under this model, the carriage obligation is theoretically imposed on all digital carriers. The digital carrier then enters into commercial arrangements for another digital carrier to carry the community television service.¹⁷⁹

2.222 This model was first proposed in the DCITA Review into Digital Transmission of Community Television:

... as a means of placing the cost of CTV carriage on the television industry, but spreading that cost.¹⁸⁰

176 CBAA, *submission no. 61.1*, p. 22.

177 CBAA, *submission no. 61.1*, p. 22.

178 CBAA, *submission no. 61.1*, p. 22.

179 CBAA, *submission no. 61.1*, p. 22.

180 www.dcita.gov.au/media_broadcasting/television/community_television/the_future_of_community_television, accessed 8 January 2007.

2.223 CBAA added that:

Other stakeholders proposed a levy on the commercial television industry to fund CTV digital conversion costs.¹⁸¹

Costs absorbed by reserved channel licensee

2.224 CBAA suggested that if a carriage obligation was imposed upon a reserved channel licensee, the costs of digital transmission and distribution could be met by the licensee. The projected financial impact of this transmission would, through market forces, be deducted from the value of the licence fee.¹⁸²

2.225 This funding model was acknowledged by DCITA in its 2002 review which stated:

Any must carry obligation imposed on digital providers, other than current free- to-air broadcasters, would effectively be paid for by the Commonwealth, as the cost of the obligation would be reflected in reduced bids for the relevant spectrum.¹⁸³

Cost estimates

2.226 CBAA explained that it had provided indicative capital and operational costs for carriage of CTV in its submission to DCITA's recent simulcast period review.¹⁸⁴

2.227 CBAA's technical consultant estimated a series of indicative costings for carriage of the five existing metropolitan stations by a digital carrier over eight years. The submission to the DCITA simulcast review explains the methodology used and key assumptions made. The costings did not account for the costs of carriage for existing CTV in Lismore and Mount Gambier, which will need to be separately costed depending on the transmission facility which ultimately carries them.¹⁸⁵

181 CBAA, *submission no. 61.1*, p. 22.

182 CBAA, *submission no. 61.1*, p. 22.

183 www.dcita.gov.au/media_broadcasting/television/community_television/the_future_of_community_television, accessed 8 January 2007.

184 CBAA, *submission no. 61.1*, p. 16.

185 CBAA, second submission to DCITA review: *'Driving Digital': A review of the duration of the analogue/digital television simulcast period*, December 2005, p. 15.

- 2.228 CBAA stated that costs were estimated for two carriage options. The first option is allocation of one of the reserved digital television channels with a must carry CTV obligation. The second option is application of a must carry obligation on existing digital television infrastructure, e.g. an existing commercial or national broadcaster.
- 2.229 The indicative aggregate costs over eight years for the five metropolitan services are given in Table 2.1 below.

Table 2.1 Indicative capital and operational costs for CTV carriage.

	8 year total (\$000)	Capital (\$000)	Operating annual (\$000)	Operating 8 year total (\$000)
Reserved channel cost	20 023	5 650	1 797	14 373
Existing broadcaster cost	26 887	7 570	2 415	19 317

Source CBAA, second submission to DCITA review: 'Driving Digital': A review of the duration of the analogue/digital television simulcast period, December 2005, p. 4.

- 2.230 ACCESS 31 Perth commented on the level of funding required for the conversion to digital:

Such an investment is very modest when compared to similar initiatives by national broadcasters. It is also much smaller than the value of the free training and hands-on experience community TV provides to the broadcasting industry as a whole.¹⁸⁶

- 2.231 ACCESS 31 Perth provided a cost estimate for conversion of its service:

The estimated one-off cost of digital conversion for ACCESS 31 would be approximately \$3.8 million. This capital expense would cover the transmitter, link, studio and distribution costs. A further (estimated) \$360,000 per annum for at least the digital/analogue simulcasting period would also be necessary. This annual budget would meet the additional ongoing costs of digital operation including leasing the transmitter site, maintenance, electrical as well as other related expenses.¹⁸⁷

186 ACCESS 31 Perth, submission no. 35, p. 11.

187 ACCESS 31 Perth, submission no. 35, p. 11.

- 2.232 ACCESS 31 Perth suggested that their estimated costs were very small compared to the level of support given to the national broadcasters and regional commercial networks:

In 2000, Government committed \$260 million over 13 years to regional commercial television with SBS and ABC allocated over \$100 million for digital equipment and facilities. In comparison, ACCESS 31's digital funding requirements are substantially less than the other free to airs.¹⁸⁸

- 2.233 Open Spectrum Australia briefly discussed the cost of digital transmission:

There would be a substantial transmission cost, which I am not sure has been completely costed if it was for a community multiplex. If it was for carriage on someone else's multiplex, it might be in the order of \$5 million over five years ...¹⁸⁹

Committee comment

- 2.234 Information provided to the inquiry indicates that the CTV sector can meet its costs for distribution and transmission, both currently on analogue and in the future on digital. However, stations will face great difficulty in meeting the cost of distribution and transmission on both.
- 2.235 The Committee agrees that the estimated costs for conversion of CTV to digital are comparatively small compared to the substantial financial support given to the national broadcasters and regional commercial networks, and the support given to the metropolitan commercial broadcasters through the loan of spectrum.
- 2.236 The Committee is confident that the estimates put forward by CBAA are accurate. The Committee recognises that the CBAA's cost estimates were for an eight year period. Given that analogue switch-off is scheduled for 2010-2012, there would be a maximum of five years funding required for simulcasting.
- 2.237 The Committee is aware that the cost estimate provided by ACCESS 31 Perth appears very high, compared to the total for five stations provided by CBAA. The Committee understands that this estimate may be for a complete upgrade of its facilities to digital as well as digital distribution and transmission costs.
-

188 ACCESS 31 Perth, *submission no. 35*, p. 11.

189 Open Spectrum Australia, *transcript of evidence 9 August 2006*, p. 12.

- 2.238 The Committee notes the importance of a simulcast period commencing as soon as possible to limit further CTV audience loss.
- 2.239 The Committee is of the opinion that the Australian Government should fund the conversion of CTV to digital, including financially supporting the operation of a digital service during a simulcast period.
- 2.240 The Committee recommends that the Australian Government provide \$6 million (based on CBAA's cost estimate) for conversion to digital equipment and facilities. The Committee suggests that this funding be allocated to the sector once simulcast and long term arrangements have been made.
- 2.241 The Committee recommends that the Australian Government provide funding of \$1.7 million per year (based on CBAA's cost estimate) to the CTV sector for each year of simulcast.

Recommendation 4

The Committee recommends that the Australian Government provide funding of \$6 million to the community television sector for the conversion of broadcast equipment to digital, and recommends that this funding be made available immediately after a simulcast arrangement has been made.

Recommendation 5

The Committee recommends that the Australian Government provide funding of \$1.7 million per year to the community television sector for each year of simulcast.

Hon Jackie Kelly MP

Committee Chair

12 February 2007

