

**Senate Standing Committee on Environment, Communications and the Arts**  
**Answers to Senate Estimates Questions on Notice**  
**Budget Estimates Hearings May 2010**  
**Broadband, Communications and the Digital Economy Portfolio**  
**Department of Broadband, Communications and the Digital Economy**

**Question No: 95**

**Program No. 1.3**

**Hansard Ref: ECA10**

**Topic: Direct to Home Satellite reception Facilities**

**Senator Cormann asked:**

Who funds the installation of the direct-to-home satellite reception facilities?

**Answer:**

The provision of reception facilities, that is the set-top box receiver, satellite dish and cabling is generally the responsibility of the viewer.

Under the Satellite Subsidy Scheme the Government will subsidise the cost of installing the satellite equipment where viewers in areas currently served by self help facilities not converted to digital move to the satellite service.

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**Question No: 96**

**Program No. 1.3**

**Hansard Ref: ECA97**

**Topic: Viewer Access Satellite Television Service (VAST)**

**Senator Fisher asked:**

How many organisations put in a bid?

What is the cost to the government and/or the VAST joint venture partners for the delivery of the Eastern VAST services on the Optus satellite platform?

**Answer:**

A bidding process was not undertaken. The organisations involved in providing the service are the current remote area broadcasters.

The Remote Central and Eastern remote area broadcasters are Imparja and Southern Cross Media. They have entered into a contract with the Commonwealth (via a joint venture company) to provide the Eastern VAST service. The Government has provided \$82.815 million<sup>1</sup> over 10 years and 3 months for them to do so.

The remote area broadcasters for Western Australia are Prime and WIN WA. They are currently in negotiations with the Commonwealth to provide a service for the Western Australia licence area.

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<sup>1</sup> Reported on the DBCDE website, current at 21 June 2010 (includes GST).

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**Question No: 97**

**Program No. 1.3**

**Hansard Ref: ECA 98**

**Topic: Electorate of Paterson**

**Senator Fisher asked:**

In the electorate of Paterson are any viewers able to access a subsidy of greater than \$400?

**Answer:**

No.

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**Question No: 98**

**Program No. 1.3**

**Hansard Ref: ECA 106**

**Topic: Household Assistance Budget**

**Senator Cormann asked:**

To what tune is household assistance on the way up in the out years? Can you provide those figures?

**Answer:**

A household may be eligible for the Household Assistance Scheme (the Scheme) where they own a functioning TV, do not already have access to digital TV and at least one resident is receiving a maximum rate:

- Age Pension;
- Disability Support Pension;
- Carer Payment;
- Department of Veterans' Affairs service pension; or
- Department of Veterans' Affairs income support supplement.

The Scheme is being delivered on a region-by-region basis with assistance commencing approximately six months prior to the switchover date in each region and concluding approximately one month after analog switch-off occurs.

Currently, Australia wide there are approximately 1.8 million maximum rate Centrelink and Department of Veterans' Affairs households who may be eligible for assistance under the Scheme.

There are approximately 7200 eligible households in the Mildura TV licence area. As of 5 July 2010, approximately 2600 households had received assistance under the Scheme. As of 25 February 2010, there were approximately another 270,000 potentially eligible households in the regional South Australia, regional Victoria and regional Queensland TV licence areas. The table attached outlines the number of potentially eligible households per switchover region.

As customer's circumstances change, the exact numbers of potentially eligible households in each switchover region affect the number of households available. The exact number of potentially eligible households for particular regions are not known until immediately prior to the mail out of the invitation letters.

<b>Broadcast Licence Area</b>	<b>Total Estimated Eligible Households</b>
<b>Mildura Sunraysia</b>	<b>7160</b>
Broken Hill	3507
Riverland	4516
Mt Gambier / South East South Australia	6050
Spencer Gulf	15314
<b><i>Regional South Australia Total</i></b>	<b><i>29387</i></b>
Gippsland	22269
North Central Victoria	36080
South West Victoria	32038
Goulburn Valley / Upper Murray	30047
<b><i>Regional Victoria Total</i></b>	<b><i>120434</i></b>
Wide Bay	31784
Capricornia	15540
Queensland Central Coast & Whitsundays	8783
Darling Downs	30769
North Queensland	16225
Far North Queensland	16972
<b><i>Regional Queensland Total</i></b>	<b><i>120071</i></b>

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**Question No: 99**

**Program No. 1.3**

**Hansard Ref: ECA 107**

**Topic: Funding for Digital Switchover – Household Assistance**

**Senator Minchin asked:**

Have you put anything in the contingency reserve for this program? If you have a commitment, presumably there is provision in the budget?

**Answer:**

As part of the 2009-10 Budget, the Government announced \$69.3 million in funding to rollout the Household Assistance Scheme to households in regional South Australia, Broken Hill, Victoria and Queensland TV licence areas. This funding was in addition to the \$3 million announced on 29 January 2009 as part of a suite of measures designed to complete the switchover to digital TV in the Mildura/Sunraysia pilot region.

Lessons learnt from the rollout of the Household Assistance Scheme in the first switchover regions will inform the broader approach taken for the rest of Australia. Funding for the remaining switchover regions will be subject to further consideration.

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**Question No: 100**

**Program No. 1.3**

**Hansard Ref: ECA 109**

**Topic: Impact of structural changes in the sector – TV licence fee rebate**

**Senator Cormann asked:**

What data on your structural challenges in terms of future profitability have you actually relied on? When you say that clearly there is going to be an upswing because that is cyclical, but long term we are still going to have a problem, you must have some data to base that sort of assertion on.

**Answer:**

Australia's commercial free-to-air television industry faces structural challenges common to many other comparable countries. It is widely recognised by analysts, researchers and industry participants around the world that technological and economic shifts taking place in media markets are impacting upon the business models of traditional broadcasting platforms, including free-to-air television.

PricewaterhouseCoopers noted in its 2009 report *Outlook – Australian Entertainment and Media 2009-2013* that growth rates for traditional media and entertainment channels, including free-to-air television, will remain stagnant or retract between 2009 and 2013. It forecast that over the five years to 2013, the free-to-air television market in Australia will experience a compound annual growth rate in advertising revenues of *negative* 0.7 percent.

The Organisation for Economic Cooperation and Development's *Communications Outlook 2009* notes that television revenues are increasingly coming from subscription fees and less from advertising. It further states that the business models for television are changing with operators looking for sources of new revenue as viewership declines.

In February 2010, independent communications analyst and consultant Mr Paul Budde predicted in the report *Australia – Free-to-air TV – Market Overview and Statistics* that free-to-air television networks should expect intense competition for viewers and advertising in 2010 and beyond. Mr Budde has suggested that this competition will impact on broadcasters' cost margins as they will be forced to put more money into programming and marketing.

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**Question No: 101**

**Program No. 1.3**

**Hansard Ref: ECA 110**

**Topic: Impact of the structural change in the sector – TV licence fee rebate**

**Senator Cormann asked:**

Could you assure us that you have actually assessed the profitability of the sector as part of your decision making around offering a 33 per cent rebate in year 1, funded by the taxpayer, and a rebate of 50 per cent in year 2?

Can you provide us the profitability of the sector as a whole?

**Answer:**

The Government considered the profitability of the commercial free-to-air television industry when making its decision to provide temporary licence fee relief to commercial television broadcasters.

In 2008-09, commercial free-to-air television broadcasting licensees earned \$223.2 million in profits. This represents a decline of 29.8 percent from the comparable profits earned in 2007-08 (\$317.9 million), and a 65.9 percent decline in comparable profits earned in 2006-07 (\$654.2 million). These profit figures are drawn from the Broadcasting Financial Results publication prepared by the Australian Communications and Media Authority.

Data from the free-to-air television industry indicates that advertising revenues for the free-to-air television sector fell from \$3,801.3 million in 2007-08 to \$3,504.3 million in 2008-09; a decline of close to 8 percent.

Free TV Australia has released data indicating that gross advertising revenue for commercial television networks fell by 4.4 percent from July to December 2009, when compared to the six months period ended 31 December 2008, to \$1,871.4 million. More recent FreeTV data indicates that gross advertising revenue for the commercial television networks rose by 17.7 percent in the six months to June 2010, to \$1,821.6 million, compared with revenue earned in the six months to 30 June 2009.



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**Question No: 102**

**Program No. 1.3**

**Hansard Ref: In Writing**

**Topic: Funding for ethnic community broadcasters.**

**Senator Boswell asked:**

The National Ethnic and Multicultural Broadcasters' Council's media release dated 14 May 2010 titled "Silencing the Voices of Multicultural Communities" states,

*Multilingual and other community broadcasters have every right to be disappointed with the Budget, and the Federal Government should be made aware of this. The sector's claim for increased funding was modest, affordable and best value for money in these difficult times.*

What is the 2010-2011 Budget allocation for ethnic and multicultural community radio stations for core functions of program-making in the community radio sector?

Does this represent an increase in funding from the projected value for 2010-11?

**Answer:**

In 2010-11 the Government will provide \$12.6 million (GST exclusive) to the community broadcasting sector for a range of programs. Commonwealth funding will primarily be distributed by the Community Broadcasting Foundation, which is a sector specific independent funding administrator. This funding is comprised of several major elements, including \$3.0 million (GST exclusive) specifically to support and develop ethnic community radio broadcasting.

In addition to the funding exclusively provided for ethnic community broadcasters, ethnic broadcasters can also apply for a range of grants which are allocated on a competitive basis by the Community Broadcasting Foundation to support activities including transmission support, training and the commencement of community digital radio services.

Ethnic broadcasters will benefit directly from the community broadcasting digital radio funding with ethnic broadcasting services commencing in all the five mainland capital cities. Further, ethnic broadcasting is a priority group for funding from the National Training Program which was established as ongoing indexed funding in the 2009-10 Budget.

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**Question No: 103**

**Program No. 1.3**

**Hansard Ref: In Writing**

**Topic: Broadcasting and Television – Community Radio Stations**

**Senator Boswell asked:**

Does the department have any plans to provide additional funding to further support the 130 community radio stations across Australia broadcasting in languages other than English?

**Answer:**

In 2010-11 the Government will provide \$12.6 million (GST exclusive) to the community broadcasting sector for a range of programs. Commonwealth funding will primarily be distributed by the Community Broadcasting Foundation, which is a sector specific independent funding administrator. This funding is comprised of several major elements, including \$3.0 million (GST exclusive) specifically to support and develop ethnic community radio broadcasting.

In addition to the funding exclusively provided for ethnic community broadcasters ethnic broadcasters can also apply for a range of grants which are allocated on a competitive basis by the Community Broadcasting Foundation to support activities including: transmission support, training and the commencement of community digital radio services.

Ethnic broadcasters will benefit directly from the community broadcasting digital radio funding with ethnic broadcasting services commencing in all the five mainland capital cities. Further, ethnic broadcasting is a priority group for funding from the National Training Program which was established as ongoing indexed funding in the 2009-10 Budget.

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**Question No: 104**

**Program No. 1.3**

**Hansard Ref: In Writing**

**Topic: Switchover to digital television – self-help sites**

**Senator Macdonald asked:**

I have received representation from Regional Councils in Queensland concerned about the practicalities of implementing the introduction of digital TV.

1. Is it correct that a \$400 rebate will be provided to households in remote areas to offset the purchase of satellite dishes to receive new digital services?
2. If so Regional Councils in Queensland are of the view that the \$400 will be inadequate in many cases – with advice that the actual cost per household could be far in excess of \$1,000. Aged pensioners, people on social security and others will struggle to pay.
3. Access to qualified suppliers to install the units and provide ongoing maintenance is of concern to rural and remote Australians.
4. Tens of thousands of grey nomads travel through rural and remote Australia each year, bringing enormous financial benefits to rural and remote towns. These travellers are generally equipped to receive television transmission when they camp in or near towns – but are unlikely to have the expertise or inclination to make adjustments to their dishes every time they stop.
5. Why did you decide not to convert areas that currently operate self-help transmission facilities to continue to do so by converting them to full digital transmission facilities?
6. Councils estimate that it would cost them approximately \$80,000 to convert each self-help site to digital services. Did you explore the concept that the household subsidy be paid to the Council? For example, a town of 200 residents eligible for the \$400 rebate would fully offset the cost of conversion. Councils would be responsible for the ongoing operation and maintenance as they have been with the current analogue services.

**Answer:**

- 1&2. The Government will subsidise the installation of satellite reception equipment in eligible households by a minimum of \$400 per household. Higher subsidy amounts of \$550 and \$700 will be available for eligible households in defined ‘very remote’ and ‘far north

tropical' areas respectively, reflecting the increased cost of installation and larger dish requirements of these areas. Eligible households in designated remote indigenous communities may also be eligible for an additional payment of \$280, reflecting the unique circumstances of these communities.

Households may be eligible for the subsidy if they rely upon an analog television signal from a self-help tower that is not being converted to digital. The cost of installing satellite reception equipment is likely to be more than the subsidy and households will be responsible for paying this gap. For most households, depending on where they are located, this gap may be in the order of \$200 to \$350. The subsidised installation of satellite television equipment in eligible households will be the responsibility of a qualified service contractor engaged by the Australian Government.

The Australian Government recognises that some Australians – the elderly, people with disabilities and their carers, without access to community support – may require assistance to switchover to digital TV. The Australian Government is providing the Household Assistance Scheme for eligible households in the Mildura, regional South Australia and Broken Hill, regional Victoria and regional Queensland TV licence areas (funding for later switchover areas is still to be considered by the Government). The Household Assistance Scheme is available for approximately six months before and one month after the switch to digital in each region.

A household may be eligible for assistance under the Household Assistance Scheme where it owns a functioning TV, does not already have access to digital TV and at least one resident is in receipt of a maximum rate Age Pension, Disability Support Pension, Carer Payment, Department of Veterans' Affairs (DVA) service pension or the DVA income support supplement payment. Under the Household Assistance Scheme, a government contractor will provide, install and demonstrate, free of charge, a set-top box, and conduct any necessary cabling and satellite dish work where eligible. Eligible households which require satellite equipment to receive digital television will receive it free of charge under the Household Assistance Scheme and will not be separately assisted under the Satellite Subsidy Scheme and will not be required to make any co-payment.

Viewers in regional Queensland that are unable to receive adequate terrestrial services, and who are not eligible for either the Satellite Subsidy Scheme or the Household Assistance Scheme, may be able to access the new satellite service at their own cost. The cost of the high definition satellite set-top box with a smart card is estimated at \$270. The satellite dish is estimated at between \$100 and \$150. The installation cost will depend on the installer's hourly rate as well as the location and building type.

3. The subsidised installation of satellite television equipment in eligible households will be the responsibility of a qualified service contractor engaged by the Australian Government. These service contractors, who will be experienced in satellite dish installation, will be responsible for ensuring that there are a sufficient number of installers in place to install the equipment in every eligible household. These service contractors will also provide households with an equipment warranty and an after installation service.
4. Portable satellite kits are available which 'grey nomads' can use to receive television. The adjustments that they will have to make to receive the new service are no more complex than those needed to receive the current Aurora satellite services.

5. The Government reached an agreement with broadcasters whereby it would fund a new digital satellite service to solve television signal deficiencies for Australian viewers. As part of this agreement, commercial broadcasters undertook to convert a number of 'self-help' retransmission sites to digital and provide "gap-filler" transmission facilities at other locations. The number of sites to be converted is a matter for negotiation between the broadcasters and the local councils and communities involved. It is a commercial decision for the broadcasters as to which sites they choose to convert and at what cost, subject to planning approval from the Australian Communications and Media Authority.

There are significant limitations to the effectiveness of providing government support for conversion of self help terrestrial services when compared to establishing the VAST satellite service. In particular, terrestrial self-help transmitters impose on-going, and not always predictable, costs on local communities and councils for their operation and maintenance; they have an inflexible coverage area which cannot accommodate population shifts beyond the area served by the transmitter; and they can be subject to extended outages. In view of the better quality, wider content range and higher viewer expectations of digital television, self-help towers for low-population rural and remote towns are no longer considered to be economically sustainable infrastructure.

The main advantages of a satellite service over terrestrial transmitters are that the satellite footprint covers all of Australia, and will therefore be accessible to virtually the whole population; there are no on-going costs to viewers or councils after the initial cost of purchasing and installing a receiving dish and set-top box; and satellite has a very high level of reliability.

In addition, self-help transmitters do not cover all parts of Australia not served by broadcaster-operated transmitters, and consequently even if all of the existing self-help retransmission sites were converted to digital, this would still not ensure that all viewers throughout Australia would be able to access digital television services.

Delivering digital television services by satellite in combination with the broadcaster funded upgrading of selected sites is considered a more effective, equitable and cost efficient way of providing access for people living in areas with inadequate or no terrestrial digital television reception.

6. The Satellite Subsidy Scheme can only be accessed by individual households using the Government's contracted installer and not by cash reimbursement. The re-purposing of funds from the Satellite Subsidy Scheme in order to fund councils to continue self-help arrangements is not consistent with Government policy.