

## Chapter 2

### Key issues

2.1 A range of issues relating to the Bill was raised during the committee's inquiry. The key issues related to:

- the cost effectiveness of the proposed black spot solution;
- the proposed copyright scheme;
- narrowcasters' access to the satellite platform; and
- the costs and impact of the proposed satellite scheme for households.

#### **Cost effectiveness of the proposed black spot solution**

2.2 Both Broadcast Australia and AUSTAR raised questions relating to whether the government adequately examined the full range of possible solutions to digital television black spots, and whether it has reached the most cost-effective solution.

2.3 In its submission, AUSTAR argued that it was 'surprised by preliminary funding estimates to support this project'.<sup>1</sup> The government has estimated its costs for funding the satellite network to be \$40 million per annum, 'for the potential benefit of up to 247,000 households across Australia'.<sup>2</sup>

2.4 Broadcast Australia, which is a commercial owner and operator of approximately 600 terrestrial broadcast facilities,<sup>3</sup> questioned whether the appropriate balance has been reached by the government between the conversion of existing terrestrial sites to digital and the satellite platform. Broadcast Australia's submission argued:

...it is overwhelmingly in TV viewers' interests that digital free to air TV services potentially available to homes from the satellite are made available through local digital terrestrial transmission facilities – unless it can be demonstrated it is simply not cost effective to provide the full range of terrestrial digital transmission facilities to achieve this.<sup>4</sup>

2.5 The committee questioned officers from the Department of Broadband, Communications and the Digital Economy about what other solutions to digital TV

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1 AUSTAR, *Submission 6*, p. 4.

2 The Hon Senator Stephen Conroy, Minister for Broadband, Communications and the Digital Economy, *Digital television Australia-wide*, Media Release, 5 January 2010, at [www.minister.dbcde.gov.au/media/media\\_releases/2010/001](http://www.minister.dbcde.gov.au/media/media_releases/2010/001) (accessed 27 April 2010).

3 Broadcast Australia, *Submission 4*, p. 2.

4 Broadcast Australia, *Submission 4*, p. 1.

black spots had been considered, and the comparative costs and benefits of alternative options. Mr Andy Townend, Deputy Secretary of Broadcasting and Digital Switchover responded:

The government certainly looked at a number of different ways of meeting the problem of signal deficiencies. You have probably heard from most witnesses that any form of solution for signal deficiencies would require a satellite solution. The satellite solution that has been formulated has been designed to provide the maximum number of services to people in the most cost-efficient way.<sup>5</sup>

2.6 Although the department declined to provide the committee with details of the models considered, Mr Townend highlighted a number of times in his evidence that a satellite system would be required regardless of which model was chosen.<sup>6</sup>

2.7 The committee understands that the government has negotiated the rollout of digital television in regional and rural areas through it funding the 'fallback' satellite system, while allowing commercial broadcasters to make commercial decisions about the cost-effectiveness of converting self-help sites to digital. As Mr Townend explained:

...the government has been in negotiation discussions with the commercial broadcasters themselves and not with Broadcast Australia. The government has not had negotiations and discussions with service providers...As I mentioned earlier, any solution for signal deficiencies would involve a satellite element. The government has chosen to fund a satellite element—is a fairly minimal satellite element—which provides the appropriate services to the country without incurring any terrestrial costs, because that has been put on the table by the broadcasters.<sup>7</sup>

2.8 Accordingly, from a cost perspective, Mr Townend explained:

Rolling out additional terrestrial towers would have been incremental to the cost of any satellite service. So it would not reduce costs; it would actually increase the costs. The satellite service we are providing is almost what you would call a de minimis satellite service, without any cost to government of terrestrial rollout.<sup>8</sup>

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5 Mr Andy Townend, *Committee Hansard*, 16 April 2010, p. 62.

6 Mr Andy Townend, Deputy Secretary, Broadcasting and Digital Switchover, Department of Broadband, Communications and the Digital Economy, *Committee Hansard*, 16 April 2010, p. 62.

7 Mr Andy Townend, Deputy Secretary, Broadcasting and Digital Switchover, Department of Broadband, Communications and the Digital Economy, *Committee Hansard*, 16 April 2010, p. 73.

8 Mr Andy Townend, Deputy Secretary, Broadcasting and Digital Switchover, Department of Broadband, Communications and the Digital Economy, *Committee Hansard*, 16 April 2010, p. 63.

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### ***Committee view***

2.9 The committee is satisfied that the government has struck an appropriate balance between terrestrial tower conversion and satellite re-transmission. It recognises that in a country with the size and geography of Australia's there will always be a need for complementary re-transmission infrastructure, sourced from both terrestrial and satellite services.

### **Copyright issues**

2.10 A number of matters related to the statutory copyright licensing scheme proposed by the Bill were raised by Screenrights and Free TV Australia.

2.11 Screenrights, which is a copyright society that currently administers a number of statutory licensing schemes, including that under Part VC of the *Copyright Act 1968*, on which the copyright scheme in the Bill is based, raised two main concerns:

- the backdating of remuneration notices; and
- potential issues with the definition of 'broadcast' proposed in the Bill.

2.12 Free TV raised more significant concerns regarding whether the statutory licensing scheme proposed in the Bill is the most appropriate means of dealing with copyright issues.

### ***Backdating remuneration licenses***

2.13 Proposed paragraph 135ZZZJ(3)(b) permits the backdating of remuneration notices under the statutory licensing scheme, which Screenrights submitted is 'neither desirable nor necessary'.<sup>9</sup> Screenrights explained that the backdating of remuneration notices:

...is not desirable because it permits infringing conduct to be made the subject of a statutory licence retrospectively, at the whim of the infringer. It is not necessary because – consistent with Part VC – interim arrangements are to be enacted in Part VD, Division 4.<sup>10</sup>

2.14 In his evidence to the committee, Mr James Dickinson, Licensing Executive, Screenrights, explained that he suspects the backdating provision was 'picked up by the draftsman' in applying the provisions in the Part VC licensing scheme to the new Part VD scheme.<sup>11</sup> Mr Dickinson argued that the backdating provision in the existing scheme was intended as an alternative to transitional provisions, to ensure that copyright holders would be remunerated for any period in which there was no

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9 Screenrights, *Submission 3*, p. 3.

10 Screenrights, *Submission 3*, pp 3–4.

11 Mr James Dickinson, *Committee Hansard*, 16 April 2010, p. 15.

declared collecting society. Ultimately, however, transitional provisions were introduced for the existing scheme so the backdating provision was not required.<sup>12</sup>

2.15 Accordingly, Screenrights argued that the presence of transitional provisions in the licensing scheme proposed by the Bill make the backdating provision unnecessary:

We see no need for the provision and we do think, perhaps, it gives an unfair advantage in the hands of the satellite rebroadcaster.<sup>13</sup>

2.16 In response to Screenright's concern, the Department of Broadband, Communications and the Digital Economy informed the committee:

The backdating provision in paragraph 135ZZZJ(3)(b) is in the same form as subsection 135ZZL(3) in the statutory licensing scheme for the re-transmission of broadcasts under Part VC of the Copyright Act. The Department is unaware of any agreements made pursuant to subsection 135ZZL(3) of the Copyright Act that have caused detriment to the interests of copyright holders.<sup>14</sup>

2.17 The department also highlighted the fact that:

Under the Copyright Act, a party cannot be forced to agree to a negotiated agreement if that party would prefer to seek a determination of the Copyright Tribunal.<sup>15</sup>

### ***Definition of 'broadcast'***

2.18 The Bill proposes to amend the definition of 'broadcast' in section 10(1) of the Copyright Act such that the satellite licensees are assumed not to have a conditional access system applied to them. In its submission, Screenrights argued that the amended definition may have the unintended effect of treating the satellite broadcasts as 'free to air' broadcasts for the purposes of the Act, which would leave them subject to the same re-transmission arrangements as other free to air broadcasts.<sup>16</sup>

2.19 Mr Simon Lake, Chief Executive of Screenrights explained the practical effect of this:

...while the bill precludes the 38C satellite broadcast licensee from retransmitting, the bill does not prevent the retransmission of a 38C satellite

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12 Mr James Dickinson, Licensing Executive, Screenrights, *Committee Hansard*, 16 April 2010, p. 15.

13 Mr James Dickinson, Licensing Executive, Screenrights, *Committee Hansard*, 16 April 2010, p. 15.

14 Department of Broadband, Communications and the Digital Economy, answer to question on notice, 16 April 2010 (received 23 April 2010).

15 Department of Broadband, Communications and the Digital Economy, answer to question on notice, 16 April 2010 (received 23 April 2010).

16 Screenrights, *Submission 3*, pp 2–3.

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broadcast. Such a retransmission would have the effect of allowing the 38C broadcast signals to reach far outside the limited access intended by the conditional access requirements. This retransmission could potentially subvert the existing regional commercial broadcast licenses.<sup>17</sup>

### *Committee view*

2.20 The committee understands that the Bill's intention is not to allow pay TV providers to re-transmit satellite broadcasts. However, the question of whether or not the Bill would inadvertently allow such re-transmission is obviously a complex statutory interpretation matter best resolved between the department and its drafters. The committee recommends that the department consider this issue and, if necessary, amend the Bill accordingly.

### *Appropriateness of statutory licensing scheme*

2.21 Ms Julie Flynn, CEO of Free TV Australia argued that there are more fundamental problems with the proposed statutory licensing scheme. Ms Flynn argued that the statutory licensing scheme is an inappropriate mechanism for managing copyright issues should commercial negotiations fail:

The free-to-air broadcasters hate the retransmission scheme. We do not like it in the pay TV environment and we certainly do not think it is appropriate in this environment.<sup>18</sup>

2.22 Instead of the statutory licensing scheme, Ms Flynn continued:

What we would like to see is a dispute resolution mechanism...The sort of thing we are looking at is something that would say the metropolitan licensees must provide programming content to the satellite licensee upon request. The content will be provided in return for fair and equitable remuneration on reasonable terms as agreed by the parties. If no agreement can be reached, then someone like the Attorney-General, for instance, may appoint an independent arbitrator to determine reasonable terms having reference to all the relevant factors, including existing affiliation agreements and other comparable commercial agreements.<sup>19</sup>

2.23 In its submission, Free TV Australia also commented that one of the key problems with the proposed scheme is that it is 'unnecessarily complex'.<sup>20</sup> Screenrights disagreed with that assessment, and stated that it supports:

...the current mechanism of having the Copyright Tribunal, which is a division of the Federal Court, which is able to hear evidence on any matter

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17 Mr Simon Lake, Chief Executive, Screenrights, *Committee Hansard*, 16 April 2010, p. 11.

18 Ms Julie Flynn, *Committee Hansard*, 16 April 2010, p. 28.

19 Ms Julie Flynn, Chief Executive Officer, Free TV Australia, *Committee Hansard*, 16 April 2010, p. 28.

20 Free TV Australia, *Submission 7*, p. 2.

with regard to valuation. It has proven to be a mechanism which is able to make determinations between parties as to the value of things.<sup>21</sup>

2.24 However, Ms Flynn argued that:

...the Copyright Tribunal is very slow and does not, we think, recognise the value of our services. We do not think that this is a matter for retransmission. This is no different to any affiliation agreement that currently exists.<sup>22</sup>

2.25 In response to this issue, the department agreed with Free TV's assessment that:

Commercial negotiation is the most appropriate and efficient means of securing equitable remuneration for the supply of program content.<sup>23</sup>

2.26 The department also stated that it 'expects' commercial broadcasters to come to an agreement regarding the supply of content to the satellite licensee. However, in respect of the method of resolving disputes between commercial broadcasters and the satellite licensee when commercial agreement cannot be reached, the department contended:

...the Copyright Tribunal, with its expertise and experience in determining the value of the use of copyright material, is the most appropriate independent body to adjudicate disputes between broadcasters where a commercial agreement cannot be reached. The Attorney-General's Department has also advised the Department that it is not aware of any precedent in Australian copyright regulation for appointing an independent arbitrator that is not the Copyright Tribunal.<sup>24</sup>

2.27 Furthermore, the department pointed out that:

...parties are not obliged to use the Copyright Tribunal. They are free to nominate and appoint their own independent commercial arbiter if they wish to do so.<sup>25</sup>

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21 Mr Simon Lake, Chief Executive, Screenrights, *Committee Hansard*, 16 April 2010, p. 15.

22 Ms Julie Flynn, Chief Executive Officer, Free TV Australia, *Committee Hansard*, 16 April 2010, p. 32.

23 Department of Broadband, Communications and the Digital Economy, answer to question on notice, 16 April 2010 (received 23 April 2010).

24 Department of Broadband, Communications and the Digital Economy, answer to question on notice, 16 April 2010 (received 23 April 2010).

25 Department of Broadband, Communications and the Digital Economy, answer to question on notice, 16 April 2010 (received 23 April 2010).

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### *Committee view*

2.28 The committee is satisfied that the model set out in the Bill for determining the remuneration for the satellite licensees' use of content is appropriate and fair. The model clearly prefers commercial agreement to be reached between the satellite licensee and the relevant copyright holder. However, in the absence of such agreement, the committee agrees with the department's view that the Copyright Tribunal is the most experienced and appropriate body to be appointed as an independent arbiter. There appears to be no reason to divert from this established method of resolving disputes between copyright holders and re-broadcasters.

### **Narrowcasters' access to the satellite platform**

2.29 One of the principal concerns raised during the inquiry by a number of submitters and witnesses, was the availability of the proposed new satellite platform to narrowcasters including National Indigenous Television (NITV), Westlink and the Rural Health Education Foundation. The operators of each of those services expressed their concerns to the committee regarding the government's lack of consultation with, and consideration of, narrowcasters in the development of the Bill and its underlying policies.<sup>26</sup> For example, NITV submitted that:

Despite this scale of change, the Bill before the Parliament is largely a construct developed by regional and remote commercial TV free to air broadcasters, DBCDE and the government.

It has not derived from an open consultative process. The Bill has not been guided in any way by the promised Discussion Paper and the range of community and other broadcaster views and ideas such an open process would have engendered.<sup>27</sup>

2.30 Mr Ian McGarrity, Professional Adviser to NITV, explained that NITV's principal concern is the fact that the Bill makes no provision for open narrowcast services to be available on the new satellite platform:

It [the Bill] says not one word about TV open narrowcast services...[G]enerally speaking at this stage there is no clarity from the bill or the explanatory memorandum as to whether NITV could be on the satellite, could get transponder capacity, at what cost and on what terms it could get transponder capacity, whether the regional commercial entity set up to manage this would allow us to be on the electronic program guide and therefore whether NITV could be received through the same set-top box...<sup>28</sup>

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26 See National Indigenous Television, *Submission 1*; Rural Health Education Foundation, *Submission 8*; and Government of Western Australia Department of Regional Development and Lands, *Submission 10*.

27 National Indigenous Television, *Submission 1*, p. 1.

28 Mr Ian McGarrity, Professional Adviser, NITV, *Committee Hansard*, 16 April 2010, p. 4.

2.31 The committee recognises that many open narrowcast services provide valuable services to remote and rural communities. For example, NITV 'provides a nationwide Indigenous television service by cable, satellite and terrestrial transmission means'.<sup>29</sup> Ms Turner explained the importance to Indigenous and non-Indigenous Australians of the service NITV provides:

I honestly believe that we have a significant role to play in reconciliation through the education role that we play, in a way that is probably more powerful than we have ever had in terms of a medium previously, to influence the minds of Australians generally to grow the respect for an understanding of our cultural heritage.<sup>30</sup>

2.32 Similarly, the committee received evidence about the importance of the satellite services provided by the Rural Health Education Foundation. The Foundation produces:

...a number of satellite broadcasts each month, reaching many thousands of rural and remote health professionals and their community members each year, providing them with essential health and medical education, updates and information.<sup>31</sup>

2.33 These and other open narrowcast services are currently available on the Optus Aurora platform, which provides a free-to-air satellite service for homes in television black spots. The committee understands that Optus has indicated that the Aurora network will be shut down in 2013.<sup>32</sup>

2.34 Mr Townend, Deputy Secretary of Broadcasting and Digital Switchover, Department of Broadband, Communications and the Digital Economy, suggested that the likely shutdown of Aurora in 2013 means that there is plenty of time for narrowcasters to explore alternative broadcasting options.<sup>33</sup>

2.35 NITV argued that it is important that narrowcast services be included in the new satellite platform prior to 2013 because otherwise NITV will be 'left like a shag on a rock on the Aurora platform' between now and 2013 as:

...if you wanted to access NITV under this new arrangement you would have to buy a separate set of cables and equipment in order to access one channel.<sup>34</sup>

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29 National Indigenous Television, *Submission 1*, p. 2.

30 Ms Patricia Turner, CEO, NITV, *Committee Hansard*, 16 April 2010, p. 8.

31 Rural Health Education Foundation, *Submission 8*, p. 1.

32 Mr Andy Townend, Deputy Secretary, Broadcasting and Digital Switchover, Department of Broadband, Communications and the Digital Economy, *Committee Hansard*, 16 April 2010, p. 59.

33 Mr Andy Townend, *Committee Hansard*, 16 April 2010, p. 74.

34 Ms Patricia Turner, Chief Executive Officer, National Indigenous Television, *Committee Hansard*, 16 April 2010, p. 5.

2.36 The Rural Health Education Foundation expressed similar concerns:

It is clear that once the new digital satellite is launched and operational, Aurora users will start to migrate to the new service, making Aurora less and less attractive to users and viewers. Although it will not disappear immediately, it will effectively become a very "lonely" place as Australia's digital television switchover gathers pace. It is very unlikely that many satellite consumers (homes or institutions) will wish to utilise two different set top boxes, even if it is technically possible to do so with the same satellite dish.<sup>35</sup>

2.37 Ms Turner argued that:

If this bill goes through the House unamended and without taking into account the matters we have raised, then we are left out of the game. NITV cannot and will not be a part of the new arrangements without difficulty.<sup>36</sup>

2.38 However, officers from the Department of Broadband, Communications and the Digital Economy argued that the concerns of narrowcasters are unfounded as 'there is nothing under the legislation that prevents NITV broadcasting on the platform'.<sup>37</sup> Dr Pelling also highlighted that:

Narrowcast licences...have a much greater degree of flexibility than commercial licences in terms of where they can be provided and so on, and those types of services are already provided as narrowcast services. As we said, there is nothing in that bill [that] will stop narrowcasters.<sup>38</sup>

2.39 Mr Townend also clarified that the design of the satellite platform would not preclude narrowcasters:

It is also worth adding that there are currently no physical constraints on the satellite platform for the carriage of [narrowcasters] either. A deal has not been struck which would preclude NITV or other narrowcasters being carried.<sup>39</sup>

2.40 Mr Townend emphasised that, therefore, the decision by narrowcasters to utilise the new satellite platform, as opposed to Aurora or any other satellite platform,

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35 Rural Health Education Foundation, *Submission 8*, p. 3.

36 Ms Patricia Turner, Chief Executive Officer, National Indigenous Television, *Committee Hansard*, 16 April 2010, p. 3.

37 Mr Andy Townend, Deputy Secretary, Broadcasting and Digital Switchover, Department of Broadband, Communications and the Digital Economy, *Committee Hansard*, 16 April 2010, p. 59.

38 Dr Simon Pelling, First Assistant Secretary, Broadcasting and Digital Switchover, Department of Broadband, Communications and the Digital Economy, *Committee Hansard*, 16 April 2010, p. 75.

39 Mr Andy Townend, Deputy Secretary, Broadcasting and Digital Switchover, Department of Broadband, Communications and the Digital Economy, *Committee Hansard*, 16 April 2010, p. 75.

is a commercial consideration for each organisation.<sup>40</sup> In the case of NITV, its funding level is an issue for the Department of Environment, Water, Heritage and the Arts.

2.41 In this respect, NITV was advised on 16 April 2010 that it would receive an additional \$15.2 million in funding for 2010–11. The government also announced that it would conduct a review of NITV's funding, which would:

...explore options for the carriage of Indigenous broadcasting content on new digital broadcasting platforms, including the Government funded Viewer Access Satellite Television (VAST) service.<sup>41</sup>

2.42 Ms Turner commented that:

I welcome the review from the point of view that there needs to be a properly integrated policy framework for Indigenous broadcasting in this country and I believe that that is what the review outcome should deliver, including a robust future for National Indigenous Television.<sup>42</sup>

### ***Committee view***

2.43 The committee is satisfied that, as the bill deals only with arrangements regarding licensed commercial broadcasters, it neither directly deals with narrowcasters' access to, nor prevents narrowcasters from utilising, the new satellite platform. The committee is of the view that it is appropriate for narrowcasters to negotiate commercial access arrangements with the satellite licence owner.

2.44 The committee urges the Department of Environment, Water, Heritage and the Arts to consider in its review of NITV's future funding, the issues raised by NITV regarding its importance to Indigenous Australians and the broader Australian community, and also any difficulties that NITV accessing the new satellite network.

### **Costs and impact of the proposed satellite scheme for households**

2.45 Among the main concerns raised with the committee regarding the proposed new satellite network was the cost of installing satellite receiving equipment for households in regional and remote Australia. The three key issues relating to households that the committee identified were:

- the cost of installation;

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40 Mr Andy Townend, Deputy Secretary, Broadcasting and Digital Switchover, Department of Broadband, Communications and the Digital Economy, *Committee Hansard*, 16 April 2010, p. 75.

41 The Hon Peter Garrett MP, Minister for Environment Protection, Heritage and the Arts, the Hon Jenny Macklin MP, Minister for Families, Housing, Community Services and Indigenous Affairs and the Hon Senator Stephen Conroy, Minister for Broadband, Communications and the Digital Economy, *\$15 million investment for the continuation of NITV*, Media Release, 16 April 2010, available at: [www.environment.gov.au/minister/garrett/2010/mr20100416.html](http://www.environment.gov.au/minister/garrett/2010/mr20100416.html).

42 Ms Patricia Turner, Chief Executive Officer, National Indigenous Television, *Committee Hansard*, 16 April 2010, p. 3.

- the amount of equipment required; and
- how and when people will know if they require satellite equipment.

### ***Cost of equipment and installation***

2.46 The department advised the committee that:

...the government will provide a \$400 satellite conversion subsidy to eligible households, that is, those households currently served by self-help transmission sites which are not to be upgraded by the digital broadcasters. Details of the way in which this subsidy will be administered will be announced in due course.<sup>43</sup>

2.47 The amount of the subsidy was determined on the basis that:

- 'We would not expect...the cost of the set-top box and the card to be more than \$270';<sup>44</sup>
- 'The satellite dish of 65 centimetres in diameter...would not be expected to cost more than \$100';<sup>45</sup> and
- 'The figures that we provided [to the minister] contain the best estimates we can of what that kind of installation might cost', which amounts to approximately \$280 for installation.<sup>46</sup>

2.48 Accordingly households requiring satellites are expected on average to pay \$650 for equipment and installation, of which \$400 will be subsidised by government.<sup>47</sup>

2.49 Ms Rebecca Heap, General Manager, Strategy and Programming, from AUSTAR commented that this estimate:

...is obviously in the right ballpark. Everything depends on the particular vendor and the particular relationships that you have, but this is certainly a cost that feels right to us.<sup>48</sup>

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43 Mr Andy Townend, Deputy Secretary, Broadcasting and Digital Switchover, Department of Broadcasting, Communications and the Digital Economy, *Committee Hansard*, 16 April 2010, p. 56.

44 Mr Andy Townend, Deputy Secretary, Broadcasting and Digital Switchover, Department of Broadcasting, Communications and the Digital Economy, *Committee Hansard*, 16 April 2010, p. 61.

45 Mr Andy Townend, Deputy Secretary, Broadcasting and Digital Switchover, Department of Broadcasting, Communications and the Digital Economy, *Committee Hansard*, 16 April 2010, p. 61.

46 Mr Andy Townend, Deputy Secretary, Broadcasting and Digital Switchover, Department of Broadcasting, Communications and the Digital Economy, *Committee Hansard*, 16 April 2010, p. 61.

47 Mr Andy Townend, Deputy Secretary, Broadcasting and Digital Switchover, Department of Broadcasting, Communications and the Digital Economy, *Committee Hansard*, 16 April 2010, p. 61.

2.50 In addition, the committee was informed that the government is intending to provide satellite equipment free of charge to 'age pensioners and other groups'.<sup>49</sup> When asked about whether a larger subsidy would also be available to more remote households where the cost of installation might greatly exceed \$280, the committee was told:

One of the matters that remain subject to consideration is the level of subsidy in more remote areas and, in particular, in remote Indigenous communities. The government is currently considering the size of the subsidy in those areas.<sup>50</sup>

### ***Amount of equipment required***

2.51 The committee also heard concerns that households with existing satellites connected to subscription TV services, such as AUSTAR, which also wish to receive free TV via the new satellite service, will require an additional satellite dish and set-top box. This issue was raised by Ms Heap from AUSTAR, who commented:

We do not want to inconvenience [AUSTAR's existing customers by them] having to pay for a second satellite dish and set-top box, when our set-top box should be completely capable of delivering that to them today.<sup>51</sup>

2.52 Mr Townend, Deputy Secretary, Broadcasting and Digital Switchover, Department of Broadcasting, Communications and the Digital Economy, agreed that the new satellite service would create a situation where householders who wished to receive both the full range of services available on the new satellite network in addition to subscription TV, would require two satellite dishes and two set-top boxes. However, Mr Townend argued that 'that would be their choice, and that would be a completely separate matter'.<sup>52</sup>

### ***Notifying households of the need to purchase a satellite receiver***

2.53 The third and final issue of concern raised with the committee relating to the impact of the scheme on householders was how and when householders would be made aware that they reside in a digital TV black spot and will need to install a satellite receiver.

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48 Ms Rebecca Heap, AUSTAR United Communications Ltd, *Committee Hansard*, 16 April 2010, p. 24.

49 Mr Andy Townend, Deputy Secretary, Broadcasting and Digital Switchover, Department of Broadcasting, Communications and the Digital Economy, *Committee Hansard*, 16 April 2010, p. 56.

50 Mr Andy Townend, Deputy Secretary, Broadcasting and Digital Switchover, Department of Broadcasting, Communications and the Digital Economy, *Committee Hansard*, 16 April 2010, p. 63.

51 Ms Rebecca Heap, General Manager, Strategy and Programming, AUSTAR United Communications Ltd, *Committee Hansard*, 16 April 2010, p. 20.

52 Mr Andy Townend, *Committee Hansard*, 16 April 2010, p. 59.

2.54 During its evidence to the committee, the department discussed at length the steps it is taking to inform households about the digital switchover, and to assist them in installing the appropriate equipment. Mr Townend, Deputy Secretary Broadcasting and Digital Switchover, Department of Broadcasting, Communications and the Digital Economy explained that the department:

We have a team of people on the ground in Ouyen and Underbool from 27 April who will be working with the local community to explain to them that their new transmitters will be switching on during May.<sup>53</sup>

2.55 The committee was told that the work being done by the department in Ouyen and Underbool involves:

...local advertising, information campaigns and, more importantly, community outreach activities...

Prior to the switch-over date, task force officers, beginning in about [the beginning of May 2010], and staff from the Australian Communications and Media Authority, supported by broadcasters, will be visiting the Mildura Sunraysia area to run a series of information sessions and will be working closely with local community organisations and antenna installers.<sup>54</sup>

2.56 Furthermore Mr Townend indicated that:

Detailed advice will be provided to householders, business owners, charities, antenna installers and retailers, with a focus on the last few, who may have remaining difficulties switching over to digital reception.<sup>55</sup>

2.57 Mr Townend commented that during his experience with the United Kingdom's digital switchover, he learned that these issues are 'possible to manage with adequate notice'.<sup>56</sup>

2.58 Mr Townend informed the committee that, with the exception of the Sunraysia region, the government anticipates being able to give 'plenty' of notice to

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53 Mr Andy Townend, Deputy Secretary, Broadcasting and Digital Switchover, Department of Broadcasting, Communications and the Digital Economy, *Committee Hansard*, 16 April 2010, p. 71.

54 Mr Andy Townend, Deputy Secretary, Broadcasting and Digital Switchover, Department of Broadcasting, Communications and the Digital Economy, *Committee Hansard*, 16 April 2010, p. 57.

55 Mr Andy Townend, Deputy Secretary, Broadcasting and Digital Switchover, Department of Broadcasting, Communications and the Digital Economy, *Committee Hansard*, 16 April 2010, p. 57.

56 Mr Andy Townend, Deputy Secretary, Broadcasting and Digital Switchover, Department of Broadcasting, Communications and the Digital Economy, *Committee Hansard*, 16 April 2010, pp 71-2.

affected communities as 'the first area to be affected by this would be regional Victoria, which is not switching until the first half of next year'.<sup>57</sup>

2.59 In response to a question on notice, the department indicated that:

It is anticipated that six months notice of conversion will be provided to viewers who will receive their services from a converted self-help facility at switchover.

It has not been possible to provide six months notice to viewers that are reliant on the self-help facility in Underbool as switchover is to occur in Mildura/Sunraysia on 30 June 2010 and broadcasters only agreed to convert the facility early in 2010.

However, whether a self-help facility is to be converted to digital, and the date on which the conversion is to occur, is dependent on decisions made independently by broadcasters and self-help licensees. The Department is working closely with broadcasters and once broadcasters and self-help licensees have determined to convert a self-help facility will seek to advise viewers as early as possible about their switchover options.<sup>58</sup>

### ***Committee view***

2.60 The committee is of the view that the subsidy offered by the government is adequate, noting the special arrangements planned for pensioners and those in remote areas; that the existing satellite pay TV consumers will be able to choose whether or not to install a second satellite dish and set-top box to access the new satellite service; and that the department's, ACMA's and broadcasters' plans to inform consumers of the approaching digital switchover appears to be sufficient.

2.61 The committee encourages the department to continually monitor the level of information and engagement in the Mildura region to ensure that communities are fully informed both during this initial switchover, and that any learnings from Mildura can be utilised in future switchovers in other areas.

### **Conclusions**

2.62 The committee notes the enormous importance of the satellite service enabled by the Bill to rural and regional Australia. All witnesses and submitters were ultimately in agreement on this issue. The satellite platform will, for the first time ensure that there is equity between regional and metropolitan Australia in terms of the free-to-air television services available.

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57 Mr Andy Townend, Deputy Secretary, Broadcasting and Digital Switchover, Department of Broadcasting, Communications and the Digital Economy, *Committee Hansard*, 16 April 2010, p. 71.

58 Department of Broadband, Communications and the Digital Economy, answer to question on notice, 16 April 2010 (received 23 April 2010).

2.63 The committee notes that it is simply not feasible to provide all Australians with terrestrial digital television, and commends the government for developing an equitable satellite solution, which is also cost-effective to taxpayers as a result of the government's negotiations with commercial broadcasters to fund the conversion of terrestrial broadcasting facilities.

**Recommendation 1**

**2.64 The committee recommends that the Senate pass the Broadcasting Legislation Amendment (Digital Television) Bill 2010.**

**Senator Anne McEwen  
Chair**