

Coalition Senators' Additional Comments

Coalition Senators participating in the inquiry question the implications of the Broadcasting Legislation Amendment (Digital Television) Bill 2010 for households, notably those in rural and regional Australia.

Coalition Senators are concerned that the Department of Broadband, Communications and the Digital Economy could not provide any data to show satellite broadcasting is the most appropriate and cost-effective means to deliver digital television services in black spot areas.

Costs incurred by households to purchase and install satellite receiving equipment and persistent uncertainty surrounding the reach of upgraded digital self-help retransmission towers remain of concern to Coalition Senators.

Alternative Solutions

Coalition Senators note the concerns of Broadcast Australia and AUSTAR who questioned whether the government adequately examined the full range of solutions to digital television black spots.

Coalition Senators are concerned at the apparent lack of cost-benefit analysis underpinning the Government's policy. As Broadcast Australia noted:

Broadcast Australia is unaware of... any cost benefit study that has underpinned the decision by government to spend \$40 million per annum in 2010 dollar terms for each of the next 4 years (while this is an ongoing commitment the actual future amount has not yet been disclosed) to provide the full range of so called Freeview services from the new satellite platform, compared with rolling out a greater number of digital terrestrial transmission TV facilities.¹

Broadcast Australia also stated:

The second point I would like to emphasise is that we are not aware of how the balance between terrestrial and satellite has been arrived at by the government.²

Austar noted similar concerns:

It seems prudent, however, to ensure that the chosen solution is as cost effective as possible, particularly given the potentially small number of homes likely to benefit from the application. AUSTAR strongly encourages further scrutiny and transparency of the funding arrangements prior to the

1 Broadcast Australia, *Submission 4*, pp 1-2.

2 Mr Stephen Farrugia, Director of Technology, Broadcast Australia, *Committee Hansard*, 16 April 2010, p. 27.

passage of the Bill to ensure that the most cost effective and appropriate solution is implemented.³

In the absence of evidence to the contrary, Coalition Senators are not convinced that the government has chosen the most cost-effective or appropriate solution to meet its objective.

Access Regime

Coalition members of the committee remain concerned about the lack of a framework to govern network access for non-commercial broadcasters (such as NITV, Westlink and the Rural Health Education Fund, as outlined in chapter two of the committee report).

In response to a question on notice, the Department stated:

...it is a condition of the grant deed entered into with commercial broadcasters to deliver the satellite service that the broadcasters must not do anything that would restrict any providers... from negotiating with the satellite platform provider to achieve access to the satellite service.⁴

Coalition Senators are not satisfied that providing that broadcasters 'must not do anything' to restrict access negotiations will guarantee 'access to the satellite service'. Even more remote is any guaranteed access to ancillary equipment, such as the electronic program guide and subscriber management systems.

In a further response to questions on notice, the Department suggested:

The Broadcasting Services Act 1992 does not provide for the guaranteed access of free to air broadcasters, such as narrowcasters or community television, to the Aurora platform. Similarly, there are no provisions in the Bill relating to access for such parties to the satellite transmission platform.⁵

Coalition Senators do not believe the provisions of the *Broadcasting Services Act 1992* should be held out as reason for not providing an access regime to the proposed VAST network.

Coalition Senators question whether an access regime for the publicly funded satellite network (VAST) should be guided by previous considerations for regulation of the privately owned Aurora platform, operated by Optus, a private telecommunications carrier.

3 Austar, *Submission 6*, p. 5.

4 Department of Broadband, Communications and the Digital Economy, answer to question on notice, (received 23 April 2010), Question No 1 – 10 from Senator Ludlam.

5 Department of Broadband, Communications and the Digital Economy, answer to question on notice, (received 23 April 2010) Question No 1 – 10 from Senator Ludlam.

Cost of adoption

Coalition Senators are concerned at the unclear and potentially significant out-of-pocket expenses that may be faced by households seeking access to the satellite network.

Rural and regional communities may incur higher installation and supply charges for satellite-related equipment, due in part to a lack of competing retailers in rural areas.

A number of factors may further inflate the cost of installation for rural households. Factors like the availability of appropriately skilled technicians, obstructions to reception, travel time and the state of existing cabling may inflate costs in remote locations where black spots are more likely prevalent.

Uncertainty—terrestrial or satellite?

Coalition Senators are concerned at the lack of certainty for rural and regional households who may not know which methods of digital reception will be available prior to switchover.

This will be of particular concern to residents in the vicinity of the forty four self-help towers identified as likely to be made redundant by the extended footprint of other upgraded towers nearby.

As Broadcast Australia told the committee, residents cannot be certain they will be within the new digital coverage footprint:

A more difficult scenario is where you are an existing self-help viewer or you are on the edge of analogue coverage. Until the full suite of digital services are available at those sites, you cannot make an informed decision as to whether you are going to have digital terrestrial or you will need to buy, at a significantly higher cost, digital direct-to-home satellite services.

For example, if you live in an area, say Clare, where the ABC is not there at the moment and the ABC is your first choice viewing channel, you may at the moment feel you need to buy a direct to home satellite receive system. Until the decision is made and the service is established you cannot confirm that you have reliable ABC reception.⁶

Coalition Senators are concerned that while metropolitan viewers have received a period of simultaneous analogue and digital broadcast, certain rural areas currently serviced by self-help towers must wait for the analog switch-off to see whether a terrestrial digital signal will be available.

6 Mr Stephen Farrugia, Director of Technology, Broadcast Australia, *Committee Hansard*, Canberra, 16 April 2010, p. 27.

Coalition Senators fear this will result in a 'hot-switch' situation, where households will receive an analog signal until switch-off but no digital signal at switch-on.

Coalition Senators are concerned that rural and regional households don't have the certainty required to make educated, informed and cost-effective decisions about how to best prepare to receive digital television, ahead of the switch-off.

Accordingly, some residents will be unable to plan with certainty for the purchase of a new television set or the purchase and installation of satellite reception equipment.

Concluding Remarks

In the absence of sufficient evidence or cost-benefit analysis, Coalition Senators remain concerned that the use of a satellite broadcasting service may not be the most satisfactory or appropriate or cost-efficient means to address the issue of digital television black spots.

We worry about potentially significant out-of-pocket preparatory expenses for rural and regional digital reception, exacerbated by uncertainty about whether they will access digital TV from terrestrial or satellite means.

Coalition Senators consider that television viewers in remote, rural and outer-metropolitan areas deserve equivalent access to equivalent television services as their city counterparts, ideally through upgraded terrestrial services where practicable.

Senator Mary Jo Fisher
Deputy Chair

Senator the Hon Judith Troeth