Australian Broadcasting Corporation Submission

Senate Environment, Communications, Information Technology and the Arts Committee

Inquiry into the provisions of the Broadcasting
Legislation Amendment (Digital Radio) Bill 2007 and
the Radio Licence Fees Amendment Bill 2007



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Introduction

The Australian Broadcasting Corporation (ABC) has had a long-standing commitment to the development of digital radio in Australia. It convened the first industry conferences on the topic in the early 1990s and was an active participant in the subsequent Ministerial Digital Radio Advisory Committee. It has taken an active role in all digital radio trials in Australia, from the first limited trial in Sydney in 1999 to the more extensive trials that have been conducted in Sydney and Melbourne since 2003.

The ABC has played a pivotal role in the development of digital radio for Australia so far and strongly believes the national broadcaster is able to play an integral part in its successful implementation, offering audiences the increased programming choices and enhanced features that digital radio is capable of providing.

Accordingly, the Corporation warmly welcomed the Minister's October 2005 announcement of a framework for the introduction of digital radio in this country. It supports the intent, and the large majority of provisions, of the Broadcasting Legislation Amendment (Digital Radio) Bill 2007 ("the Bill").

Under the provisions of the framework, which are reflected in the Bill, digital radio services are initially to be rolled out to the six state capital cities by 1 January 2009. As additional spectrum becomes available, particularly as a result of analog television switch-off, it will be possible for digital radio to expand into other areas.

The framework specifies the use of the European Eureka 147 Digital Audio Broadcasting (DAB) technology, which is the leading system with widespread international support and a record of commercial success. However, the framework also recognises that other, supplementary platforms, such as Digital Radio Mondiale (DRM) will probably be required to address extended coverage issues in regional and remote areas. As the ABC's radio services currently cover 99.4% of the Australian population, this is of particular interest to the Corporation.

Incumbent national, commercial and wide-area community broadcasters will have access to spectrum and will be able to simulcast their analog services in digital or offer new services. The national public broadcasters—the ABC and SBS—will be required to share a multiplex,

with commercial and wide-area community stations sharing another one or two multiplexes in each transmission facility.

The ABC has a small number of comments on the Bill. These relate to the planning of national broadcasters' digital radio services on the same basis as commercial services, the requirement that the national broadcasters form a company in order to be issued with Category 3 multiplex licenses, the restriction of formats for digital radio program enhancements, and the need to establish an appropriate standard for digital radio in rural and regional Australia.

The ABC has no comment on the Radio Licence Fees Amendment Bill 2007, which does not affect its services.

Why Digital Radio?

The ABC considers digital radio to be more than the next generation of radio; it is an integral part of the emerging digital media landscape.

Analog media is coming under increasing pressure from new technologies and platforms. Internet streaming, peer-to-peer file sharing, media-on-demand, podcasting and an increasing range of mobile devices are breaking down the linear demands of conventional radio and television, providing more convenient access and specialised content to increasingly fragmented audiences.

Digital radio is far better placed to meet these challenges and increased audience expectations and offer much more than the relatively passive listening experience of traditional analog radio.

Digital radio has the capacity to provide listeners with more services, clearer reception and better sound quality and a range of other features, including tuning by station name, record-and-rewind capability, over-the-air downloads, and ancillary program information including text, graphics, pictures and web pages.

Better Sound and Reception

Digital radio is able to deliver better sound quality than traditional AM and FM radio and the interference often experienced on existing analog AM/FM radio will disappear, as a digital radio receiver locks on to the strongest signal it can find and ignores everything else.

More Choice

As digital radio transmission is far more efficient than analog AM/FM, more stations can be broadcast within the same amount of spectrum. This means digital radio has the potential to

offer new services to expand listeners' choice—specialist program formats, for example, such as sport or specialist music.

Easier Tuning

With digital radio there is no need to remember the frequencies of stations, as stations can be tuned by name. In addition, listeners will not need to search for frequencies when travelling.

Rewind and Record

Digital radio receivers receive and decode a digital program stream into a format that the audience can hear (and see on a small screen). Like computers, they also have the capacity to store information. Digital radio receivers can therefore pause and re-wind for a few minutes—allowing the audience to re-capture what they may have just missed, such as a segment of an interview, a news bulletin, weather or song details—or store audio on a memory card for later listening to whole programs. New generation receiver screens can also incorporate an Electronic Program Guide (EPG) to facilitate this audio-on-demand experience.

Other Features

Digital radio receivers also have small screens for text information about the programs on air. This may include song and artist details for the music that is playing, the latest news and weather, business news and sports results, what is coming up next, and contact phone numbers. Digital radio receivers in development can also present graphics, pictures and web pages, further enhancing the radio listening experience.

In addition, over-the-air music downloads have also been successfully trialled in the UK in the past year.

Digital Radio and the ABC

New Services

The ABC has long been committed to digital radio as it provides an opportunity to provide new services and content. The ABC believes that it is primarily new audio services and content that will attract audiences to digital radio, as well as its enhanced functionality and potential for multimedia content.

The UK digital radio experience—the most successful one so far—has shown that the provision of new services, alongside simulcast analog services, is crucial to driving digital radio uptake. The relatively lacklustre performance of digital television in Australia, which has so far largely just simulcast analog services, is also instructive in this regard. With only 25% penetration in more than six years, better pictures and wide-screen clearly are not enough to attract audiences and drive take-up. It takes content.

ABC Radio produces a lot of content that competes for airtime on its existing analog stations, content such as news and sport, specialist information, cultural and music programming. Digital radio provides the potential to offer new services, to meet the needs of audiences that are currently not consistently served—either by the ABC or by the commercial or community stations.

For some time now, ABC Radio has been exploring the possibilities of such new niche services, focusing on distinctive content, content in which the ABC has expertise and an established track record, and on leveraging existing content. For example, NewsRadio is currently streamed on the internet and broadcast on the satellite pay TV platform while Parliament is broadcast on PNN analog radio. This is immediately available for broadcast on digital radio.

The *dig* music service—also streamed on the internet at abc.net.au/dig and broadcast on digital free-to-air and pay television—is another prototype for a digital radio service and is currently broadcast on both the Sydney and Melbourne digital radio trials. Aimed at over-30-year-olds, with a diverse mix of music—rock, pop, soul, blues, country, folk and more—and high levels of Australian content, it is distinctive, addresses identified audience needs and draws on the ABC's strengths and track record in music programming and publishing. The same is also true of *dig*'s specialist jazz and country music services.

A Sports Extra service, which would provide additional live sports coverage as breakout programming from ABC Local Radio and/or maintain local information programming while sport is broadcast, is also under consideration. It has demonstrable audience appeal and would also be relatively cost-effective, with much content already available.

Content based on health, lifestyle and well-being issues — in part, aggregated from existing services — could also provide a distinctive specialist digital station, as could book readings, drama, features, comedy and arts journalism. A participatory station, dedicated to usergenerated content, could also cater to the growing trend of media-based self-expression and content sharing.

Multimedia content

Overseas developments in recent years are seeing the emergence of more multimediacapable digital radio receivers, delivering applications such as an EPG, slide-show and broadcast web pages, as well as the text information available on the first generation of receivers.

ABC Radio is well placed to exploit the multimedia capacity of digital radio, having developed some solid expertise in the area through ABC Online. ABC Online is one of the largest—and most popular—content-based web sites in Australia and about half of its content is generated by ABC Radio.

In the digital media environment, program content no longer belongs exclusively to one platform or another and the capacity to produce content for multiple platforms is vital to ongoing engagement with audiences. ABC Radio is increasingly platform agnostic and has, for some time, been developing production models for content that sits comfortably not only on radio, but also on television, the internet and a variety of other emerging platforms, such as mobile phones and MP3 players via downloads and podcasting.

There are now broadcasters across all ABC Radio networks, whose work is a combination of radio and online reporting and production. These broadcasters are skilled in producing text, graphics, video and multimedia content to accompany items and programs broadcast on the radio.

As more sophisticated screen displays develop, such multimedia content on the digital radio platform will be an integral part of the whole radio experience and will be attractive to audiences looking for a richer media experience, consistent with what is increasingly available on competing platforms.

Comments on the Bill

The ABC has a number of specific comments on the Bill. These comments reflect the ABC's character as the national broadcaster with a particular and strong commitment to serving rural and regional Australia, and as an organisation that is at the forefront of providing its audiences with rich multi-media experiences. As such, the ABC is concerned that the bill:

- means digital radio services delivered by the national broadcasters will be planned on the same basis as commercial services;
- requires the national broadcasters to form a company in order to be issued with Category 3 multiplex licenses;
- restricts enhancements to digital radio programs primarily to text and still images, limiting the development of digital radio as an integral part of a rich multi-media experience; and
- makes no provision for digital radio coverage of regional and remote Australia, with the potential to create legacy issues if significant numbers of DAB-only receivers are sold before a digital radio standard for regional broadcasting is settled.

These issues are discussed in further detail below.

Overlap of National Broadcaster and Commercial Licence Areas

Under the regime set out in the draft Bill, digital radio will be planned and licensed under proposed section 44A of the *Radiocommunications Act* 1992 ("RA") on the basis of "designated BSA radio areas." These are defined under item 124 of schedule 1 of the draft Bill as licence areas under the *Broadcasting Services Act* 1992 ("BSA") applying to either commercial radio broadcasting licences or community radio broadcasting licences of equivalent coverage. As

this planning regime includes national broadcasting services, which are able to be carried on either Category 2 or 3 multiplex transmitter licences, it effectively means that digital radio services delivered by the national broadcasters will be planned on the same basis as commercial services.

The ABC acknowledges that in a situation of scarce Band III spectrum, there are practical reasons for housing commercial, community and national digital radio services in adjacent multiplexes broadcast from the same transmitter. Nonetheless, the Corporation has an inprinciple objection to such an approach being applied more widely to the planning of digital radio or broadcasting services in general.

The planning of commercial licence areas reflects particular policy assumptions about business competition for audiences between commercial radio providers. These assumptions are not shared by the ABC, which is not in business competition with commercial radio providers and conceives of its audiences, particularly in regional areas, quite differently from commercial radio services.

Category 3 Multiplex Company

The ABC has a number of concerns about proposed section 102E of the RA, under which the ACMA can only issue Category 3 multiplex transmitter licences to qualified companies whose only shareholders are national broadcasters.

A major concern is that the formation of a company has the potential to place additional and unnecessary burdens on the national broadcasters. These include tax obligations, administrative and compliance costs, audit costs and directors' insurance.

The Corporation strongly supports the view, reflected in the legislation, that the most efficient model for Category 3 licences involves the ABC and SBS owning and managing a common ensemble multiplex and other shared infrastructure, rather than a third party. However, this does not of itself require the formation of company. In discussion, the ABC and SBS have been considering less formal instruments, such as a Memorandum of Understanding. The ABC believes that the legislation should not specify the precise instrument that is used for this purpose.

Radio Program Enhancements

The ABC notes that the definition of "digital program enhancement content" inserted in subsection 6(1) of the BSA by item 15 of Schedule 1 of the Bill restricts enhancements to digital radio programs to text, still images and any additional forms specified in a legislative instrument by the Minister.

The ABC assumes that the motivation for restricting enhancements to digital radio programs in this way is to ensure that digital radio services are not able to compete with television

services. The Corporation supports this, as it is interested in digital radio being rich radio, rather than poor television. However, it believes that the definition of digital program enhancement content should be extended to include animation and video clips of a short duration to enable such things as transmission of broadcast web pages, animated weather maps and short video clips to illustrate news and sport coverage and the like. The ABC notes that this sort of content is already widely available via mobile phones. Further, as the nation's emergency broadcaster, the Corporation believes that during natural disasters, such as cyclones or bushfires, the ability to show animated maps would be of considerable value.

It is enhancements of this kind that will ensure that digital radio becomes an integral part of the new digital multi-media environment. Conversely, it is such enhancements that will drive the take-up of digital radio, enabling digital radio to play this integral role.

Coverage of Regional and Remote Australia

The challenge of providing adequate digital radio coverage for regional and remote Australia is of particular concern to the ABC, given that ABC Radio currently transmits its services to 99.4% of the Australian population. A number of large 50KW AM transmitters, for example, deliver Local Radio to outlying regional and remote areas not reached by other radio services.

The digital radio regime set out in the bill is based upon the subdivision of spectrum into multiplexes, and as such clearly reflects the DAB standard. While this was the primary standard prescribed for digital radio in the framework announced by the Minister on 14 October 2005, the framework also recognised that other platforms, such as Digital Radio Mondiale (DRM), will probably be required to address regional and remote area coverage issues, including delivering digital radio broadcasts that are able to be received on the highways between towns. The ABC believes that such a wide-area digital radio standard should be determined before the provisions of the current Bill come into effect.

The primary reason is that if, for example, DRM is ultimately adopted as the wide-area digital radio standard, it will be necessary for receiver manufacturers to produce multiformat devices that are able to receive both DAB and DRM, as well as AM and FM analog radio. In the absence of a second digital radio standard for regional areas, no incentives currently exist for manufacturers to consider the need for such multi-format receivers in their forward planning. The likely result will be that by the time a second digital radio standard is settled, digital tuners that are only able to receive DAB broadcasts will be in the marketplace in significant numbers.

A better outcome would be achieved if all digital tuners sold in Australia from the outset were able to receive both digital radio standards. Accordingly, the ABC recommends that an additional digital radio standard that is appropriate for wide-area coverage of regional and remote Australia be adopted before the provisions of the Bill come into effect.