

RAPAD

Incorporating Central Western
Regional Organisation of Councils



9 March 2011

Committee Secretary
Senate Environment and Communications Legislation Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

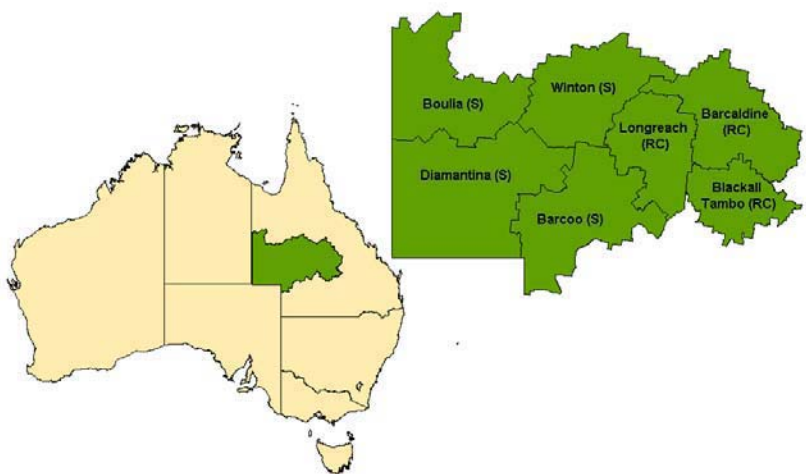
E-mail: ec.sen@aph.gov.au

Subject: Broadcasting Legislation Amendment (Digital Dividend and Other Measures) Bill 2011 [Provisions]

Dear Sir / Madam

I refer to your e-mail dated 4 March 2011 in which you invite the Remote Area Planning and Development Board (RAPAD) to offer a submission to the above mentioned Bill. Despite the short notice of this enquiry, please find our submission attached.

For your reference, RAPAD is a regional development agency and regional organisations of councils owned by and representing the seven local governments of Central Western Qld.



Central Western Qld



RAPAD

The area covered by the seven local governments of the Central West Qld region encompasses some 385,000km², with 19 towns spread throughout the seven local government areas including: Barcaldine Regional Council, Barcoo Shire Council, Blackall - Tambo Regional Council, Boulia Shire Council, Diamantina Shire Council, Longreach Regional Council, and Winton Shire Council.

The regional population is approximately 12,256 people spread between townships and approximately 1,300 rural properties which in turn represent approximately 58% of the regions registered businesses. Agriculture (fisheries and forestry) accounts for approximately 30% of the RAPAD regions employment. The composition of nominal gross value added (GVA) for the RAPAD region is also dominated by agriculture (fisheries and forestry) which accounts for 41.4 per cent of nominal GVA. The other major industries in the region are tourism, government related services and mining exploration, which, if current public information suggests, will convert into significant developments over the coming years. The Central Western Qld region

Yours Sincerely

David Arnold
General Manager

Att

Submission to the Senate Standing Committees on Environment and Communications

Broadcasting Legislation Amendment (Digital Dividend and Other Measures) Bill 2011

1. Outback TV Background

To a significant extent the Australian Outback was opened up and developed through self reliance. It is no surprise then that the same happened with the development of free-to-air television reception in the Outback. In the years since the first Aussat analog satellite free-to-air TV services launched in 1985 to be replaced by the Aurora digital satellite platform in 1997 some 460 communities pooled local resources and developed so called self-help analog TV transmission facilities to terrestrially retransmit the free-to-air TV channels that were available from the satellite.

Including the regional and metropolitan areas of Australia there are around 700 self-help analog television sites in Australia operating in the order of 2,800 analog transmitters or roughly 50% to 60% more than those operated by all the commercial free-to-air broadcasters and the ABC and SBS put together.

It is therefore somewhat ironic and bewildering that a new free-to-air digital satellite platform called VAST was developed between January 2009 and March 2010 by the broadcasters, DBCDE and Optus and no one thought to consult any one of those 700 self-help analog television licensees.

Indeed we now know that when the platform itself was announced in April 2010, that it was not possible for self-help licensees to retransmit commercial television channels from the new platform. In other words when the platform was announced all 460 then existing Aurora satellite fed self-help analog transmission facilities in the Outback had effectively been closed down through the stroke of a pen from an unknown author. See below answer to question 111 from the October 2010 Senate Estimates:

Senator Fisher asked:

Did the Department conduct any evaluation of whether the technical parameters of the VAST platform announced on 14 April would make it more expensive and technically more complex for small communities to establish digital terrestrial self-help facilities using VAST as the source of commercial TV channels for retransmission?

Answer:

The VAST service has been established as a direct to home satellite service and not a distribution system to serve self-help or other retransmission sites.

The actual close down of course would not happen until the actual analog switch-off date for the relevant area / state ticked by. But effectively a decision had been taken behind closed doors to abandon the very self-help ethos that had characterised not only the development of free-to-air television reception in the Outback but the Outback itself.

This submission in no way criticises the Government for embarking on an ambitious free-to-air satellite platform to meet the needs of communities beyond the reach of broadcaster digital terrestrial facilities. Of itself VAST is a wonderful and generous achievement. This

submission however does argue that the 460 analog TV self-help communities in the Outback should have an opportunity to work out how best to use this marvellous new satellite platform to provide the best outcome for the residents in their communities.

We hope that this Senate Committee and the subsequent deliberations of the Parliament concerning the new Bill reverses the somewhat Alice in Wonderland (verdict first; trial later) process that has characterised the new VAST satellite platform and its relationship to the 460 remote area self-help communities. Instead of 'decision first consultation later' we hope that this Senate Committee process allows at last for some consultation and with it reasonable variations of current Government decisions and DBCDE procedures so as to benefit the communities in the far-flung parts of Australia.

2. What does RAPAD want?

Re Schedule 2 of the Bill and digital TV

a) The seven councils which make up RAPAD operate 19 analog self-help TV retransmission facilities in Central Western Outback Queensland. Essentially what we want in respect of our, and fellow Outback community's current analog self-help facilities is:

Time for us to properly analyse the current situation and determine whether we will or will not set up digital terrestrial self-help facilities to replace our current analog ones or recommend with real confidence that we believe it is best for our communities to convert en masse to VAST. It is a simple request and we believe a fair one. However there are a number of things which need to be altered to enable this to happen in a sensible and sensitive way.

They are:

- To get real assistance from DBCDE and the Government to set up trials for a model digital terrestrial self-help facility to enable us to prove, or disprove the concepts being put to us by myriad terrestrial transmission suppliers and then do quick cost benefit studies and have reasonable consultations with our communities;
- While we are conducting this due diligence, for other Government and DBCDE decisions which are putting us under great duress to be put on hold. For example this means at the least for the letters inviting eligible homes to opt in to the Satellite Subsidy Scheme (SSS) to not be sent out on 20 April to at least the remote areas of Queensland. The remote area self-help facilities of Queensland are not expected to switch off analog until the middle of 2013. There is simply no need for homes and communities in the remote areas of Queensland to have to make a decision now concerning DTH VAST or digital terrestrial reception of their future digital free-to-air television services;
- The ability for communities which decide to set up their own digital terrestrial self-help facilities to pool the contingent SSS per home subsidy and management fees that the Government would have otherwise paid out in respect of each residential home to assist it to convert one device to VAST.

To refuse this request is for Government to sit back and let our communities spend their own money upgrading their current self-help facilities to digital and at the same time actually save Government expenditure on the SSS Scheme. How could this be fair and equitable?

We do not seek any further government financial assistance than that which homes within our communities would have already had due to them should the VAST DTH option be chosen.

In correspondence dated 9 December 2010, Senator Conroy advised us that he would have an answer to our question (our correspondence 16 November) on pooling before the end of February 2011. To date we've received nothing back however it is our understanding that DBCDE and the Minister have said such a pooling procedure would distort the SSS scheme and result in higher co-payment charges for fewer 'remaining' homes within the SSS VAST conversion structure. We dispute this assertion.

We are advised that under legally binding RFT response documentation no bidder to an SSS tender can alter any quoted price on the basis of changes to the predicted number of SSS homes regardless of the reason.

We understand that the Pricing Schedule for the required Queensland SSS RFT response says "...The exact number of Registered Households that will participate in the scheme may be higher or lower (than outlined in the Schedule).....The list of locations participating in the scheme may also vary due to decisions by broadcasters to, or not to, convert self-help sites to digital..."

So it seems clear that broadcasters can quite freely decide to upgrade a self-help facility or not upgrade a self-help facility they previously said they would at any time. DBCDE does not seem to be concerned at this significant potential for a rise or fall in SSS participation and any effect on 'remaining' SSS homes.

Indeed we are told that at Orroroo in regional SA the broadcasters decided to upgrade the self-help there after we understand the regional SA SSS contract was signed with Skybridge.

We are further told that the same happened with at least Cohuna in regional Victoria. This town of 1,800 residents was removed from the DBCDE SSS town list early in December 2010 after the broadcasters decided to upgrade this self-help at the end of November – again we understand after the SSS contract with Skybridge was negotiated.

Finally we understand that total SSS business in regional Victoria is only running at about 1/3 of the original predicted rate in the SSS RFT documentation.

b) In respect of the larger Outback towns in remote Queensland (such as Quilpie, Richmond, Augathella, Dirranbandi, Normanton etc) the government needs to consult further with those regions and if they are in agreement we look for further Government pressure and or assistance to get commercial broadcasters to upgrade several more of the 20 or so self-help facilities in locations with populations of 500 or above. Again in achieving this extra digital terrestrial roll out we believe the Government should allow otherwise contingent SSS per home VAST DTH conversion subsidy funds to be used to assist the Government or the commercial broadcasters meet the upgrade cost of current self-helps in those 20 or so locations.

We feel it is unfair that towns of similar size have had their current self-help facilities upgraded by the commercial broadcasters under pressure from the Minister in regional

Queensland but at least 20 or so that meet the so called 500 population cut off in remote Queensland are being left to the more expensive VAST unless the Parliament can recommend reconsideration.

c) That ABC digital terrestrial facilities are rolled out wherever ABC analog terrestrial facilities are currently in existence and that SBS digital terrestrial facilities are rolled out wherever the ABC and at least one commercial are in digital terrestrial form so as to avoid homes having to establish VAST DTH reception facilities just for the SBS.

Re Schedule 1 of the Bill and the Digital Dividend

d) In respect of the Digital Dividend Schedule 1 part of the new Bill we urge Senators to find out how and whether the Ministerial Directions of 9 July setting the Digital Dividend objectives for ACMA may have significant impact on:

- whether most areas of regional and all areas of remote Queensland will ever get digital radio;
- whether a 6th free-to-air TV terrestrial frequency will be rolled out anywhere in regional or remote Queensland; and
- their impact on ACMA granting Outback councils spectrum to establish their own digital self-help terrestrial transmission facilities.

3. Lack of consultation

Not only was there lack of consultation with self-help analog licensees during the development of the new VAST Satellite platform during the 15 months of negotiations and discussions between the Government, DBCDE, broadcasters and Optus, there has also been complete lack of consultation with our communities in developing the two assistance schemes which would apply to assist our residents to convert to digital. The main one of these is the SSS Scheme which provides a per home subsidy to each resident which is within the coverage area of an existing analog self-help facility which is not upgraded to digital by the broadcasters or Government.

The second is the Household Assistance Scheme (HAS) which provides assistance to certain welfare recipients to convert from analog television to digital. The first we ever heard about these schemes was when detail in respect of them started to emerge through tender documents set up on the Government tenders site and more skeletal descriptions of them on the DBCDE website.

In respect of consultation before the SSS scheme was announced in April of last year DBCDE said in answer to question 114 from the October Senate Estimates hearings that the only consultation that occurred was with members of the DBCDE Consumer Expert Group which contains no people as far as RAPAD is aware of from self-help areas needing to convert to VAST.

So a new satellite platform was developed which at the time it was announced meant the end of remote area self-help facilities and two different assistance schemes which apply to our communities were developed without one bit of consultation with any self-help group that we know of or one public discussion or consultation paper

We believe it is only fair that having been kept out of the picture for 15 to 18 months that we have at least a reasonable time to do our own due diligence before potentially having to make a decision on behalf of our communities between digital terrestrial reception or DTH VAST reception. Further we think we should be able to do this without duress from procedures and deadlines that have been developed and implemented without consultation with us – particularly in respect of the SSS Scheme.

4. Why is RAPAD so passionate about this issue?

Extra cost of VAST

Essentially it is because we believe that even after the per home SSS subsidy is applied it will cost homes significantly more to convert to DTH VAST than they would have paid to undertake the same level of digital conversion in a digital terrestrial self-help environment.

Our estimate is that it will cost between \$1,000 and \$1,500 extra – after the subsidy is applied – for every home to convert to VAST compared with the cost of the same home converting in the same way to digital terrestrial reception.

Full details of our view in respect of this are at Attachments 1 and 2 and were set out in our public response to an ACMA discussion paper on 12 November last year. In other words our views have been public in this respect for nearly 4 months without anybody attempting to repudiate them.

Viewer convenience and general council issues

We regard DTH satellite reception as not being as convenient for viewers or communities as digital terrestrial reception. That is why 460 remote area analog self-help facilities have been established over the last 23 years notwithstanding exactly the same TV channels were available via DTH reception from the Aussat or later Aurora satellite platforms.

First DTH reception requires a hard wired link to the satellite dish for every TV set or recorder and therefore limits any ad hoc portability of television viewing or recording around the home or immediately outside of it, let alone tourist vans and travellers.

Second in small Outback towns many homes are owned by the local council but the SSS provided VAST STB and smart card may revert to the occupant of that home. When that occupant moves on the council or the new occupant will be forced to purchase some VAST reception facilities all over again with no subsidy.

Third the SSS Scheme does not cover small businesses, in particular tourist businesses which represent a significant lifeblood industry for many outback communities. Hotels, motels, resorts, shops, medical clinics, hospitals, schools, libraries and community facilities will have to pay the complete cost of conversion to VAST and this can represent tens of thousands of dollars more than digital terrestrial conversion for the larger motels in our regions.

We note that RAPAD requested Senator Conroy's advice on likely costs to accommodation providers in correspondence dated 16 November 2010. Senator Conroy in reply correspondence, dated 9 December 2010, advised us that he had requested DBCDE provide

him with advice on this matter and that he hoped to have a reply to us by the end of February 2011. To date no response has been forthcoming.

Fourth wherever DTH reception is involved there are as many points of failure as there are DTH home facilities. Repair of the facilities after cyclones or other natural or weathering events is the responsibility of the home. Under a digital terrestrial self-help option there is really one main point of failure – the transmission facility – and this is the local council's responsibility to fix should it fail.

Finally even if the Government gets its way and we all are forced to go DTH VAST, self-help terrestrial broadcasting facilities may well remain a going concern for councils with respect to radio and some emergency services. In many places the towers, sites, power supplies and security measures will have to be maintained but no longer will these fix costs be spread over a television retransmission service as well as other local services.

Had DBCDE or Government communicated with us and listened to our unique and very practical viewer related and operational concerns during the development of VAST or even the SSS Scheme the current situation would not have reached this Senate Committee and our need to effectively appeal to the Parliament for relief may not have eventuated.

4. Specific problems with the Bill

Schedule 2 Digital TV

In many ways much of what is relayed above is not specifically the subject of the latest proposed amendments to the Broadcasting Services Act enshrined in the Bill. Our concerns are often to do with non-legislative decisions that the Government has made and procedures that DBCDE is following in order to meet various Government deadlines.

However there are specific areas of the Bill which we believe are wrong. They all seem to be based on a Government and DBCDE view that whether a home goes DTH VAST or digital terrestrial is really "six of one and half a dozen of the other". So much of what we see the Government doing is based on the false premise that there is no difference to homes or business regarding whether they receive their digital free-to-air TV channels terrestrially or direct from satellite.

Accordingly the Bill contains opportunities for broadcasters to ask the Minister for relief from rolling out digital terrestrial facilities which are covered by what we understood were legally binding Conversion Schemes developed up to 10 years ago by ACMA.

It appears that any broadcaster can appeal to the Minister to exempt it from rolling out any digital terrestrial facility required under its Conversion Scheme where the population to be served is less than 500.

Of more concern than that is the situation where any broadcaster can appeal to the Minister to exempt it from having to roll out a legally obligated digital terrestrial facility where the community – regardless of its size – is not served in analog by all local commercial and ABC or SBS channels.

We understand that at the very least this could mean that 70 or 80 towns around Australia and several in regional and Outback Queensland could miss out on having an ABC digital terrestrial service rolled out to replace its existing ABC analog terrestrial service.

It seems the Government is doing this because it feels if it rolls out an ABC digital terrestrial service in areas where for all other channels homes would have to go to VAST, represents a problem. We do not see it that way.

Virtually all television sets sold since 2006 have digital terrestrial tuners in them, and equally, the vast majority of DVD recorders sold then also have digital terrestrial tuners in them. Further, a home which already receives terrestrial television (even if only from an ABC analogue terrestrial transmission facility) either has external and/or internal terrestrial aerial systems.

Therefore, we understand that there is no particular extra cost to homes that have relatively new equipment should any terrestrial digital channel be available and watched. Extra cost and inconvenience only occurs where homes have to go to DTH VAST to watch any television channel, as a VAST STB needs to be connected to every television set or recording device to be tuned to such channels.

Accordingly we believe the Government should roll out ABC services in digital wherever the ABC is currently available in analog terrestrial form. We also feel that the SBS should be rolled out wherever the ABC and the commercial TV services are being rolled out in digital terrestrial form.

If the Government is so concerned about the potential for homes having to set up dual terrestrial and satellite reception systems (see paragraphs 215 and 217 of the Explanatory Memorandum) then why does it not commit – during this Senate Committee process – to rolling out SBS television in digital terrestrial form everywhere where the ABC and the commercials are to be rolled out in digital terrestrial form. This would avoid homes having to establish VAST DTH reception facilities just for the SBS.

Another exemption we note would allow remote area commercial broadcasters to decide not to provide high definition (HD) channels in high definition form. We cannot see how this is in the public interest particularly as the Government has just provided up to \$34 million to assist those broadcasters roll out a full suite of terrestrial channels.

Why should homes and businesses that pay for high definition display TV sets in the remote areas not have HD commercial channels available to them terrestrially in HD form?

We note that the Government has indicated this is just a technical amendment to provide the same flexibility to remote commercial broadcasters as was provided in the previous 'Satellite Bill' for regional South Australian and Broken Hill commercial services.

We understand that in June 2010 exemption was provided to the South Australian and Broken Hill commercials at a time before the \$34 million Government assistance agreement was announced. At such a time some cost reduction exemptions may have been appropriate for small regional commercial TV enterprises. However we believe now that the \$34 million dollar deal has been struck, that the amendments passed previously in June last year for the South Australian and Broken Hill commercial broadcasters to be able to elect to only transmit

in standard definition form should be rescinded rather than have the remote commercial TV services join them.

In other words there probably should be equity between these commercial television entities but not equity at the expense of remote area audiences.

Attachment 1

Extra VAST conversion costs compared to terrestrial reception and viewer convenience issues

Extract from public RAPAD submission to ACMA on 12 November 2010

A complete checklist of the various cost and functionality differences between a home being able to convert from analog terrestrial to digital terrestrial compared with the same home converting from analog terrestrial to digital direct-to-home satellite is at Attachment 2. However it is worth detailing two key aspects from that checklist.

4.2.a Cost

If homes are encouraged to convert (to VAST) from as early as 15 December 2010 then at least until the middle of 2011 only one manufacturer is able to supply a direct-to-home digital satellite set-top-box. Currently this manufacturer only has one model on the market. This model has only one high definition tuner and no recorder hard drive capability. Hence in any normal recorder and companion TV set TV set facility one would need two such set-top-boxes in order to watch one channel whilst recording another.

The cost of these set-top-boxes at the retail level is \$280 or 3.5 times the equivalent cost of Australia's best selling HD terrestrial digital set-top-box.

Accordingly an average Australian TV home with 4 TV devices with tuners (EG 2 TV sets and 2 recorders, or 3 TV sets and one recorder etc) would need to spend \$800 more just for VAST set-top-boxes if it wanted to replicate its pre-existing viewing and recording TV situation (4 x \$280 minus 4 X \$80) in order to match its current viewing and recording functionality for set-top-boxes alone.

This extra cost does not include the mandatory satellite dish and installation and the need to directly connect all TV sets and recorders in the house to that dish because any use of portable indoor terrestrial aerials for secondary TV sets and recording devices would no longer be possible.

RAPAD estimates that it would cost the average home, not eligible for the Government's satellite subsidy, in the order of \$1,500 more to convert to direct-to-home VAST than the same home converting to digital terrestrial. Even if the subsidy was applicable the extra uplift cost would be between \$1,000 to \$1,500. Further no businesses (such as schools, hospitals, hotels, motels, medical practices and clinics etc) are eligible for the subsidy.

RAPAD understands that Optus and the EASB joint venture partners have undertaken to develop procedures to enable competitive suppliers of VAST set-top-boxes to be authorised in the first quarter of 2011. RAPAD is advised that if alternative competitive suppliers of VAST set-top-boxes were authorised in the first quarter of 2011 supplies of competitive set-top-boxes would not be in the market before the middle of 2011.

4.2.b Viewer convenience

Because portable set top aerials can not be used in a direct-to-home satellite TV environment, each TV viewing and recording room needs to be directly cabled to the satellite dish. During the heat of summer it is not possible to take a TV set outside or, for example to the shearing or machinery shed to watch the cricket with a portable set top terrestrial aerial.

ATTACHMENT 2

Check List of Terrestrial versus DTH domestic home reception and cost issues for remote area TV homes and businesses

Viewer Functionality or Cost Issue	Terrestrial Viewer/Home	Satellite Viewer/Home
Relative home digital conversion cost		
Set top box	Less cost (about \$80 each retail for HD STB)	More cost (\$280 each retail)
Extra set top boxes for all TV sets and DVD recorders. (generally today all TV sets and DVD recorders sold have digital terrestrial tuners in them)	No need to purchase set top boxes for such equipment. Purchasers use the digital tuner purchased in all relevant reception equipment	Extra set top boxes will be required to be attached to each such device. The internal digital terrestrial tuner purchased with them is redundant
Range of equipment	Normal multiple suppliers and models (including PVRs and other recording devices) available in a competitive consumer market place	One single supplier and one STB currently available. Always more limited suppliers and models (EG when will PVRs be available) in what will be a less competitive consumer market place
Total cost of converting all analog home reception equipment (EG TV sets, VCRs, DVD recorders)	Much lower cost	Much higher cost
Aerials / dishes	Existing home aerials in most cases will continue to work. Hence generally lower cost	Almost all homes will have to install new satellite dish equipment. Hence generally higher cost
Connection of all TV sets to the external aerial / dish	Indoor or set top aerials can be used. In such areas. TV sets do not need to be connected to any external aerial	All TV sets must be connected to the external satellite dish
Total cost of aerials / dishes and cabling systems	Mostly nil cost	Always significant cost

Viewer Functionality or Cost Issue	Terrestrial Viewer/Home	Satellite Viewer/Home
Viewer convenience		
Moving TV sets around the house or outdoors	Where internal TV set top aerials are sufficient, TV sets can be moved anywhere around the house or outside buildings	The set top box for every TV set must be connected directly to the dish. Hence very limited TV set portability
Renters and transient home residents		
Landlords and 'fixtures'	Generally existing indoor or external aerials will suffice. Hence no new landlord approvals or 'fixtures' generally relevant	Almost all renters will have to install new satellite dish equipment. Hence landlord approval and cost/feasibility issues particularly for short term renters are relevant. Renters moving to terrestrial environments will have wasted money spent on DTH STBs.
Indigenous homes	Should home be vacated for 'sorry time' or other reasons portable aerials and TV sets can move with the occupants	Fixed satellite dish can not be moved and must remain on an empty house
Maintenance and reliable reception		
Smart cards, dishes and terrestrial aerials	It is claimed that maintenance of one central transmission facility combined with longer life and less directionally sensitive external terrestrial aerials and or almost throw away portable aerials is easier and cheaper. No smart cards are involved.	It is claimed that in harsh sun or wind or salt spray conditions DTH dishes and their mountings have a much shorter life than terrestrial external aerials. Also the more sensitive directional requirements of dishes means they are less reliable in providing acceptable reception quality. Smart cards may go missing.

Viewer Functionality or Cost Issue	Terrestrial Viewer/Home	Satellite Viewer/Home
Emergency information		
Information from authorities	Provided terrestrial transmitter remains active, local emergency information – particularly for portable battery powered radios remains available.	Domestic satellite dishes are often the first casualties in extreme winds such as experienced during cyclone emergencies.