

Senate Standing Committee on Environment and Communications

Answers to Senate Estimates Questions on Notice

Additional Estimates Spill-Over Hearing March 2017

Communications Portfolio

Australian Communications and Media Authority

Question No: 288

Australian Communications and Media Authority

Hansard Ref: Written, 03/04/2017

Topic: AM-FM Conversion

Senator Urquhart, Anne asked:

1. Previously the ACMA has only considered AM-FM conversion of commercial radio broadcasting services in very exceptional circumstances. What reason/s has the Minister provided to the ACMA for directing the ACMA to change its approach to AM-FM conversions?
2. Please provide an update on the planned conversion of AM radio licences to FM in regional areas? What is involved in the planning and licensing work that the ACMA does and what are the areas where this is going to take place?
3. What is the consultation process for AM-FM conversion with the affected local communities? How will you consult with them and how much notice of the conversion will there be?
4. Please detail what cost/s there is to the Commonwealth in relation to AM-FM conversion?
5. Please describe whether, how and when licence fees for the AM-licence holder may change once they convert to being an FM licence holder?

Answer:

1. The Minister did not make a formal direction to the Australian Communications and Media Authority (ACMA). Commercial Radio Australia put a proposal to the Minister to support AM-FM conversions in single licensee regional markets where (in most cases) the licensee holds both a licence for a commercial AM service and supplementary commercial license for an FM service. The Minister advised the ACMA that he supported this proposal, subject to certain caveats, and asked the ACMA to consider his request to prioritise AM-FM conversions in the context of the ACMA's broadcast planning responsibilities under Part 3 of the *Broadcasting Services Act 1992*. In his request, the Minister noted that, as well as benefitting consumers with improved audio quality and better interference protection, conversion would assist broadcasters to address the general ageing of the AM listening audience and the continuing migration of listeners from AM to FM, which is impacting on the economic performance of most (regional) AM services. More information about these issues and how the ACMA considered them in revising its approach is detailed in the consultation paper available from the ACMA's website at www.acma.gov.au/theACMA/changes-for-regional-radio-am-fm-conversions-and-other-variations.
2. The initial stage of the ACMA's AM-FM conversion program comprised consultation in November 2016 on a revised policy about requests for AM-FM conversion and infill transmitters. This process is largely complete and it is expected that the revised policy will be published in April 2017.

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The planning and licensing work involved with fulfilling a conversion request involves:

- Assessing the application against the policy on AM-FM conversions and the criteria set out in Part 3 of the *Broadcasting Services Act 1992*. This includes both a policy and an engineering component. ACMA staff are providing guidance to an industry contracted engineer to perform the engineering assessments, in all but the ‘easy’ markets (see below).
- Developing a preliminary view to take to public consultations and a period for consultation.
- Forming a final view and varying the relevant Licence Area Plan (LAP) to include technical specifications for the new FM transmitter and any infill transmitters necessary to maintain coverage.
- Issuing or varying the transmitter licences.

Concurrently with the policy consultation, the ACMA consulted on its proposals for conversions in the initial ‘easy’ markets (where frequencies were readily available). These were Karratha, Port Headland and in Exmouth, Paraburdoo and Tom Price within the Remote Western Australia (WA) licence areas. The LAP variations necessary to authorise these variations were approved in March 2017 and registered on the Federal Register of Legislation in April 2017.

As the next step, the industry’s consultant engineer has commenced planning work for two pilot studies in Bathurst, New South Wales (NSW) (pilot 1) and Tasmania (Burnie, Devonport, Queenstown and Scottsdale areas) (pilot 2) that will validate the methodology and provide a useful template for identifying and resolving issues in the other ‘harder’ markets.

It is anticipated that a LAP variation to enable the Bathurst AM to FM conversion (pilot 1) will commence in early June 2017 and, depending on issues disclosed during consultation, that the variation to the Bathurst LAP will be completed in October 2017.

The proposed LAP variations for the AM to FM conversions in the pilot Tasmanian markets (Burnie, Devonport, Queenstown and Scottsdale) will commence once the consultant’s engineering report has been finalised and agreed to by ACMA staff.

The anticipated work program and timing for the remaining markets is summarised in the table below. The priority order was decided by industry. The exact timing is dependent on the delivery to the ACMA and acceptance by the ACMA of the consultant’s engineering reports.

Markets	Anticipated completion of LAP variations
Inland Southern NSW/Vic: Parkes, Young and Lithgow	Fourth quarter 2017
Inland Northern NSW: Armidale, Gunnedah, Inverell, Moree and Tamworth	First quarter 2018
Coastal Northern NSW: Grafton, Lismore and Taree	Second quarter 2018

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Warrnambool	Third quarter 2018
Southern NSW (coastal and highlands): Bega, Cooma, Goulburn and Nowra	Fourth quarter 2018
South Australia: Murray Bridge, Port Lincoln, Riverland and Spencer Gulf North	First quarter 2019
Western Australia: Albany and Mandurah	Second quarter 2019
Wangaratta	Third quarter 2019

3. The consultation process for each proposed licence area plan variation needed to authorise an AM–FM conversion involves:
- releasing a public consultation paper on the ACMA’s website
 - directly notifying and inviting comment from peak bodies and broadcasters in the affected and adjacent licence areas
 - placing advertisements about the proposed AM–FM conversion in local media, directing readers to the consultation paper
 - publishing the final decision on the ACMA’s website.

The actual timing of the conversion will be a matter for the broadcaster. Once approved the ACMA expects the broadcaster will provide the necessary notification to the community about the timing of the conversion. There will generally be a 28 day simulcast period to assist the broadcasters to manage audience transition.

4. The ACMA is undertaking the AM–FM work program within its existing resources. This is being achieved by prioritising AM-FM conversion over other planning work. Commercial Radio Australia has made available the assistance of a consultant engineer to perform the engineering work necessary to identify suitable and available candidate frequencies for conversion in markets. This assistance should supplement the ACMA’s engineering resources.
5. Under current legislation, a conversion from AM to FM will not result in a change to either the broadcast licence fee, which is based on a broadcaster’s annual revenue, or transmitter licence tax, which is a flat rate per transmitter.