



25 September 2006

The Secretary
Senate Environment, Communications Information Technology and the
Arts Legislation Committee
PO Box 6100, Parliament House
CANBERRA ACT 2600

Dear Sir/Madam

The Government's media ownership reforms could result in a frenzy of buying and selling stocks in media companies. But no matter what effects the reforms have on commercial media, the *community broadcasting sector* will remain a stronghold of media diversity, immune from any concentration of ownership.

Each and every one of the more than 350 independent, volunteer-supported community stations in regional and metropolitan Australia will continue to deliver local information and cater for the diverse needs and interests of more than 7.5 million Australians.

Community stations, both radio and television, are individually owned by not-for-profit companies and associations. No community station can be bought or sold and each will retain their autonomy and particular community focus.

According to research data published by the peak industry body for community broadcasting stations (radio and television) the Community Broadcasting Association of Australia (CBAA), the sector is larger, stronger and more diverse than it has ever been. It is the most dynamic sector in the media industries and one which is largely self-sustaining through community support and sponsorship.

Over the next 3 years implementation of digital terrestrial broadcasting is a pressing priority for community broadcasters. From the perspective of the CBAA its member stations cannot simply remain analogue broadcasters only. Community broadcasting is not just about FM radio. Add to the mix 7 independent community television services, internet-delivered content and the CBAA's own satellite delivered Digital Delivery Network and you begin to see the scope we have for diversity and strength in digital content production and delivery.

The CBAA is calling on the Government as it implements its sweeping structural reforms of media to safeguard media diversity by providing the appropriate legislative framework and additional funding support for digital infrastructure.

The time has come for the Government to make good its commitment to supporting the digital provisioning costs of the community broadcasting sector. It's time to ensure that true media diversity is sustained and given a digital future.

The future of the community television sector still hangs in the balance with the Government's media reform package shedding no light on when community television will be available on digital.

While the community television (CTV) sector is not currently broadcasting on digital, the Government has long been committed to providing the CTV sector with access to a digital channel free-of-charge.

The Minister's discussion paper, released in March, says that the Government's Digital Action Plan will reveal how this access will be provided.

The Government must ensure that community television is simulcast on digital and analogue until analogue switch-off, with funding to assist with digital conversion. Existing CTV stations will struggle to survive if they are not available to audiences on both analogue and digital. If the sector is forced to make a "hot swap" (direct switch) from analogue to digital broadcasting, it will lose access to analogue audiences and struggle to remain viable.

The not-for-profit volunteer-driven community television sector, which commands a cumulative monthly audience of more than 3 million Australians, receives no federal government funding and relies on sponsorship and sale-of-airtime to meet its operating costs.

Because the sector cannot afford to meet the costs of both analogue and digital transmission, the CBAA has asked Government to fund the costs of digital transmission during the simulcast period. The Government currently provides \$75 million per year to fund the national and commercial broadcasters' digital conversion costs.

The CBAA trusts that the Environment, Communications, Information Technology and the Arts Committee will perceive the urgency of this situation and appreciate the community benefit that community broadcasting services offer in terms of innovation and true diversity.

Yours sincerely



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Submission to the Inquiry into the Broadcasting Services Amendment (Media Ownership) Bill 2006 and related bills

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25 September 2006

Executive Summary

- As the peak body for community broadcasting licensees, both radio and television, the CBAA is disappointed that the legislative package currently being considered does not provide for the transition of current analogue community television services into digital broadcasting nor for the future development, growth and diversification of digital community television services.
- The lack of any substantive provision for the digital rollout of community television to date in the Government's proposals on media reform has been cause for great disappointment by the community television sector.
- Community television needs to be transmitting on the digital platform within 6-18 months or will face serious financial hardship due to the steady decline of its existing and potential audience on analogue. Further, to remain viable, community television must be permitted to simulcast on analogue and digital until the analogue switch-off date.
- While the CBAA and its community television member stations welcome aspects of the digital television regulatory framework, such as removing the HDTV quota at the end of the simulcast period and (in general) the move towards more multi-channels, the Broadcasting Legislation Amendment (Digital Television) Bill represents a significant missed opportunity to provide for the future for community television to which the Government has repeatedly expressed its commitment.
- The community television sector comprises seven licensed stations in Adelaide, Brisbane, Lismore, Melbourne, Mount Gambier, Sydney and Perth.
- Community television has survived and strengthened despite facing an uncertain regulatory future and the constant threat of extinction throughout its history, which dates back to the early 1970s.
- Community television in Australia has more than 260 member groups, 3200 volunteers and 50 paid staff; provides training in all areas of television production to more than 500 Australians every year; has a combined annual turnover of more than \$5 million and a cumulative monthly audience reach of more than 3 million.
- Community television reflects the Australian character and cultural diversity through a diverse array of programming made by and for local and regional communities; religious communities; Ethnic and Indigenous communities; gay and lesbian communities; young people; arts and sporting communities; and educational communities.

- Recognising the considerable challenges the CTV sector faces in funding its own migration to digital, as well as the direct and indirect funding provided to the national and commercial sectors in making the conversion, external funding should be provided for CTV to meet the digital transmission and distribution costs of digital broadcasting over eight years.
- The loss of audience from the increasing uptake of digital television is being compounded by the increasing uptake of subscription television services. The community television sector does not have the resources to enter into a retransmission agreement with pay-TV operators at full commercial rates and needs a ‘must-carry’ directive to be placed on pay-TV by government.
- The community television sector and the general public would also be greatly advantaged by the inclusion of CTV in the anti-siphoning and anti-hoarding schemes.

The Scope and Role of Community Television in Australia

1. The Government's commitment to community television

1.1 The Prime Minister, the Honourable John Howard MP earlier this year wrote:

“The Australian Government is progressively addressing the conversion of all of Australia's free to air television services to digital, including community television. Initial priority, however, has been given to the digital conversion of all national and commercial television broadcasting networks. This process is well advanced in metropolitan and regional areas of Australia.

Community broadcasters have a unique place in the broadcasting industry. The Australian Government remains committed to the inclusion of those broadcasters in the digital environment.¹”

1.2 Further, on 3 August the Minister for Communications, Information Technology and the Arts, Senator the Hon Helen Coonan said:

“We are considering how community television can be accommodated with the Digital Action Plan and the framework we take forward. We have obviously made a commitment to community broadcasting that some availability will be made for digital. That for instance, might involve a “must-carry” obligation somewhere. These are the kind of things that we will have a look at...²”

1.3 While the CBAA and its community television member stations welcome aspects of the digital television regulatory framework, such as removing the HDTV quota at the end of the simulcast period and (in general) the move towards more multi-channels, the Broadcasting Legislation Amendment (Digital Television) Bill represents a significant missed opportunity to provide for the future for community television to which the Government has repeatedly expressed its commitment.

2. The Urgent Need for Digital Transmission of Community Television

2.1 Due to the surge in uptake of digital receivers, community television is rapidly losing access to viewers who make the transition to digital broadcasting. The business model enshrined in the *Broadcasting Legislation Amendment Bill (No 2)*

¹ The Prime Minister the Hon John Howard in a letter to the Victoria's Premier, the Hon Steve Bracks MP, dated 28 April 2006

² Senator the Hon Helen Coonan in response to a question from the CBAA at the Menzies Research Foundation-hosted address ‘Unpacking the Package’.

2002 (Cth) provides that stations may generate revenue through sponsorship and sale-of-airtime. With 40,000 digital set-top boxes being purchased every month, and sales likely to increase dramatically if incentives or subsidies are introduced, the viability of these revenue streams are being threatened as the size of the potential community television audience decreases.

- 2.2 Digital broadcasting uptake is rising exponentially. The Minister's submission states that 15.5 per cent of Australian homes have FTA digital television capability, and that if households with digital pay television are taken into account, this figure could rise to around 27.5 per cent.³ Those consumers that make the transition to digital and live in an area serviced by community television effectively lose access to their community television channel. As the Channel 31 Melbourne states in the CBAA's Simulcast submission:

Whilst it is possible for televisions equipped with a digital set-top box to still receive C31's analogue transmissions, anecdotal evidence suggests that most viewers do not do so. This would appear to be partially because of the perceived complexity of wiring up the television set-up with either a signal splitter installed on the antenna cable before it reaches the digital set-top box, or by installing a loop-through cable from the digital set-top box to the television (a process which can introduce distortion into the analogue signal). Even if a viewer does have their system set up this way, the inconvenience of needing to switch away from the set-top box to view C31 (involving the use of a second remote control) means that viewers are less likely to channel-surf to C31.

- 2.3 This loss of potential audience is further compounded by the increasing uptake of subscription television services. Because pay-TV services do not carry any licensed community television services, those pay-TV subscribers that live in an area serviced by a community television station are also effectively lost to community television's potential audience.
- 2.4 One of the options for carriage of community television canvassed in DCITA's report, 'The Future of Community Television' was carriage on pay-TV analogue or digital cable services. The report noted that:

CTV services could be carried by pay-TV analogue or--eventually--digital cable services. Pay-TV cable operators would have greater flexibility than free-to-air operators to add CTV services to their existing menu and enable a continuous, branded CTV service. However, carriage by pay-TV only would end CTV's free-to-air nature, depriving much of the current CTV audience of access to CTV.

The CBAA agrees that carriage by pay-TV only would be a mistake. However, provided that community television was also available on the free-to-air platforms, it would welcome any decision by government that licensed community television

³ Ibid.

services be carried by pay-TV operators on their analogue and digital platforms.

- 2.5 The combined effect of the increasing uptake of digital and pay-TV services is to threaten the ongoing viability of community television services. This loss of audience hampers the ability of community television stations to generate revenue through sponsorship and sale-of-airtime. Community television services operate on very lean operating budgets, with current levels of sponsorship and sale-of-airtime revenue meeting operating expenditure. Put simply, community television services cannot afford to bear the financial impact of a further erosion of audience. Access to the digital television platform is thus particularly urgent. The community television sector estimates that if it is not transmitting on the digital platform within 12-21 months it will face serious financial hardship which will threaten the viability of its services.
- 2.6 Of course, these problems will be exacerbated if community television is forced to make a 'direct switch' to digital before the analogue switch-off date. **The ability to simulcast in digital and analogue until the analogue switch-off date is critical to the sector's sustainability.**

3. About Australia's Seven Licensed Community Television Stations

- 3.1 The CBAA is the peak body for the seven community television licensees currently operating in Australia: Channel 31 Adelaide, Briz 31 Brisbane, Linc TV Lismore, Channel 31 Melbourne, Bushvision Mount Gambier, TVS (Television Sydney) and Access 31 Perth. All licensees are members of the Community Television Standing Committee of the CBAA.

Channel 31 Adelaide (<http://www.c31.com.au>)

- 3.2 Channel 31's mission is "to present quality programs that educate, entertain and are relevant to the people of Adelaide; to showcase all the wonderfully diverse faces and facets of our city; and to bring together the people of Adelaide in real community spirit." The consortium which runs Channel 31 Adelaide is made up of community groups, educational institutions, corporations, industry professionals and individuals who are committed to community broadcasting. Open access is provided to individuals and groups including educational institutions, film makers, multicultural and community groups, sporting bodies, local businesses - in fact just about anyone, of any age, in South Australia who wants to get involved in television. Channel 31 Adelaide is currently operating on a temporary open narrowcast licence, with ACMA expected to make a decision on a permanent licence this year.

Briz 31 Brisbane (<http://www.briz31.tv>)

- 3.3 Briz 31 commenced transmission on 31 July 1994 with an historic live broadcast from its West End studios. Since that time, Briz 31 has grown rapidly and now

broadcasts 24 hours a day, seven days a week. The station has a strong relationship with Queensland University of Technology, the State Government and the Brisbane City Council. The recent purchase of a 10KW transmitter has allowed it to expand its geographic coverage across Brisbane by 400 per cent.

Linc TV Lismore (<http://www.linctv.org.au>)

- 3.4 LINC television provides news, information, cultural content and entertainment to the Northern Rivers communities. As the station is defined by location and common interest, diversity is its keynote, reflecting the many interests of the region in its programming. The station provides an audience for the wealth of talented filmmakers in the region and provides local opportunities for the production and broadcasting of innovative programs for regional, national and international markets and subsequent employment opportunities for local filmmakers.

Channel 31 Melbourne (<http://www.c31.org.au>)

- 3.5 Channel 31's charter is to allow, encourage and support the active participation in its activities and decision-making of those individuals and community groups who would otherwise be denied access to television production and transmission. C31 broadcasts twenty-two hours of programming every day, with over 1.3 million Melbournians tuning in each month. The station broadcasts programs in more than 15 languages, made by and for diverse groups including Ethnic, Indigenous, youth, GLBTI, seniors, disabled, religious, sporting and local communities.

Bushvision Mount Gambier (<http://www.bushvision.com>)

- 3.6 Bushvision, based in Mount Gambier, aims for rural Australians to have a more relevant and accessible television service; a better record of their historical events, places, people and issues; another way of accessing information helpful to disadvantaged people; more performing opportunities and exposure for their local artists; and better educational opportunities in spite of their distance. Bushvision is currently operating under a temporary open narrowcast licence.

TVS (Television Sydney) (<http://www.tvns.org.au>)

- 3.7 TVS went to air in late 2005, the first permanent free-to-air television channel to launch in Sydney in more than 25 years. TVS's major stakeholders include the University of Western Sydney and Metro Screen, the Paddington-based film and multimedia training centre. Metro Screen has a long history of involvement in community TV as the host some two decades ago of the first local area community television broadcasts in Sydney. Many of TVS's programs are made locally, by and for Sydneysiders, and include new and exciting program styles where creative producers explore new formats. The TVS Broadcast Operations Centre is located at the University of Western Sydney's Werrington South campus which is linked to a 20kW transmitter on the ABC/SBS tower at Gore Hill. It has a fully digital

television play-out facility, purpose-built to ensure that the channel is able to evolve with future advances in broadcasting technology and Australian media laws. However, TVS is currently significantly hampered by a lack of coverage in major 'black spots' in parts of the Eastern Suburbs and the Northern Beaches, where each of the other five free-to-air channels has been allocated re-transmission spectrum. TVS hopes that an early introduction of digital/analogue simulcasting for community television will address this issue by providing viewers in those black spots with a digital viewing option.

Access 31 Perth (<http://www.accesstvwa.com/>)

- 3.8 Access 31 is the only type of broadcasting service in its region that has a sincere philosophical commitment to local programming, local talent and coverage of local events. One of the greatest benefits of ACCESS 31 is its inherently pluralistic approach, which gives it the capacity to incorporate a diverse range of programming. Sport, education, training, arts, children's programs, film and many other local areas of programming can co-exist within the same community television service. Reserved specifically to showcase local performances and present programs of local relevance, Access 31 fills the void in local content on free-to-air television in Western Australia.

4. History of the Australian Community Television Sector

- 4.1 Community television in Australia has a long and proud history which dates back more than thirty years. The fact that the sector is so strong and well-established today is a tribute to all those who have maintained faith in this bold and dynamic broadcasting project over its long history. Elinor Rennie from the Queensland University of Technology points out that "[c]ommunity television in Australia has evolved despite difficult circumstances and a constant threat of extinction."⁴ Certainly, the history of community television demonstrates that the sector is resilient, highly valued and certainly deserving of a permanent future in the digital media landscape.
- 2.2 The earliest models for community television were developed in the early 1970s with the establishment of video access production centres by the Australia Council. While these centres represented a landmark in providing public access to media facilities, independent producers using the centres found difficulty in getting their work screened on commercial or national television.⁵ In its historical account of 'public television' in Australia, the Communications Law Centre points out that the resources available for video production from the 1970s onwards were

⁴ Elinor Rennie, 'Community Television and the Transition to Digital Broadcasting' *Australian Journal of Communication* 28(1) (2001) 57.

⁵ Department of Communications, Information Technology and the Arts (DCITA), 'Community Television – Stories from Australia's Cultural and Recreation Portal' available at <http://www.cultureandrecreation.gov.au/articles/communitytelevision/> (accessed 11 July 2005).

disproportionately greater than the opportunities for public broadcast.⁶

- 4.3 From as early as 1973, video access groups were submitting petitions to parliament calling for the establishment of open access community television to provide an outlet for the cultural and educational material produced by community groups.⁷ In 1984, a community group based in Perth made the first application for a community television licence, but was unsuccessful.⁸
- 4.4 In the late 1980s, Imparja Television, based in Alice Springs, was established as an Indigenous public television station operating under a commercial licence.⁹ Metropolitan based groups began campaigning for their own community television stations. The Metro Access Centre in Sydney and Open Channel in Melbourne lobbied vigorously for their own public access stations.¹⁰
- 4.5 The first test transmission of “community television” (as we know it today) was conducted in 1987 by RMITV, a founding member of the Melbourne Community Television Consortium, which operated C31 Melbourne. Subsequently, a range of local production groups undertook test broadcasts throughout the late 1980s and early 1990s.
- 4.6 In 1988, public television groups, the Public Broadcasting Association of Australia (the CBAA’s predecessor) and the Department of Transport and Communications formulated a three-stage policy to introduce community television; comprising test broadcasts, trial licences and finally a permanent licensing regime.
- 4.7 In 1991, a Parliamentary Inquiry into Proposed Uses of the Sixth High Power TV Channel was conducted by the House of Representatives Standing Committee on Transport, Communications and Infrastructure. The Inquiry received more than 70 submissions supporting the immediate introduction of community owned and operated television.¹¹ The Committee recommended that the sixth channel (UHF 31) be reserved for community television until a decision was made on its permanent use. In December 1992, the Government accepted this recommendation and directed the Australian Broadcasting Authority to conduct a community television trial. Community television services were licensed under the open narrowcast ‘class licences’ on a trial basis, with the first community television

⁶ Communications Law Centre, The White House and the University of New South Wales, *Public Television Report: An Evaluation* (1989/90).

⁷ Elinor Rennie, ‘Digital Divide’ *Australian Community Broadcasting Series* 1(9) (2001) available at http://www.cbonline.org.au/3cmedia/acbs_issue1/iss1_art9.pdf

⁸ Department of Communications, Information Technology and the Arts (DCITA), op cit.

⁹ Ibid.

¹⁰ Elinor Rennie, ‘The Australian Community Television ‘Trial’ and the Introduction of Digital Television’ *Australian Community Broadcasting Series* 1(7) (2001) available at http://www.cbonline.org.au/3cmedia/acbs_issue1/iss1_art7.pdf

¹¹ Geoff Morgan, ‘History of Community TV in Australia’, available at <http://www.cat.org.au/catv/catv95/History.html>

‘trial’ services being broadcast in 1994.¹² These trials led to the establishment of consortia of public television producers which together became known as Channel 31 in five metropolitan and two regional areas.

- 4.8 In 1997, the ABA conducted a further Inquiry into the Uses of The Sixth Channel and recommended that “the sixth channel, if put to any use at all, should be used for community access television, as most socio-economic benefits presently appear likely to follow from this use.”¹³ In July 1998, the Minister announced that the community broadcasting stations would continue to broadcast on UHF 31 until the introduction of digital transmission on 1 January 2001.
- 4.9 On 31 May 1999, the Minister unreserved the sixth channel spectrum in all areas except where licences had been issued for trial community television services, that is, in Sydney, Melbourne, Brisbane, Lismore, Perth, Adelaide, Hobart and Bendigo. The CBAA argued at the time and continues to maintain that this decision, by inhibiting the growth of the community television sector in rural and regional areas, significantly detracted from the diversity, pluralism and localism of the Australian television industry. The transition to digital broadcasting offers the government a unique opportunity to restore community television in rural and regional areas, as will be discussed later.
- 4.10 The *Television Broadcasting Services (Digital Conversion) Act 1998* (Cth) required that a review be conducted into the regulatory arrangements that should apply to digital transmission of CTV using spectrum in the broadcasting services bands and how access to spectrum should be provided free of charge. The CTV sector welcomed this development as the first legislative recognition of the permanent role of community television in the digital broadcasting environment. The DCITA Review was then held in 2001.
- 4.11 DCITA produced its final report in response to this review in June 2002. It concluded that:
- an immediate or short-term transition to digital transmission for the CTV sector was not necessary; and*
- consideration be given to providing an environment in which the sector will have greater regulatory certainty with stronger accountability and governance arrangements.*
- 4.12 Arising out of this review, and following sustained community pressure and the ongoing lobbying efforts of the CBAA, community television finally received permanency of licence through the passage of the *Broadcasting Legislation*

¹² Kim Jackson, Social Policy Group, Department of the Parliamentary Library, ‘Broadcasting Legislation Amendment Bill (No 2) 2002’ *Bills Digest* 59 (2002-03).

¹³ Australian Broadcasting Authority, *Inquiry into the Future Use of the Sixth High Power Television Channel: Report to the Minister for Communications and the Arts* (1997) xi.

Amendment Bill (No 2) 2002 (Cth). The Bill was presented to the House by Mr Peter McGauren, who in his second reading speech on 23 October 2002 restated the government's commitment to the CTV sector:

The CTV trial has shown that CTV can have a valuable role in Australian society. CTV services help to meet local information and entertainment needs in a communications environment that is increasingly national, if not global. The service values of CTV are distinct from network and pay television, tending to focus on innovative and niche programming, local events, news and culture. The programs are typically low-budget affairs, often produced by enthusiastic volunteers and television presenters-in-training. Indeed, CTV has proven to be a significant training ground for future media professionals. Some CTV programs are developed and produced in conjunction with tertiary institutions as a practical way for media studies students to experience, and experiment in, the television environment.

CTV programming is valuable because it caters to distinct and widely diverse community interests not served by network or pay TV. CTV contributes to overall Australian television program diversity . . .

In presenting this bill, and through the introduction of permanent licensing arrangements and better accountability measures, the government is demonstrating its commitment to a long-term future for community television in Australia. Community television has a vital role in Australia, providing programming of a character quite different – indeed, unique – in comparison to that provided by free-to-air networks and pay television. There is a strong and identifiable need for community television and it is widely supported in the community that it seeks to serve.¹⁴

- 4.13 The community broadcasting sector was heartened that the vital role played by community television was recognised and enshrined through permanency of licence. However, despite permanency of licence, the future of the community television sector is still unclear. The looming transition to digital broadcasting and the community television sector's ongoing exclusion from pay-TV platforms continues to pose a threat to the viability of the sector, and requires urgent action from government.

5. The Role of Community Television

- 5.1 Community television is founded upon and governed by the principles of open access, diversity, localism and independence. It has survived and strengthened over the past decade despite facing an uncertain regulatory future and receiving no regular government funding.

¹⁴ Peter McGauren, Second Reading Speech, 'Broadcasting Legislation Amendment Bill (No 2) 2002', House of Representatives, Wednesday 23 October 2002, 8405.

- 5.2 In an era of increasing concentration of media ownership, community television provides much-needed diversity. In the midst of increasing networking and syndication by commercial and national broadcasters, community television provides a platform for locally produced content focusing on local issues.
- 5.3 Community television services meet the objects of the Broadcasting Services Act by encouraging diversity in control of the more influential broadcasting services; and by ensuring that Australians have effective control of the more influential broadcasting services. Community television stations are owned and operated by the communities they serve. A recent survey conducted by the CBAA of the four metropolitan stations on air for the duration of 2005 revealed that these stations alone have more than 260 member groups, 3200 volunteers and 50 paid staff. They provided more than 500 members of the public with training in broadcast, presentation, production and management skills during 2005. All of these figures can be expected to be significantly higher in 2006 given that the new Sydney community television licensee, Television Sydney, has recently begun broadcasting.
- 5.4 The contribution of community television to this country also extends to its influence on the other television sectors. Community television is an important training ground for careers in the media industry. Countless CTV volunteers have on to work for the commercial and national networks, as journalists, producers, presenters and in other crew positions. Rove McManus, Peter Hellier, Hamish Blake and Andy Lee are just some of the bigger names to have first received exposure and training, as both presenters and producers, on community television.
- 5.5 The community television sector has reached a critical stage in its development. The stations have a combined annual turnover of more than \$5 million and a cumulative monthly audience reach, according to OzTam, of more than 3 million. The permanent licensing of community television has ensured that there exists considerable stability which has allowed CTV stations to enter into long-term financial arrangements. Financial support from state governments and philanthropic agencies has been secured. The growth and development of the sector in recent years means that the community television sector is ready and able to make the next step in its evolutionary journey: the transition to digital broadcasting.

6. Diverse Programming by Diverse Communities

- 6.1 The existence of community television plays a critical role in helping to meet the objects of the Broadcasting Services Act by providing a diverse range of television services offering entertainment, education and information; by helping to develop and reflect a sense of Australian identity, character and cultural diversity; and by providing high quality and innovative programming.

6.2 For example, the CBAA survey of the four metropolitan CTV stations on air for the duration of 2005 revealed that every week these stations broadcast:

- 164 hours of locally produced programming;
- 61 hours of news and current affairs programming;
- 37.5 hours of religious programming;
- 33 hours of Ethnic programming;
- 30.5 hours of youth programming;
- 27.5 hours of arts programming;
- 21 hours of programming for new, emerging and refugee communities;
- 19 hours of educational programming;
- 17 hours of sports programming;
- 7 hours of programming for people with a disability;
- 6.5 hours of Indigenous programming; and
- 2.5 hours of GLBTI programming.

6.3 The CBAA fully supports the creation of a National Indigenous Television Service. The Australian Government's response to a recent DCITA review on the viability of creating a National Indigenous Television Service was to commit funding to support the production and broadcasting of more diverse programming by and for Indigenous communities. The new Indigenous television service will build on an initiative already being transmitted on Imparja Television's narrowcast service that uses content provided by Remote Indigenous Media Organisations. New content will be developed for the service and will be available for transmission on other broadcasting platforms, such as community television. The community television sector looks forward to providing further broadcast opportunities for Indigenous programming.

6.4 Community television programs are honoured every year at the Australian community television sector's "night of nights" - the Antenna Awards. The Antennas began as an initiative of community television participants to recognise the work of producers, presenters and technical program makers across community television across Australia. The third annual awards ceremony will be held at the

BMW Edge Auditorium at Federation Square in Melbourne on Friday 16th June, 2006 and broadcast on community television nationally.

- 6.5 The community television stations are each making their own submissions to the present Inquiry which will provide case studies about the diversity and quality of the sector's content and programming. In addition, the CBAA's first submission to this Inquiry sets out the vast contribution of community television and radio to the character and cultural diversity of this country; through in its programming by and for Indigenous and Ethnic communities, through its commitment to local news, information and other content; through its promotion of local and Australian music, arts and culture; and through its impact as a training ground for the national and commercial media sectors.

7. Technological opportunities to expand community television

- 7.1 The CBAA's submission to DCITA's "Review of the Regulatory Arrangements that Should Apply to the Digital Transmission of Community Television Broadcasting Services Bands and How Access to Spectrum Could be Provided Free of Charge" in 2002 provided a full and detailed technical and policy analysis of the possibilities for digital community television. The CBAA's second submission to DCITA's "Review of the Duration of the Analogue / Digital Television Simulcast Period" in December 2005 (**Simulcast Review submission**) revisited many of the issues covered in the 2002 submission and made appropriate revision for the changed technical, regulatory and commercial circumstances. The CBAA also made a submission to the Committee's recent Inquiry into the Uptake of Digital Television which addressed a number of these issues.
- 7.2 The community television sector welcomes the Committee's interest in the technological opportunities, including digital, currently open to community television. **The lack of any substantive provision for digital community television in the Government's recent proposals on media reform has caused great concern for the sector.** This submission reiterates the urgent need for government action to ensure that community broadcasters receive access to the digital platform, before the decline in audience jeopardises the sector's very survival. We ask the Committee to treat this matter as one of considerable urgency, and to consider making interim findings on the issue as soon as possible.

8. Government announcements on "Reforming Australia's Media in the Digital Age"

- 8.1 The Government has a longstanding commitment to providing the community television sector with digital transmission, and doing so on a basis affordable to community television broadcasters. When Senator Richard Alston, then Minister for Communications, Information Technology and the Arts announced his blueprint for digital television in a media release titled 'Digital – A New Era in Television Broadcasting' on 24 March 1998, he stated that 'the community television sector ... will be guaranteed free access to the spectrum needed to broadcast one Standard Definition channel.'¹⁵
- 8.2 Further, a 'Questions & Answers' appendix to the media release stated:

Will the Government ensure the continued operation of community television

¹⁵ Senator the Hon Richard Alston, 'Media Release – Digital: A New Era in Television Broadcasting', 34/98, 24 March 1998, available at <http://parlinfoweb.aph.gov.au/piweb/Repository1/Media/pressrel/XR0055.doc>. This commitment was reiterated in Senator the Hon Richard Alston, 'Media Release – Government's Digital Television Bill Passes Senate', 3 July 1998; and Senator the Hon Richard Alston, 'Media Release – Government to Provide Certainty for Community Television Services', 22 October 2002.

in the digital environment?

- *The Government will assist the migration of community television to the digital environment by requiring new datacasting players to ensure spectrum access, free of charge, of a Standard Definition community television service as a condition of their licence.*
- *The Government also recognises the vulnerability of the community television sector and that it faces considerable challenges in funding its own migration to digital transmission.*
- *The Government will also consider, in light of its other fiscal priorities, whether revenue obtained from allocation of spectrum for commercial datacasting would also enable the Government to assist community TV broadcasters in meeting the upfront costs of digital conversion.*¹⁶

8.3 The Government has long recognised the vast public benefits that will be provided to Australian viewing audiences through digital carriage of community television. In 1998, the Explanatory Memorandum to the *Television Broadcasting Services (Digital Conversion) Bill* stated that:

*the objectives for the introduction of DTTB [Digital Terrestrial Television Broadcasting] in Australia could be seen as to ... increase viewer choice and diversity of product (recognising the role of community television services and Australian content in this regard).*¹⁷

8.4 An original intention of the digital television legislation was to provide carriage of CTV by a transmission facility operated by one of the successful bidders for a datacasting licence. In 1998, the Government digital terrestrial television policy envisaged a licence condition on datacasters to require them to provide, free of charge, a Standard Definition community television service. In his Second Reading speech to the *Television Broadcasting Services (Digital Conversion) Bill 1998* (Cth), the then Minister for Communications Richard Alston stated that:

*The Government will also continue to support community broadcasters and will facilitate the transmission of community television broadcast services, free of charge, in conjunction with datacasting services.*¹⁸

The Explanatory Memorandum to the Bill also stated that:

¹⁶ Senator the Hon Richard Alston, 'Media Release – Digital: A New Era in Television Broadcasting, Questions & Answers', 34/98, 24 March 1998, p 13.

¹⁷ House of Representatives, *Television Broadcasting Services (Digital Conversion) Bill 1998, Datacasting Charge (Imposition) Bill 1998 - Explanatory Memorandum*, p 5, available at <http://www.aba.gov.au/tv/licence/digitalTV/documents/1e98068.pdf>.

¹⁸ Senator the Hon Richard Alston, Second Reading Speech, *Television Broadcasting Services (Digital Conversion) Bill 1998* (Cth).

The proposed sale of broadcast services band spectrum for datacasting would also ensure transmission of community television services.

In May 2001, the Minister for Communications, Information Technology and the Arts, Richard Alston, announced the cancellation of the datacasting spectrum due to inadequate competition within the market as well as potential problems with the licence term. This effectively left the future of digital community television in limbo.

- 8.5 In the past, the Government made strong suggestions to the community television sector that it would be provided with access to digital spectrum by 2001. Speaking at the launch of the Community Access Network at Radio 3ZZZ in Melbourne in July 1998, Senator Alston said:

*[I]t is important not to leave the community television sector's future in any way uncertain. Consequently, the Government today publicly affirms that the sector will continue to occupy the sixth channel until the introduction of digital transmission on 1 January 2001. The community television sector will then be guaranteed free access to the spectrum needed to broadcast one Standard Definition digital channel. The Government is currently examining the simulcast requirements for the community television sector following the introduction of digital broadcasting.*¹⁹

- 8.6 However, the transition of community television services to digital in 2001 did not occur. A new Object was inserted into the Broadcasting Services Act 1992 (Cth) (**BSA**) in late 2000:

*to ensure the maintenance and, where possible, the development of diversity, including public, community and Indigenous broadcasting in the Australian broadcasting system in the transition to digital broadcasting.*²⁰

- 8.7 In June 2002, DCITA conducted a Review of the Regulatory Arrangements that Should Apply to the Digital Transmission of Community Television Broadcasting Services and How Access to Spectrum Should be Provided Free of Charge.²¹
- 8.8 The resulting report from DCITA, 'The Future of Community Television', canvassed a number of options for community television's digital future, including

¹⁹ Senator the Hon Richard Alston, 'Media Release – Minister Guarantees Support for Community Television', 7 July 1998.

²⁰ *Broadcasting Services Act 1992* (Cth), s 3(1)(n).

²¹ Department of Communications, Information Technology and the Arts, 'The Future of Community Television - A Review of the Regulatory Arrangements that Should Apply to the Digital Transmission of Community Television Broadcasting Services Bands and How Access to Spectrum Could be Provided Free of Charge' (June 2002).

the transmission of CTV services by CTV operators, carriage of CTV services by other digital providers and carriage of CTV services by other means such as pay-TV analogue or digital cable services. The report concluded that an immediate or short-term transition to digital transmission for the CTV sector was not necessary. It also concluded that consideration should be given to providing an environment in which the sector would have greater regulatory certainty with stronger accountability and governance arrangements.²² In response to this second recommendation, the narrowcasting trial came to an end and provision was made for ongoing community television licences through the passage of the *Broadcasting Legislation Amendment Bill (No 2) 2002* (Cth).

- 8.9 The government has made frequent election commitments that the CTV sector will be provided with free access to digital spectrum. In 2001, the Coalition committed to ‘ensure that community broadcasters are provided with access to spectrum for digital. Spectrum for digital community television will be made available free-of-charge.’²³ In 2004, the Coalition stated:

*The Coalition remains committed to the inclusion of community broadcasters in the digital environment . . . We will also continue to work with the community television sector to develop an appropriate framework for the transition to digital services.*²⁴

- 8.10 The CBAA has made a number of submissions to DCITA’s digital television reviews of 2004-2005 setting out our preferred policy, regulatory and technical options for the advent of digital community television, and stressing the urgent need for the Government to take action to stem the sector’s loss of audience.²⁵
- 8.11 For more than seven years, the community television sector has accepted with good faith the Government’s commitments that digital access would soon be provided. Therefore, it was extremely disappointing that the recent substantive policy proposals put forward by the Minister for Communications, Information Technology and the Arts, titled “Meeting the Digital Challenge: Reforming Australia’s Media in the Digital Age” (March 2006) (**‘Minister’s discussion paper’**), made no provision for the rollout of digital community television. Instead, the sector was once again informed that conversion strategies for community television were yet to be finalised, and that “[t]he Digital Action Plan would provide an opportunity for the Government to consider the basis upon which conversion of these services can occur.”²⁶

²² Ibid, 11.

²³ Ibid, 8.

²⁴ Coalition, ‘Election 2004 Policy: Supporting Community Broadcasting’, available at http://www.liberal.org.au/default.cfm?action=plaintext_policy&id=2619 (accessed 11 July 2005).

²⁵ See the CBAA submissions into the ‘Review of the Provision of Commercial Television Broadcasting Services after 31 December 2006’ (2004), the ‘Review of the Broadcasting Services Bands Spectrum: Identification and Structural Efficiency’ (2005), the ‘Review into High Definition Quota Arrangements’ (2005) and two submissions to the ‘Review into the Duration of the Simulcast Period’.

²⁶ Australian Government, “Meeting the Digital Challenge: Reforming Australia’s Media in the Digital
CBAA Submission the Inquiry into the Broadcasting Services Amendment (Media Ownership) Bill 2008 and related bills

- 8.12 Time is running out for these decisions to be made. We respectfully suggest that, given that CTV's exclusion from the digital platform threatens the sector's very survival, ensuring digital access for community television should be a matter of priority for the Government. As Minister Alston acknowledged back in 1998, it is important not to leave the sector's future in any way uncertain. Unfortunately, regulatory uncertainty has been the common theme of the community television sector's history.

9. Summary of Community Television's Needs for Digital Transition

- 9.1 Community television needs to be transmitting on the digital platform within 6-18 months or will face serious financial hardship due to the steady erosion of its existing and potential audience.
- 9.2 To remain viable, community television broadcasters must be permitted to simulcast in analogue and digital until the analogue switch-off date.
- 9.3 In the short term, to ensure the sustainability of the community television sector, a 'must carry' obligation for continuous (ie 24 hour, 7 day-a-week) digital transmission of community television should be placed on an existing digital broadcaster.
- 9.4 If this is not possible, one of the reserved digital television channels could be allocated (for datacasting or other new television services) with a must carry obligation for continuous digital transmission of community television.
- 9.5 In either scenario, carriage must provide sufficient digital transmission multiplex capacity to effect delivery of a community television service at a quality and coding system widely accepted as typical for digital television. At this point of time, that is MPEG2 Standard Definition.
- 9.6 Recognising the vulnerability of the community television sector and the considerable challenges it faces in funding its own migration to digital, external funding should be provided to meet the digital transmission and distribution costs of the five metropolitan and two regional community television broadcasters over eight years. The indicative capital and operational costs have been provided by the CBAA in the Simulcast Review submission.
- 9.7 Funding could be provided in one of the following ways:
- (a) public funding through the Department of Communications, Information Technology and the Arts, potentially using revenue obtained from allocation of the

Age" (March 2006); available at
http://www.dcita.gov.au/_data/assets/pdf_file/37572/Media_consultation_paper_Final_.pdf

reserved channels;

- (b) a form of tradeable obligation in which the costs of carriage of community television are subsidised by the other carriers; or
 - (c) in the case of carriage on a datacaster or reserved channel licensee, the costs of transmission and distribution could be absorbed by the licensee and offset against the quantum of the licence fee.
- 9.8 If a must carry obligation is not feasible, or carriage is likely to take longer than 12-21 months to be effective, another immediate option is to re-purpose one of the reserved channels for use by community television in its own right.
- 9.9 If a ‘must carry’ obligation is imposed in the short term, a full 7MHz should be assigned in all markets to the community television sector upon analogue switch-off.
- 9.10 The opportunity to establish a digital community television service should exist in all television markets, including rural and regional markets.

10. The Urgent Need for Digital Transmission of Community Television

- 10.1 Due to the surge in uptake of digital receivers, community television is rapidly losing access to viewers who make the transition to digital broadcasting. The business model enshrined in the *Broadcasting Legislation Amendment Bill (No 2) 2002* (Cth) provides that stations may generate revenue through sponsorship and sale-of-airtime. With 40,000 digital set-top boxes being purchased every month, and sales likely to increase dramatically if incentives or subsidies are introduced, the viability of these revenue streams are being threatened as the size of the potential community television audience decreases.
- 10.2 Digital broadcasting uptake is rising exponentially. The Minister’s submission states that 15.5 per cent of Australian homes have FTA digital television capability, and that if households with digital pay television are taken into account, this figure could rise to around 27.5 per cent.²⁷ Those consumers that make the transition to digital and live in an area serviced by community television effectively lose access to their community television channel. As the Channel 31 Melbourne states in the CBAA’s Simulcast submission:

Whilst it is possible for televisions equipped with a digital set-top box to still receive C31’s analogue transmissions, anecdotal evidence suggests that most viewers do not do so. This would appear to be partially because of the perceived complexity of wiring up the television set-up with either a signal splitter installed on the antenna cable before it reaches the digital set-top box, or by installing a

²⁷ Ibid.

loop-through cable from the digital set-top box to the television (a process which can introduce distortion into the analogue signal). Even if a viewer does have their system set up this way, the inconvenience of needing to switch away from the set-top box to view C31 (involving the use of a second remote control) means that viewers are less likely to channel-surf to C31.

- 10.3 This loss of potential audience is further compounded by the increasing uptake of subscription television services. Because pay-TV services do not carry any licensed community television services, those pay-TV subscribers that live in an area serviced by a community television station are also effectively lost to community television's potential audience.

- 10.4 One of the options for carriage of community television canvassed in DCITA's report, 'The Future of Community Television' was carriage on pay-TV analogue or digital cable services. The report noted that:

CTV services could be carried by pay-TV analogue or--eventually--digital cable services. Pay-TV cable operators would have greater flexibility than free-to-air operators to add CTV services to their existing menu and enable a continuous, branded CTV service. However, carriage by pay-TV only would end CTV's free-to-air nature, depriving much of the current CTV audience of access to CTV.

The CBAA agrees that carriage by pay-TV only would be a mistake. However, provided that community television was also available on the free-to-air platforms, it would welcome any decision by government that licensed community television services be carried by pay-TV operators on their analogue and digital platforms.

- 10.5 The combined effect of the increasing uptake of digital and pay-TV services is to threaten the ongoing viability of community television services. This loss of audience hampers the ability of community television stations to generate revenue through sponsorship and sale-of-airtime. Community television services operate on very lean operating budgets, with current levels of sponsorship and sale-of-airtime revenue meeting operating expenditure. Put simply, community television services cannot afford to bear the financial impact of a further erosion of audience. Access to the digital television platform is thus particularly urgent. The community television sector estimates that if it is not transmitting on the digital platform within 12-21 months it will face serious financial hardship which will threaten the viability of its services.
- 10.6 Of course, these problems will be exacerbated if community television is forced to make a 'direct switch' to digital before the analogue switch-off date. **The ability to simulcast in digital and analogue until the analogue switch-off date is critical to the sector's sustainability.**

11. The Need for Simulcasting Until Analogue Switch-Off

- 11.1 Existing community television services must be permitted to continue to broadcast analogue on the sixth channel until the analogue switch-off date, recently announced as 2010-2012. A direct switch-over to digital broadcasting would have the disastrous effect of reducing the audience for community television services by excluding those consumers who have not yet purchased digital receivers. This would impact on the viability of the community television services in much the same way as exclusion from the digital platform is impacting now.
- 11.2 The CBAA does not expect that public or external funding should be provided to meet the costs of analogue transmission during the simulcast period. CTV licensees would be expected to meet these costs. The provision of public or external funding to meet the costs of digital transmission over eight years would make this possible.
- 11.3 The CBAA cannot state strongly enough how important the ability to simulcast is to community television viability. Given that the sector is only able to generate revenue through the limited avenues of sponsorship and sale-of-airtime, the business model for community television is dependent on being able to reach the entire free-to-air audience. Any 'direct switch' to digital which removes access from those consumers who are still using analogue will once again place the community television sector in a marginal and disadvantaged position and impact on its sustainability.

12. Option for Carriage in the Short Term: Imposing A 'Must Carry' Obligation on an Existing Digital Carrier

- 12.1 As stated in previous submissions to DCITA and this Committee, the sector's preferred short-term solution is for a 'must carry' requirement for 24-hour, 7 day-a-week digital transmission of community television to be placed on an existing digital carrier. A continuous, 24-hour 'branded' service is vital in order to maintain station identity and generate sufficient levels of sponsorship. The obligation should be to carry a CTV service on at least one existing digital transmission facility operating in each metropolitan and regional television market.
- 12.2 This proposal would require legislative amendment with the obligation being imposed as a special licence condition by the ABA or, in the case of the national broadcasters, in the ABC/SBS Act. The obligation would determine the applicable minimum technical and operational parameters that characterise a digital community television service. Under any carriage scenario there would also need to be clear demarcations that separate carriage from editorial responsibility or control of community television program content.
- 12.3 Current legislation enables both the ABC and the SBS to carry multiple program streams within spectrum allocated to them for digital transmission. The program content must be consistent with the charter obligations of each national broadcaster. Whilst the objectives of community based television might largely fall within the broad charter obligations of either national broadcaster there may be discrepancies.

It may be better to seek minor amendment to the BSA to explicitly allow carriage of community television.

- 12.4 Carriage by either national broadcaster would mean community television would potentially be available to all Australians, including in rural and regional television markets. There would be no scramble for available spectrum in each market and the means for national and state based distribution of CTV program content would be intrinsic. The costs of CTV delivery would be significantly reduced; presuming CTV carriage was viewed as an expression of their charter/s rather than an opportunity for revenue raising by the national broadcaster/s.
- 12.5 Other options for carriage include the existing commercial broadcasters. Having said that, it seems very unlikely that, in the short term and unless and until changes from MPEG2 to MPEG4 coding were introduced that existing commercial television transmission infrastructure would have sufficient capacity to carry an extra MPEG2 SD channel for CTV in the five metropolitan markets. In some non-metropolitan markets there may be scope.

13. Option for Carriage in the Short Term: Imposing a ‘Must Carry’ Obligation on a Datacaster or Other Reserved Channel Licensee

- 13.1 The CBAA notes that the recent reforms set down in the Government’s paper, “Meeting the Digital Challenge”, proposes that two reserved digital channels of terrestrial spectrum would be allocated as soon as practicable in 2007 in markets for new digital services. From 1 January 2007, subject to licence requirements, options for these services may include subscription TV services, FTA niche ‘narrowcasting’ services, as well as interactive and short video or ‘datacasting’ services, whether delivered to fixed or mobile television receivers. The CTV sector is disappointed that this proposal has been made, as one of the reserved channels could otherwise have been assigned for community and non-profit purposes.
- 13.2 The government may elect to impose a carriage obligation on a new licensee of a reserved channel, provided that that content will be delivered to consumers using commonly available digital television reception equipment. If this occurred, it should be noted that there are real concerns from community television operators about the length of time before a new service would likely be operating in each market. Given the urgency of the need for community television to receive carriage, the longer a service takes to become operational and carry community television, the greater the viewer drop-off on analogue.
- 13.3 Further, there are concerns that any move which ties community television’s digital future with a new licensee may frustrate the rollout of digital community television in rural and regional areas. For this reason, carriage on an existing digital carrier remains the sector’s preferred short-term option for digital transmission.

14. Meeting the Costs of a Carriage Obligation

- 14.1 The Government has acknowledged that the community television sector will require financial support in order to meet the greater costs inherent in digital broadcasting. In 1998, the Government said that it “recognise[d] the vulnerability of the community television sector and the considerable challenges in funding its own migration to digital transmission” and undertook to consider:

in light of other fiscal priorities, whether revenue obtained from allocation of the spectrum for commercial datacasting would enable the Government to assist community TV broadcasters in meeting the upfront costs of digital conversion.

- 14.2 The CBAA proposes that the costs of digital transmission and distribution be met in one of the following ways:

- (a) public funding through the Department of Communications, Information Technology and the Arts, potentially using revenue obtained from allocation of the reserved channels;
- (b) a form of a tradeable obligation on digital carriers in which the costs of carriage of community television are subsidised by the other carriers; or
- (c) in the case of carriage on a datacaster or other reserved channel licensee, the costs of transmission and distribution could be absorbed by the licensee and offset against the quantum of the licence fee.

(a) Public funding

- 14.3 Public funding could be provided to meet the costs of digital transmission for community broadcasters. The commitment of public funds is reasonable given the public value CTV services provide to the community; and the fact that community television does not receive, and has never received, regular federal government funding. Further, it is pertinent to note that these costs are not extravagant compared to the level of financial support provided to the national and commercial television broadcasters in making the digital transition.

- 14.4 To be considered is the indirect value of the Government lending each commercial and national broadcaster a full 7MHz of digital spectrum free of charge “in recognition of the high conversion and operating costs of digital”²⁸ and the “high initial costs that free-to-air television broadcasters will be required to meet in relation to digital conversion and simulcasting”.²⁹

- 14.5 Further, in 1998, the ABC received an additional \$20.8 million over five years and

²⁸ Senator the Hon Richard Alston, ‘Media Release – Success of Digital TV Will Rely on Consumer Choice’, 30 June 2000.

²⁹ Senator the Hon Richard Alston, Second Reading Speech, *Television Broadcasting Services (Digital Conversion) Bill 1998* (Cth).

SBS an additional \$17.7 million over five years to assist in the upgrade of their equipment and facilities from analogue to digital. In 2000, the ABC received a further \$36.8 million over three years and SBS a further \$29.4 million over four years for the second phase of capital equipment funding for digital. The Government also committed to fund the distribution of their digital television programs to transmission sites, and to broadcast their digital television programs to viewers.

- 14.6 Also, in 2000, the Government committed \$260 million over 13 years to the Regional Equalisation Plan (REP), which represented 50 per cent of the estimated costs of digital conversion for regional commercial broadcasters. As a rationale for providing this support, the Government acknowledged that “regional broadcasters do not earn as much money as metropolitan broadcasters, so paying for digital television is harder.”³⁰
- 14.7 The CBAA submits that the same rationale should apply to community broadcasters, recognising that their income is quite low in comparison to other broadcasters and that this impedes their ability to meet the costs of digital transmission.

(b) Tradeable obligation

- 14.8 A form of tradeable obligation could be developed through which the commercial and national broadcasters subsidise the costs of the carriage arrangement. Under this model, the carriage obligation is theoretically imposed on all digital carriers. The digital carrier then enters into commercial arrangements for another digital carrier to carry the community television service.
- 14.9 This model was first proposed by the then Australian Broadcasting Authority in its submission to the DCITA Review into Digital Transmission of Community Television, “as a means of placing the cost of CTV carriage on the television industry, but spreading that cost.” Other stakeholders proposed a levy on the commercial television industry to fund CTV digital conversion costs.

(c) Costs absorbed by datacaster or reserved channel licensee

- 14.10 If a carriage obligation was imposed upon a datacaster or other reserved channel licensee, the costs of digital transmission and distribution could be met by the licensee. The projected long-term financial impact of this transmission would, through market forces, be deducted from the value of the licence fee.
- 14.11 This funding model was acknowledged by DCITA in its report, ‘The Future of Community Television’, which stated:

³⁰ Senator the Hon Richard Alston, ‘Media Release – Assistance for Digital Television in Regional Areas’, 9 May 2000.

Any must carry obligation imposed on digital providers, other than current free-to-air broadcasters, would effectively be paid for by the Commonwealth, as the cost of the obligation would be reflected in reduced bids for the relevant spectrum.

15. A Full 7 MHz for Digital Community Television

- 15.1 There is every reason to reserve a complete television channel (7MHz) in each market for digital transmission of CTV. Each national and commercial broadcaster has been allocated an extra channel for digital transmission during the transition phase. Community television is only asking for parity with the other television networks. To assign any less to CTV is to relegate the sector to a marginal and disadvantaged position within the broadcasting environment, and to significantly reduce the diversity of television broadcasting services available to the Australian public.
- 15.2 The government now has a real opportunity to plan for a digital broadcasting environment which fulfils the objects of the Broadcasting Services Act, including:
- promoting a diverse range of television services offering entertainment, education and information;
 - encouraging diversity in control of the more influential broadcasting services;
 - ensuring that Australians have effective control of the more influential broadcasting services;
 - promoting the role of broadcasting services in developing and reflecting a sense of Australian identity, character and cultural diversity; and
 - promoting the provision of high quality and innovative programming.
- 15.3 Most obviously, assigning a full 7MHz is a critical means of ensuring the maintenance and, where possible, the development of diversity, including public, community and Indigenous broadcasting, in the Australian broadcasting system in the transition to digital broadcasting.
- 15.4 The Minister's discussion paper said that, "Digital technology enables new services to be offered and opportunities for additional sources of content for audiences from both new and existing players." In the interests of parity, the community television sector should have the right to make the most of these new services. Moreover, the public have the right to access these new technologies and create their own additional content, by communities, for communities.
- 15.5 A community digital multiplex could be established to make use of the 7MHz of spectrum. A separate channel could be assigned for digital transmission of the National Indigenous Television Service. All avenues for co-operation between a NITV service and community broadcasters, as well as mutual benefits, should be explored. Other options for the spectrum could include use by state and local governments for datacasting services, Ethnic broadcasters serving culturally and

linguistically diverse communities, and educational institutions wishing to provide services for their students and the wider community.

(a) Assigning 7 MHz immediately

- 15.6 As stated above, the CTV sector is disappointed that the Government has proposed to assign the two reserved channels in each market for commercial uses. Alternatively, one of the reserved channels could otherwise be assigned immediately for community and non-profit purposes.
- 15.7 The advantage of assigning 7MHz immediately is that it provides community and non-profit services with independent carriage, removing the need to impose an obligation on existing or new digital carriers. Digital services could be established and operational within six to twelve months of being granted the spectrum. This means that the decline in audience could be arrested quickly, unlike in the case of a datacasting or another new service which may take some years before it becomes operational. Moreover, assigning 7MHz now provides the community with the opportunity to develop its own multiplex from the outset and make use of the great possibilities for technical innovation afforded by the digital platform.
- 15.8 In this scenario, public funding would need to be provided to meet the capital costs of establishing transmission facilities as well as for the ongoing transmission and distribution costs over eight years.

(b) Assigning 7 MHz in the long term

- 15.9 There must be parity with commercial and national broadcasters so that current level of diversity is preserved in the digital era. If the proposal to allocate the reserved channels for commercial purposes proceeds, a nation-wide allocation of a full channel for digital CTV services should still occur in the long term. Without this, community television will be left with little capacity for new digital innovations or growing its services to meet the needs of a variety of community interests. To legislate only for a carriage obligation would be to place community broadcasters in a marginal position, possibly with inadequate spectrum or resources to participate to their full potential in the digital television environment.
- 15.10 The reservation of a full 7MHz channel in each market for non-profit community purposes could occur once spectrum is returned upon analogue switch-off. The closure of analogue television in each market will occur in 2010-2012. In metropolitan markets and in Lismore and Mount Gambier, this would leave the RF channel used by analogue CTV available for re-purposing as a full 7MHz digital channel assigned for community and non-profit purposes. In other markets, spectrum could be assigned from one of the other returned analogue channels, thus effecting the rollout of digital community television in rural and regional markets.
- 15.11 Moreover, as stated above, there is great potential to develop a community and non-

profit multiplex, with channels separately operated by community television broadcasters, Indigenous broadcasters, Ethnic broadcasters, educational bodies and/or local and state governments. Licensees might also be permitted to lease spectrum out to commercial datacasters in order to subsidise transmission costs.

15.12 If 7MHz is assigned at the time of analogue switch-off, the CBAA does not expect the government to fund the ongoing transmission costs of operating the full channel. In this scenario, where a community television operator wished to occupy a full channel they would be expected to meet ongoing annual transmission costs. It may not be possible for services in some markets to finance the ongoing costs of a stand-alone service. In this case, the mandated carriage arrangement would continue. However, there is no reason to deny community stations the capacity to develop digital television services in their own right using independent spectrum where this is found to be economically viable. Where community broadcasters elected to operate spectrum in their own right, the carriage obligation would cease.

15.13 The community television sector has been embarking on a process of community consultation in the past six months and has met with widespread support for the prospect of a community multiplex. Royal Melbourne Institute of Technology and Melbourne Community Television Consortium recently organised a community symposium on Tuesday 13 December 2005 on 'Building a Vision for Community Use of Digital Spectrum'. A "Community Spectrum Taskforce" has been established comprising representatives from the CBAA, Melbourne Community Television Consortium, RMIT, Swinburne University, Australian Centre for the Moving Image, Community Media Services and Open Channel. The Taskforce will spend the next year consulting and working with stakeholders to further develop the model as to how a full 7MHz of digital spectrum would be owned, operated, managed and funded by the community. A National Conference on the proposal is scheduled for mid-year. The Taskforce aims to resource, develop and provide to DCITA a comprehensive business and management plan for the operation of the service.

16. The Need for Rural and Regional Digital Community Television

16.1 The opportunity to establish a digital CTV service should exist in all television markets, including rural and regional markets. The vacant sixth high power television channel (Channel 31) was initially reserved throughout Australia for community television, but in 1999 the reservation was removed in all areas other than those holding existing broadcast licences due to digital television planning.

16.2 The CBAA is disappointed that this occurred and calls on the Government to use this opportunity to reinstate its commitment to a rollout of community television in rural and regional areas. This would be consistent with the Government's commitment to ensuring that 'regional Australia shares the benefits of digital television broadcasting'.

- 16.3 Localisation of regional CTV stations should be a long-term aim for the sector. Local programming will be best achieved if managed alongside a program feed of nationally and regionally ‘networked’ content that stations can access in their early stages. Program feeds at a national level would enable stations to broadcast relevant community content that would meet the needs of communities of interest across the country. Local content could be inserted into the networked programming by the station when required. The playout facility would logically be co-located with one of the existing metropolitan playout facilities.
- 16.4 National program feeds would encourage the overall quality of service, increasing viewership and assisting stations in establishing stable operations. As services mature and gain revenue to increase spending on community productions (such as equipment stock, outreach and training programs) the amount of networked programming is likely to decrease. Localisation of CTV for each regional market should be a long-term goal rather than an immediate requirement or necessity.
- 16.5 This approach sits comfortably with a range of distribution and carriage scenarios. It could work particularly well if carriage by one of the national broadcasters was negotiated. Under that scenario it seems inevitable that CTV would use the distribution mechanisms already established to suit the national broadcaster/s. These are essentially state based distribution systems, with a national bed program.
- 16.6 Regional localisation, where required in the long term, would necessitate the installation of local encoding and re-multiplexing equipment in those places where it was required. In the absence of any local re-multiplexing, the incoming program feed would be transmitted unaffected.
- 16.7 In 1998, the then Minister for Communications, Information Technology and the Arts noted that digital broadcasting would open up ‘new localised programming opportunities’ for the community television sector. Nowhere is this potential greatest than in rural and regional areas. As stated above, the establishment of rural and regional digital community television would invariably lead to greater levels of local content in rural and regional communities.
- 16.8 International examples show that there is a need for community television in regional areas in order to disseminate local news and events, to provide job skills and to maintain community identity and break down social and geographic isolation. Australia is possibly the only country where the majority of CTV services are in metropolitan centres. Rural and regional Australians deserve the opportunity to own and control their own media in the digital broadcasting landscape.

17. Opportunities and threats to robust Community Television services

a. Threat: Community Television’s Exclusion from Pay-TV Platforms

- 17.1 The loss of audience from the increasing uptake of digital television, described

above, is being compounded by the increasing uptake of subscription television services.

- 17.2 As discussed, all community television stations are self-funding. The community television sector receives no regular federal government funding. The business model enshrined in the Broadcasting Legislation Amendment Bill (No 2) 2002 (Cth) provides that stations may generate revenue through sponsorship and sale-of-airtime. This business model is predicated upon community television channels being accessible by the whole free-to-air television audience.
- 17.3 However, the increasing uptake of both subscription television and digital television means that the potential viewing audience for community television is decreasing. The CTV channels are not available on the digital or pay-TV platform. Pay-TV consumers that wish to access CTV channels need to switch over from their cable or satellite reception to their terrestrial reception, a complex and arduous process which they are unlikely to undertake. It is imperative that consumers are able to access CTV channels using the one set of domestic reception equipment. Consumers who take up pay-TV are effectively lost to the CTV channels' potential audience.
- 17.4 Information from the Australian Subscription Television and Radio Association reveals that, according to Oztam figures as at Quarter 4 2005 1,691,700 homes out of a total of 7,129,000 homes were subscribing to subscription television. From a household perspective this equates to 23.7% penetration and from a people perspective this means a 27.7% penetration.
- 17.5 The combined effect of the increasing uptake of digital and pay-TV services is to threaten the ongoing viability of community television services. As stated above, this loss of audience hampers the ability of CTV channels to generate revenue through sponsorship and sale-of-airtime. CTV channels operate on very lean operating budgets, with current levels of sponsorship and sale-of-airtime revenue meeting operating expenditure. Put simply, together with the loss of audience to digital, CTV channels cannot afford to bear the financial impact of an increasing erosion of audience to the pay-TV sector.
- 17.6 The community television sector does not have the resources to enter into a retransmission arrangement with pay-TV operators at full commercial rates. The CBAA urges the Committee to consider a recommendation that the government legislate or impose licence conditions obliging pay-TV operators to retransmit free-of-charge the local feeds of each metropolitan CTV channel on their analogue and digital platforms.

b. Opportunity: Inclusion of Community Television in Anti-Siphoning and Anti-Hoarding Regimes

- 17.1 Under the anti-siphoning scheme, Pay TV licensees are prevented from acquiring a

right to televise a listed event until a right has first been acquired by the ABC, the SBS or commercial free-to-air broadcasters reaching more than 50 per cent of the Australian population. The intent of the scheme is to give free-to-air broadcasters priority over pay TV licensees in acquiring rights to listed events.³¹

- 17.2 As a media release from then Minister for Communications, Information Technology and the Arts stated in April 2004:

The anti-siphoning scheme protects the access of Australian viewers to events of national importance and cultural significance on free-to-air television by giving priority to free-to-air television broadcasters in acquiring the broadcast rights of those events.

- 17.3 If the intention of Australia's anti-siphoning scheme is to ensure that as many viewers as possible can see major events on free-to-air television, then surely the CTV channels should be added to the list of those free-to-air stations with first rights to bid for the broadcast rights to these events. We note that the combined population of the five metropolitan cities offering community television services is about 12.2 million, constituting more than 50 per cent of the population.
- 17.4 Further, community television should be included in the anti-hoarding provisions. These provisions require commercial television licensees who acquire the right to televise a designated event, but who do not propose to fully utilise the right, to offer the unused portion to the ABC and SBS for a nominal charge within a specified offer time. The national broadcasters must also offer unused portions of rights to each other. The CBAA proposes that CTV channels should also be offered the broadcast rights at a nominal charge (or on a sponsorship (advertising) revenue sharing basis) by commercial licensees in these circumstances, and that unused portions of rights used by national broadcasters should be offered to CTV channels.
- 17.5 The broadcast of major events on community television is not unprecedented. Access 31 Perth and Channel 31 Adelaide both broadcast the Ashes series in 2001 after having been granted the rights by Channel 7, who held the international broadcast rights. The inclusion of community television in the anti-siphoning and anti-hoarding schemes would hopefully lead to similar instances of great public benefit occurring again.

18. Conclusions

- 18.1 This submission provides an overview of the public benefits of digital community television and the Government's longstanding commitment to providing free digital access to the CTV sector. It puts forward the urgent need for CTV's digital transmission given the impact of increasing digital uptake on the viability of CTV

³¹ DCITA, 'Anti Siphoning and Anti Hoarding', available at http://www.dcita.gov.au/broad/television/anti-siphoning_and_anti-hoarding

services, and the critical need for community television to be permitted to simulcast in analogue until the switch-off date. It outlines two options for carriage in the short term, by imposing a ‘must carry’ obligation on an existing digital carrier, datacaster or other reserved channel licensee. It proposes means by which funding could be provided to meet these costs, being public funding, a tradeable obligation on other broadcasters or absorption by the digital carrier. The submission then outlines options for allocating community television a full 7MHz channel, in the short term by assigning one of the reserved channels or in the long term by assigning spectrum upon analogue switch-off. The submission also outlines the importance of digital community television being made available in rural and regional areas.

18.2 To summarise the CBAA’s position:

- (a) Community television needs to be transmitting on the digital platform within 12-21 months or will face serious financial hardship due to the steady erosion of its existing and potential audience.
- (b) To remain viable, community television broadcasters must be permitted to simulcast in analogue and digital until the analogue switch-off date, set for 2010-2012.
- (c) In the short term, to ensure the sustainability of the community television sector, a ‘must carry’ obligation for continuous (ie 24 hour, 7-day-a-week) digital transmission of the CTV channels should be placed on an existing digital broadcaster.
- (d) If this is not possible, one of the reserved digital television channels could be allocated (for datacasting or other new television services) with a must carry obligation for continuous digital transmission of the CTV channels.
- (e) In either scenario, carriage must provide sufficient digital transmission multiplex capacity to effect delivery of a community television service at a quality and coding system widely accepted as typical for digital television. At this point of time, that is MPEG2 Standard Definition.
- (f) Recognising the vulnerability of the community television sector and the considerable challenges it faces in funding its own migration to digital, external funding should be provided to meet the digital transmission and distribution costs of the five metropolitan and two regional community television broadcasters over eight years.
- (g) Funding could be provided in one of the following ways:
 - (i) public funding through the Department of Communications, Information Technology and the Arts, potentially using revenue obtained from allocation of the reserved channels;

- (ii) a form of tradeable obligation in which the costs of carriage of community television are subsidised by the other carriers; or
- (iii) in the case of carriage on a datacaster or reserved channel licensee, the costs of transmission and distribution could be absorbed by the licensee and offset against the quantum of the licence fee.
- (h) Rather than allocate the two reserved channels for commercial purposes, another immediate option is to re-purpose one of the channels for use by community television in its own right.
- (i) If a ‘must carry’ obligation is imposed in the short term, a full 7MHz should be assigned in all markets to the community television sector upon analogue switch-off.
- (j) To remain viable, community television broadcasters must be permitted to simulcast in analogue and digital until the analogue switch-off date.
- (k) The opportunity to establish a digital community television service should exist in all television markets, including rural and regional markets.

