

## Response to Digital Radio Discussion Paper December 2013 – Department of Communications

8SAT Flow FM is the remote and regional commercial radio broadcaster for Central Australia and operates one FM license into parts of South Australia, Victoria, New South Wales and the Northern Territory. 8SAT is a member of Commercial Radio Australia. 8SAT notes Commercial Radio Australia has made its own submission to which our consultation on this matter was 48 hours before compiling our own submission hence the brevity of our response. We note that CRA have a regional group responsible for formulating their position, but that group has not consulted regarding the important issues that relate to regional and remote radio in our license and therefore some of their comments may not be in our licenses interests, to which we will discuss. We note that there are some significant outstanding issues with current licensing for FM Analogue services, in particular, a number of towns across Australia still without FM radio to which we have previously discussed with the Department.

The Digital Radio Discussion Paper December 2013 discusses a range of issues to which we have provided our responses below. In addition, a number of questions are raised to which, where applicable, we have given a view. We note that due to time constraints, our views are preliminary like those tendered on two previous occasions to either the Department or ACMA on the topic of Digital Radio.

1. the development of various terrestrial and satellite technologies capable of transmitting digital radio broadcasting services and restricted datacasting services in Australia;

We note the report discusses the Sirius XM in the United States and the failures of satellite technology in direct delivery to mobile receivers and the need for FM translators. We agree from our own experience in rolling out 23 terrestrial FM services on a largely satellite delivered framework, that radio services are traditionally received via portable devices / vehicles, hence the success of our program using satellite delivery to terrestrial services. However, we note that free access to VAST for remote commercial radio would enhance in house coverage in remote farm and station country locations particularly in Outback SA, New South Wales and the Northern Territory and a cost efficient means for program delivery rather than the high cost of sourcing private satellite bandwidth which puts Commercial services at a cost and competition disadvantage to the government funded ABC and SBS services.

2. the use of spectrum for the transmission of digital radio services and restricted datacasting services in Australia;

If it is the Federal governments intention to serve all regional licenses including those regional markets that are adjacent to other larger markets, then enough capacity should be reserved for our Digital Radio Services which we perceive would be DAB+. Locations including the Yarra Ranges Victoria, Northern Barossa SA, Yorke Peninsula SA, Murraylands SA, Mallee Victoria, Tatiara SA . We note that CRA is planning a multi phased rollout based on towns of populations above 5000 people to which we would not agree. The remote regions are central to Australian mineral exploration and exports and the regional and remote areas are major components to food security and smaller mining and farming towns serve these pursuits. While a population in a regional area may be small, the financial contribution to the Australian economy per head of population is far greater and the value in attracting people to live in these locations via improved digital radio services should not be underestimated. An example is the Tatiara region of South Australia. The key town is Bordertown with a population of 2800 and a major agribusiness employer attracting staff from the wider region of 80 kilometres where the population is 8000 across 12 smaller towns that all have freight and food handling facilities. Remote regional services should not be locked out of spectrum on the ground of population and given the economic importance all commercial licenses should have their significant towns planned equally in phase 1 and there minor towns in a later phase.

3. the implementation of those technologies in foreign countries;

No comments

4. the operation of the BSA in so far as it deals with the licensing and regulation of digital radio and restricted datacasting services;

No comments

5. the availability of additional frequency channels for the transmission of digital radio broadcasting services and restricted datacasting services in Australia;

In order to alleviate the cost of single frequency networks for much of the remote areas we would envisage that the 8SAT LAP be modified to reflect ABC multiplexer sites in order for spectrum efficiency and the governments own cost efficiency. In addition, the licensee has existing experience in operating the license which shows that some of the remote license is profitable but other areas are subsidized by the broadcaster due to delivery costs, maintenance at a remote distance and the minimal revenue obtainable from remote locations. We would expect that the new (ABC) broadcast sites would be funded by the government in remote areas given the importance of the communication and the more profitable regions protected from further competition with new licensing or adjacent licenses being given digital planning before the remote license.

6. the effectiveness of the multiplex access regime administered by the Australian Competition and Consumer Commission.

No comments

7. This discussion paper will also consider emerging trends in the ways in which audiences access radio services since the commencement of digital radio services, with a particular focus on the use of connected devices and smartphones.

We note that there is an ever increasing take up of smart phones and connected devices for music and information consumption, however in our regional and remote areas, radio is still the number one audio media and we expect this to continue. There is good town coverage in some areas, but roads and rural homes are not receiving good wireless coverage and the NBN rollout is going to be a prolonged affair, hence streaming rates are lower in regional area. Therefore FM and prospectively digital radio in our regions will still be vital for information and emergency reporting.

#### Other Discussion

We would be concerned about multi streamed community services receiving digital licenses in our regions where they provide material that is targeted commercial in sound to attract the wider commercial audience rather than cater for programming for sections of the community.

Due to the time frames proposed in CRA's multiphase rollout, it would appear that some digital radio would not be delivered in the next 10 years given the 5 years that has already elapsed, therefore we would expect our key areas for revenue creation in our license area to be included in the first phase of digital radio planning.

Clearly existing digital services have an unfair advantage on smaller regional broadcasters creating a pseudo moratorium on potentially 8SAT, the licensee without digital radio. It is important for DOC to recognize that commercial media is a competitive business particularly in shared LAP areas and where adjacent larger city media lay claim to audience and potential advertising in our license area.

Thank you for the opportunity to comment. Further information can be obtained from the writer.

**Wayne Phillips**

**Chairman / Managing Director**

**28 February, 2014**