

21 June 2018

Department of Communication and the Arts
GPO Box 2154
CANBERRA ACT 2601

Dear Sir/Madam,

Re: Review of Viewer Access Satellite Television (VAST) Service

Imparja Television is pleased to be able to provide feedback on the Department's Consultation Paper, Review of the Viewer Satellite Television (VAST) service (the Issues Paper).

1. Background

Imparja Television is an independent, not for profit, commercial television broadcaster owned by a number of corporate indigenous shareholders and has now been operating for 30 years within the Remote South Eastern and Northern License Area. The company mission is to provide the best possible television service to all stakeholders it serves, whilst maintaining a strong corporate social responsibility platform as directed by its Board and enshrined in its Constitution preamble.

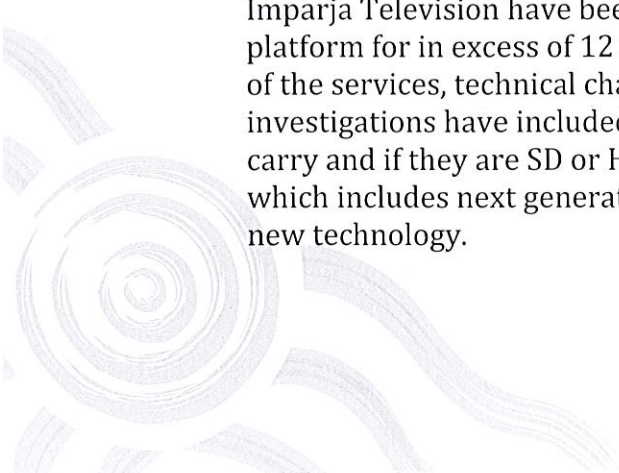
Imparja Television is one of two shareholders in a joint venture operating as Eastern Australian Satellite Broadcasters (EASB) in the South Eastern and Northern Australia satellite licence areas. The actual license and government deed is with EASB and that company will be the representative body undertaking final negotiations with Government for any licence continuation post 2020.

2. Performance of VAST in Remote and Terrestrial Infill Areas

The service provided by Imparja Television on VAST has a twofold purpose:

1. To deliver free-to-air television service in remote areas where there is very poor or no television reception.
2. To provide a safety net for viewers where terrestrial coverage is inadequate.

Imparja Television have been looking at the current and future VAST/VAST2 platform for in excess of 12 months with the view to discussing the configuration of the services, technical changes if any, and the value add to the service. These investigations have included discussion re which program channels we should carry and if they are SD or HD. Optus have a technical demonstration available, which includes next generation set top boxes, (STB), which includes a plethora of new technology.



Features include but are not limited to HEVC compression receive, HbbTV, content download, 4K, IP connection, multi tuners both VAST and terrestrial as well as large capacity storage for program recording. These features are additional to the current STB's.

Given that there are over 320,000 VAST STB's registered, we realise the need to be aware of legacy issues and that the cost of funding an STB changeover would be significant.

Upgrading existing transmission equipment to HEVC compression could potentially allow Imparja to deliver a great range of services or services with higher resolution via VAST in the future, however this would require households with existing receivers to upgrade their receiver equipment. Again, this would be a cost imperative for the company.

VAST uses a very efficient technology in DVB S2 (if you like the satellite version of terrestrial T2). VAST can deliver all program streams in HD with no legacy issue for the currently used STB's, but would require more bandwidth, this is available, but again has to be balanced with the additional cost. Trials of the latest MPEG4 head end encoding and statistical multiplexing (statmux) have shown that the current program streams could all be in HD but with better performance if our main channels, IMP Nth, IMP Sth as well as GEM are in HD with GO! Nth and GO! Sth in SD.

DVB S2X does not offer any additional features or efficiencies for the VAST platform. We would refer to the Optus submission for full technical details.

Satellite delivery is the only feasible delivery platform both currently and for the foreseeable future in remote areas. NBN Sky Muster is not designed for FTA television transmission and IP streaming would put additional stress on it requiring seventy-three of its one hundred and one beams to carry the same content.

From a technical perspective, the capacity of existing IP based delivery services in remote areas is insufficient to watch television.

NBN customers connected via Sky Muster satellite services currently cannot use more than 75GB or more data in any four-week period, according to its Fair Use Policy (www.nbnco.com.au/residential/learn/network-technology/sky-muster-explained.html). Given the average daily television viewing on TV sets, it would be far in excess of this than the current Fair Use cap permits.

Anecdotally, the NBN services that have been rolled out in remote towns is in many cases worse than the previous ADSL copper services, irrespective of ISP

and again are not designed to match FTA. The time to change channels is a good example. NBN would not be feasible in the majority of areas, as these would have to be fed by Sky Muster and normal “copper” NBN does not offer the consistency of deliver. This would also require a content distribution network (CDN) to be setup and managed to ensure current license area boundaries were maintained for all broadcasters.

It should be noted that in all main populations areas the VAST services are retransmitted terrestrially in the license area.

3. Feedback on VAST

Imparja Television believes the next VAST contract could consider not setting actual data rates per channel/s. Technology changes mean that we now should consider using statistical multiplexing (statmux) for our channel groups, which help in increasing efficiency in bandwidth usage and quality management.

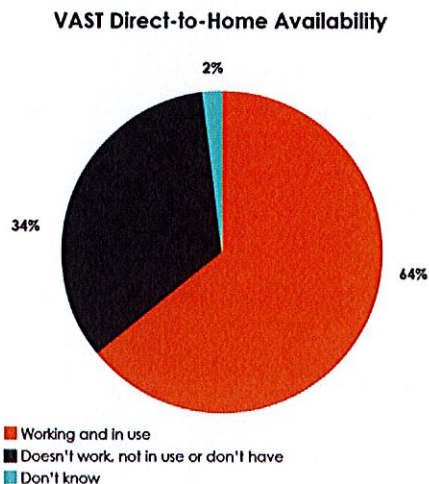
The Federal Government pays for the satellite bandwidth used for the multichannel but not the programming or presentation etc. of these channels, which is an Imparja cost. Whilst there is a temptation to provide an enhanced service by adding popular new multi-channels on VAST, such as 9-Life available on Nine Network, this would result in further degradation in real terms of actual advertising revenue in the remote license area. Revenue from multi-channels has not met expectations in the remote market, so there would necessarily have to be discussion on how best to fund, not only the additional satellite bandwidth, but also program and presentation costs in any new VAST contract that enhanced viewer content post 2020.

To receive and watch the available FTA VAST channels Imparja believes currently, most viewers needs are being meet. We understand new STB’s are to be released, which will have further enhancements including more tuners, and larger capacity storage to which households upgrade. Whilst VAST services can sometimes be subject to reception problems caused by a range of factors, viewers can take steps to minimise this including using a larger size dish.

Given the extent of the Imparja license area, 3.8million sq. kms, broadcasting through six states & territories, this precludes the facilitation of a “local” news service as we have extended coverage areas and time delayed zones which make producing a news service that is relevant, both impractical and cost prohibitive. Whilst we have modelled a consumer generated news service, we are not in the position financially to proceed to an on-air model. We do believe that a viewer generated news service is the way forward for the remote area inclusive of both mainstream and aboriginal communities.

More recently, at a meeting arranged by the Indigenous Remote Communication Association (IRCA), in which Imparja participated, they will be submitting a response asking VAST be continued for 5 or 10 years as it is the only suitable method for remote communities to receive FTA. They will also be asking for a second round of STB deployment or repairs, as there is a 30-50% lack of VAST in

house due to new buildings and STB failures in remote areas.



Source: *The view from the 2016 Remote Indigenous Media and Communications Survey*
irca.net.au/article/satellite-television-remote-indigenous-communities-one-third-missing-out

When VAST was implemented as the solution in remote communities, Imparja did advise the government at that time of the inherent issues we saw with the project.

Additionally, Imparja Television provides a VAST uplink service for Indigenous Community Television, (ICTV) and 14 indigenous radio stations located throughout remote Australia. This is a Federal Government funded initiative via the IAS grants project. Imparja Television has itself committed additional funding for increased VAST bandwidth for radio stations to broadcast in stereo, in language, through to December 2020. We have had exceptionally positive feedback on this throughout our broadcast footprint.

4. Funding

Imparja Television, because of the nature of our broadcast area and the limited revenue derived, does not have the financial resources to fund any substantive change to the current VAST broadcast options post June 2020. The current contract is prescriptive and restrictive in terms of what we must carry, and the reality is that some of the services on the platform are debt laden and carry severe financial impairment. We would seek your guidance and support in reaching a mutually agreeable suite of services.

Additional FTA channel/s. e.g. 9life, could be offered as part of the bouquet; however, the business case for each and other service would have to prove to be at worst revenue neutral. Next generation head ends testing has shown that we could easily have 3 HD and 2 SD channels within our current bandwidth with improved picture quality.

The main impediment to investment in any enhanced VAST or terrestrial transmission sites for Imparja Television, is that within the remote broadcast areas, there are no significant population centres to justify such expenditure v's advertising revenue offsets.

In 2009 the Remote Central and Eastern Zones had total market advertising revenue of approximately \$19 million, which was shared between 2 channels, in 2017 the market had shrunk to \$17.5 million shared between 9 commercial channels, plus SBS.

5. Conclusion

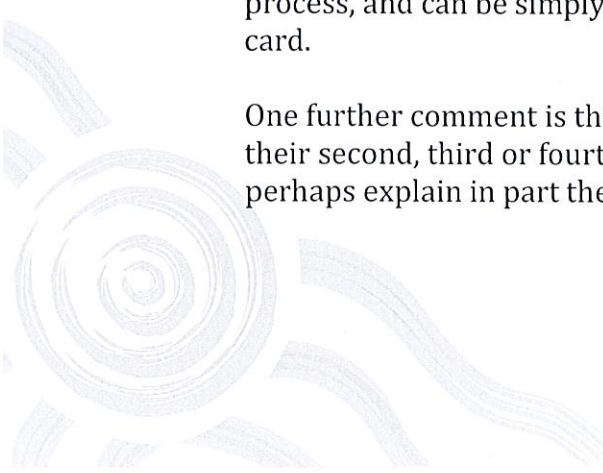
Imparja Television believes that the VAST system provides a value for money service to remote and black spot viewers in the South Eastern and Northern Australia license area. VAST will continue to ensure a "fail safe" mechanism where OTT coverage in remote areas is suspect due to lack of bandwidth, and this is exasperated in areas where there is no terrestrial coverage, as again, limited bandwidth is available, either via satellite or copper.

Whilst there may have initially been issues with gaining access to the VAST platform, we believe this was only in the initial stages. Registration is a very straightforward process on MySatTV and MySwitch for travellers, remote area and blackspot viewers is well managed. Whilst Imparja pay fees to RBAH for managing the VAST switch on process, we believe, that for example travelers when renewing a VAST subscription after 12 months, should now be charged an administration fee to cover cost. Imparja used this process under the analog regime for switch on.

In relation to Conditional Access (CA), the current system works relatively well within Australia. ABC, SBS and Indigenous services are "Nat All" and do not require registration of the STB/card to receive. The traveller registration is straight forward, as is that for people in remote areas. For blackspots, it is a simple check on the MySwitch page then the MySatTV page.

The issue we have with the CA is that the system is open to pirating. We have attended a case in New Guinea some three years back where a pay TV operator was using the NRL vision, substantially increasing his revenue in subscriptions. We know that hotels in WA take coverage of the live State of Origin broadcast as that is a delayed telecast in WA. Numerous Pacific Island and neighbouring Asian countries also pirate the VAST signal. We believe geo blocking would be a solution. Whilst the piracy can be disabled by Optus, it is quite a protracted process, and can be simply overcome by the offender obtaining another activated card.

One further comment is that in remote communities, for some people English is their second, third or fourth language, so that has caused an issue, and, could perhaps explain in part the IRCA survey results.





Imparja believe that the underlying performance aspects of VAST has been well managed by all concerned parties and there are numerous reasons why the Federal Government should continue to operate VAST past the current June 2020 contract date under the guidance of the current stakeholders.

Imparja Television as an individual entity and shareholder in the joint venture with EASB looks forward to being part of that continuing program with the Federal Government.

If you have any queries or wish to discuss any of the matters raised in this letter, please do not hesitate to contact me on (08) 8950 1411.

Yours faithfully,

A handwritten signature in blue ink, appearing to read "Alistair Feehan".

Alistair Feehan
Chief Executive Officer