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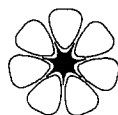
NORTHERN TERRITORY GOVERNMENT

**OFFICE OF COMMUNICATIONS, SCIENCE
AND ADVANCED TECHNOLOGY**

SUBMISSION TO

**PRODUCTIVITY COMMISSION INQUIRY:
BROADCASTING**

JUNE 1999



Northern Territory Government

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1. INTRODUCTION

The Northern Territory is made up of 2% urban and regional town centres and 98% remote and rural areas. In these regional, remote and rural areas, broadcasting provides a vital role in keeping people informed and entertained. Broadcasting is a fundamental medium in ensuring that people in regional, remote and rural areas are as aware of lifestyle, national and international issues as their city counterparts. It directly influences issues of safety, and social and economic development. For example, the broadcasting media is the avenue that people living in the Territory rely upon to keep them informed of the proximity, and later the exact position, of a cyclone. Many issues being debated on the political and social agendas are incorporated into real-life drama scripts and brought into household debate through television programs. Current affairs programs, radio and television interviews bring people in the Territory into contact with a range of situations, viewpoints and people that they would not normally meet. At the same time, technology advances are allowing the broadcast media to move from the original meaning of broadcasting messages from one to many, to a situation where individuals can customise or tailor programs to meet their diverse social and cultural needs.

Reliable and capable broadcasting must be provided, and be encouraged to be provided, and to be managed in a manner that reflects all the issues, including the ability for choice, for regional, remote and rural users.

2. ISSUES

2.1 The Changing Nature of Broadcasting

The roles of the Northern Territory Government and Federal Government require urgent definition. Whilst broadcasting has traditionally been a Federal Government responsibility, the demographics of the Northern Territory are such that Northern Territory Government intervention is needed to deliver some national television and radio services to even our regional town centres. For example, decisions about the delivery of SBS and JJJ are based on population based calculations. If the population of the regional town falls below a defined number, SBS and JJJ will not transmit to that town. People living in regional, rural and remote Australia now have an expectation of similar levels of access to broadcasting services and programming to their city counterparts. The need to meet these expectations, and the inadequacies of the current formula, results in the Northern Territory Government funding provision of these services in certain circumstances to our regional centres. This creates expectations in other rural areas and remote communities of the possibility of the Northern Territory Government underwriting the installation of additional retransmission facilities, which in the long term has the potential to politicise broadcasting issues.



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To reflect the importance of broadcasting services, national carriers should be encouraged to provide services to all towns and communities irrespective of population.

The future trends in technology could result in different scenarios in the home and office environment. It is considered likely that communications, information, education and recreation, as well as commercial activities such as electronic commerce and banking will be centred around the digital/web television set in the home, and a computer device in the office. The current communication channels of computing equipment to receive Internet, and a television and radio to receive broadcast services (either free to air or payTV) will converge in the home environment. To avoid the creation of two separate service streams to the home and office environments, content providers must have access and the ability to manage two levels of service delivery so that both home Web TV and office personal computers are catered for.

The notion of minimal regulation for the Internet is supported. Broadcasting ownership, in the traditional sense of usage and coverage is able to be regulated because of its one to many structure. The web like structure, and its historical beginnings as an open communications mechanism, without rigid protocols or standards, has created a loose, immediate and highly interactive culture that is difficult to regulate. In addition to the issues associated with technology and cost, the global perspective of the Internet presents issues of such expansive proportion that enforcement of regulations would prove insurmountable. Indeed, the current lack of regulation and restriction is considered to have had a direct positive correlation to the popularity and growth of the Internet.

As a broadcast medium, the Internet is a separate and additional tool. Its ease of access and ubiquitous nature makes it particularly suitable for minority and special interest groups. All efforts should be made to ensure that access is universal and inexpensive.

With regards to content regulation, there is sufficient software available to address moral, cultural and ethical issues. However, the Office of Communications, Science and Advanced Technology (OCSAT) firmly supports a policy where Internet Service Providers would be registered and licensed and subject to the governance of industry standards.

2.2 The Public Interest and Objectives of Broadcasting Policy

OCSAT agrees with the Objectives of the *Broadcasting Services Act 1992* outlined in the Productivity Commission's Issues Paper.



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The demography and isolation of the Northern Territory dictates that service delivery must be sustainable, affordable and accessible. Access to communications, education, and medical and emergency facilities in rural and remote areas are only part of the story. The future of two-way broadcasting is a real issue for people living in urban, rural and remote areas of the Territory. Environmental factors such as cyclones, flood and drought highlight the need for reliable emergency services, search and rescue operations; services that in the future may be delivered through two way or interactive broadcasting.

It is important that all Australians are serviced by broadcast medium.

While rural and remote communities use current facilities to the maximum capacity, there is an apparent lack of awareness about current and emerging technologies, such as web television. An effective public awareness campaign could result in an increase in demand and greater participation of people living in isolation.

In remote communities and properties, Direct To Home (DTH) services will become more accessible and affordable as digital conversion occurs, with the technology being able to handle the expansion of the programming choice within the broadcasting market for little additional cost. This will affect the Self Help Rebroadcasting (SHR) market, which will need to add an additional decoder for each channel. From a content viewpoint, SHR sites accept direction from the community with regards to channels being received.

OCSAT is of the view that access equals affordability. Due to the large population based in regional, rural and remote communities in the Northern Territory, equity of access to broadcasting services is essential.

OCSAT is of the view that subscribers should have less regulation. Accessibility is less of an issue for subscriptions because access is restricted through security ie pin numbers and passwords. As subscribers operate under a user pays principle; it is less likely to be misused by the consumer who is paying for the service selected.

2.3 The Economics of Broadcasting

From an economic perspective, broadcasting provides opportunities for the promotion of film and television, tourism, cultural and sporting activities that occur in the Northern Territory. It opens the doors to develop strong links to business and investment opportunities for the Northern Territory and all of Australia.



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As the popularity of Internet access and satellite services accelerates at a lightning pace, the anticipated scale of economy will result in related costs decreasing. Further, as the principle of "user pays" is embraced by Australian consumers through Internet, cable and satellite services, the market for Free To Air (FTA) broadcasting will potentially shrink.

Advertising revenue that currently funds FTA broadcasting is likely to reduce as more companies move their advertising to the Internet and other services. This has two negative effects: it lessens the amount of monies available for the production of quality and leads to dated or repeated programming, together with content that is imported from other countries and which may not be reflective of the Australian lifestyle.

Any decreases in advertising revenue, or decreases in the budget of the national carriers such as the ABC can adversely affect funding for new and quality film and television ventures in the traditional broadcast services. It is important to ensure that commercial drivers do not spoil the potential for quality Australian film and television production or the quality and choice of programs received. The Northern Territory offers unique and spectacular settings as well as high quality light for film production, and this currently fledgling industry has the opportunity for considerable growth; in turn bringing economic development to the regional, rural and remote parts of the Northern Territory, in particular Central Australia.

There is a danger in achieving economies of scale in the competitive broadcast industry that the range and diversity of programming offered by smaller entities could be lost. In attempting to contain costs, there is growing evidence that regional programming is being cut in preference for national broadcasting. An example is the ABC News on the weekend that now originates from Sydney. The potential is for only global and national issues to be reported and that programming is taken solely from global sources. Consideration should be given to amending legislation to make provision for promotion of local industry, issues and events thus emphasising the importance of broadcasting services in disseminating regional and local news to the community.

Similarly many regional and small commercial broadcasters have a specific mandate to meet local cultural, entertainment and social needs. Recently a change of programming shifted responsibility for broadcasting AFL games from a regional commercial television station with a service oriented to Aboriginal people, to a more national station. The effect of this programming decision was felt in terms of the cost of additional transmission facilities required by smaller rural and remote communities in order to continue to receive this entertainment.



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2.4 Australia's Current Broadcasting Legislation

OCSAT supports continued regulation of FTA broadcasting. Despite the popularity of other types of broadcasting services, FTA is still accessed by a greater percentage of the rural and remote communities. As such the regulations governing FTA requires greater scrutiny to ensure commercial business and advertising interests are sustained.

Proposed changes to the *Broadcasting Services Act (1992)* will need to address the changes in broadcasting due to improved and alternative technology developments eg satellites; and the impact of the Internet on privacy and censorship issues; and the provision of assistance/tax advantages for using Australian content.

There is a need to introduce the concept of different levels of regulation for different media along the lines of:

- | | |
|--------------|---|
| Free To Air: | Regulation because of the ease of accessibility to a large percent of the population and therefore requires content to be free from bias, monitored and classified. |
| Subscription | Less regulation because accessibility is less of an issue due to the level of control and choice of access to programs residing with the user. |
| Internet | Minimal regulation, mainly due to the difficulty involved with technology and cost. |

OCSAT supports the cross-media ownership rules set out in the *Broadcasting Services Act 1992* ('the Act') and their effectiveness in meeting the policy objectives of plurality, diversity and competition. However, emerging technology and changing media are not adequately addressed within the Act. The Act needs to be flexible to deal with the continually evolving media sector. The Internet should be recognised as a valid broadcasting service and, where technically feasible, required to meet media responsibilities equal to that of radio, television and print. Where broadcasters fail to comply with licensing requirements the full force of legislative redress should be applied.



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Digital conversion presents additional challenges for people living in rural, regional and remote communities. The Northern Territory supports the need for the review in 2005 to consider whether a longer period, that the current eight years for the conversion to digital transmission technology, is needed. Whilst it is expected that the uptake of digital television will occur relatively quickly in capital cities and regional areas, the impact on the more rural and remote parts of Australia is yet to be determined. Rural and remote areas are generally faced with the need to self-fund additional infrastructure expenses, which in capital cities and the larger regional areas are funded by the carriers as part of their commercial activities.

In making decisions about digital conversion and its impact on small rural communities and indigenous communities, a number of factors need to be taken into account. The ability to receive additional channels in a Broadcasting in Remote Areas Communities Scheme (BRACS) community requires the community to purchase an additional decoder to their equipment for each additional channel. When multi channels are involved this cost may be considerable. An alternative may be to switch these communities to a Direct to Home service, which is capable of receiving multiple channels. However, this second option could be costly to maintain.

Central to the introduction of digital television is the need to keep all Australians informed of the opportunities and services to be offered, as well as the most cost effective technical solution for reception of digital television in regional, rural and remote areas.

2.5 The Role of the Australian Broadcasting Authority

The Australian Broadcasting Authority (ABA) issues licences and maintains a watching brief on broadcasters.

The practice of auctioning licences should be monitored to ensure that markets are not restricted and the process remains flexible ensuring compatibility with market forces. The market should be open to multiple participants however an over-abundance could have a negative impact. The ABA reduces this possibility through diligent surveillance.

While self-regulation should be the ultimate goal; issues such as upkeep and sustainability, cost, responsibility for maintenance and ownership, and, creating and maintaining an open and competitive environment, should be resolved.

In the public interest broadcasters should be required to adhere to terms of previous restrictions on licences.

OCSAT favours the current approach of universal guidelines and control through Federal Government legislation and Federal organisations such as the ABA and Australian Communications Authority (ACA).



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It is imperative that the ABA remain independent to ensure non-commercial interests are sustained eg community broadcasting.

3. CONCLUSION

- (a) OCSAT supports continued regulation of the broadcasting industry.
- (b) To reflect the importance of broadcasting services, national carriers should be encouraged to provide services to all towns and communities irrespective of population.
- (c) The Internet should be considered a major addition to the broadcasting and telecommunications industries, with particular focus on the value and issues surrounding information exchange and services delivery.
- (d) OCSAT is of the view that access equals affordability. Due to the large population based in regional, rural and remote communities in the Northern Territory, equity of access to broadcasting services is essential. Therefore development of appropriate legislation monitored by appropriate organisations is considered a high priority.
- (e) To reflect the importance of broadcasting services, national carriers should be encouraged to provide services to all towns and communities irrespective of population.
- (f) Amendments to legislation should make provision for mandatory promotion of local industry, issues and events thus emphasising the importance of broadcasting services.