



Submission by Imparja Television

Media Reform Green Paper

May 2021

Table of Contents

- 1. Introduction**
- 2. Public Policy**
- 3. Green Paper Potential Plan for Reform**
- 4. Lower Cost Model using less Frequency Spectrum.**
- 5. Benefits of the Proposal.**
- 6. An Opportunity to present other Proposals.**
- 7. Next Steps**
- 8. Opportunity to present Alternate Proposals.**
- 9. What Are Imparja Seeking**
 - 9.1 Transmission Sites & DTH Sites
 - 9.2 Transmission Costs
 - 9.3 Reporting
 - 9.4 Financing
- 10. Conclusion**

Imparja Green Paper Response

1. Introduction

In reviewing the Green paper, Imparja agrees with the Governments conclusion that the Free-to-Air television model is increasingly challenged. Furthermore, the identified period being the last decade is in line with the reality we have faced; however, Imparja believes the reasons for being in this position differs from the Governments view.

Imparja believes the Morrison Governments commitment to reform is timely given we are in a new age of media governed by 30-year-old laws enacted when the industry was a very different entity. We also acknowledge that there are huge variations between the business models of Metropolitan, Regional and Remote television broadcasters.

Whilst there is a trend for consumers of choosing to watch programming on multiple devices, in remote Australia, the reality of access to other delivery methods such as, streaming and BVOD can be at times unreliable, costly to the end user based on usage, or simply not accessible, even in the major population centres owing to substandard infrastructure. Spectrum in remote areas is not the issue, as a significant amount of linear television is delivered via satellite. Given the expected technical improvements in satellite technology that will be available around 2025, allowing IP delivery and push VOD services, if we are to genuinely provide equivalent services in the remote area settings from a sustainable broadcast platform, and if the Government is serious about delivering key public policy outcomes, remote free-to-air broadcast using this newer satellite technology is the only medium that can deliver high quality video entertainment at no cost to end users.

Remote broadcasters urgently need Government to at the least recognise the ever-increasing differences between, Metro as suppliers of content, and Regional and Remote broadcasters as purchasers of that content, to ensure services in the bush continue being provided for the foreseeable future, to meet a Universal Service Obligation (USO).

2. Public Policy

Imparja services some of the most remote areas in the country and some of the most disadvantaged peoples. Imparja, for the last 10 years has in fact provided the USO that Government holds out as being the gold standard for Telcos in underserved areas, receiving minimal financial support for doing so from Government. We refer here to the really remote areas and the people who reside in these regions as the last 10% of the last 5%, who never really become part of the consideration set when planning for the Nation overall and usually dealt with as an afterthought.

News services have become a thing of the past in remote Australia. The economics do not support the vision, and this has been the outworking of the changes in the last decade. Having said that Imparja had some 3-4 years back proposed a model to Government that with some funding would have been a possible solution with user generated content via an

app, with two in house journalists compiling content to create a daily half hour remote bush news service across our footprint. No funding was forthcoming.

Public policy for public benefit is wonderfully aspirational but when that policy fails to provide for all stakeholders it inevitably ends up forcing detrimental change for some of the people whom it was supposed to benefit.

The fact that Government is now taking a stance on the online and digital world surely seems to support the view that Government is either not inclined to listen or worse, are not inclined to understand the ramifications of spending \$45 Billion of taxpayers' dollars to deliver a platform that allows huge overseas companies access to the Australian population at nil cost, with nil tax obligations and nil Australian content regulations. A CEO of any commercial enterprise who allowed that to happen would be facing serious questions.

3. The Green Paper Sets out a Potential Plan for Reform.

The specifics of the plan are aimed at Metropolitan and Regional areas with Remote being an assumed component of Regional television even though the dynamics, needs and wants are uniquely different. That said we would welcome reduced regulatory imbalance between FTA and internet-based competitors and new funding sources for the reintroduction of News services would also be welcome. Reduction in costs has become a way of life for free to air broadcasters; however, the degree and harshness of cuts varies by operator and market.

Imparja as the last independent broadcaster in Australia has had to make some of the harshest economic decisions in industry, which saw an extremely successful indigenous employment pathway for journalists, camera & audio operators, RF apprentice technicians, traffic & programming positions lost, despite Government programs that should have supported us being denied. Imparja went from employing 65 staff to a current 30 staff with a small indigenous component.

4. A Lower Cost model using less radio frequency spectrum.

The statement that under the commercial broadcasting (Tax) Act 2017, the holder of a television broadcasting license must pay commercial broadcasting tax for each of their transmitters is a reality; however, the rate charged varies greatly and in the case of Imparja being a not-for-profit and PBI, the quantum for 28 sites is just over \$1000 p.a. With 28 retransmission sites and prospect of saving \$10,000 dollars over 10 years versus the cost of a re-stack of around \$5,000,000, one would not be inclined to venture down the proposed path.

In short, the paper has nothing in it to the benefit of Imparja, in fact, it only has cost implications in prospect.

The other issues around content obligations being carried forward are no longer controllable for the Regional and Remote broadcasters, as we no longer acquire content. Imparja is purely distributor who is under ever increasing pressure to maintain equality of service with the metro networks with no sustainable revenue model in sight, but we are

expected to provide a USO to people in remote Australia. The networks look likely to continue to further segment audiences through specialist channels and move content accordingly, this may see Australian content further removed from the current multichannel streams. This means we will be under pressure through licensing or legislative measures to meet content requirement or buy and broadcast more multi channels. Neither of which is palatable, nor economically sustainable without substantial Government assistance. Our relationship with the Nine Network has proven time and again to offer far more support than that received from the Federal Government.

5. Benefits of the Proposal.

The last time Imparja had the Government come to us with proposed benefits was around 2006/7 with the move to digital. What was proposed and promised never came to fruition and we have been financially penalised ever since. To provide an example of the cost disadvantage, Imparja had no option other than to borrow \$2.5 million from our financiers to support the digital switchover as grant funding that Government agreed to pay was not received until two years after digital transmission commenced. Our interest payment, which subsequently was not claimable as part of digital switchover funding, cost Imparja in excess of \$400,000 in interest payments.

The initial conversation as to what would fall within the realm of claimable expenses was clearly articulated and noted at the commencement of the process, however when the project was completed the rules changed suddenly with a “take it or leave it” approach to finding a suitable resolution. We were left with either not accepting the terms offered and calling in an administrator or take 50% funding offered and try and get through. We have little faith in Governments offer to consult and move forward; however, the reality of the proposed benefits is not necessarily benefitting for Imparja.

From an Imparja perspective:-

- 1) The withdrawal of broadcasting taxes will have nil effect assisting our business operation.
- 2) A shift to more efficient broadcasting technologies and the use of less spectrum could deliver cost savings. The current broadcasting model is failing, and this is not the solution.
- 3) Multiplex sharing is like public policy, a nice thought.
- 4) PING is great, we tried to organise funding recently for some resource to be placed in our Alice Springs studio so we could contribute to the NT news, but no funding could be found. This was outside of PING, but were we surprised, no, again we got nil support.
- 5) CAST will be the world of Metro’s as producers, as opposed to Regional and Remote Broadcasters who are simply distributors.

6. An Opportunity to present alternate Proposals.

Imparja is a not for profit, 100% indigenous owned Broadcaster located in Alice Springs and servicing some of the most remote areas of the country via Satellite and 28 retransmission

sites. Our broadcast footprint is some 3.6 million square kilometres, through 6 states and territories and we also provide digital infill for all areas east of the WA border.

We are unique on the world stage as our operations are not Government funded or operated, as is the case with most Indigenous owned broadcasting operations around the world. We have a vested interest in serving the remote Indigenous communities, but we are often dismissed from dialogue as we are seen as being too small a player to provide accelerated benefit to the markets we serve.

As a not-for-profit, we do not pay significant license fees, hence the trade-off is of no value and the cost of a re-stack is not a financially viable option. We know that our financial issues are primarily because of the transition to Digital, the introduction of the multi-channel regime and 38B licences in what were two channel markets. The fact that the original model for our transition to digital equalisation was one HD stream per each operator in this market under Helen Coonan. Subsequently, Minister Conroy decided all markets should be able to carry the broader base of content so we would have true equalisation and market parity around the country, and we were then forced to broadcast one HD and four SD channels which meant more staff, more satellite capacity, greater reporting requirement and not an economic model in sight. The quantum of that loss is estimated to be \$10.0 million since simulcast ceased in the remote area in 2013.

Whilst some of these costs have now been offset based on the renegotiated VAST transmission service since 2020 and 2021 financial years, we are still paying over 100 % of main channel content fees for VAST to Channel Nine, incurring expenses for staffing for multichannel broadcast and also have increased reporting requirements. The prior years since digital transmission switch-on has left us with considerable financial losses providing what in essence was a government legislated USO, exasperated to a large extent by the 38C licence model being unworkable in the original analogue two channel remote licence broadcast area.

The simple economics of this, even in 2010 meant failure was a predetermined outcome, which we more than adequately displayed to the then Minister, prior to commencement of the digital regime. In simple terms the Remote Central and Eastern market had two stations needing around 192,000 minutes of ad content to maximise revenues. At that time, the reality was we could never get over 60% of paid content in our schedules. So, in the space of 3 months we went from having 192,000 minutes of ad content to having to find 867,000 minutes of content when at best we could only ever achieve 115,000 minutes of paid content. When you add to this that every television market went through the same change, how was it ever going to be that marketing funds for Television would increase by 600% in a couple of years. So, per the green paper “the Free-to-air television business model is increasingly challenged”.

This was always going to be the outcome, as the Government was spending \$45 Billion providing our new digital and streaming competitors with access to the Australian market at no cost. Now the Metros are streaming into our markets and our position as content distributors is under greater threat.

Additionally, we now must contend with a Government funded indigenous service actively trying to leverage advertising dollars away from us. The new SBS campaign “Beyond 3%” is a straight push to move the commercial advertising dollar away from mainstream back into the coffers of NITV. None of that money will be used to support communities, deliver health resources, provide economic benefits to support the last 2%, which Imparja does as a matter of course as per objectives within its Constitution.

NITV was built on the concept of ICTV, which Imparja was key to establishing as a narrow cast service. Imparja reduced the quality of our main service and ran the ICTV stream up to the satellite at no cost to ICTV. Helen Coonan as the then Minister liked what we were doing and decided to make it a National service, thus NITV was conceived.. The results have been marginal as the original concept of preservation of language and culture are now a long way under the bus and audiences are more likely to see a program on native South American tribes or Maori TV than a traditional dance or celebration from the heart of Australia.






The result of the financial hardship that followed the digital switchover with new multi-channel distribution, meant that Imparja’s Aboriginal Employment strategy that had seen hundreds of Aboriginal and Torres Strait Islanders get a start in broadcasting lost, as the payout from Alice Springs was no longer a viable option. Imparja had achieved 40% Indigenous employment rates and overnight all those entry positions disappeared, and we fell to 8%. The Government then came out with a new initiative the “Aboriginal Employment Strategy” with no regard for those who had lost their jobs and with a hint of support as to how we might get through the digital mire. We had options but we needed support, which was often offered, but when asked for, never forthcoming.

What we did begin to understand was that respective Governments had no real plans for the last 5% of the bush. There was never a strategic approach on any front whether that was Health, Domestic Violence, Youth Crime, Communications, Media etc. The reality became clear that the last 5% was dealt with in a reactionary manner with little to no planning and resultant effort from Government, often ending with serious and unexpected consequences, the most recent of these being increases in social service funds which has seen spikes in alcohol abuse, domestic violence, and assault levels.

When looking at the map below, you need to understand that whilst you have numerous towns and communities mentioned, the reality is that small and minor communities are not listed, and as far as “out stations” go, they are not acknowledged. Yet we deliver services to areas that are not recognised as even having a community.

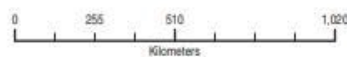


Legend

-  Coastline; State Borders
-  Licence Area
-  Principal roads; Cities (Medium, Large)
-  Secondary roads; Towns, Cities (Small)
-  Minor roads; Localities

REMOTE CENTRAL & EASTERN AUSTRALIA TV1

Area ID: 963



Australian Government
Australian Communications
and Media Authority

© Commonwealth of Australia 2005. Contains data © Commonwealth of Australia (Geoscience Australia, Australian Bureau of Statistics) 2001, 2002

25/10/2005 3:11:31 am

When dealing with the last 2%, no one accounts for their needs and hence when someone finally recognises the need, the reaction is not strategic, it is, in 90% of cases reactionary. Even when Government looks at remote Australia in isolation their understanding of just how remote some of these communities are, is not understood on any level.

As we write this paper, the Government is looking at streaming solutions for remote Australia in opposition to Satellite distribution. We would suggest this may well be an option if Government is of the mind to access 100% of the bush, but it will be spending billions to reach the last few percent. Imparja's Board members & staff live and breathe remote Australia, understand the issues and the challenges, but Governments pay no heed to what we have to say or contribute and carry on regardless of the expense to those in remote Australia.

So, for the most part we feel as though we are an afterthought, who despite constant and ongoing support provided to respective Governments, have been left to try and survive through the turmoil of ill-informed legislative enactment that has no benefit only hardship associated with it as it pertains to a remote television business.

7. Next Steps

The Government acknowledges that the remote areas are far less likely to have alternate sources as far as the Free to Air markets are concerned. There are several reasons for this including access to internet services, economic factors, and capacity.

Whilst the Government acknowledges the fact that Free to Air will remain an important element, it fails to acknowledge that the business model required, because of VAST is non-sustainable and is a loss-making model. They hold this view despite initiating financial and market reviews which have ultimately supported our position. What makes this even more difficult to understand is that despite the results of these reviews, Government does not act upon the findings and as it now appears they just initiate another review, seemingly hoping for a differing result. The fact that the Remote Central and Eastern zone market with 2 commercial channels was worth some \$17 million in advertising in 2008, and now with 9 commercial channels plus SBS and NITV all targeting ad dollar and the market worth \$12 million at best, it is easy to see why our business is in difficulty. Remote markets are not a must buy market and with the increased cost of buying audience on the Eastern Seaboard, marketers are abandoning remote markets and concentrating on the Metro and some Regionals.

To further compound an already pressured advertising market, we now must contend with Government funded broadcasters competing for advertising dollars. The adage that it is only a small percentage of the market is quite true as it relates to Metropolitan markets, but when advertisers can use national platforms to support Metro campaigns and use these same platforms to fulfil Regional and Remote needs, then we are at a huge disadvantage. The fact that once again we have legislation that fails to recognise the impact on part of the stakeholder group only supports the growing variation between Metro, Regional and Remote platforms. We need Government funded broadcasters to either be fully funded or cut loose from public funding.

We need to find new models that provide services across multiple platforms to provide some economic platform upon which business bases can be developed. The reality is that both Regional and Remote markets have been providing a public service USO with their 38b and 38C licenses with the multi-channels for the last ten years.

8. Opportunity to present Alternate Proposals.

The current model of dealing with remote Australia across several communication fronts is not viable in the long term and the NBN will never be able to efficiently service the last 5% of the remote areas. The broadcast system is also flawed, with our 28 retransmission sites only having on average 4000 people within the coverage area of each site. Maintaining these 28 terrestrial broadcast sites costs Imparja in excess of \$1.0 million per annum. The DTH model would open many more doors and opportunity to bring remote Australia a number of key communication opportunities. The advancement in technology would allow a few new or ancillary services to be provided through DTH satellite. We have been exploring technical options with Optus which could see Television Services, IT services, Telephony and streaming services delivered to remote Australia via the VAST platform. The reality is that these services are not cheap but the option of delivering much required services in a strategic and meaningful manner as opposed to the current “house of cards” approach would prove to be a more economical approach going forward and to a large extent satisfy the Governments USO.

The opportunity does exist to work a lot closer with our satellite partners being Optus to introduce upgraded telephony, internet services as an ISP and program distribution services. The issues in the bush, let alone remote Australia with Sky Muster is that monthly allocations often have been used before the month expires, thus leaving individuals and groups isolated on degraded download speeds. Capacity and services need to be increased in a sustainable and economically viable fashion. This needs to be a strategic and measured approach that looks at the last 5% in isolation.

With Optus launching a new generation satellite platform in 2024/25 that have the enhanced ability in IP mode to target smaller regions rather than full area broadcast, may bring with it the ability for broadcasters to achieve an economic way to marketize their satellite coverage by aggregation of smaller regions with better commercial program and commercial content for different regions. Currently a viewer on the tip of Cape York, Qld gets the same content as a viewer near Ceduna, SA and this was one of the issues noted when the VAST review occurred with content.

We fundamentally disagree with the current review given the potential new technologies being introduced in 2025 via the Optus satellite platform.

That said we also understand the opportunity to “re-set” industry is upon us and that opportunity should not be missed, providing the resultant business models are sustainable in the longer term. The reality is that new technologies fundamentally force a re-think of the future of broadcasting. Basic decisions from transmission to retransmission sites versus DTH via satellite, with license area being protected or time zones being the measure or any

number of configurations that are flexible being the measure. Being able to change or program satellites whilst in orbit for communications and media will be a game changer. Imparja considers that satellite delivery post 2025 will play an important role in the delivery of FTA television in any media reform and associated re-stack activity but is not the only or dominant contributor to freeing up spectrum above 610 Mhz. It remains a very useful medium as it is today as a safety net for Imparja and remote viewers unable to receive terrestrial television and is likely to increase in utilisation.

As the business model changes dramatically Government may end up buying licences back across the board. Telephony and IT services off the same platform as broadcasting, push VOD etc delivers a true and common national service, leads to real opportunity for industry for the benefit of all stakeholders. The technology is here we just need the desire and support from Government for change.

Government can no longer expect or demand that Free to Air broadcasters carry loss making multichannel signals, and there should be a review into the viability of multi channels, particularly in Remote, (and Regional Australia) unless these are fully funded under a USO. These services were forced on Remote broadcasters by Government and Imparja believes the Government would be staggered by the losses associated with these 38b and 38c licences. The RC&E Channel Ten joint venture (Central Digital Television Pty Ltd), between Southern Cross and Imparja has seen each JV partner write off over \$4.0 million in losses against that entity to date with no expectation of recovery of those losses.

Given the hardship, associated with the non-aggregated markets it would make sense for the Government to either allow more cost-efficient models into the marketplace or simply subsidise the channel distribution operational cost in full as a public service obligation.

9. What Imparja Are Seeking.

9.1 Transmission Sites & DTH Via Satellite

In order to be able to service Remote Australia we need to start shifting to a DTH model with the view that perhaps only Alice Springs and Mount Isa retain retransmission sites. Both of these site's service 20,000 plus people and generate advertising spend.

Satellite DTH is already in place for around one million viewers in Australia as an alternative to DTT via the OPTUS VAST (Viewer Access Satellite Television) platform. The viewer segments below access their FTA (Free to Air) television via VAST.

- a) RC&E (Remote, Central & Eastern) licence area..
- b) Travellers and Tourists
- c) Ships, oil rigs and small remote island communities.
- d) and as a safety net for terrestrial viewers with poor or non-existent terrestrial reception due to local topography.

There is an opportunity to free up spectrum by retiring low population broadcaster re-transmission facilities in small communities and convert them to DTH VAST in remote areas. This would require a program of education of affected populations prior to the change, plus some form of subsidy as per the original digital switchover, a cost Imparja believes Government should fund under a form of Universal Service Guarantee (USG).

Included below are the 28 retransmission site populations from the 2016 census in the Imparja RC&E broadcast area:-

POPULATION CALCS						
Region	Site Name	Location	State	Mode	My Switch + 2016 Census	GI Calcs
RC&E	Barcaldine UHF Site	BARCADDINE	QLD	TV - UHF	1422	1300
RC&E	Blackall UHF Site	BLACKALL	QLD	TV - UHF	1416	1600
RC&E	Brewarrina	BREWARRINA	NSW	TV - UHF	1143	2197
RC&E	Chardon St Site	KATHERINE	NT	TV - UHF	9131	3600
RC&E	Charleville UHF Site	CHARLEVILLE	QLD	TV - UHF	3335	3400
RC&E	Cloncurry UHF Site	CLONCURRY	QLD	TV - UHF	2719	2800
RC&E	Cobar UHF Site	COBAR	NSW	TV - UHF	3990	4000
RC&E	Cooper Pedy UHF Site	COOPER PEDY	SA	TV - UHF	1762	1584
RC&E	Cooktown Council Site	COOKTOWN	QLD	TV - UHF	2631	2600
RC&E	Cunnamulla UHF Site	CUNNAMULLA	QLD	TV - UHF	1140	1205
RC&E	Hughenden UHF Site	HUGHENDEN	QLD	TV - UHF	1136	1200
RC&E	Jabiru UHF Site	JABIRU	NT	TV - UHF	1081	2075
RC&E	Kongwirra RT	CEDUNA / SMOKY BAY	SA	TV - UHF	2836	3478
RC&E	Lightning Ridge UHF Site	LIGHTNING RIDGE	NSW	TV - UHF	2284	2600
RC&E	Longreach UHF Site	LONGREACH	QLD	TV - UHF	2970	3000
RC&E	Mitchell UHF Site	MITCHELL	QLD	TV - UHF	1117	955
RC&E	Mount Isa UHF Site	MOUNT ISA	QLD	TV - UHF	17575	22000
RC&E	Roma UHF Site	ROMA	QLD	TV - UHF	7849	7000
RC&E	Roxby Downs	ROXBY DOWNS	SA	TV - UHF	3889	4500
RC&E	St George UHF Site / Klinge Lane	ST GEORGE	QLD	TV - UHF	3048	6848
RC&E	Tennant Creek Imparja Site	TENNANT CREEK	NT	TV - UHF	2991	3000
RC&E	Thursday Island	THURSDAY ISLAND	QLD	TV - UHF	3737	3306
RC&E	Walgett Commercial Site	WALGETT	NSW	TV - UHF	2145	2300
RC&E	Weipa UHF Site	WEIPA	QLD	TV - UHF	1945	3900
RC&E	West Gap UHF Site	ALICE SPRINGS	NT	TV - UHF	25297	25200
RC&E	Wilcannia Council Site	WILCANNIA	NSW	TV - UHF	745	745
RC&E	Winton UHF Site	WINTON	QLD	TV - UHF	1088	959
RC&E	Wortumertie St	BOURKE	NSW	TV - UHF	2196	3095
					2016	112618
TOTAL for 28 RC&E						120447

We believe in some of the areas above there is likely to have seen further decline in numbers.

Transmission Costs

The Government needs to fund transmission costs for all channels in Remote Australia as the business model legislated by Government is no longer viable.

9.2 Multi Channels & 38C Licence

Remote broadcasters need drastic and immediate changes to the Multi-Channel and 38B/C licences and regulations. Imparja is suggesting that the Government needs to remove the Multi Channels and 38C Licences unless they are fully funded as part of an USO/USG with Multi Channel and 38C broadcasts allowing for the possibility “dirty feeds” direct from Metro TV if possible. There may be issues with this broadcast solution with advertisers not wanting to offer product in the remote footprint.

9.3 Reporting

Imparja are also seeking dispensation from reporting, as it is expensive to do, and our staffing levels no longer provide flexibility to collate these statistics. Basically, Imparja is now a mirror image reflection of everything the 9 Network programs on each Channel, we no longer have an ability to insert our own sourced programming, even if we could afford to.

9.4 Financing

The Federal Government should fund the delivery of all changes to the broadcasting system, as it is now making decisions for broadcasting based on the needs and wants of Telco's and the revenue that they are prepared to pay for spectrum. There is no incentive for Imparja to commit to what would be millions of dollars in capital expenditure for a “small change” return, particularly given our experience dealing with government with digital switchover in 2010.

10. Conclusion

For the Remote Broadcasters, that is specifically as it relates to Imparja, to remain a viable business option we need to be able to work with both Optus and Government in order to resolve a raft of media and communication issues currently disadvantaging the last 2% of the Australian population. We understand that this is not a priority for the Government but if the Federal Government is serious about public policy and closing the GAP, then this is an imperative under what should be a USO/USG scenario that Telcos receive substantial funding from Government for.

We live and exist in a space that no one else wants to fill, there is no commercial imperative or incentive, and Imparja have an innate understanding of the dimension and practical solution to the problems in remote Australia.

We appreciate that remote Australia does not win elections for Government, but we also realise that many millions of dollars are wasted applying “band-aids to mortal wounds” and this practice should cease. Allow us to present the solutions to the identified issues to provide remote Australia with upgraded services.

We also believe that a few multi channels are failing in both Regional and Remote markets and Government will either end up having licences returned or services switched off. We see an option for a fully subsidised regime whereby content can be distributed at a

minimum cost on the basis of “dirty feeds”, thus providing cost reduction in sourcing content, staffing and playout. Imparja believes we would be an ideal partner with Government to fulfil this service, being an indigenous NFP entity who has a vested interest in remote Australia.