



AUSTEREO GROUP LIMITED

SUBMISSION BY AUSTEREO GROUP LIMITED

**TO THE DEPARTMENT OF BROADBAND, COMMUNICATIONS AND THE
DIGITAL ECONOMY**

IN RELATION TO THE DIGITAL DIVIDEND GREEN PAPER

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INDEX

TOPIC	PAGE
PURPOSE OF THIS SUBMISSION	1
DESCRIPTION OF AUSTEREO	1
EXECUTIVE SUMMARY	2
AUSTereo'S SUBMISSIONS	4
CONTACT DETAILS	8

SUBMISSION BY AUSTEREO GROUP LIMITED

TO THE DEPARTMENT OF BROADBAND, COMMUNICATIONS AND THE DIGITAL ECONOMY

IN RELATION TO THE DIGITAL DIVIDEND GREEN PAPER

1. PURPOSE OF THIS SUBMISSION

- 1.1 This submission is made by Austereo Group Limited (“Austereo”) to the Department of Broadband, Communications and the Digital Economy (“DBCDE”) in response to an invitation from the DBCDE to respond to the Digital Dividend Green Paper dated January 2010.

2. DESCRIPTION OF AUSTEREO

- 2.1 Austereo is a public company listed on the Australian Stock Exchange. It is one of the leading commercial radio operators in Australia. It owns and operates two FM commercial radio stations in each of the five mainland metropolitan markets (“the metropolitan markets”). It also holds a 50% equity stake in two FM commercial radio stations in the regional market of Newcastle and two FM commercial radio stations in the regional market of Canberra.
- 2.2 Austereo is also a leading promoter and service provider of digital radio broadcasting in Australia. In December 2008, it launched Australia’s first commercial digital radio station, Radar Radio, which now operates as a nationwide digital network which is available via both DAB+ digital radio receivers and live online streaming, together with other special event services. Austereo is also the largest commercial holder of digital radio spectrum in the metropolitan markets.
- 2.3 Austereo is a member of Commercial Radio Australia (“CRA”) the industry body which represents commercial radio licence holders who provide services in that part of the spectrum known as the Broadcasting Services Band (“BSB”).

3. EXECUTIVE SUMMARY

A summary of Austereo's submission is as follows:

Reason for Interest in Digital Dividend Planning

- 3.1 Planning for the Digital Dividend is of interest to both Austereo and the entire commercial radio sector because some of the spectrum which may form part of the Digital Dividend may come from spectrum which either has already been, or may in the near future be, allocated to commercial radio broadcasters for the purpose of digital radio broadcasting.

Supports the Views of CRA in Relation to the Digital Dividend Green Paper

- 3.2 Austereo supports the views of Commercial Radio Australia in relation to the Digital Dividend Green Paper.

Commercial Radio will be a Main Driver of Digital Radio in Australia

- 3.3 Austereo submits that the commercial radio sector, given its majority audience reach, together with the national radio services, will be a main driver of the development of digital radio in Australia.

Digital is a Natural and Complementary Platform for Commercial Radio

- 3.4 Austereo submits that digital radio broadcasting represents a natural evolution for commercial radio and that the new digital platform complements commercial radio's traditional AM and FM analogue platforms

Regular Consultation with Radio Broadcasters is Necessary

- 3.5 Austereo submits that the stakeholders in all three radio sectors (commercial, national and community) need to be regularly consulted and advised of developments pertaining to the Digital Dividend and that no decision pertaining to such a Digital Dividend should be made prior to its implications for digital radio broadcasting having been thoroughly and comprehensively assessed by those stakeholders.

Investment in Digital Radio Needs to be Recognised and Preserved

- 3.6 The substantial and on-going investment in digital radio made by Australian radio broadcasters and consumers to date needs to be recognised and preserved and it should not be put at risk by any changes in spectrum allocation pertaining to digital radio broadcasting in metropolitan markets.

National Standardisation of Digital Technology and Spectrum

- 3.7 Austereo submits that it is imperative that regional radio adopt the DAB+ technology as is used by the metropolitan broadcasters and that the spectrum allocated for digital radio in regional areas be that which is internationally recognised and tuned on a standard DAB+ receiver, that being between TV channels 5 and 12.

Importance of VHF III Spectrum

- 3.8 Austereo supports CRA's position that the VHF Band III spectrum is the only suitable spectrum for the economic provision of digital radio in regional Australia, given that all available DAB+ receivers are designed to operate in the VHF Band III range of 174 to 240 MHz, and that an allocation for regional DAB+ in this spectrum range will ensure a plentiful supply of receivers at affordable prices for regional residents.

Need for Contiguous Band III Spectrum

- 3.9 Austereo supports CRA's view that post analogue TV shutdown contiguous VHF Band III spectrum needs to be made available, as detailed in section 4.9 of this submission, to provide adequate spectrum for national planning of DAB+ services, whilst also maintaining the ACMA protection ratio requirements in all licence areas. Failure to provide adequate Band III spectrum could result in co-channel and adjacent channel interference between services and could also severely restrict the use of Single frequency networks ("SFNs") and infill transmitters.

Need for Adequate Received Signal Strength

- 3.10 Austereo submits that it is necessary for broadcasters to be able to provide adequate received signal strength for reception by portable receivers inside buildings. Access to adequate spectrum will enable digital radio services to transmit with adequate power without causing interference to other services.

Moratorium on Additional Digital Radio Capacity in Metropolitan Markets

- 3.11 Austereo submits that sufficient digital capacity is now available in metropolitan radio markets and that there should be a moratorium on the issuing of any additional spectrum for commercial purposes for a minimum period of 6 years from the date of commencement of commercial digital radio services in each respective metropolitan market.

4. AUSTEREO'S SUBMISSIONS

Reason for Interest in Digital Dividend Planning

- 4.1 Planning for the Digital Dividend is of interest to both Austereo and the entire commercial radio sector because some of the spectrum which may form part of the Digital Dividend may come from spectrum which either has already been, or may in the near future be, allocated to commercial radio broadcasters for the purpose of digital radio broadcasting.

Supports the Views of CRA in Relation to the Digital Dividend Green Paper

- 4.2 Austereo supports the views of Commercial Radio Australia ("CRA") in relation to the Digital Dividend Green Paper. Austereo understands that CRA is making a separate submission to the DBCDE in relation to the issues raised in the Digital Dividend Green Paper and Austereo fully endorses the position which CRA is proposing on behalf of its members which includes Austereo.

Commercial Radio will be a Main Driver of Digital Radio in Australia

- 4.3 Austereo considers that Australia's existing tripartite system of commercial, national and community radio broadcasting sectors is amongst the best in the world and given that the commercial radio sector has consistently accounted for the majority of all radio listening throughout the nation, Austereo submits that the commercial radio sector, together with the national radio services of both the Australian Broadcasting Corporation ("ABC") and the Special Broadcasting Service ("SBS") will be a main driver of the development of digital radio in Australia.

Digital is in a Natural and Complementary Platform for Commercial Radio

- 4.4 Austereo submits that digital radio broadcasting represents a natural evolution for commercial radio and that the new digital platform complements commercial radio's traditional AM and FM analogue platforms which are accessed by most Australians every day using analogue radio receivers which are estimated to total 50 million units.

Regular Consultation with Radio Broadcasters is Necessary

- 4.5 Digital radio broadcasting in Australia is only at the initial stage of its development having only commenced broadcasting in the metropolitan markets in May 2009 after more than seven years of planning and consultation between the Federal Government, the Australian Communications and Media Authority (“ACMA”), the commercial broadcasters, the ABC and SBS and the community radio sector. Moreover, in regional and remote markets, planning is still underway and far from being finalised and the necessary spectrum for digital radio broadcasting has yet to be finalised or allocated. These factors need to be taken into account as part of any decision making process in relation to any Digital Dividend. Austereo submits that radio broadcasters from each of the three sectors (commercial, national and community) need to be regularly consulted and advised of developments pertaining to the Digital Dividend and that no final decisions pertaining to the Digital Dividend should be made without adequate consideration being given to its implications for all relevant stakeholders in the three radio sectors

Investment in Digital Radio Needs to be Recognised and Preserved

- 4.6 To date, radio broadcasters have made a substantial investment in the planning, establishment and promotion of digital radio in Australia, while since the middle of last year Australian consumers have been making increasing expenditures on the acquisition of digital radio receivers. Austereo submits that these investments to date, together with on-going future investments, in digital radio by both broadcasters and consumers need to be recognised and protected and that these investments would be put at risk were there to be any change in the allocation of spectrum for digital radio broadcasting in metropolitan markets.

National Standardisation of Digital Technology & Spectrum Allocation

- 4.7 Austereo submits that it is imperative that regional radio adopt the DAB+ technology as is used by the metropolitan broadcasters and that the spectrum allocated for digital radio in regional areas be that which is internationally recognised and tuned on a standard DAB+ receiver, that being between TV channels 5 and 12.

Importance of VHF Band III Spectrum

- 4.8 Austereo supports CRA’s position that the VHF Band III spectrum is the only suitable spectrum for the economic provision of digital radio in regional Australia. As the ACMA are aware, all available DAB+ receivers are designed to operate in the VHF Band III range of 174 to 240 MHz. An allocation for regional DAB+ in this spectrum range will ensure a plentiful supply of receivers at affordable prices for regional residents.

Need for Contiguous Band III Spectrum

- 4.9 Austereo supports CRA's request that in the licence area plans (LAPs) of Sydney, Melbourne, Adelaide, Brisbane and Perth and in LAPs within 200 km of these markets, 12 DAB+ 1.5 MHz channels (that being the three former VHF Band III TV channels) be reserved for DAB+ broadcasting. This 12 Ensemble wide block is necessary to plan interference free coverage for two DAB+ Ensembles in each market. In each LAP two Ensembles will be used for broadcast, and 10 Ensembles will be embargoed to prevent interference with surrounding LAPs up to 200 km away. Other areas of Australia will need two DAB+ 1.5MHz channels in each LAP for the planning of DAB+ digital radio. Therefore, sufficient usable interference free unrestricted spectrum for two DAB+ Ensembles (one commercial/community broadcasters and one public service broadcasters) needs to be made available in all LAPs for DAB+ radio broadcasting. Failure to provide adequate spectrum could result in co-channel and adjacent channel interference between services and could also severely restrict the use of Single frequency networks ("SFNs") and infill transmitters.

Need for Adequate Received Signal Strength

- 4.10 Austereo submits that it is necessary for broadcasters to be able to provide adequate received signal strength for reception by portable receivers inside buildings. As digital signals degrade with an avalanche effect, rather than degrading gradually as is the case with analogue signals, a poor received signal level will result in an unlistenable service, consumer frustration and poor acceptance of the digital radio platform. Access to adequate spectrum will enable digital radio services to transmit with adequate power without causing interference to other services

Moratorium on Additional Digital Radio Capacity in Metropolitan Markets

- 4.11 Austereo submits that following the auctioning in November 2009 of spare digital multiplex capacity in metropolitan markets there is now sufficient digital capacity in those markets to meet the needs of commercial radio broadcasters for the foreseeable future. Austereo also submits that the Federal Government should formally reaffirm previously given undertakings to put in place a moratorium on the provision of any additional spectrum for the purpose of providing commercial digital radio services, be they broadcasting or narrowcasting in nature, for a minimum period of 6 years from the date of commencement of commercial digital radio broadcasting services in each respective metropolitan radio market.

5. CONTACT DETAILS

Any questions concerning this submission should be directed to Peter Harvie whose contact details are shown on the cover page of this submission.

Submitted by
Austereo Group Limited

5 March 2010