

**COMMONWEALTH OF AUSTRALIA**

*Broadcasting Services Act 1992*

**Regional Equalisation Plan**

I, RICHARD KENNETH ROBERT ALSTON, Minister for Communications, Information Technology and the Arts, pursuant to subclause 64(1) of Schedule 4 to the *Broadcasting Services Act 1992*, declare the plan in the Schedule to this instrument to be the Regional Equalisation Plan.

Dated 22 September 2000

RICHARD ALSTON  
Minister for Communications,  
Information Technology and the Arts

## **SCHEDULE**

### **REGIONAL EQUALISATION PLAN**

#### **Introduction**

Subclause 64(1) of Schedule 4 to the *Broadcasting Services Act 1992* (the Act) requires the Minister to formulate a written Regional Equalisation Plan which specifies the measures proposed to be taken by the Minister or the Commonwealth Government:

- (a) to facilitate the provision of commercial television broadcasting services transmitted in digital mode in regional licence areas; and
- (b) to facilitate the provision of datacasting services transmitted in digital mode in regional licence areas by the holders of commercial television broadcasting licences.

In formulating or varying the regional equalisation plan, the Minister under subclause 64(2) of the Act, must have regard to the following objectives:

- (a) the objective of maximising the diversity of choice in television services provided in regional licence areas;
- (b) the objective of bringing to regional licence areas a similar range of entertainment and information services as are available in metropolitan licence areas;
- (c) the objective of maintaining the financial viability of the commercial television broadcasting industry in regional licence areas;
- (d) the objective of providing commercial television broadcasting services in regional licence areas that are relevant to, and responsive to, local needs in those areas;
- (e) the objective of discouraging the concentration of media ownership in regional licence areas.

Under subclause 6(3)(b) of Schedule 4 to the Act, holders of commercial television broadcasting licences in regional licence areas ("broadcasters") are required to commence transmitting in digital mode during the period commencing 1 January 2001 and ending immediately before 1 January 2004.

In considering measures to be taken by the Commonwealth under the Plan, the Minister considered legislative and regulatory measures, direct funding, and measures resulting in reductions to revenues returned to the Commonwealth.

The Plan was developed at the same time as a broad range of proposed amendments to the Act relating to the digital conversion of existing commercial television broadcasters and the introduction of new datacasting services. A number of these provisions were agreed to by the Parliament in June 2000, and are intended to encourage existing broadcasters to provide additional commercial television services

in those regional markets with fewer than the three commercial television services available in most metropolitan markets. These measures include:

Solus - Broadcasters in each solus market have already applied to the Australian Broadcasting Authority (ABA) for a licence to operate a second commercial analog television service, under s.38A of the Act. The solus licensees will be permitted to multichannel the digital transmission of their two analog services, thus minimising conversion costs. These services will also be exempt from HDTV requirements, subject to review by 2005.

Two-service markets - The provision of a third digital-only commercial television service by either one of the existing licensees, or in a joint venture by both licensees. If only one of the licensees provides the new service, it can elect to do so by multichannelling, with exemption from HDTV requirements, subject to review by 2005.

### **Independent analysis**

In its 1998 election policy statement *Communications: Making Australia Stronger*, the Government undertook to finalise details of assistance to regional commercial broadcasters after an independent analysis of the transition costs to digital broadcasting.

The independent analysis of the costs to regional commercial broadcasters of introducing digital broadcasting and datacasting services was completed in 1999. Regional commercial television broadcasters were consulted extensively during this process. The independent analysis estimated the total costs (capital and operating) of conversion for regional and remote broadcasters at \$519 million - this included \$331.8 million, \$103.9 million, and \$17.6 million for the aggregated, two service and solus markets respectively.

### **Financial assistance package**

Having regard to the analysis, and the objectives defined in the Act for the Regional Equalisation Plan, the Commonwealth Government determined that a package of financial assistance would be the most appropriate means of facilitating services required in legislation.

The Government announced in the 2000-01 Budget that up to \$260 million will be provided over 13 years to assist regional and remote broadcasters with the introduction of digital broadcasting and datacasting services. This represents 50 per cent of the overall cost of digital conversion.

Assistance will be available from 2000-01, with individual broadcasters able to access assistance in the fiscal year in which the broadcaster commences digital transmissions. The assistance will be provided in the form of a capped annual rebate against licence fees payable. If annual licence fees in any year are below the rebate cap, then that unused rebate may be carried forward and claimed in future years. In several of the solus markets where a licence fee rebate arrangement alone would

necessitate assistance being provided for a period longer than 13 years, licence fee rebates are to be supplemented by a grants program.

Regulations will be made under the *Television Licence Fees Act 1964* to allow for the rebate of licence fees. The licence fee rebate arrangements are to be administered by the ABA.

Details of the financial assistance package are set out in the following table:

<b>Market</b>	<b>Assistance per Broadcaster</b>
	\$m
<b>Aggregated</b>	
- Northern NSW	\$13.6m per broadcaster over 8 years by licence fee rebate
- Southern NSW	\$13.6m per broadcaster over 8 years by licence fee rebate
- Regional Victoria	\$13.6m per broadcaster over 8 years by licence fee rebate
- Regional Queensland	\$13.6m per broadcaster over 8 years by licence fee rebate
<b>Two Service</b>	
- Mildura/Sunraysia	\$0.8m per broadcaster over 8 years by licence fee rebate
- Tasmania	\$6.64m per broadcaster over 8 years by licence fee rebate
- Darwin	\$3.28m per broadcaster over 8 years by licence fee rebate
- Griffith and MIA	\$0.56m per broadcaster over 8 years by licence fee rebate
- regional Western Australia	\$14.72m per broadcaster over 8 years by licence fee rebate
<b>Solus</b>	\$8.8 million over 7-9 years by licence fee rebates and grants in some areas

Arrangements for individual broadcasters in remote markets will be finalised once the ABA has completed a digital conversion scheme for remote licence areas. The level of assistance to be provided to remote broadcasters is estimated at more than \$30 million.

The financial assistance provided under the Regional Equalisation Plan will assist commercial television broadcasters in all parts of regional Australia. The commencement of digital television services in these areas will improve viewing quality and provide the option of interactive television. It will ensure that a similar range of entertainment and information services are available as in metropolitan licence areas, and help maximise diversity of choice. It will also contribute to the continued viability and independence of the regional commercial television sector which faces relatively higher digital conversion costs than the major metropolitan stations.

**September 2000**