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Licensed Broadcasting
Department of Communication, Information Technology and the Arts
Canberra ACT

By email

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Dear Mr Gamble

RE: The Introduction of Digital Radio Issues Paper

The Music Council of Australia (MCA) is grateful for the opportunity to make a submission to the Department of Communications Information Technology and the Arts concerning issues around the introduction of digital radio in Australia.

The Music Council is a national peak organisation with a Council of 50, broadly representative of the diverse and complex music sector. Members include nominees of major national music organisations, and distinguished individuals expert in various aspects of music.

The MCA is the official Australian representative to the UNESCO International Music Council (IMC), the world peak music organisation.

The MCA takes a keen interest in matters related to radio broadcasting, given that music provides the primary content for the majority of radio services, and radio is the medium that probably offers the greatest public access to music.

The MCA has identified three broadcasting priorities

- **Diversity:** That a diversity of music content should be available through radio broadcasting
- **Australian music:** That all radio services should achieve a specified minimum percentage, or better, broadcast content of Australian music.
- **National and community broadcasting:** That national and community broadcasters are adequately accommodated in all spectrum planning and are appropriately resourced by government

The MCA notes the government's policy principles in relation to the development of digital radio, in particular

- That digital radio should promote enhanced quality and diversity of services currently enjoyed in Australia
- That digital radio services should be available to all Australians regardless of where they live
- That given the promise of new and innovative services offered by the technology, the development of new services is encouraged
- That the government will continue to work with the community radio sector in the development of digital radio and is committed to the inclusion of community broadcasters in the digital environment.

The MCA notes the absence in these principles of an explicit commitment to ensuring that digital radio services uphold the objective of the Broadcasting Services Act of "developing and reflecting a sense of Australian identity, character and cultural diversity" and urges that such a commitment be incorporated into the consideration of digital radio services.

Technical choices to serve social and cultural priorities. The MCA lacks sufficient expertise to make credible comment upon the relative technical merits of the various options, including the Eureka 147 and hybrid Eureka/DRM systems, as appropriate platforms for digital radio in Australia.

However it is the MCA's position that technical decisions should be determined by those solutions which offer the greatest opportunity to deliver the cultural priorities outlined above.

Implementation model. It is the MCA's position that national and community broadcasters be provided the same access to digital spectrum as commercial broadcasters. In principle the MCA therefore supports the model of Full Conversion as a means of replicating the existing balance between commercial and non-commercial services, while acknowledging potential issues arising from limitations in the availability of spectrum inherent in this model.

The MCA does not support the market-based approach to implementation, particularly given the likelihood of minimal regulation of such services flagged in the Issues paper.

A Managed Introduction approach may have merit, particularly given the sensible assumption that digital radio may operate alongside analogue services for a period beyond a reasonable policy development horizon. The opportunity that this model may allow incumbent broadcasters the flexibility to offer new innovative services rather than simply replicate their analogue services is welcomed.

More services may result in more diversity of content. As noted above, detailed technical analysis is beyond the scope of this submission. However, in terms of the availability and performance of spectrum for digital radio services, the MCA notes the potential opportunity offered by utilisation of the L Band to accommodate the maximum number of digital services.

The quality of music broadcasts. While the MCA appreciates that spectrum is finite, it also supports the maximum bit rate being made available for music services, to ensure that digital radio fulfils the promise of enhanced quality. A bit rate of 192 kbit/s is a preferable minimum standard for music services. Music services offered at lower than 128 kbit/s would be unacceptable.

License separately the operators of apparatus and the providers of content. The MCA acknowledges that the licensing of the multiplex operator may be a necessary component in a digital radio environment. However, such licences would refer to the right to operate apparatus rather than provide content, and as such the MCA supports the proposition that in such a licensing regime separate content licences be issued which provide guaranteed access to multiplex capacity.

A 'must carry' obligation on all multiplex licensees is the MCA's preferred option.

Ensure access and resourcing for national and community broadcasters. As noted above it is the MCA's position that national and community broadcasters be guaranteed the same access to spectrum as commercial broadcasters. National and community services are critical in ensuring an authentic diversity of content is available. They also offer vital support for the local music culture, consistently performing beyond the minimum standards for broadcast of local music. National and community broadcasters have an impressive track record of utilising technology for innovative purposes, from the community sector's early pioneering of FM broadcasting to the recent implementation of podcasting services by both national and community broadcasters, and as such, will perform a critical research and development role in the development of digital radio.

Clearly, both national and community broadcasters will require additional one-off government financial support to launch digital radio services. As noted above, the 'must carry' option for multiplex licensees is the MCA's preferred model.

Niche services. The MCA agrees with the assertion that the availability of new and niche services beyond those currently available on analogue radio will be a key driver for the take up of digital radio. While niche music services are welcome, it is essential that they be required to carry minimum amounts of Australian music. The MCA rejects any argument which proposes that niche services should be allowed a diminished local content requirement. In particular if a multi-channeling option is proposed - where multiple audio services are offered by the one licensee -- local content regulations should apply to each discreet service.

Under the 'content licensing' model discussed above, it is preferable that the roll out of niche services by both commercial and non-commercial broadcasters be subject to a planning process

to ensure community interests are served by the new services. While the MCA supports the notion of ensuring that digital radio retains an audio focus, it is noted that a certain flexibility may be required to allow room for the development of new ideas and new content.

Satellite radio. The MCA notes that satellite radio may provide an opportunity for increased diversity through the introduction of new services. However the potential for satellite radio to ‘undermine the terrestrial licence area planning model’ is noted. Providers of such services in Australia must at the very least be required to carry minimum levels of Australian content on each service that is available.

Effects of the Australia/United States Free Trade Agreement. Under the reservations of Annex 2 of the agreement, the Australian government retains the prerogative to regulate local content on ‘free-to-air’ radio broadcasters, whether analogue or digital. The agreement caps the local content levels but the present regulations for analogue can be transferred unchanged to digital radio.

If the inquiry takes into account the possibilities for ‘interactive’ radio, the US agreement accommodates local content regulation but with different constraints. These constraints are mainly on the process by which the regulations are decided, although there are requirements such as that which requires that the regulations should be the ‘minimum necessary’; opinions on the two sides may be very different and it is difficult to see much basis for objectivity.

Since the consumer in this case selects and may pay for music content, it is not desirable and probably not possible to require the selection of Australian music. However, it would be possible, for instance, to require that Australian-based providers offer at least a specified minimum of ‘shelf space’ to Australian music. The consumer then has access to local music and may include or exclude it from his or her personal preferences. We might expect objections from the USA to such a requirement, but since it does not disadvantage US producers, there seems little real basis for complaint.

In conclusion, we reiterate that the MCA considers the key regulatory issue for all radio services is the preservation of a requirement to carry minimum levels of Australian music content. Such a requirement should not be diminished for digital radio services.

Thank you again for the opportunity to make this submission. We will be pleased to respond to any requests for clarification or elaboration.

Yours sincerely

Dr Richard Letts AM

Executive Director

This paper was prepared with the participation of members of the radio broadcasting, recording and live music performance sectors.