

5.1. TELEVISION BROADCASTING ALEXANDRA BAY

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RECOMMENDATION

That Council resolves to:

- 1. Not renew transmission equipment at the Alexandra Bay and Daintree Village Television Black Spot Towers;**
- 2. Continue maintenance of the existing equipment at the Alexandra Bay and Daintree Village Black Spot towers until equipment becomes irreparable, at which time the service will be discontinued.**
- 3. Advise Cow Bay, Diwan and Daintree Village residents that transmissions from the black spot television tower sites can no longer be guaranteed.**

EXECUTIVE SUMMARY

Due to the difficulty of sourcing spare parts, frequency of breakdowns, high cost of maintenance and the obsolescence of equipment; it is proposed Council discontinues television broadcasting from the Alexandra Bay and Daintree Village Television Black Spot towers.

The option of upgrading and/or renewing equipment is not recommended due to the high capital cost. The estimated cost to restore ABC and SBS is \$200,000 and for channel 7, 9 and 10 an additional \$200,000. The total capital cost is \$400,000 with an addition \$80,000 per year in operational costs.

The loss of ABC and SBS since 2017 and the unreliability of the service has prompted many residents to switch to other service providers. It is estimated less than 27 households across all three locations, still rely upon these two towers.

BACKGROUND

In the early 2000s, the Federal Government provided grants to local councils to establish television retransmission towers and broadcasting equipment to service areas with poor or no television coverage.

Douglas Shire applied for three sites, these being:

1. Cow Bay and Diwan (Alexandra Bay tower);
2. Daintree Village; and
3. South Mossman.

In 2011, while amalgamated with Cairns Regional Council, the towers were upgraded to digital, in line with an Australia wide upgrade.

While the South Mossman facility operates efficiently, broadcasting services from Alexandra Bay and Daintree Village towers have been unreliable for 18 months. There are frequent breakdowns causing one or more of the free-to-air commercial channels to drop out for periods of days or weeks.

At the time of writing this report, Channel ABC, SBS, 7 and 10 is not being broadcast from Alexandra Bay and Channel ABC, SBS and 7 is not being broadcast from Daintree Village.

When Cairns Regional Council upgraded the sites, they did not enter into a service agreement with any equipment suppliers. This has meant it has become increasingly difficult to source spare parts, to the point which Council is unable to source parts to restore Channel 10 at Alexandra Bay despite a nationwide search.

As it cannot be repaired, the Channel 10 system has been decommissioned.

Staff are in the process of sourcing parts to repair the Channel 7 receiver at Daintree Village, however the lead time is proving to be weeks, not days.

Television broadcasting laws sit with the Federal Government. Accessing television channels sits with individuals, this being the purchase of a television and antennae to receive broadcasts.

Some Councils, like Douglas Shire, became involved when the TV Black Spot funding program was introduced. With Federal funding to cover the installation of towers and equipment, and no other options available, it was an opportunity to provide a service to residents that would otherwise be beyond ratepayers. At the time, Council did not anticipate the maintenance costs would become as onerous as they are, nor did they anticipate platform changes by the national broadcaster would require such high renewal costs.

When Council opted into the TV Black Spot program 18 years ago, there were no other options for residents. Today there are several options, all which can provide a superior service to what Council can provide.

It is also worthwhile noting that there are residents within the shire, in the more remote locations, who do not have access to free-to-air television.

COMMENTS

Due to the difficulty sourcing spare parts, frequency of breakdowns, high cost of maintenance and the obsolete equipment, it is proposed Council discontinue television broadcasting from Alexandra Bay and Daintree Village TV Black Spot towers.

The option of upgrading and/or renewing equipment has been considered but the high capital and operational costs and low number of users makes it hard to justify. There is also no guarantee that new equipment will not deteriorate very quickly given the power fluctuations which occur at both sites.

Residents in all three localities are eligible to register with viewer access satellite television (VAST) which is a satellite-delivered, broadcasting service for people in television black spots.

This would not only give residents access to 14 free-to-air channels, the service would be far more reliable than Council is presently able to provide.

The loss of ABC and SBS, as well as the unreliability of the service, have already prompted some residents in Cow Bay, Diwan and Daintree Village to switch to VAST and/or subscribe to Netflix, Foxtel or other service providers.

Council is currently paying about \$80,000 per annum to maintain this unreliable service. To renew the equipment and deliver channels ABC, SBS, 7,9 and 10 at Alexandra Bay and Daintree Village would cost \$400,000. It is estimated to cost \$200,000 for ABC and SBS and \$200,000 for channel 7, 9 and 10.

Council estimates there are 27 households relying on television from the two towers. The option of 27 households switching to VAST is a far more cost-effective option for Council than continuing to maintain equipment at the two towers.

It will also deliver a more reliable service, and unlike the current circumstances, the service is guaranteed in the foreseeable future.

PROPOSAL

That Council resolves to:

1. Not renew transmission equipment at the Alexandra Bay and Daintree Village Television Black Spot Towers;
2. Continue maintenance of the existing equipment at the Alexandra Bay and Daintree Village Black Spot towers until equipment becomes irreparable, at which time the service will be discontinued.
3. Advise Cow Bay, Diwan and Daintree Village residents that transmissions from the black spot television tower sites can no longer be guaranteed.

FINANCIAL/RESOURCE IMPLICATIONS

The proposal will result in capital and operational cost savings for Council. The capital cost for new equipment is \$400,000 and has a useful life of 10 years. The long-term savings in capital is therefore \$400,000 every 10 years.

Additionally, the depreciation per year for the life of the asset is \$40,000. With the service ceasing, this amount would be saved from Council's budget.

Similarly, the operational cost of \$80,000 per year would be saved from Council's budget.

Within the Local Government Act 2009, Council has the ability to levy 'special' or 'separate' charges for services supplied or undertaken over specific geographical areas. Some Councils have adopted a user pays system where the costs are passed on to all ratepayers within the broadcast area. This is problematic for Douglas Shire.

Firstly, given that 75% of people in the broadcast area do not rely upon the service, there would be strong resistance from ratepayers forced to pay for a service they don't want.

Secondly, because of the low number of users, the costs would be high and are estimated at \$1,991 in the first year, and then \$331 per annum for the next nine years, per ratepayer. Equipment has a 10-year life expectancy, so in year 10, we would start the process all over again.

This is, therefore, not the best outcome, nor it is the most cost effective for residents who can, for example, connect to VAST, get all 14 channels, for under \$1,000, without any monthly subscription fees for any channels. Council has the ability to charge special rates or separate rates for service activities.

Council may investigate a 'separate' charge for any other services, facilities or activities and one option to help residents with the financing of a VAST connection could be that Council enter into an agreement with rate payers whereby Council engages a contractor to install the VAST system and that Council levies a 'separate' charge to repay the initial investment through rates notices.

Section 94 (2) of the Local Government Act states that *A local government must decide, by resolution at the local government's budget meeting for a financial year, what rates and charges are to be levied for that financial year.* If this option was to be explored by Council, it can only be resolved as part of the 2020/2021 Budget.

RISK MANAGEMENT IMPLICATIONS

Discontinuing this service will reduce the current level of service, for a small number of residents, and there is a risk of reputational damage. It should be noted that because of the unreliability of the current service, Council is already suffering a degree of reputational damage.

The VAST system is delivered through a third party, external to Council, and this eliminates Council exposure to service delivery issues.

The proposal is to continue the current limited service until the equipment fails. Notifying the community of this will help residents to transition to alternative arrangements and the longer the existing system can continue to work, the longer residents have to transition.

SUSTAINABILITY IMPLICATIONS

Economic: This proposal reduces Council's capital investment by \$400,000 every 10 years. Additionally, depreciation of \$40,000 and operational costs of \$80,000 per year would be eliminated.

Social: At the point when broadcasting ceases, those people who have not signed up with an alternative service will be without access to news, current events and light entertainment via television. For some this could result in social isolation.

CORPORATE/OPERATIONAL PLAN, POLICY REFERENCE

This report has been prepared in accordance with the following:

Corporate Plan 2019-2024 Initiatives:

Theme 5 - Robust Governance and Efficient Service Delivery

Strong governance and financial management are the foundations of the way in which Council will conduct its business and implement the initiatives of the Corporate Plan

Goal 3 - We will make sound financial decisions by ensuring robust strategic planning, financial management and reporting.

COUNCIL'S ROLE

Council can play s different roles in certain circumstances and it is important to be clear about which role is appropriate for a specific purpose or circumstance. The implementation of actions will be a collective effort and Council's involvement will vary from information only through to full responsibility for delivery.

The following areas outline where Council has a clear responsibility to act:

Information Provider Council provides the community with important information on services, events, policies, rules, strategies, and any other relevant data that helps the community to stay informed. In performing this role, Council seeks to be open and transparent.

CONSULTATION

Internal: Governance and Finance

External: Cow Bay and Diwan residents - household survey
Daintree Village – anecdotal evidence

COMMUNITY ENGAGEMENT

A survey was sent to 169 Diwan and Cow Bay households in August 2019, asking people whether they relied on the free to air broadcast signal, or whether they had either switched to another service or did not have a television. A total of 38 responses were received and the key findings were:

- Nine survey respondents currently rely on the free to air channels broadcast from the Alexandra Bay tower.
- While designed to cover the whole of Cow Bay, about halfway down Buchanan Creek Road, coverage drops out.
- Some households in Diwan receive transmission from a different tower e.g. Mt Lewis, so do not rely on the Alexandra Bay transmission, and they get all channel.
- 29 of the 38 respondents do not access TV channels from Alexandra Bay. [76%]
- Several residents and one business advised they have invested up to \$1,000 to upgrade their own equipment to receive transmissions from the Alexandra Bay tower.

A survey has not been done in Daintree Village; however, we know there are about 72 homes in the area. Anecdotal evidence indicates that since the ABC and SBS ceased broadcasting, many have switched to VAST and/or accessed Foxtel and/or Netflix. If we assume a similar proportion to those in Cow Bay and Diwan who don't rely on the tower, the number of impacted households is 18.

This results in a total of 27 households across all three locations.

ATTACHMENTS

Nil