

BROADCAST AUSTRALIA

12 August 2011

General Manager
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RE: Submission to Exempt Selling Guideline by Broadcast Australia

www.broadcastaustralia.com.au

Dear Sir,

Broadcast Australia (BA) is Australia's pre-eminent broadcast communication infrastructure owner and operator with over 75 years of experience, its core business being the ownership and provision of broadcasting and communications infrastructure and services.

BA owns and operates broadcast infrastructure providing fully managed broadcast services, facilities leasing and other services. BA operates more than 1960 fully managed services from approximately 600 sites Australia-wide. The services are for analogue and digital television and analogue radio (including AM, FM and HF radio services) provided to both national and commercial broadcasters. This infrastructure also supports critical communications networks for the Emergency Services and Government Radio Networks.

In many regional and remote rural areas there is only one broadcast communications site. To reduce costs and avoid the need for multiple towers, the broadcast and communications industries engage in a practice of site sharing the common infrastructure such as towers, buildings and power connections at these single sites. This practice is referred to as 'site sharing'. In different regions the communications sites for individual areas are owned by different industry participants, creating an industry norm where you may be the licensee of a business who is the site owner or controller on one site and be the site controller on another site where the licensor on the first site is your customer and licensee on the other. Mutual arrangements are commonplace.

The long standing operating practice for the industry is one where the landlord or site controller will provision the power supply and purchase the power for the site on behalf of all users at the site.

This approach has a number of advantages. Electricity providers do not need to provide multiple connections to a single site and replicate infrastructure. Individual businesses at the various sites do not have to manage as many accounts or electricity suppliers with consequent savings in administrative costs.

The site controller is able to negotiate favourable electricity rates based on the combined larger volume of electricity used at that site. The lower cost is reflected in the overall cost to the site sharing customers. Our customers benefit enormously from the better negotiated rates at a site as a result of their demand being included with ours at contract time. It is unlikely that a change of retailer would benefit any individual site sharing customer, as a large site, split between all customers, would result in the negotiations being based on much smaller demand and hence would result in a higher price than is otherwise achieved.

Supply of electricity is a necessary part of broadcasting as an input to operate the system but the broadcast industry does not regard the supply of power as a business in itself and treats the provision of power to their sites as essentially a cost recovery exercise.


BA strenuously objects to the broadcasting and communications industry being subjected to the proposed electricity licencing regime as it believes that there would be significant and unnecessary compliance costs, given that all industry participants involved in site sharing at their sites would have to either:

(a) Become a licenced retailer of electricity (in circumstances where selling electricity is not a core business activity of the industry participants); or

(b) Change the long standing industry structure to one where customers would have to manage the procurement of electricity for each site they occupy, resulting in the need for individual retail negotiation (which will more than likely result in higher electricity rates), individual standard retail metering and reporting commitments.

BA strongly believes that there should be a class exemption for the broadcast and communications industry from the obligation of becoming a licensed retailer of electricity, in circumstances where it is involved in 'site sharing'. The proposed licensing regime will otherwise result in enormous and unnecessary compliance costs for the industry, without bringing any benefits to site sharing customers or consumers.

Regards,

A handwritten signature in black ink, appearing to read 'Adam Fricker', with a long horizontal flourish extending to the right.

Adam Fricker
Business Intelligence Manager