

15 December 2017



COMMUNITY
BROADCASTING
ASSOCIATION OF
AUSTRALIA

1CMS

Ethnic Broadcasters' Council of the ACT
and Surrounding Districts Inc.
27 Mulley Street,
Weston Creek, ACT 2611

1RPH

Print Handicapped Radio of ACT Inc
808 Barton Highway,
Gungahlin, ACT 2912

1WAY

Canberra Christian Radio Limited
1 Lithgow Street,
Fyshwick, ACT 2609

1XXR

Community Radio 2XX Inc
Level 3, 20 Genge Street,
Canberra City, ACT 2601

1ART

Artsound Incorporated
Cnr Manuka Circle, NSW Crescent,
Griffith, ACT 2603

INVITATION TO SUBSCRIBE FOR SHARES AND BECOME A MEMBER OF AN ELIGIBLE DIGITAL REPRESENTATIVE COMPANY FOR THE CANBERRA RA1 COMMERCIAL RADIO LICENCE AREA

Pursuant to section 9C of the *Radiocommunications Act 1992* (the **Radcoms Act**) the Community Broadcasting Association of Australia, as promoter, invites all incumbent digital community radio broadcasting licensees (**Incumbent Community Broadcasters**) in the Canberra RA1 commercial radio licence area, to subscribe for shares in a company (**Canberra DR Company**) that will become a digital community radio broadcasting representative company for the purposes of section 9C of the Radcoms Act.

The Canberra DR Company has not been incorporated at the date of this invitation, but will be incorporated following the close of this invitation and Incumbent Community Broadcasters that accept this invitation will become the founding members of the Canberra DR Company.

Please note that **only** Incumbent Community Broadcasters are entitled to subscribe for shares and become members of the Canberra DR Company on its incorporation.

1. Reason for establishment of the Canberra DR Company

First, on its incorporation, it is intended that all Incumbent Community Broadcasters (whether they accept this invitation or not) will give the Australian Communications and Media Authority (**ACMA**) a joint written statement under subsection 9C(1)(b) of the Radcoms Act that the paragraph apply to the Canberra DR Company.

Following that, it is intended that the Canberra DR Company will consider whether to accept an invitation to subscribe for shares in and become a member of one or more eligible joint venture companies being formed for the purposes of sub-section 102C(5) of the Radcoms Act (**Canberra JV Company**) by digital radio commercial broadcasting licensee 2CC, Radio Canberra Pty Limited (**Radio Canberra**), as promoter. The Canberra JV Company is being formed to apply for a foundation category 1 digital radio multiplex transmitter licence for the Canberra RA1 BSA radio licence area (**Category 1 DRMT Licence**).

Subsection 102C(5) of the Radcoms Act provides that only a digital community radio broadcasting representative company and the incumbent digital commercial radio broadcasting licensees in the licence area may become members of the Canberra JV Company in the Canberra RA1 BSA radio licence area.

On 20 November 2017 ACMA issued an invitation for an “**eligible joint venture company**” to apply for a Category 1 DRMT Licence. The term eligible joint venture company is defined in sub-section 102C(5) of the Radcoms Act.

ACMA’s invitation will be open for at least 150 days, from 21 November 2017 to 19 April 2018.

On 21 November 2017, Radio Canberra issued an invitation to eligible licensees (including the digital community radio broadcasting representative company) for the Canberra BSA radio licence area to join the Canberra JV Company. The invitation was published on ACMA’s website on 21 November 2017 and will be open for at least 120 days from 21 November 2017.

2. Invitation to subscribe for shares and become a member of the proposed company

It is required that this invitation to Incumbent Community Broadcasters remain open for 90 days beginning on the date on which it is first published on ACMA’s website.

It is intended that the Canberra DR Company will be formed during or after this invitation period ends and Incumbent Community Broadcasters that accept this invitation will be required to sign an application for shares and consent to become a member of the Canberra DR Company.

The initial amount payable for the issue of shares will be \$1.00 per share and each member will subscribe for the same number of shares, which may be a nominal amount for the purpose of

establishing the Canberra DR Company. However, soon after the establishment of the Canberra DR Company and once the funding requirements of the Canberra JV Company is known, all members will be called on to provide further funding (please see section 3 below) should they determine that the Canberra DR Company will take up shares in the Canberra JV Company.

Those further funding contributions will be made on a pro-rata basis relative to the number of shares that each member in the Canberra JV Company holds when the call for further funding is made.

As noted above, following incorporation it is intended that the Canberra DR Company shall consider and determine whether to accept Radio Canberra's invitation to subscribe for shares in and become a member of the Canberra JV Company.

3. Indicative Capital costs for Canberra DR Company members

In order to assist in making the decision on joining the Canberra DR Company, the Community Broadcasting Association of Australia will develop an indicative infrastructure cost for each Canberra DR Company member which will fall due in calendar year 2018. These figures will be determined having regard to the indicative infrastructure cost for the Canberra DR Company's share of funding for the Canberra JV Company set out in the invitation received from Radio Canberra by the Community Broadcasting Association of Australia.

In that invitation, Radio Canberra has indicated in that in addition to any amount paid for the initial subscription for shares, members of the Canberra JV Company will have the following additional financial commitments to the Canberra JV Company:

- contribution for the set up and rollout costs in relation to the digital radio multiplex infrastructure in the BSA radio licence area;
- ongoing obligations to provide funding to the Canberra JV Company in accordance with the budget and relevant business plan (if any); and
- to provide any other funding that may be required from time to time, including by way of the acquisition of new shares issued, or any other funding mechanism determined by the Board,

in proportion to its shareholding.

The details have not been provided at the date of this invitation. Radio Canberra has indicated that it will develop an initial business plan and cost base for the Canberra JV Company, which will provide an indicative estimate of the set up and rollout of the multiplex infrastructure in the BSA radio licence area.

Once this information is available, CBAA will make it available to you for your consideration in relation to your consideration of this invitation to become a member of the Canberra DR Company.

4. Membership is voluntary

Please note that membership of a Canberra DR Company is **voluntary**.

Whether or not you subscribe for shares and become a member of the Canberra DR Company, you will have rights to access capacity as an “*access seeker*” pursuant to section 118NR of the Radcoms Act. Incumbent Community Broadcasters will have access to 2/9th of the foundation multiplex capacity by way of nominations made by the Canberra DR Company under that section of the Radcoms Act. This means you will still have the statutory right to obtain access to the Canberra digital radio multiplex in order to provide digital community radio broadcasting services when digital radio broadcasting commences, even if you do not become a member of the Canberra DR Company.

In order to obtain access to the digital broadcasting facilities operated by the Canberra DR Company, *access seekers* will be required to pay an annual access fee which will be set by the Canberra JV Company.

5. Activities of the proposed company

Pursuant to sub-section 9C(1)(k) of the Radcoms Act, the activities of a Canberra DR Company will be confined to:

- Holding shares in one or more companies that hold, have applied for, or propose to apply for, category 1 digital radio multiplex transmitter licences or category 2 digital radio multiplex transmitter licences for the Canberra area; and
- Exercising the powers conferred by the Radcoms Act on a digital community radio broadcasting representative company, including making capacity nominations for Incumbent Community Broadcasters pursuant to section 118NR of the Radcoms Act.

6. Share issue

On registration of the Canberra DR Company with ASIC, each eligible applicant for membership will be issued with shares in the Company (see 2 above).

Members of the Canberra DR Company will be required to subscribe for further shares when the further funding requirements are confirmed; it is expected this will occur once Radio Canberra or the Canberra JV Company has determined the final capital contribution requirements for the

Canberra JV Company and notified the Community Broadcasting Association of Australia (as promoter of the Canberra DR Company) – see paragraphs 2 and 3 above.

By accepting this invitation, eligible applicants will be required to provide the additional funding and subscribe for additional shares.

7. How to apply

If you meet the eligibility criteria above and wish to become a member of a Canberra DR Company, you may do so via the consent form attached to this letter.

Each member of a Canberra DR Company will be entitled to appoint one (1) director to the board of the Company.

Please ensure that the attached form is signed by people with the authority to bind your organisation.

Once the consent forms are completed, please return them to us. Postal and email details for CBAA are listed on the forms.

Please do not hesitate to contact Kath Letch CBAA DR Project Manager, m: 0409 142 301, email: drp@cbaa.org.au if you have any questions in relation to this invitation.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Jon Bisset' with a stylized flourish below it.

Jon Bisset
CEO

**Community Digital Radio (Canberra) Pty Limited
(Company)**

Application for allotment and issue of shares

To: Ms Kath Letch, CBAA DR Project Manager, email: drp@cbaa.org.au

_____ of _____
(Name and ABN of Digital Community Broadcaster) (address)

applies to become a member of the company and for the allotment and issue to the Applicant of the following shares in the capital of the Company on the basis contemplated by section 9C of the of the *Radiocommunications Act 1992* and otherwise as set out in the letter from the Community Broadcasting Association of Australia dated 15 December 2017 (to the extent consistent with the provisions of section 9C of the *Radiocommunications Act 1992*:

Number of shares: 250
Class of shares: Ordinary
Amount payable: 250

The Applicant consents to becoming a member of the Company and agrees to be bound by the constitution of the Company.

The Applicant represents and warrants that it is a 'Qualified Person'¹ within the meaning given to that term in the constitution of the Company

On registration the Applicant will hold the shares beneficially.

Date signed:

Signed for and on behalf of

(Name and ABN of Digital Community Broadcaster)
by its authorised representative in the presence of:

.....
Signature of witness

.....
Signature of authorised representative

.....
Name of witness (print)

.....
Name of authorised representative

.....
Position of authorised representative

¹ A 'Qualified Person' is defined as a Digital Community Radio Broadcasting Licensee whose BSA Licence Area is the same as the Designated BSA Radio Area.