

15 December 2017



COMMUNITY
BROADCASTING
ASSOCIATION OF
AUSTRALIA

8KNB
Radio Larrakia Aboriginal Corporation
Unit 38-40, 21 Cavenagh Street,
Darwin City, NT 0800

8TFM – Territory FM
Charles Darwin University,
Orange 6 Level 3, Ellengowan Drive,
Casuarina, NT 0909

8GGG – 97seven
Darwin Christian Broadcasters Association Incorporated
Unit 4/44, Dripstone Road,
Casuarina, NT 0810

INVITATION TO SUBSCRIBE FOR SHARES AND BECOME A MEMBER OF AN ELIGIBLE DIGITAL REPRESENTATIVE COMPANY FOR THE DARWIN 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 Darwin RA1 commercial radio licence area, to subscribe for shares in a company (**Darwin DR Company**) that will become a digital community radio broadcasting representative company for the purposes of section 9C of the Radcoms Act.

The Darwin 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 Darwin DR Company.

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

1. Reason for establishment of the Darwin 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 Darwin DR Company.

Following that, it is intended that the Darwin 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 (**Darwin JV Company**) by digital radio commercial broadcasting licensee, Northern Territory Broadcasters Pty Ltd, as promoter. The Darwin JV Company is being formed to apply for a foundation category 1 digital radio multiplex transmitter licence for the Darwin 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 Darwin JV Company in the Darwin 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, Northern Territory Broadcasters Pty Ltd issued an invitation to eligible licensees (including the digital community radio broadcasting representative company) for the Darwin BSA radio licence area to join the Darwin 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 Darwin 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 Darwin 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 Darwin DR Company. However, soon after the establishment of the Darwin DR Company and once the funding requirements of the Darwin JV Company is known, all members will be called on to provide further funding (please see section 3 below) should they determine that the Darwin DR Company will take up shares in the Darwin 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 Darwin JV Company holds when the call for further funding is made.

As noted above, following incorporation it is intended that the Darwin DR Company shall consider and determine whether to accept Northern Territory Broadcasters invitation to subscribe for shares in and become a member of the Darwin JV Company.

3. Indicative Capital costs for Darwin DR Company members

In order to assist in making the decision on joining the Darwin DR Company, the Community Broadcasting Association of Australia will develop an indicative infrastructure cost for each Darwin 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 Darwin DR Company's share of funding for the Darwin JV Company set out in the invitation received from Northern Territory Broadcasters by the Community Broadcasting Association of Australia.

In that invitation, Northern Territory Broadcasters has indicated in that in addition to any amount paid for the initial subscription for shares, members of the Darwin JV Company will have the following additional financial commitments to the Darwin 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 Darwin 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. Northern Territory Broadcasters has indicated that it will develop an initial business plan and cost base for the Darwin 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 Darwin DR Company.

4. Membership is voluntary

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

Whether or not you subscribe for shares and become a member of the Darwin 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 Darwin DR Company under that section of the Radcoms Act. This means you will still have the statutory right to obtain access to the Darwin 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 Darwin DR Company.

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

5. Activities of the proposed company

Pursuant to sub-section 9C(1)(k) of the Radcoms Act, the activities of a Darwin 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 Darwin 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 Darwin DR Company with ASIC, each eligible applicant for membership will be issued with shares in the Company (see 2 above).

Members of the Darwin DR Company will be required to subscribe for further shares when the further funding requirements are confirmed; it is expected this will occur once Northern Territory Broadcasters or the Darwin JV Company has determined the final capital contribution requirements for the Darwin JV Company and notified the Community Broadcasting Association of Australia (as promoter of the Darwin 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 Darwin DR Company, you may do so via the consent form attached to this letter.

Each member of a Darwin 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 at the end.

Jon Bisset
CEO

**Community Digital Radio (Darwin) 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.