



**Australian Government**



**Submission to the Department of  
Communications Information Technology and  
the Arts Review of the Duration of the  
Analogue/Digital Television Simulcast Period**

**November 2005**

## **1. The Australian Film Commission**

The Australian Film Commission (AFC) is an Australian Government agency, operating as part of the Commonwealth Film Program to ensure the creation, availability and preservation of Australian screen content. The AFC enriches Australia's national identity by fostering an internationally competitive audiovisual production industry, making Australia's audiovisual content and culture available to all, and developing and preserving a national collection of sound and moving image.

The AFC has a key role to play in the development of a vibrant audiovisual industry in Australia capable of producing a diverse range of quality products for Australian and international audiences.

## **2. Duration of the Simulcast period**

The AFC agrees with the statement in the issues paper that the transition to digital terrestrial television (DTV) is inevitable and irrevocable. Quite apart from the cost of the investment already made in DTV and the acknowledged efficiencies the overwhelming world wide trend is towards the digitisation of content and the means of its delivery. In 2003, more digital than analogue devices were sold. Australians are using digital computers, telephones, palm devices, cameras, CD, DVD and MP3 players. Film and television post production is already digital and the process of image capture is moving that way. Minister for Communications, Information Technology and the Arts, Senator the Hon Helen Coonan recently announced plans for a staged digital radio roll out. Cinema exhibition and television transmission are the last areas to embrace a transition to digital.

Despite a traditional enthusiasm for embracing new forms of digital home and mobile entertainment and information devices, Australian's have been slow to embrace DTV. With only 10 per cent of all television households having adopted DTV, the current simulcast period will need to be extended beyond its present end date.

A number of reasons can be advanced for the slow rate of uptake. Many attribute it to the absence of a compelling new programming offer associated with DTV and point to the success of *Freeview* in the UK in driving DTV as proof of this point. The corollary of this argument is that better quality pictures and sound, the original selling point for DTV, has not been enough motivation to make the transition.

Another reason could be the timing of the introduction of DTV and the diffusion of other digital technologies. Since the start of DTV in 2001 there

have been dramatic increases in the number of DVD players and home PC/Internet connections. DVD ownership in metropolitan households grew from 12 per cent in 2001 to 62 per cent in 2004 while Internet access via a home PC by people aged two years and over increased from 38 per cent in the second quarter of 2000 to 61 per cent in the second quarter of 2004. Also during this period the MP3 player, mostly in the form of the iPod has taken off. This may suggest consumers are prioritising their acquisition of new digital technology and did not see DTV as a high enough priority, but will purchase their's at a later date. It is possible that another new digital technology, such as HD-DVD, which will come on the market in the next year, may also receive a higher priority.

Free TV Australia and the equipment manufacturers argue that the current rate of uptake is nevertheless consistent with the time of introduction to take off experienced by other similar technologies. The AFC's submission to the Review of HDTV Quota Arrangements<sup>1</sup> discusses this view and provides data and analysis of earlier television technology introductions in Australia. In this submission, the AFC argued that the question should not be whether DTV has reached take off, but when it will reach a point of saturation that will allow analogue switch-off to take place.

Of concern is a recent press report of research undertaken by the ACMA.<sup>2</sup> This research reportedly found that 42 per cent of households had decided not to switch to DTV and 11 per cent were undecided. 40 per cent did not know that the analogue signal will eventually be switched off. This suggests that after nearly five years of promoting DTV, a significant proportion of the population appear to have made a negative decision against DTV and/or that a large proportion of the population sees conversion to DTV as optional rather than ultimately mandatory, meaning there is a lack of clarity about the Government's policy.

Just exactly how long the period of analogue/digital simulcast should be will depend upon strategies jointly adopted by the Government and the industry to drive the transition to digital. However, a firm date will avoid increasing the costs to consumers and broadcasters. The date of switch-off and the transition to DTV needs to be widely communicated. As the AFC stated in our earlier submission referred to above:

*“...appropriate co-ordination and communication by the government may be an important factor in facilitating transition to a new technology. This was the case with both the introduction of television and with the transition to colour. It may be that in the case of digital television the*

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<sup>1</sup> [www.dcita.gov.au/\\_data/assets/pdf\\_file/29441/Australian\\_Film\\_Commission.pdf](http://www.dcita.gov.au/_data/assets/pdf_file/29441/Australian_Film_Commission.pdf)

<sup>2</sup> Porter J 2005, "Viewers content to leave digital out there", *Sydney Morning Herald*, 8 October, p.10

*reason for the conversion has not been communicated effectively enough and there is not enough understanding about the technology and its uses.”*

The AFC believes setting a firm date for switch-off is to be preferred to setting percentage based penetration targets only i.e. analogue switch-off will occur when X% of Australian households have DTV. Penetration targets on their own can be confusing, difficult to measure and make it harder for broadcasters, manufacturers and consumers to plan for the transition.

### **3. Measures to enhance the transition to DTV**

The issues paper suggests a number of measures that could be deployed to speed the transition, such as incentives for broadcasters, mandating digital tuners and addition of new services.

The AFC believes that key to the successful promotion of digital television uptake is prioritising the needs and interests of the Australian audience. Television is society’s most important provider of information on matters of public interest. It contributes to community cohesion and plays a direct role in the development of a vibrant sense of national identity, providing an outlet to reflect the diversity of cultural expression within Australia.

The broadcasting of Australian content is essential to this process.

The continued availability and status afforded Australian content within the digital television regime is fundamental to the successful uptake of digital television.

The AFC is therefore concerned that the arrangements for digital conversion do not undermine the underlying cultural objectives of content regulation and that Australian programming is not disadvantaged in relation to foreign programming.

Access to minimum levels of Australian content by Australian audiences is a fundamental tenet of our television system. Whatever the government ultimately determines in relation to new television services, the new system as a whole, and its component parts, must deliver to Australian audiences adequate levels of choice, quantity and diversity of Australian content. At minimum, these levels must be at least equivalent and in proportion to those which audiences currently enjoy on free-to-air television.

Australian audiences presently have access to guaranteed levels of Australian content on the existing range of television services as a direct result of Government regulatory and funding intervention. All proposed changes to

Australia's television system, especially those which will increase the range of broadcasting services, will require a continued commitment and articulated strategy from Government. Regulatory and funding commitments will be required to ensure the maintenance of minimum levels of Australian content on existing and new services.

There is currently no compelling business case for broadcasters to create new content. There may need to be clear incentives and maximum flexibility for broadcasters including the public broadcasters to provide innovative content.

As stated in our submission, to the House of Representatives standing committee on Communications, Information Technology and the Arts Inquiry into the Uptake of Digital Television,<sup>3</sup> the AFC believes that the national broadcasters could act as a significant driver in the uptake of digital television.

Currently SBS has one additional multichannel dedicated to world news. The ABC has launched ABC2 a generalist channel largely offering time-shifted ABC programming and a small amount of new programming. Small amounts of new screen content created through the AFC's Broadband Production Initiative will be screened on ABC2. However, the ABC remains limited by the current digital regime's genre restrictions.

Overall there has been little activity in new digital television services outside of the Digital Forty Four datacasting services and experimentations by commercial broadcasters with interactive programming. The national broadcasters have been responsible for the small but important steps towards significant new digital television services. To prompt innovative digital programming the AFC suggests there needs to be a more flexible environment, rather than the current restrictions, such as those applying to genre. Constraints on broadcasters constrain on innovative content.

The AFC understands that genre restrictions are being examined by government in the current review of multichanneling.

If a more competitive environment arises because of the introduction of multichanneling, the role of the public broadcasters becomes more important in providing diversity. Public broadcasters can play a critical role with an obligation to serve the whole of the audience,. This should include high levels of Australian content in line with the social and cultural objectives of the ABC and SBS charters.

The AFC considers it crucial that if new services are to be introduced, that the national broadcasters be strong players in a multichannel environment and

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<sup>3</sup> [http://www.afc.gov.au/downloads/policies/050420\\_hor\\_digup\\_final.pdf](http://www.afc.gov.au/downloads/policies/050420_hor_digup_final.pdf)

have the ability to populate their secondary channels with a high proportion of Australian content.

#### **4. Issues for examination closer to the end of the simulcast period**

The AFC notes the following passage on p. 25 of the issues paper:

*A number of obligations are placed on the broadcasters by reference to the analogue service (e.g. Australian and children's content). As the digital service is to be a simulcast of the analogue service, these obligations automatically apply to digital services at present. When there is no longer an analogue service, or were the simulcast requirements to be relaxed, the way such obligations are applied in a digital environment would need to be reconsidered. The United Kingdom, for example, has recently considered the issue of the application of public service obligations in a digital, multi-channel environment.*

The AFC supports the periodic assessment of policy and regulatory settings to ensure that they are meeting the objectives for which they were implemented. However, the AFC would be concerned if it is suggested that the transition to DTV of itself might reduce the need for cultural and social regulation.

The current regulatory policy for broadcasting, set out in the *Broadcasting Services Act 1992*, provides for regulatory control to be applied according to the perceived degree of influence a broadcasting sector is able to exert over community views. This leads to the specification of a hierarchy of broadcasting service categories with commercial television subject to the most regulation and subscription narrowcasting subject to the least regulation. This was intended to be technologically neutral since regulatory control is no longer based around the use of spectrum or the method used to deliver the service, but around the long standing concept of influence (both positive and negative).

As far as the AFC is aware stakeholder is arguing that the transition to DTV will bring about a loss of influence by commercial television that would justify the relaxation or removal of regulation such as Australian content or children's television. The investment being undertaken by broadcasters is being made on the understanding that commercial television will continue to be a mass medium. That is it will carry sufficient influence to convince advertisers to at least maintain the level of support they currently give it.

In the AFC's view, the public interest rationale for regulation that supports diversity, cultural expression and social values remain as strong as ever in the digital world. The fundamental importance of Australian content in the

audiovisual environment and the availability of Australian content to viewers must be a primary focus.

Ofcom in its review of regulatory obligations in the digital multichannel environment has also restated these as delivering to the UK audience high quality, original, innovative, challenging, engaging and widely available content. The BBC charter has been renewed and is still seen as the cornerstone of public service broadcasting. The role of ITV, C4 and Channel 5 in the provision of public service broadcasting is to have a different emphasis but is still relevant in the transition to DTV. Ofcom proposes the creation of a publicly funded Public Service Publisher with a mandate to support the creation and distribution of public service programming across a full range of platforms and to ensure in particular that new media are used to bring innovative and high quality programming to the public.

## **5. Conclusion**

The submission of the AFC is that:

- a) The simulcast period realistically needs to be extended to take account of the present low level of take up of DTV;
- b) Whatever other measures are ultimately decided upon to enhance the transition to DTV, a firm date for analogue switch-off is preferred;
- c) A public communication campaign needs to be undertaken to ensure a universal understanding of the timeframe for the end of analogue television;
- d) Australian content, and its support through regulation, should remain a fundamental element of the DTV transition and a primary goal; and
- e) The national broadcasters could act as significant drivers in the uptake of digital television.