



Inquiry into the uptake of digital television

Background discussion paper

The House of Representatives Standing Committee on Communications, Information Technology and the Arts is undertaking an inquiry into the uptake of digital television in Australia.

The inquiry is timely, with the rollout process underway since 2001, and the scheduled end of analogue transmission due in 2008. The largest concern in the industry is that the Australian public is slow in taking up the new technology.

The inquiry aims to report on options for encouraging consumer interest in digital television. The inquiry will also report on the rollout process and technological issues relevant to the uptake of digital television.

The discussion points below outline some of the issues concerning digital television. The discussion points do not represent the views or conclusions of the Committee.

Submissions to the inquiry may respond to all or some of the terms of reference. Details of the terms of reference and making a submission to the inquiry are provided over.

Terms of Reference

Terms of Reference for an inquiry into the uptake of digital television in Australia

The Committee should inquire into and report on:

- The rollout process for digital television, including progress to date and future plans.
- Options for further encouraging consumer interest in the uptake of digital television.
- Technological issues relevant to the uptake of digital television.
- Future options.

Submissions can be e-mailed to cita.reps@aph.gov.au, or sent to the following address:

Standing Committee on Communications, Information Technology and the Arts
House of Representatives
Parliament House
Canberra ACT 2600

Committee secretariat phone: (02) 6277 4601

The closing date for submissions is **Friday 6 May 2005**

The discussion paper is available at:
www.aph.gov.au/house/committee/cita/digitaltv/index.htm

Discussion points

Introduction

The wider community is faced with a range of competing technologies offering content in both real-time and off-line. These technologies include video discs (VCD and DVD), broadband channels and new 3G mobile television, as well as alternatives that vie for consumer time such as the Internet and games. In the United States, digital (personal) video recorders have become popular with their rollout only just beginning here.

Over the last few years, technical developments have allowed cheaper wide-screen analogue television receivers to dominate the local consumer market. When combined with video disc use, these have offered an attractive consumer alternative to digital television uptake.

This is especially so given the perception of duplicate content provided on both analogue and digital broadcasts. The digital set top box and receiver options available to consumers also vary between free to air and pay television providers, causing further uncertainty.

The Australian Government granted existing broadcasters spectrum access for new digital services as a trade-off for the cost of upgrading broadcast systems to the new technology.

The splitting of interactive services into the datacasting segment has not resulted in any substantial development to the non-broadcasting digital segment. The inquiry may consider what measures are possible to facilitate both digital broadcasting and datacasting sectors.

Digital television rollout

Digital television broadcasting began in the major metropolitan areas on 1 January 2001. Digital television services are being progressively rolled out in regional areas.

The Australian Broadcasting Authority (ABA) is responsible for managing the conversion of television transmissions from analogue to digital mode. The ABA's digital television website contains links to legislation, information for viewers and industry, as well as brief descriptions of the implementation process.

Consumers and the benefits of digital television

The ABA, (on its website <http://www.aba.gov.au/tv/digitaltv/viewer>) outlined the benefits of digital television:

“The introduction of digital TV promises clearer, sharper pictures with a reduction in the interference and ghosting that currently affects many viewers in built-up or hilly areas. The change to digital television will also enable viewers to receive

cinema quality images and surround sound while offering enhanced television services such as subtitles, captioning, datacasting and a choice of viewing angles”.

Australian sales of set top boxes and digital televisions demonstrate that the Australian public is reluctant to take up digital television technology. Analogue broadcasting is scheduled to end in 2008. On current sales predictions it is anticipated that digital television will be taken up by less than 50 per cent of Australian households by 2008.

It is estimated that fewer than 500,000 of Australia’s 7.8 million households are currently receiving digital free-to-air TV signals. Digital TV penetration in the Australian consumer market is around 5 per cent, while penetration in the United Kingdom is around 70 per cent.

To take advantage of the benefits provided by digital television, consumers will require either a digital television set, able to process and display the full digital signal, or a set-top box to convert the signal for use by an analogue television set.

The slow adoption rate by consumers is a concern, and could be due to a number of factors, including:

- complexity of the technology;
- the large range of options for receivers (set top boxes and new digital televisions);
- the perceived high cost of the technology;
- lack of content on digital channels;
- value; and
- general consumer behaviour in relation to new technologies.

Key points

- What are the key drivers for uptake of digital television?
- Has the retail sector embraced digital television technology?

Industry

Industry representatives indicate that there are several factors inhibiting a digital television industry. These factors include regulation, cost, market structure, technical standards and the rollout process.

The industry website Digital Broadcasting Australia (www.dba.org.au) has been developed to ensure a smooth transition to digital television for associated industries, viewers and consumers. It is supported by free-to-air television operators, consumer electronics and broadcast technology suppliers, installers and retailers.

Key points

- How can industry further facilitate the uptake of digital television?
- What role do digital television technical standards play and how can any problems be resolved?
- Can the local communications industry be more involved?