

Submission to Standing Committee On Communications, Information Technology And The Arts Inquiry into the uptake of digital television

By:

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I am a private individual who happens to have an interest in media and technology. Over the past few years I have watched with interest the rollout of digital tv (and radio) primarily in the UK and USA, and of course Australia.

I was one of the first people in Australia to acquire a digital set top box, and have advised many friends and colleagues on the pros and cons of upgrading to Digital TV.

My personal experience is that there are a number of issues that the Committee may have overlooked that are contributing to the slow uptake of Digital TV in Australia. I also have a number of proposals that may provide incentive to Australians to upgrade to digital TV.

Summary of my submission:

- Only the availability of additional channels will provide an incentive for Australians to make the investment in Digital TV. The UK is an excellent case study on this point. Australian commercial channels are reluctant to embrace the costs of additional channels, and therefore new innovative solutions must be found. See below for some ideas on the nature of these additional channels.
- For the protection of consumers similar standards need to be agreed by TV manufacturers and retailers as to what constitutes HDTV equipment
- Standards need to be agreed by broadcasters as to what constitutes HDTV equipment.
- Significant problems with digital reception in multiple dwelling units will need to be dealt with.

Rollout Progress

The Australian rollout process is following the same pattern as the UK.

Early on the UK rollout was very slow, with the main incentive being the availability of additional channels at additional cost. It was viewed as a poor mans Pay TV.

Since the formation of "Freeview" offering a range of additional Free To Air channels, the UK digital TV rollout has escalated to the point where Digital TV is now the norm.

This has also been helped by the general availability of digital set top boxes (STB's) for around \$120 including VAT at 17.5%. This contrasts with the price of STB's in Australia where they are now typically around \$250 – although cheaper ones are becoming available.

Another very significant problem in Australia is that many people (especially in multiple dwellings) need to upgrade their aerial and relay systems. This can be a fairly significant investment, and in a

multiple dwelling situation it is difficult to convince the Owners Corporation (Body Corporate) that the investment is worthwhile.

I am aware that there were significant problems with digital TV reception early on in the UK. These problems have been largely resolved in recent years, and this issue needs to be looked at in the Australian context.

Future Progress

The Australian public is clearly not going to endorse digital TV until there are significant benefits. The technical benefits of digital TV (Widescreen, clearer pictures) are not going to encourage more than a small (early adopters) percentage of Australian to make the effort to upgrade to digital.

Options for further encouraging consumer interest in the uptake of digital television.

Other than turning off the analog signal and forcing Australian to upgrade to Digital TV, the only option that will encourage people to upgrade is the availability of additional channels.

The easiest option would be to let the FTA networks multi-channel.

The problem with this option is that the existing commercial networks do not want to offer additional channels as this will impose additional costs, and of course will not increase the overall audience.

Another option is to allow for the creation of say, two additional channels to re-broadcast a 24 hours news channels such as Sky TV, and perhaps one of the cable music channels (eg Channel V or MTV). These additional channels could be jointly owned by the three commercial networks who would share in the production costs and any profits.

The benefit of this solution is that it would:

- appeal to both older and younger Australians
- provide a genuine incentive to Australians to upgrade to Digital TV
- would not add any significant overhead to the commercial network cost structures
- would not raise any significant Intellectual Property issues (whereas a sports channel would)
- would not have any significant impact on the competitive environment of Australian Free to Air TV.

In addition to this I propose that the FTA stations be allowed to provide a few hours of additional original programming per week. This facility could be used to provide flexibility when a sports event overruns, or to provide continued live coverage of event TV such as Big Brother – with the proviso that any such programming must be live (or near live) and original.

I am confident that Australians will quickly adopt Digital TV once these real benefits are available and promoted by the networks. and that individuals and Owners Corporations will then be willing to upgrade aerial and relay systems.

Future Options and High Definition TV (HDTV)

One significant problem with HDTV has been the confusion among both electronic retailers and consumers as to exactly what is “High Definition”.

This has created a situation where Australian consumers are being “ripped off” by unscrupulous retailers who sell expensive plasma TV’s as “HDTV ready” when in fact they are incapable of displaying a true HDTV picture.

In Europe where HD broadcasts are only just commencing the European Broadcasting Union (www.ebu.com) has recognized the potential for confusion to arise, and has adopted a Europe Wide

standard and logo that will be carried by retailers to signify that TV's sold as High Definition meet with a certain standard. A similar system is needed in Australia.

In addition, a broadcasting standard needs to be mandated on the networks to ensure that HD transmissions are in fact, "High Definition" broadcasts.

The broadcasters must also be made to agree a standard for HDTV broadcasts. At the moment many of their claimed HDTV broadcasts are in reality little better than standard definition broadcasts, and it is little wonder that consumers do not see the benefits.

It is my understanding that only Channels 9 and 10 are currently broadcasting "real" High Definition TV, with Channel 7 providing HDTV broadcasts using relatively low bandwidth providing a picture quality almost indiscernible from standard definition broadcast.

There are some technical issues here, but it is my belief that there is enough bandwidth available for each of the FTA channels to provide one HDTV channel and 2 standard definition channels, thereby accommodating the proposals outlined above for additional digital channels.
