



Submission No. **27**

## MINISTER FOR CORPORATE AND INFORMATION SERVICES

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RECEIVED

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HOUSE OF REPRESENTATIVES  
STANDING COMMITTEE ON  
TELECOMMUNICATIONS,  
INFORMATION TECHNOLOGY  
AND THE ARTS

Min No. 050102  
050469-PRH

The Secretary  
House of Representatives Standing Committee on Communications,  
Information Technology and the Arts  
Parliament House  
CANBERRA ACT 2601

Dear Sir/Madam

I refer to your letter of 17 March 2005 to the Chief Minister, the Honourable Clare Martin, MLA in relation to seeking submissions to the House of Representatives Standing Committee on Communications, Information Technology and the Arts in regard to the *Uptake of Digital Television*.

Australia wide, uptake of digital television has been well below expectations. A national adoption of less than 9%, four years after its introduction, is indicative that existing policies need changing. Given present adoption rates only 46% of the viewing public will have digital television capability by the 2008 deadline.

The major impediment appears to be the lack of a value proposition for the consumer. The Australian Government policies relating to simulcasting and multichannelling by commercial broadcasters and the lack of a datacasting service appears to have diluted any value proposition to the consumer by failing to offer choice and an easily distinguishable superior product from the one that they currently use.

The key issues for NT consumers are:

- the lack of a value proposition offered by digital television over existing analogue services;
- the uncoordinated manner in which digital TV is introduced to a community;
- the limited information available to consumers to enable them to make an informed choice of reception equipment;
- the conflicting and confusing advice from retailers; and
- the extended lead time, which does not promote a sense of urgency to adopt the new technology.



Identical programming on both the digital and analogue broadcast services has provided little incentive for the public to make the transition to digital television, especially where reasonable analogue services are available. Additionally, the current restriction on multichannelling by commercial broadcasters and the absence of datacasting services are seen as major impediments in raising the value proposition of digital television for the public.

Advice from industry is that the public is confused regarding the introduction of digital TV and similarities have been drawn to the introduction of digital mobile phones. The introduction of digital TV is seen largely as an unnecessary change forced upon them by the Australian Government that will cost individuals money to continue to use a service with which they were largely satisfied.

Misconceptions are rife and include mistaken beliefs that standard definition digital transmission will be totally phased out in favour of high definition in 2008. A further misconception is that there is a need to purchase a wide screen integrated television (\$5000) in order to receive digital TV.

Industry consultation has revealed that the staggered implementation of digital transmission in each community is also having an adverse effect upon uptake. The impact of the implementation of digital television is dissipated by the early implementation in regional and remote centres by the national broadcasters. The current policy position of the Australian Government permits this staggered approach and in fact allows the national broadcasters to introduce digital services into remote areas like Alice Springs and Katherine well ahead of commercial broadcasters.

On the whole digital TV technology has matured over the past four years with a wider variety of set top boxes and digital TV's available to the consumer at a reducing price. Set top box (STB) technology has stabilised, particularly over the past twelve months. However, technology issues remain surrounding the standardisation of the functionality of STB remote controls. The lack of a suitable Australian Standard is hindering development of suitable business models especially for interactive television such as datacasting where secure two-way communication is required.

I therefore propose that the following actions be included in the Committee's plan of action:

- improve public understanding through advertising. A proactive advertising campaign would dispel misconceptions and highlight the advantages and value of digital TV. Differences in picture quality can be graphically highlighted, especially in the print media;
- co-ordinate the implementation in any area so all broadcasters commence their digital transmission on the same day and have a public launch. This will maximise the impact of the implementation and generate greater public interest;

- educate retailers. The Australian Government through its agencies and DBA should introduce targeted training/information packs for retailers to alleviate the problem of poor and misleading advice to consumers;
- improve the value proposition of digital television by permitting commercial multichannelling and encouraging the rapid development of datacasting; and
- publicise the end date for cessation of analogue services to create a sense of urgency amongst consumers.

I trust that you find these comments of assistance. Should you wish to clarify any of the issues that I have raised please feel free to contact Mr Doug Cooke, Director of Communications for the Department of Corporate and Information Services on 08 8924 3836.

Yours sincerely

A handwritten signature in black ink, appearing to read 'P. Henderson', with a long horizontal flourish extending to the right.

PAUL HENDERSON 20/4/05