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

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INQUIRY INTO THE UPTAKE OF DIGITAL TELEVISION IN AUSTRALIA

The Western Australian Government, through the Department of Industry and Resources, appreciates the opportunity to participate in this inquiry.

The role of the Department of Industry and Resources includes facilitating the convenient and affordable access to all forms of broadcasting and telecommunications by people and businesses throughout the vast area of Western Australia.

We look forward to the results of this review with a view towards achieving comprehensive digital television service coverage for all of Western Australia.

Should you have any queries or require further clarification please contact Dan Scherr at dan.scherr@doir.wa.gov.au or 9222 0430.

Yours sincerely

Lyne Thomas
ASSISTANT DIRECTOR GENERAL

September 2005

Submission to the House of Representatives
Standing Committee on Communications,
Information Technology and the Arts inquiry into

The Uptake of Digital Television in Australia

September 2005



Department of
Industry and Resources

INTRODUCTION

The Western Australian Government has long sought equity for Western Australian viewers and the opportunity for them to avail themselves of all the advances in broadcasting and telecommunications. This would enhance the quality of life of Western Australians so they could live and work in attractive locations. In doing so it is expected that in adopting the new technologies viewers would not have to incur unreasonable costs that would not be faced by viewers elsewhere in Australia.

Digital television promises a number of advantages over analogue services in terms of both quality and enhanced options. For this reason it is disappointing that the take-up of digital television has been so slow.

Before examining the issues and recommendations, an explanation of the Western Australian digital television situation will be provided.

Understanding of Digital Television

Digital television broadcasting began in major metropolitan areas, including Perth on 1 January 2001. Two years later, the Department of Industry and Resources (“this Department”) conducted a comprehensive and statistically valid analysis of the communications needs of regional Western Australians – the Telecommunications Needs Assessment.¹ This surveyed over 1,000 households randomly selected throughout the State including a control group of 100 in the metropolitan area.

One of the questions asked related to people’s familiarity with “digital television”. Households were asked to select the statement from the following list which best described their level of understanding of digital television:

- Have never heard of digital television and cannot comment further.
- Have heard of digital television but cannot explain its features.
- Have a basic understanding of digital television and how my household could use it.
- Have a sound understanding of digital television and have evaluated it for current/future use.

Only 4.7% of regional households and 6.9% of metropolitan households had a sound understanding and had considered its use. Two years after its introduction, 29.3% of regional households and 21.8% of Perth households had never heard of digital television. A further 44.4% of regional and 37.6% of Perth households felt they could not explain the features of digital television.

¹ Published in 2003 and available electronically at www.doir.wa.gov.au/tna

The situation should have improved in the past twenty months, but the slow take-up would tend to indicate that household understanding and appreciation is still poor.

Availability of Digital Television

Metropolitan Western Australia (Perth) is covered by the three major commercial networks, plus the ABC and SBS. Regional areas are covered by the two national networks and two commercial services, GWN (which telecasts Seven Network programming) and WIN (which telecasts a combination of Nine and Ten). A map of the ABC, GWN and WIN terrestrial coverage areas is attached.

GWN reports that they will not begin telecasting in digital until the second half of 2006. They await resolution of funding from the Commonwealth as part of the regional coverage program. WIN has already begun digital telecasting from one transmitter in the Wheatbelt. The two services are negotiating to jointly establish a third commercial service which would share transmission facilities at which time WIN will continue its roll-out. The joint ownership of the third service is yet to be confirmed. The plan is for all three digital services to begin digital transmission en masse. However, sources say this may not take place until late 2007. Again, so much is dependent upon the Commonwealth funding.

The ABC has installed digital transmitters to many regional sites. SBS has not.

Supplementing the transmitters owned or operated by the free-to-air telecasters are 440 self-help retransmission facilities across the State. These facilities are usually owned by the local shire and funded through levies on the ratepayers who receive the service. The signals are received from a satellite, and then terrestrially transmitted on assigned free-to-air channels. Depending on the other terrestrial services available, local self-help facilities retransmit as many as four free-to-air television services as well as national and commercial radio.

Those outside the reach of terrestrial services rely on satellite coverage. All non-metropolitan free-to-air analogue services (ABC, SBS, GWN and WIN) are available directly via the Optus C1 satellite. The ABC digital service is however, on a different satellite (Optus B1). Satellite viewers can receive Foxtel's digital service, which in the metropolitan area includes only ABC, SBS and Nine, and outside of Perth only carries ABC's digital programming, and not GWN or WIN.

In Western Australia digital programming is limited. The metropolitan commercial free-to-air only provide the HDTV programs from their networks: Seven approximately 6 1/2 hours per day; Nine – 9 1/2 and Ten - 6. Through multichanneling, SBS and ABC's second services are available.

In a conversation with a Perth retailer we learned that 70% of the purchasers of new receivers are taking into consideration digital reception, usually with

the purchase of a set top box. With prices as low as \$99, it is an inexpensive add-on to a \$2000 set. The attraction is the picture quality and reception, not programming or potential interactivity. Regional telecasters report impatience from local retailers whose customers want the same picture quality that their metropolitan counterparts are getting on the same equipment.

There are two major issues that impede the supply and uptake of digital television, certainly here in Western Australia. The first issue is cost and the second is content. In our discussion of these two major impediments, a number of recommendations are made.

Consumers need to be assured that the Commonwealth and broadcasters will make every effort to ensure that every Australian will have affordable access to the full range of HDTV available to consumers elsewhere.

COSTS

The Department's concern is that the more expensive it becomes to reach the most remote viewers, the greater the chance that they will miss out on new services. In this section, a number of the key costs are outlined with recommendations to mitigate against these.

Transmission Facilities

Costs to all concerned parties need to be examined, especially in light of the convergence of media. It would be fruitful to investigate the co-location and multiple uses of towers and transmission facilities for broadcast media and internet/data services. With advances in wireless technologies, both in range and capacity, providing television programs on internet-based facilities will provide opportunities for conventional telecasters.

With former analogue frequencies becoming available, the transmission facilities could be used for other purposes as well, such as emergency services.

Recommendation 1: *That ACMA examine the rationalisation of transmission facilities to accommodate the convergence of technologies.*

Costs to broadcasters:

Some digital enhancements have not been taken up by all stations in Western Australia. Interactive sports coverage is a prime example. This is an attractive inducement for viewers to go digital, but local affiliates of national commercial broadcasters have not been able to support all the technology available from the networks. When a station cannot afford to provide the service, the availability of the enhancement is useless.

Costs to regional and remote communities:

Community-funded self-help transmitters are vital to terrestrial retransmission of free-to-air television in Western Australia. In the *Telecommunications Needs Assessment: the communication needs of regional Western Australia* (2003), local governments repeated their concerns that they and their ratepayers are called on more and more to provide services that are free to ratepayers in metropolitan areas and near city communities. It has been estimated that conversion to digital television could cost as much as \$50,000 per site. This is a daunting sum for many councils with a very limited ratepayer base and many more pressing demands on their resources. Replacement of these facilities is a major factor in the availability of digital television in agricultural areas of the State.

Local communities will also not be able to receive terrestrial signals of digital television if there is no spectrum available to the 440 community self-help sites.

If self-help transmitters cannot be converted for digital transmission due to the costs involved or lack of spectrum availability, it would force viewers to install satellite reception systems. This would incur an even greater total expense, approximately \$2000 per household. In effect, householders would have to pay for something that they are already receiving for free. According to the *Telecommunications Needs Assessment*, 10.8% of Western Australian households are reliant on satellite for their television reception. This figure will increase if local communities cannot afford to upgrade their transmitters.

Any retransmission service should not cause undue incurrence of expense (such as transmission towers, satellite reception or conversion equipment) by local communities providing the service. The Commonwealth is providing a subsidy to the telecasters to cover their additional costs, but as retransmission will be necessary, assistance must be made available so small communities do not lose their television service.

Recommendation 2: *That the Commonwealth establish a fund to provide resources for local retransmission facilities to convert to digital.*

Costs to consumers:

The introduction of the new service should not require the purchase of any new reception equipment by consumers. If a community currently relies on Direct-to-Home (DTH) satellite transmission, subsequent telecasters should use satellite – and the same satellite – thus averting the confusion that ensued when remote broadcasters moved to different digital satellite services in 1998.

Recommendation 3: *That ACMA increase its oversight of free-to-air satellite services.*

The transition to HDTV (High Definition Television) must be kept as simple as possible, with the goal of having a single upgradeable set top decoder for all television services. Ideally, this set-top box will also serve as a return path for interactive services, if not already built in to receivers.

ACMA needs to be pursuing user-friendly means of reception; especially the long sought ideal of a single set-top-box for all television reception, both Free To Air (FTA) and Pay TV. The proprietary nature of the Foxtel set-top box is a bottleneck for the FTAs and that issue needs to be resolved. To assure that such third-party access is obtained would need the support of the Australian Competition and Consumer Commission.

The regulating authorities need to pay attention to whether the set-top boxes being marketed to consumers will have the capacity to readily provide multichannelling, interactivity and HDTV. Ideally any viewer who wishes to receive a HDTV service must be able to receive a full suite of free-to-air services at minimal extra cost. Purchasers need to be confident that the equipment they are buying will meet their needs and those of changing technologies for a reasonable period without further investment.

Recommendation 4: *That regulations require the eventual installation of a single set-top box to access all television services.*

CONTENT

It's very simple – viewers need to have something worthwhile to watch and worthwhile services to access. Allowing differentiated signals will allow consumers to better assess the value proposition in converting to digital television.

At the moment, legislation impedes any free-to-air telecaster from providing specialised or localised content. High Definition Television is an important technological advance, but an equally valuable outcome of digital technology is to provide better local services and programming to all Australians.

The use of multi-channelling made possible by digitisation of the ABC and SBS offers great opportunities. Digital broadcasting signals can be split into many different bands to offer viewers a choice of programs. Regional areas, even very small ones, can therefore be effectively served using multichannelling with programs such as local sporting events, including race meetings. Better service to regional audiences would counteract some of the losses to local content that have occurred previously with the nationalisation of networks.

All telecasters see multichannelling as a means to reach target audiences and introduce local content where appropriate. Local content would thus be maintained and strengthened.

For SBS-TV, the legislation currently impedes any on-screen multiple language services or the offering of different services for different language groups. This restriction should be lifted.

Staggering news services would be welcome, especially if it meant Western Australia could receive live, late night newscasts. Contending with delays of so-called "live" programming could be resolved through multichannelling.

Then there is hoarding. Both Free To Air (FTA) and pay services are not showing programming that have audience interest and this poses a problem in a State that already suffers from time zone differences. There was uproar about getting this year's Ashes Cricket Test series on FTA, spurred on by a campaign in the *West Australian* newspaper. Viewers complain mightily when hoarded anti-siphoned sporting events (AFL, British Open golf) are time-delayed. It would be preferable to allow the event to be shown live on another free-to-air channel and if no FTA broadcaster is interested in this program redirection, it becomes available to subscription TV. It is the basic tenet of "use it or lose it." However, multichannelling could overcome this problem, with the FTA rights-holder running its preferred program on one service, and live coverage of the sporting event on another. This, of course, pre-supposes that multichannelling is available to all viewers.

The Department supports the Australian Competition and Consumer Commission's position that broadcasters should be able to multichannel, and that this should be based on their assessment of costs and benefits. Multichannelling should not be restricted to pay television channels.

Recommendation 5: That multichannelling be encouraged and expedited for all free-to-air telecasters.

The Department supports the relaxation of limitations on program enhancements. This would increase the penetration of digital television. While analogue and digital are only differentiated by the quality of the signal, take-up of digital television by consumers will be slow.

Allowing experimental programming is a worthy consideration. However, traditional viewers should be able to receive the best and most popular programs easily, so similar prime-time programming should be retained. A broadcaster should be able to choose which service will constitute their key digital service. This service should retain all content restrictions and must be simulcast. The broadcaster would then be free to experiment with non-core or specialist services, which would not be subject to the same restrictions.

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This is further complicated because of costs and local arrangements. Free-to-air stations in Western Australia may not be endowed with all the enhancements available in other States. One example is Nine's interactive AFL coverage, which is available in other States but not supported by Nine's WA affiliates. This is an enticement to the viewer that the telecaster here could not afford.

If a decision is taken to allow different program schedules, attention will need to be paid by broadcasters to minimising the potential confusion for consumers.

Recommendation 6: *That program enhancements be encouraged and expedited for all free-to-air telecasters.*

There must be some scope to include local programming in the new services. Telecasters should not serve merely as retransmitters of a national network. Efforts should be made through regulation and legislation to give them an opportunity and encouragement to do this.

A service that would specialise in Australian content is a worthy goal, but real local content is sought – locally produced programs, especially news and current affairs. Localised diverse services would provide a greater number of employment and training opportunities than a monolithic national service.

Recommendation 7: *That encouragement and support be given to localised programming.*

The Department had hoped that after 1 January 2007 successful datacasting services would exist. This is highly unlikely. Western Australia has promoted datacasting in submissions for nearly a decade and shall persist in doing so. Despite take-up of the internet, studies have shown that television remains a more comfortable and trusted means of interaction. Datacasting and interactive television can be an excellent way to deliver government, educational and training services.

Recommendation 8: *That datacasting and interactive television be encouraged and seriously supported.*

OTHER CONSIDERATIONS:

The world of digital television looks to produce an either/or scenario. Digital television broadcasting will enable the delivery of High Definition TV (HDTV), multichannelling and enhanced programming. However, these options compete for the same limited spectrum space available. It will not be possible to deliver all of them at the same time (e.g. HDTV will not be available while multi-channelling is used). This is something that must be explained to the viewers.

Recommendation 9: *That further concerted efforts be made to have viewers clearly understand the benefits and limitations of Digital Television*

A major source of digital uptake is the Foxtel Pay TV service, but viewers who have all the necessary equipment are impeded by the fact that there is no requirement for Foxtel to carry all the free-to-air services.

Recommendation 10: *That subscription television services must carry all free-to-air channels available in the coverage area.*

LIST OF RECOMMENDATIONS

1. *That ACMA examine the rationalisation of transmission facilities to accommodate the convergence of technologies.*
2. *That the Commonwealth establish a fund to provide resources for local retransmission facilities to convert to digital.*
3. *That ACMA increase its oversight of free-to-air satellite services.*
4. *That regulations require the eventual installation of a single set-top box to access all television services.*
5. *That multichannelling be encouraged and expedited for all free-to-air telecasters.*
6. *That program enhancements be encouraged and expedited for all free-to-air telecasters.*
7. *That encouragement and support be given to localised programming.*
8. *That datacasting and interactive television be encouraged and seriously supported.*
9. *That further concerted efforts be made to have viewers clearly understand the benefits and limitations of Digital Television*
10. *That subscription television services must carry all free-to-air channels available in the coverage area.*

APPENDIX A

The following organisations have been consulted in the preparation of this submission and referenced documents:

Access 31, Perth

Australian Broadcasting Authority

Community Broadcasting Association of Australia

Department for Culture and the Arts, Western Australia

Foxtel

GWN Television

Harvey Norman Cottesloe Central

NEW-10 Perth

STW-9 Perth

Western Australian Communications Advisory Committee

Westlink Satellite Services

WIN Television

APPENDIX B

Relevant documentation on issues raised in this submission. Copies available upon request.

1. **Submission to Review of Broadcasting Services Bands Spectrum**
Department of Industry and Resources, December 2004
2. **Submission to Review of Underserved Regional Television Licence Areas**
Department of Industry and Resources, December 2004
3. **Submission on Provision of Commercial Television Broadcasting Services After 31 December 2006**
Department of Industry and Resources, September 2004
4. **Provision of Services Other than Simulcasting – Response to DCITA Review**
Department of Industry and Resources, July 2004
5. ***Telecommunications Needs Assessment: the communications needs of regional Western Australians***
Department of Industry and Resources, July 2003
6. **Response to DCITA Proposal for Community Broadcasting Arrangements**
Department of Industry and Technology, September 2002
7. **Digital Transmission of Community Television: Response to DCITA review**
Department of Industry and Technology, July 2001
8. **Communications Impact Assessments**
Brian J. O'Brien Associates for the Communications Advisory Committee, January 1998

APPENDIX C

Maps of television coverage: WIN, GWN and ABC

GWN

2002 television coverage map

western australia

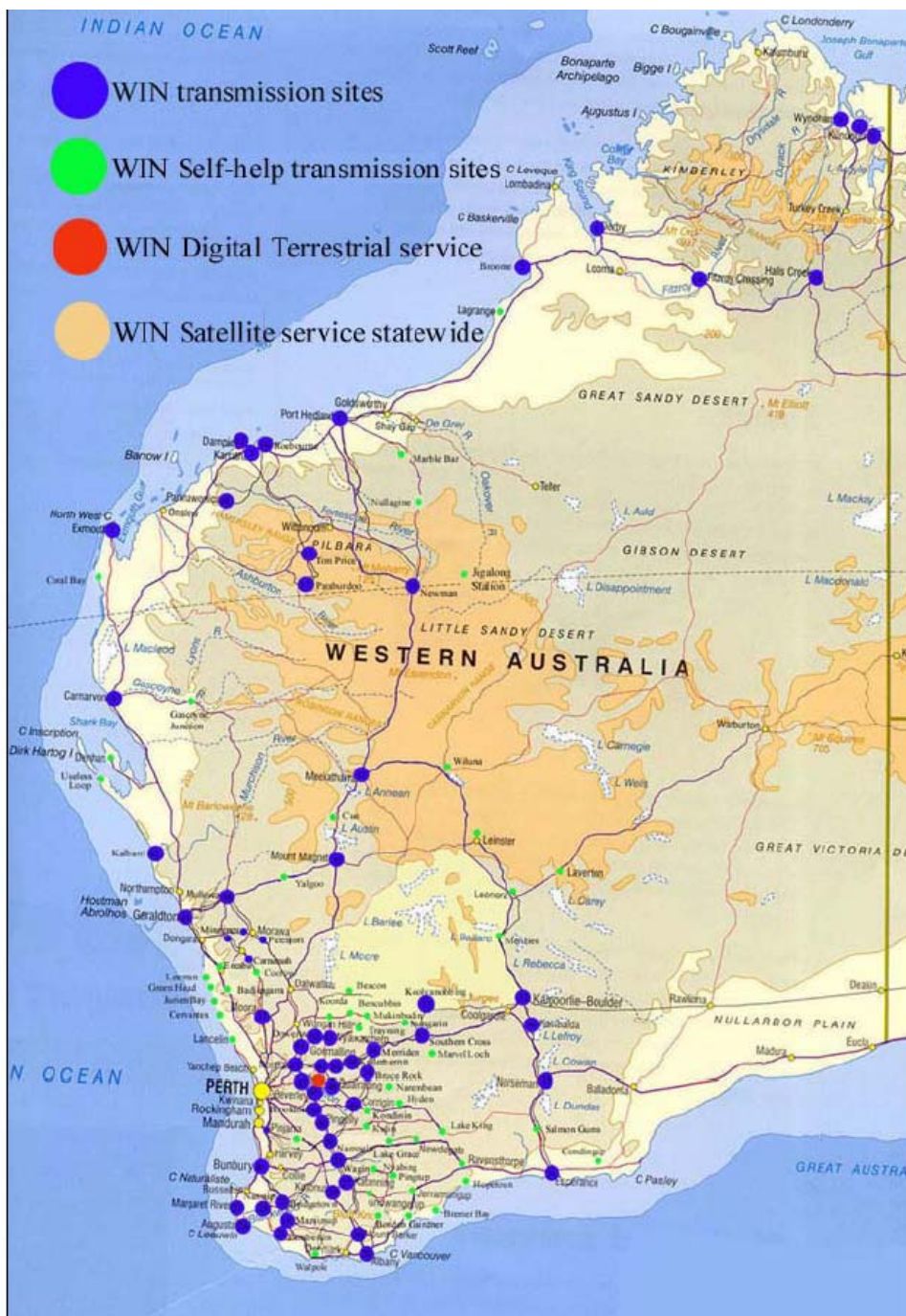
potential 501 800

- **northern split**
representing 48% of population potential
- **southern split**
representing 52% of population potential
- ☆ capital city as marked is not within GWN's coverage area



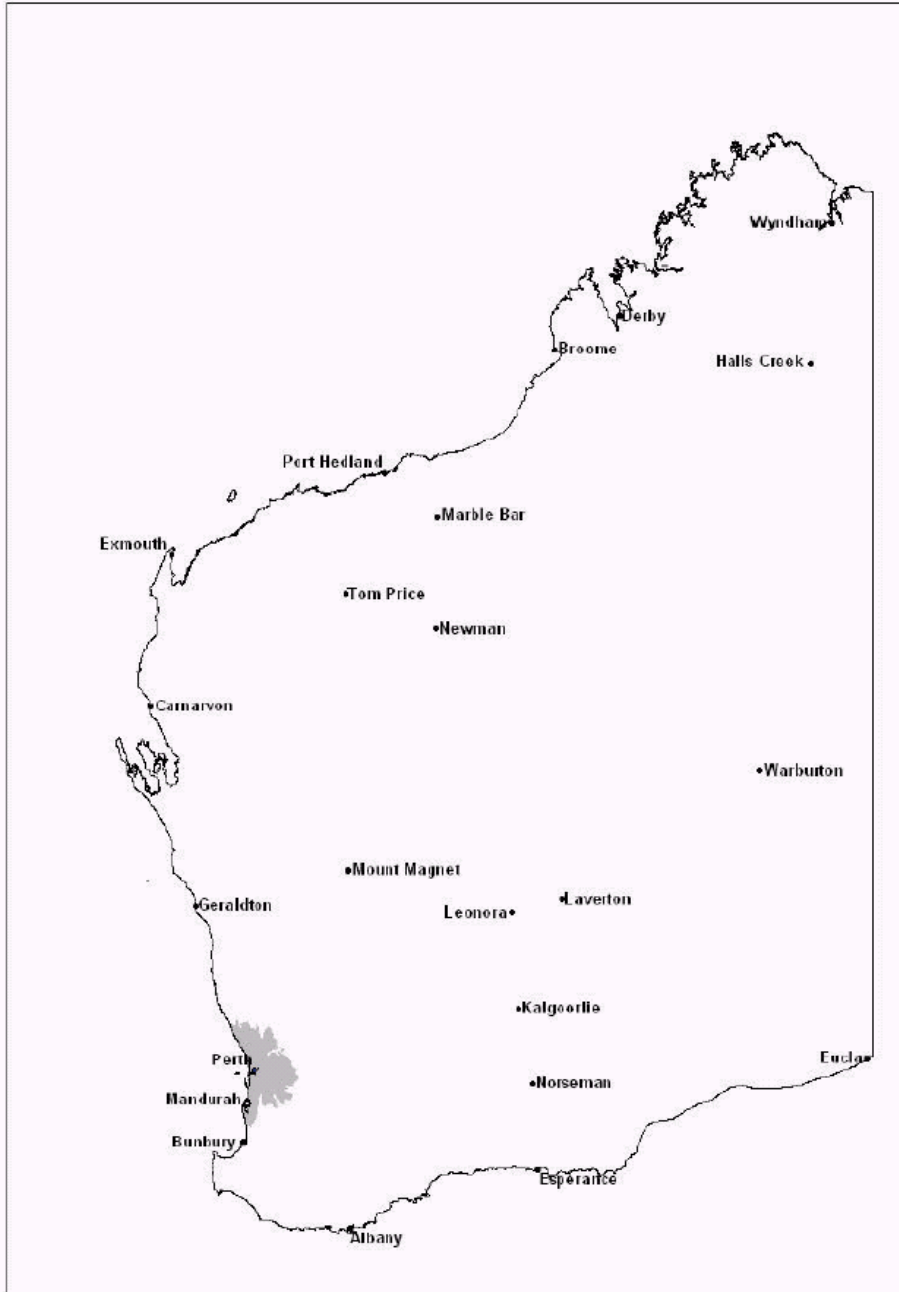
GWN

Map F.1: GWN Coverage Map 2002



Map F.2: WIN Transmission Sites 2002

AUDIENCE REACH – ABC DIGITAL TELEVISION



Audience Reach: 76.04%

Map F.4: ABC Digital Coverage 2002

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