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MEETING THE DIGITAL CHALLENGE
Media Reform Options

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In response to the invitation to comment on the media reform options, I offer the following comments for your consideration.

I am most interested in the options relating to broadcasting by the existing providers and in particular the changes proposed for digital broadcasting. I have read most of the submissions posted on your website relating to the various reviews of digital broadcasting and noted a lot of good ideas. I am therefore disappointed that so few of the suggestions provided have been adopted in your position paper.

I fully support the proposal to end the genre restrictions on the national broadcasters' multichannels but I am particularly disappointed that:

1. The high definition quota is proposed to be abolished at the end of the simulcast period; and
2. There is no proposal to tighten the standard for the classification of high definition (HDTV) broadcasts.

High Definition Quota. I acknowledge that there is no practical method at present for any broadcaster to transmit both multichannels and the 1080i standard of HDTV simultaneously and that they need to choose between providing one or the other at any one time. I also acknowledge that the offer of additional channels would provide the greatest incentive for more consumers to adopt digital television, however I think that there is intrinsic value to HDTV and it offers better value to consumers than multichannelling and to risk the end of HDTV by a rush to multichannelling would be short-changing Australian viewers and there is a continuing need for Government intervention to prevent this loss from happening.

There has been good support for HDTV from Channels 9 and Ten (please note that I don't consider the 576p standard to be worthy of the term HDTV) but there is no guarantee that either would continue to broadcast any HDTV if faced with any loss of viewers to a multichannelled service by the Seven Network or anyone else. The last thing Australia would want is a situation like that faced in Europe where all available terrestrial bandwidth is committed for use for multichannels leaving none available for any future HDTV services when the realisation finally dawns that HDTV should be part of the broadcasting landscape.

The full potential of HDTV is currently experienced by a relatively small number of viewers nationwide mainly because of the financial hurdles faced by others to purchase the receiving and display equipment or because of consumers' lack of understanding of how good HDTV can be. It doesn't help when HDTV is demonstrated in the 576p standard with no obvious improvement in picture quality.

If there is to be no quota, the TV networks may cease offering HDTV because there would not be enough viewers to receive it and the consumers may stop buying HDTV equipment because there would not be enough HDTV to see - leading to a classic chicken and egg situation. Someone needs to break this vicious circle and show a vision for a better future and that role should be taken by the government.

It is easy to see that multichannelling would be the best motivator for greater transition to digital but history has shown that more channels has not necessarily brought better choice. If a comparison is made between the days when we only had two commercial networks and the ABC to the present time where we have the addition of Ten, SBS, community TV and pay TV, it becomes clear that this has not led to much of a switch away from the two older networks for the majority of our television viewing. Another example was during the eighties when we all went and upgraded our TV antennas to receive UHF reception when SBS became a UHF-only network. Despite this investment, only a small percentage of us watch much of SBS, if we are to accept the ratings figures.

Does anyone really think that multichannelling will give us something that we will watch en-mass and that it would give us forms of programming not done before? What compelling viewing, for instance, would Channel Seven be offering in competition with its own hit shows like *Lost*, *Dancing with the Stars*, *Desperate Housewives* or *Sunrise*? I would suggest that it would not be anything that would attract too many viewers away from the main channel. The hope of greater choice has always been more enticing than the reality. The truth is that we can only watch one program at a time and a program with better picture quality and surround sound is adding value to the experience of watching TV. The alternative of adding more programs to the list of those that we don't watch doesn't do much to enhance our viewing experiences.

It should be understood that it is technically possible for networks to switch their digital signal from one that includes a 1080i channel to one that provides multichannels at will. This technique has been used by both the 9 Network and Network Ten. Therefore providing HDTV and multichannels are not mutually exclusive. Maintaining a HD quota does not prevent multichannelling. The only thing needed is willingness by the broadcasters to share broadcast time between the two modes.

If the decision to abolish the quota proceeds despite these compelling arguments, I recommend that the decision itself and the status of HDTV provided be subject to a review after a 2-year period.

576p Standard of HDTV. The 576p standard of HDTV as presented to date provides no visual enhancement to the viewer and is virtually indistinguishable from standard definition television (SDTV). If the intent of the quota was to give viewers an experience of better pictures than 576p as it is currently provided should never have counted towards the HDTV quota as it misleads potential buyers of HDTV into thinking that HDTV provides no obvious improvement on SDTV.

If your proposal to end the HDTV quota after the simulcast period is implemented, I predict that those broadcasters using the 576p standard of HDTV will cease broadcasting HDTV entirely and 576p will no longer be seen in our system of broadcasting. This standard is only used for the purpose of meeting the HDTV quota. ABC and SBS use it to leave spare bandwidth to use for their multichannelling service. The Seven Network probably use it to retain the option to multichannel in the future without the risk of generating a backlash if a service at the better 1080i standard was to cease to allow for a full-time multichannelling service.

As it is likely that 576p broadcasting will effectively cease to be used when multichannelling is allowed and HD becomes optional, and as the national broadcasters are already permitted to multichannel now, I suggest that the **national broadcasters be freed from their obligations under the HDTV quota at the same time as their multichannel genre restrictions are removed.** These networks have clearly shown a preference to multichannel and their upconverted 576p channel serves no useful purpose to anyone. On the other hand, if the HD quota is retained, a plan for the commencement of native HD broadcasting by the national broadcasters should be established.

For the other broadcasters that are still required to provide HDTV under the quota and that choose to use the 576p standard, there should be a requirement that the material broadcast for the purpose of the quota should demonstrate all those characteristics that make 576p different to SDTV. This means that the production chain from camera to transmitted signal should all be processed at this standard without any downconversions to SDTV at any point. If the source material is at the 1080i standard (with its higher picture detail but lower frame rate) then broadcasting of this material at 576p (resulting in loss of picture detail but increased rate of non-existent, additional frames) should not count towards the HDTV quota. The current requirement has a massive loophole, which is undermining the whole purpose of the quota.

One of the reasons cited for the slower than desired adoption of digital TV is because consumers have not seen much value in making the change. A poor quality demonstration of HDTV just adds to that perception and undermines efforts to increase adoption of digital television.

Summary. I hope that you will reconsider your proposals regarding HDTV and accept the following recommendations:

1. Retain the HDTV quota beyond the simulcast period. Or at least schedule a review after a 2 year period after any abolition of the quota;
2. Release the national broadcasters from the HDTV quota obligations at the same time as their multichannel genre restrictions are removed; and
3. Revise the standard for the 576p standard of HDTV to ensure that the transmitted picture incorporates the full characteristics of the standard.