Innovations

incentive for all receivers in the market to be fully capable of displaying pictures from HDTV transmissions.

Considerations and actions that flow from the threshold decisions

System choice

A choice must be made about which DTTB system to adopt in Australia (USA or European).

Any decision in this regard would be based on the system's capability to meet the broad objectives of high definition, the availability of consumer equipment and the capability of the system to achieve the spectrum objectives mentioned above.

Legislative implications

A legislative framework for DTTB implementation needs to be developed.

The Broadcasting Services Act was drafted on the basis of the provision of services using analog technology. Consequently, it will need to be reviewed and provision made for digital implementation.

Implementation considerations

The USA has already decided to phase out analog television and approved a standard and timetable for the implementation of digital television. Digital television equipment is already being produced. Australia is already testing the US and the European systems. In light of these developments, decisions are required so that the implementation of digital television in Australia can proceed.

In summary, Government advice is needed on the following matters:

- whether HDTV is the route for Australia;
- whether a full 7MHz digital channel should be lent to the existing commercial licensees and the national broadcasters, on the proviso that the analog channel will be returned on a date to be determined;
- Government's objectives for analog spectrum use and return; and
- whether to allow new and/or competitive services in the implementation phase of DTTB.

DTTB should be implemented as free-to-air terrestrial services ratherthan any form of pay TV. Eventually the public will benefit from the widespread availability of true digital television receivers which allow them to take full advantage of the digital images becoming available.

Indicative timetable for DTTB implemenation in Australia

Mid July 1997
ABA paper on DTTB to the Minister for Communications and the Arts and DoCA

August 1997-March 1998
Spectrum planning review (jointly by the industry and ABA)

October/November 1997
Policy direction from Government re: method of introduction and access by existing broadcasters

30 November 1997
Completion of evaluation tests

March/April 1998
Legislative principles announced

June 1998
System decision announced

October 1998
Legislative amendments tabled

End 1998
Availability of first transmission approvals

End 1999
First services on air (metropolitan centres)

Late 1999-Late 2000
Consumer receivers on market in Australia

Late 1999
(mass marketing not likely till late 2000)

6-8 years
Consumer adoption of DTTB (optimistic)

10-15 years
75 per cent penetration of households (most likely)

The ABA's paper on DTTB to the Minister is available by calling (02) 9334 7700.

The costs

Digital television is a term that needs definition. For the most part digital television represents 'more of the same' television, when it should represent the prospect of much better television.

As early as the mid-1980s, Australian engineers were, I'm pleased to say, in the digital vanguard, and their persuasiveness in turning the attention of the international engineering community towards digital was duly recognised by both the Moving Pictures Expert Group and by the International Telecommunications Union (ITU).

Today digital technology is in everyday use in most television studios and internationally, cable and satellite television delivery is rapidly moving towards full-scale digital transmission to end users.

Digital on the international scene

In the UK, multiplex licences have been allocated to established and new players, but only for standard definition television. UK policy has never fully embraced HDTV (high definition television) or wide-screen. The rest of Europe is still considering its position.

But in North America the policy is squarely focussed on high definition. The American networks have been given adjacent channels for them to develop HDTV on—they will be required to hand back one of their two channels in several years time—and during those years they will simulcast their present standard definition analog programs alongside the high definition digital versions.

American national cable programmers like Discovery, and time Warner/T urner have announced that they will convert to HDTV by mid-98.

The International Institute of Communications held a seminar on digital broadcasting at the offices of Allen Allen & Hemsley in Sydney on 13 August 1997. Peter Webb, ABA Chairman, and Jock Given, Director, Communications Law Centre, spoke on the future of digital television. Following are abridged versions of their their speeches. (Warren Lee, then of Foxtel, also spoke, but IIC was inable to supply a copy of his talk as he spoke from notes.)

# of digital television

Costs of DTTB

The Seven, Nine and Ten networks will be required to make capital investments totalling approximately $500 million in the first three or four years.

As well, they are likely to be required to add somewhere between $30 million and $50 million a year to their current operating costs.

Estimates of cost for the ABC and SBS are less clear, but we might see combined capital costs in the region of $200 million to $250 million over the same period.

What will they get for this investment?

The influence of commercial television is destined to diminish in the face of competition from pay TV, and two of its most powerful drivers, movies and sport, have clearly been targeted by its competitors.

There is no particular public interest in ensuring that commercial television continues to make profits. But there are a number of major dependencies who need a viable commercial television industry. In a multi-channel, multi-choice world, the ABC and SBS rely heavily on the existence and viability of such an industry, the so-called independent film and television production sector relies enormously on the influence of that sector for its own viability.

We also have an advertising industry, and industries from which it gets its commissions, that all rely on the mass audiences commercial television delivers.

All of these dependencies are hitched to the health of the Australian commercial networks, whose own fortunes, in turn, are significantly hitched to the health of the American networks.

The American networks

During the last financial year the larger three American networks, ABC, CBS and NBC, passed another milestone in their retreat from mass popularity.

Their combined audience share in peak hours fell to half, down from 80 per cent in under 15 years, and down from 60 per cent in three years.

In Australia the networks' situation is, at the present time, comparatively much healthier, I noticed in a recent AIS Media report suggested that commercial television's capacity to deliver mass audiences to advertisers was expected to decline only modestly by the year 2000.

AIS Media suggest that, by 2000, 85 per cent of total media exposure will still be to the four traditional media of radio, broadcast television, press and magazines.

I am not so sanguine about that projection. By the year 2000 the ABA will have completed its review of capital city radio markets and, inevitably, allocated a number of new licences in those markets.

The pay TV industry can be expected to have settled down to providing improved programming packages, and to be building a solid, churn-minimised subscriber base.

These factors, together with the continuing lack of new, break-through programming in American network television, means that commercial television in this country is eventually going to find it difficult to retain mass audiences of traditional dimensions.

All five networks are on their own so far as program quality is concerned—only they can decide how much they should spend on programming, both local and foreign, or how innovative they should be in commissioning new programs.

The path to digital

But if they want to switch to digital, it seems to me to be in the public interest not to place impediments in their path.

After all, cable and satellite pay TV operators are free to move to digital transmission, including high definition, when and how they choose.

Free-to-air broadcasters must await a series of government decisions and maintain their existing analog infrastructure for some time, anywhere between 10 and 25 years hence.

It will be a short-sighted reaction that says, for example, that the state will be doing the networks a favour by letting them have access to the adjacent 'taboo' channels (that is channels that cannot be used for any other purposes because of the liklihood of interference), and that they should pay some fee for the privilege of access.

They will go on paying their licence fee—on revenue, not profits—regardless of their financial position.

Even more puzzling is the suggestion that new players should be given access to standard definition digital television channels for the purposes of offering free-to-air services of a narrowcast nature alongside the proposed five high definition networks.

Any such service would be, and be seen to be, second-rate and mischievous.

Commercial services which can't sustain mass audiences have no place in the free-to-air industry.

If not serving some broad social objective, such as SBS does, niche services belong in pay TV packages, and the ABA has recommended against the use of DTTB for pay TV purposes, while the government has ruled out the prospect of a fourth commercial network in Australia.