



Friday 23 February 2007

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Ministry for Culture and Heritage
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Wellington

Dear Jo,

Thank you for the opportunity to comment on the discussion paper entitled, "Analogue Switch-off: Issues for Consideration."

We believe local and regional broadcasters play an important role in representing and communicating with the broad spectrum of people and groups now calling New Zealand home. Local and regional broadcasters also serve to provide focus to local issues, disseminate information from local government and act as a conduit for public safety messages. However, most importantly, local and regional broadcasters provide choice, allowing for an enhanced experience of broadcasting.

Because of this, we very much feel, local and regional broadcasting must be included in any strategy relating to DTV and welcome this opportunity to be a part of the formation of this next stage of New Zealand broadcasting.

To help, we have formatted our letter to respond directly to each question.

- 1.a. Should an ASO date be announced when penetration has reached an agreed percentage? What would an appropriate threshold level be-for example 50% or 60%?

The ASO date should be tied to penetration and uptake of the platform by broadcasters (including national, local/regional).

We believe an appropriate threshold to project remaining uptake may be closer to 75% than 50% or 60% (we may have quick adopters, particularly if the existing subscriptions to the Sky digital service are considered in the threshold, and then a long gap for other users to uptake the new service, particularly in rural areas).

- 1.b. How would progress towards this percentage be monitored or measured, and by whom? How would we determine when the agreed percentage has been reached?

Installers are at the coal face of broadcast reception. We believe that Kordia (as participants in a steering group) could potentially monitor the progress through (a) mapping the DTV coverage (footprint), (b) consultation with and information gathering from installers, (c) information gathering from conditional access broadcasters such as Sky, and (d) retailers.

Information could then be presented in two parts, quantitative data based on installations and the sale of set top boxes/television sets with integrated receivers, and qualitative data projected from the quantitative results and coverage.

To derive a reasonable model for projecting uptake in New Zealand, in addition to figures relating to ASO in other countries, consultation could also be undertaken with both Broadband ISP's (e.g. Telecom, iHug, TelstraClear) and Cellular network providers (e.g. Telecom, Vodafone).

- 1.c. What total threshold would be appropriate for ASO to occur-e.g.90% or 95%?

By leaving the setting of the ASO date to a higher adoption percentage (i.e. 75%), the date could be set in line with the remaining projected uptake. This could also help encourage late adopters by providing a firm ASO deadline.

- 2.a. For the purposes of ASO, do all TV sets need to be converted, or would it be a minimum of one per household?

One per household.

- 2.b. What action, if any, might need to be considered for conversion of VCRs?

An information campaign supported (and potentially distributed) by broadcasters, retailers and other groups such as the consumer institute. Considering a majority of households are now using DVD players, end users need to understand how their aerial configuration is effected.

- 2.c. What is the best approach to ensure optimal functionality and convenience for consumers needing to purchase multiple STBs (including compatibility questions between free-to-air and conditional access options?)

For retailers and other groups such as the consumer institute to advise consumers at point-of-sale.

- 3.a. Should New Zealand adopt a target, consensus or obligatory approach to setting an ASO date?

Obligatory approach in consultation with industry and supported by legislation relating to the sale of new television sets with integrated receivers.

- 3.b. Should some form of switch-over steering group be considered for New Zealand, and if so what form should it take? What role would it have?

We support the establishment of a steering group with representation from government, conditional access suppliers, TVNZ, CanWest and the Regional Broadcasters Group and in consultation with installers and retailers.

- 4.a. To what free-to-air services would ASO apply? All those services being simulcast on the DTV platform? All those services being simulcast on any digital TV platform? All services?

All services. But because of the important role of regional broadcasting in New Zealand culture, the barriers to entry into DTV for these broadcasters should be specifically addressed.

- 4.b. Should analogue conditional access systems, such as SKY UHF, be included in an ASO process?

Yes. But consultation with conditional access suppliers needs to be undertaken relating to the ASO date.

- 4.c. Would ASO apply to free-to-air services, such as Prime, NZRB and local or regional broadcasters, which may not initially be included on the DTT platform?

We believe the government needs to be taking an inclusive approach to local/regional broadcasters and assisting them in making the transition to DTV.

- 4.d. If some analogue services are not covered by ASO, what are the implications for use of spectrum, maintenance of the transmission infrastructure etc? Who would bear the costs? Would Kordia be ready to continue providing a dual analogue transmission service?

Kordia is probably best placed to answer this question but we speculate that there would be an increasing cost to broadcasters and consumers of any analogue service being simulcast after ASO.

- 6.a. Which approach ("big bang" or progressive) to ASO would be best suited for New Zealand?

Consultation with Broadband ISP's and Cellular network providers may provide better insight into the uptake behaviours in New Zealand but because ASO should be tied to penetration we would suggest a progressive approach concentrating on main centres first then out to rural areas.

- 6.b. If a progressive approach were selected, who would make the decision about which sites to switch-off and when? (Kordia? Broadcasters? Government? All three groups, by consensus)

The steering group.

- 6.c. Should a trial switch-off in one or two areas be arranged to test the process in advance of a full switch-off?

Yes.

- 6.d. How could liaison with distributors, retailers and installers best be managed? What sort of notice period would they require?

If they are consulted (to what extent to be decided by the steering group) with on the process of ASO, this should secure their participation and help answer this question.

- 7.a. Is a termination date for the allocation of new licenses necessary? If so, should it be the same time as when an ASO date is determined?

Yes.

- 7.b. Would it be a viable alternative for any new analogue licenses to be issued from 2007 to include a requirement that they will be cancelled at ASO-i.e. the term of the license would be limited to planned ASO date, with the resources charge to be adjusted accordingly?

Yes, provided that the government undertakes an inclusive approach to other broadcasters and assists them in making the transition to DTV.

- 8.a. What cost-effective options for the digital delivery of local and regional services can be identified?

To follow the 2003 Cabinet decision on DTV determining that right holders are able to convert their existing analogue licenses to digital at any time, help could be given to current right holders at the time of the decision with recoupment from late uptakers.

- 8.b. Is DTH delivery of local and regional services viable, and if so, how could it be achieved?

We believe local/regional services need to be included in any strategy relating to DTV. Local and regional services mirror the rich cultural diversity and regional flavour of New Zealand, and their service to both the local communities in New Zealand and broadcasting should be recognized when considering the future of broadcasting in New Zealand.

Local/regional services also provide a valuable connection point between local government and constituents in the dissemination of information relevant to the area.

- 8.c. Should consideration be given to the creation of a dedicated local/regional DTT multiplex, subject to the availability of suitable spectrum?

Yes.

- 8.d. Are there other delivery platforms (existing or emerging) that might provide the best long-term solution to the digital delivery of local and regional services?

Most regional broadcasters currently transmit over UHF and have access to existing infrastructure such as masts which may be able to be utilized to help offset the cost of encouraging uptake of DTT broadcast by local and regional broadcasters.

- 8.e. How important is it for local and regional broadcasters to be included on an EPG?

We believe inclusion of local and regional broadcasters on an EPG is vital to provide accurate information to viewers, inform and enhance viewer choice and present a unified face to the general public.

9. What, if any, adjustments need to be made in respect of commercially acquired licenses being renewed in 2010 to take account of ASO occurring prior to 2020?

Priority should be given to license holders before the 2003 cabinet decision to allow right holders to convert their existing analogue licenses to digital.

- 10.a. Would the costs to some institutions be such that they would be likely to seek government support?

The depreciation of assets such as televisions in combination with a good communication campaign regarding timeframes, should help manage the need for conversion.

- 10.b. What is the best means of ensuring appropriate information is conveyed, and in a timely manner?

Compilation of a list of key stake holders by the steering group, and then a strategy for communication created using appropriate media depending on the size of the target group.

11. Most of the factors considered important in maximizing take-up of DTV have been taken into account by government decisions and the coordinated approach developed within the broadcasting sector. Are there further actions that should be considered by these parties to encourage take-up? If so, at what point in the transition should they be initiated?

The steering group should be determined and convened as soon as possible to consult back to government on the process and help guide the ASO process.

12. Is this aspect of the transition to ASO well-prepared and coordinated? If not, what more needs to be done?

We believe it is essential that local/regional broadcasters are consulted on a closer basis, particular with regard to the allocation of public funds by the government.

13. Is such a carefully targeted and modest information campaign warranted? If so, what is the optimal form and timing? How might it best be delivered (e.g. through any switch-over steering group?)

Yes. The change to DTV will effect a large portion of New Zealander's and potential delivery suggestions include; all broadcasters who will be migrating to the DTV platform begin to advertise the switch over. Because it is in the best interest of both parties this should help the negotiations relating to the cost of producing and broadcasting these advertisements.

Thank you again for the opportunity to comment on the discussion paper, please let us know if there is anything else we can do and we would appreciate any updates on ASO and related issues.

Best regards,

Nika Rikiriki
For Family Television Network