

**Freeview Limited submission**  
**Discussion Paper—Analogue Switch-Off (ASO)**  
**(Ministry for Culture & Heritage, December 2006)**

## Scope

This submission from Freeview Limited (Freeview) is made on its own behalf as an organisation, and not on behalf of free-to-air broadcasters either individually or collectively.

Question three in the discussion paper is answered first, since a number of our later responses are based on the answer to that question.

## Responses to Questions (as numbered)

### *3.a. Should a target, consensus, or obligatory approach be adopted when setting the ASO date?*

Targets should be set by consensus between broadcasters, companies providing transmission services, the retail sector, and the Government. Although reached by consensus, the final decision on an ASO date is presumed to be one for Government. Once the date is set it will be obligatory for broadcasters to end analogue transmissions.

Public communication of an ASO target date (specified as a range), followed by confirmation of the final date, will be a major incentive for those households who have not already done so to convert to digital.

Freeview believes that the answers to a number of questions in the discussion paper will become clearer as a result of marketplace and practical experience after the launch of both the Freeview DTH and DTT platforms. Therefore it is suggested that a three-stage approach is taken to ASO. The first stage would begin six months after the launch of the Freeview DTT service, or when 50% of households are receiving, by digital means, the services of current near-national analogue free-to-air broadcasters – whichever event occurs first.

The suggested stages are:

1. Formal agreement reached on the milestones to be met before ASO criteria are set.
2. Finalising those criteria, setting the provisional timetable, and agreeing the operational and technical aspects of ASO. This stage should commence at 65% digital take-up.
3. Confirm and publicly announce the final ASO date when digital household take-up reaches 75% or in July 2012.

### *3.b. Should a 'switch-over' group be considered, and what would be its role and its form?*

Freeview believes that a special purpose, limited-duration, publicly-facing stakeholder-supported and Government-funded entity will be needed to deal with the ASO process as an output of stage 2 above.

Such groups have been established in the United Kingdom, Australia, and Italy to identify the technical, coverage, timetable and process issues of ASO, to promote the later stages of digital take up, to co-ordinate subsidiary regulatory issues that may arise with other sectors, to co-ordinate digital

take-up with wider Government digital policies, and provide consumer information and advice. In this paper we have called this organisation 'Digital New Zealand' (DNZ).

*1.a. Should ASO be announced when penetration reaches an agreed level, and if so what might that be?*

As noted in the answer to Question 3.a – Freeview suggests that a two stage approach to announcing dates is taken:

1. A provisional date or range at 65% take-up, and
2. The final date at 75% or July 2012 whichever comes first.

A provisional and a final date enable the Government to maintain a balance between promoting digital take-up and allowing the public time to convert.

*1.b. Who would monitor take-up, and how would we know when different levels of digital penetration had been reached?*

Freeview believe that in this context 'digital penetration' means the number of households that have a digital service, by DTT, DTH, cable, broadband, or any other form of digital distribution, whether free or pay, that includes the current near-national analogue free-to-air broadcasting services.

Furthermore, it is suggested that households be defined as those with (at least) one television (rather than total New Zealand households). This appears a more appropriate measure when considering the removal of one form of television reception.

Freeview has already agreed to report Freeview take up to Government, and will have systems in place to monitor and report both digital receiver sales and consumer acceptance.

For total take-up to be accurately monitored it will also be necessary for all other digital distribution platforms to report take-up. It may be sensible to appoint an independent "audit bureau" to collate the data or make this the responsibility of DNZ.

*1.c. What might be an appropriate digital penetration threshold for ASO—say 90 or 95%?*

Experience elsewhere suggests that setting time and take-up targets too far forward delays household decision-making to convert to digital. Conversely, whatever threshold is set is only likely to be met when there is certainty—and public education—about ASO.

Although Freeview believes it is premature to set target thresholds at this time, we believe that it is appropriate to use take-up as the threshold for the stages in the process (see 3 a. and 1 b. above). Setting a fixed ASO date when digital penetration is at 75% or in 2012 would accelerate the final stage of take-up and give surety to the process. With an effective communications plan from DNZ, we believe that announcing a final take-up threshold (e.g. 95%) is not the best approach as it would result in a moving target. A better approach is to use a lower threshold (plus future take-up projections) to set a final date (therefore 'current date plus x years').

*2.a, and b. Would the target allow for conversion of all sets, or one set per household, and is action needed to convert VCR's?*

Freeview believes the criteria should be digital conversion for the primary set. Decreasing costs, developing in-home technologies, public information from DNZ, Freeview's own marketing effort, and the time period from first public information to final ASO should be sufficient to allow households to upgrade their reception and recording equipment.

International experience is showing that the 'VCR issue' is proving to be immaterial. Technology alternatives are available and pricing trends suggest that by the time ASO occurs simple and affordable replacements will be available to New Zealanders.

*2.c. How can optimal functionality and consumer convenience be achieved? What about compatibility between free-to-air and conditional access systems?*

Because of legacy proprietary systems and the commercial imperatives of pay platforms, a "one box" solution between pay and free-to-air is unlikely. It may, however, be possible in the case of the provision of services over broadband networks which have yet to rollout.

Freeview is committed to open standards and technical specifications that promote easy installation and simple operation for all consumers.

*4a. Would ASO apply to all free-to-air services—i.e. those on any platform?*

Freeview believes that all services on analogue should end with ASO on the same date. To maximise public and industry value, ASO needs to be complete—if it is not, then it isn't ASO.

*4.b. Should analogue conditional access systems (SKY UHF) be included in ASO?*

Yes, as above, all broadcast services in the VHF and UHF spectrum should be included. It is also suggested that no analogue licences are awarded or existing licences extended, for any activity or service that may complicate or delay ASO.

*4.c. Would ASO apply to free-to-air services (Prime, NZRB, local and regional broadcasters) not initially included on the Freeview DTT platform?*

Yes. Freeview believes that all broadcasters will want to have ubiquitous digital distribution sooner rather than later.

Since ASO is national policy, Freeview suggest that the definition of, and categorisation and frequency allocation for, local, regional and community broadcasters, whether operating for commercial profit or not, needs early policy review by Government.

*4.d. If some analogue services are not covered by ASO, what are the costs and operational implications for Kordia and the transmission infrastructure?*

Freeview believes that this should be avoided.

*[There is no question 5]*

*6.a, b, and c. Should ASO occur progressively by transmission region, or as a 'big bang,' and who would make those decisions'?*

The Government is presumed to mandate the final date and terms of ASO, and consensus between the three main stakeholders – Kordia, the Government, and broadcaster – will therefore be necessary.

Freeview suggests that the 'Big Bang' decision should be within the scope of DNZ activity. A single-area trial is seen as a sensible idea followed by a 'big bang' approach. In the interim, the switching off of some analogue transmitters by individual broadcasters may provide enough incentive and feedback data for DNZ to plan the final ASO activity, but Freeview believes that a co-ordinated approach to ASO will still be necessary.

*6.d. How would liaison with distributors, retailers and installers be managed?*

It is in the commercial interests of Freeview and its supply chain partners to accurately anticipate market potential for digital conversion. Closer to the ASO date there would need to be retailer co-ordination with the public and industry information campaigns presumed to be provided by DNZ.

*7.a, and b. Should there be a termination date on new analogue licences, perhaps aligned with the ASO date, with resource charges adjusted accordingly?*

It would seem contrary to Government's commitment to ASO to issue further analogue broadcasting licences for any purpose, as this would complicate ASO.

*8.a, b and c. Are DTH and DTT cost-effective options for digital delivery of local and regional services, and how might they be achieved?*

DTT distribution is cost-effective for local and regional broadcasters. The reservation of subsidised space on a DTT multiplex for local services is presumably a policy being considered by Government.

Freeview also suggests that clarity is needed on Government's broadcasting policy about what is and is not 'local,' 'regional,' and 'community' broadcasting, and what frequency licensing terms would be appropriate to such broadcasters in the digital era.

*9. Are adjustments needed for commercial licences being renewed in 2010 to take account of ASO occurring before 2020?*

Freeview believes that the renewal process should be revisited as soon as possible, and definitely prior to 2010 renewals, to clarify which licences will be renewed for existing analogue services to continue broadcasting, and which will be cancelled and issued as part of the DTT licence sets. The impact on the value of the remaining licences, and the value of the licences should ASO occur prior to any licence expiry in 2020, should also be reviewed.

*10.a. and b, and 11. Would some public institutions (museums, libraries, schools, hospitals etc) be likely to seek government financial support for digital conversion, and what is the best approach for communicating with these organisations? Should any other special actions be considered?*

Freeview suggests that it would be useful for a Government agency to take a lead in providing information and advice to these organisations. Many of them are 'engagement points' with the public, and thus provide platforms for public information on all of Government's digital initiatives.

An area which Freeview also suggests needs early co-ordination with, and leadership from, Government agencies is the negative impact on digital roll-out and ASO of any ill-informed moves by local bodies to use planning rules to restrict the placement of digital reception aerials and dishes on business and domestic premises.

A further issue is to ensure that building codes and standards ensure that the internal distribution systems in new and upgraded buildings are 'digital ready,' and that in the case of multiple dwelling units, that 'gatekeeper' issues do not intrude into the relationships between tenants, owners, landlords, body corporates, property management companies, and telecommunications network providers.

Freeview expects that the marketplace will, in the main, resolve this. However, since there is potential for commercial gain through gatekeeper activity, with a negative impact on Government's wider digital strategy, it would be prudent for Government to monitor this area.

*12. Is the involvement of retailers and installers (the supply chain) likely to be well prepared and coordinated?*

Freeview is confident that its partnership approach to its relationships with the supply chain participants will positively impact ASO planning. It is in the commercial interests of those in the supply chain for take-up to be rapid, efficient, and without negative household response. A period of operation of both Freeview DTH and DTT services is needed before Freeview can identify those issues which may require increased support. When DNZ is created it would be appropriate to include representatives of the supply chain, but at this point the management of the relationships with individual companies, and interest groups that represent them, should be left to Freeview.

In other countries preparing for ASO, regulatory measures have been adopted to ensure that after a given date, all television receivers sold are digital capable (i.e. no analogue sets may be sold). We believe the right approach in New Zealand is to rely on public education, and manufacturer and retailer commercial interests, along with Freeview marketing to positively influence take-up. Nevertheless, we would expect the proposed DNZ to be tasked with addressing any public confusion and discouraging 'non-digital' activity that was not being addressed through consumer marketing.

*13. Will a targeted public information campaign be warranted, in what form, when, and how would it be delivered?*

The answer to question 3 was that, from the suggested stage 2 of the ASO process, a temporary cross-industry, public-facing, and Government funded entity is likely to be necessary to guarantee that final ASO occurs smoothly and with minimal disruption to all parties – especially the viewing public. The time to set its objectives and scope of activity is best left, in the opinion of Freeview, until after 65% of New Zealand households have converted to digital broadcasting and Freeview has been operating in the marketplace for some considerable time. This will ensure that DNZ is scoped to focus on those activities not being addressed through commercial business activity and market forces.

### Submission Status

Freeview consents to the publication of this submission on the MCH website, and we welcome continuing discussion with the Ministry for Culture & Heritage and the Ministry for Economic Development in planning analogue switch-off.

Presented on behalf of Freeview Limited by:

Steve Browning  
General Manager

February 16th 2007

[ENDS]