

DISCUSSION PAPER

ANALOGUE SWITCH-OFF: ISSUES FOR CONSIDERATION

Introduction

This submission is made by Kordia Group on behalf of its wholly owned subsidiary, Kordia Ltd.

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Background: What is Analogue Switch-off?

Process

- 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 penetration percentage which triggers the announcement of the ASO date should be no higher than 50% to ensure that NZ moves quickly to implement ASO.

- 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?**

Progress towards the target percentage e.g. number of households accessing digital television could be monitored by MCH. Data could be provided on a regular basis by SKY, Freeview Ltd and other digital television service providers as well as from the wholesalers and importers of set top boxes and televisions.

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

As an alternative to a threshold penetration trigger for ASO, it is recommended that the government, after consultation with the industry, set a firm date. The setting of a firm date will provide more certainty and planning ability for the industry and consumers. It will also enable a defined timeline for the programmes of action for particular stakeholder groups.

If there is concern about the uptake as the fixed dates approach, then a survey of uptake could be taken. There is also the opportunity to add a question into the next Census on digital television uptake, which would provide a comprehensive snapshot of digital television penetration.

Criteria

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?

For the purposes of ASO one set per household would be a minimum.

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

No action is required as VCRs will still be able to play tapes after ASO and to record programming via a digital STB. DVD recorders will also still operate as they can be fed via A/V from a STB.

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)?

Consumer electronic purchases are a matter of consumer choice. Support and encouragement should be given to a Freeviewnz STB approval / "tick" process so that consumers are informed about compatibility matters.

Announcement of a Switch-Off Date

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

A consensus approach in setting the fixed date is recommended as it delivers certainty to all stakeholders, whilst also enabling inclusion of their requirements. The date would be obligatory for all FTA services.

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?

A switchover steering group comprising representatives from key stakeholders (broadcaster, consumer, infrastructure, government, distribution supply chain) is strongly recommended. Its role should be to drive the programmes of work required to ensure a successful ASO. The body should report to the MCH, because of the broadcasting policy considerations.

Extent of ASO

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?

ASO should apply to all FTA services using radio spectrum so as to avoid consumer confusion. A question for the MED is whether there should be a refund on licence renewal fees if ASO occurs prior to a current licence expiry.

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

No. Conditional access systems have a managed STB environment which removes concerns about consumer confusion; a key reason for ensuring that there is a uniform date for all FTA services.

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?

ASO should be for all FTA services. Setting a fixed date by which all FTA services must cease enables the planned migration of analogue FTA services to DTV platforms and removes possibility of consumer confusion.

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/digital transmission service?

Kordia provides services on a commercial footing to broadcasters and will continue to supply services where there is a demand for them.

Big Bang or Progressive Turn-Down

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

A progressive rollout of ASO is likely to be more manageable, given the work programmes associated with the disestablishment of analogue services. One way to manage a progressive rollout is to first switch off analogue in the areas that have DTT and in a second phase switch of analogue in the areas that do not have DTT. The progressive rollout however should not need to be over more than 12 months.

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?)

A consensus approach is best, with all key stakeholders involved. The planning work could also be undertaken by a “switch over” 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?

This would be a sensible approach and enable the testing of a wide range of

processes and communications.

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

A "switch over" steering group is in our view the best way of managing the move to ASO, and distributors, retailers and installers are key stakeholder members of the steering group. Notice period requirements are best discussed with them.

DTT Band Planning

Close off date for further new analogue licences to be issued

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

Yes to enable sensible planning by the industry.

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

This would be a sensible approach to ensure that ASO is achieved.

Regional and Local Broadcasters

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

There are a range of options for delivery today and likely to be an increasing number in the future. What "cost effective" means needs to be understood from different stakeholder perspectives and within the context of the government policy objectives for the delivery of FTA broadcasting.

One solution for the government is to convert the analogue community spectrum to digital use and fund a digital terrestrial (DTT) multiplex rollout to enable local and regional service delivery. For those areas not able to be served by an expanded DTT rollout, the option of DTH remains.

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

Yes it is viable, although with a whole of country footprint it is best suited to national services rather than regional and local delivery. FTA DTH is best utilised to ensure FTA service delivery for those areas not served by an expanded DTT rollout.

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

A dedicated local/regional DTT multiplex should be considered as a solution to the delivery of local and regional programming. It is possible with DTT with its local transmitters to deliver content on a regional basis, thereby enabling reuse of spectrum nationally whilst providing for the broadcast of a number of local and regional channels. The government could consider using the UHF spectrum, currently reserved for non-commercial community broadcast use, as a means to achieve this. Converting this spectrum to digital for use by a dedicated local/regional multiplex would also provide a migration path for the current non-commercial community broadcasters at ASO. In seeking to enable local/regional DTT broadcasting, a policy consideration for the government is whether access to the local/regional DTT multiplex should be limited to non-commercial broadcasters in the future or widened to include commercial local and regional broadcasters.

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?

DTT is an excellent option for the delivery of local and regional services, as services can be provided via local transmitters that serve a region. IPTV is also a potential future option for local and regional TV, as has been demonstrated overseas, particularly in the USA, in large regional centres.

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

An EPG provides an excellent resource for consumers to find programming that they wish to watch. It would therefore be vitally important for the local and regional broadcasters to be on an EPG so that their programming is visible. Without the EPG presence they are reliant on consumers using other means e.g. newspapers, to be informed about what is available for viewing. A "halfway house" may be a simple EPG that only identifies the presence of the

local station and facilitates STB tune in, without the cost of maintaining full dynamic EPG or getting data to a headend.

Licence Renewals: UHF in 2010

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

For those being used or intended to be used for Digital services no adjustments are required. For those being used for analogue services, a right of cancellation needs to be in place, if the licence is not converted to digital and used. A question for the MED is whether there should be a refund of the fee paid to renew to 2020 for unused portion.

MUSH Issues

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

Kordia does not have the information to answer this.

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

Key is the development of a comprehensive communications strategy over a number of years up to and during ASO, to ensure that information is conveyed to a range of stakeholders. It is a complex communications exercise and a work programme for communication via a variety of media will be required. The Digital UK work programme has relevant examples of the planning required to ensure information is effectively disseminated.

Dealing with Non-Adopters

11. Most of the factors considered important in maximising 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 setting of a firm date for ASO within the next 2 years will enable consumers to plan ahead for the purchasing of set top boxes or new televisions, thus mitigating some of the financial implications and providing certainty.

A further policy consideration is the provision of services for people with hearing or sight problems e.g. special set top boxes with access features such as subtitles, signing and audio description.

Retailers and Installers

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

Kordia does not have the information to answer this. As discussed above a steering group approach is recommended, with the retailers and installers as key stakeholder members.

Public Information

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)?

A "switch over" steering group is recommended as the best way forward to ensure co-ordination of all activities and the involvement of key stakeholders. One such critical activity is communication to a range of stakeholders about ASO and the switch over to digital. Communication needs to commence many years in advance of ASO to ensure that consumers are well informed about what is happening in their regions and what they will need to do to ensure that they still receive FTA TV. The Digital UK approach is one model to review as to its

applicability to NZ.

ENDS