

**NZRB Response to:
Discussion Paper
Analogue Switch-Off: Issues for Consideration
Ministry for Culture & Heritage
20 December 2006**

1.a. Should ASO be announced when penetration has reached an agreed level...

The roll out of the DTT and DTH initiative will itself provide experience for all interested parties during the implementation phase that will assist in setting realistic criteria.

The threshold level should be set quite high, say 70% given that digital penetration through the Sky DTH platform is predicated on a large majority who have historically subscribed to access encrypted programming.

1.b. How would progress towards this percentage be monitored...

It must be possible in the first instance to obtain information from the distributors of the STB's by region. This could be cross-referenced with data achieved through commissioning an audit/survey. With regard to whom see response to (3b)

1.c. What might be an appropriate digital penetration threshold...

A high threshold will be more acceptable to both Government and consumers and given the comments in 1.a. it should be above 90%. However, it may be inappropriate to set a figure without the experience that can be gained from the interested parties during the implementation phase. It should be a function of the 'Switch over Steering Group' (referred to as SOSG hereafter) to determine this having worked with all interested parties.

2.a. Would the target allow for conversion of all sets, or one set per household...

Trackside believes the criteria should be focused on the household. It is our view that there is more than one television operating in a household at any given time and different sets operating at different times of the day. It is also our experience that our broadcasts, and many others, are viewed on the 'second' television.

2.b. Is action needed to convert VCR's...

It is quite likely that by ASO the penetration of alternate recording mediums will be such that this is not necessary. It is quite likely that legacy VCR's will be minimal.

2.c. How can optimal functionality and consumer convenience be achieved...

Without understanding the proprietary systems involved it seems that a single STB is not possible. The functionality and convenience issues therefore need to be addressed by consumer education by SOSG, retailers and installers. This by necessity needs to involve Sky Network Television.

3.a. Should a target, consensus, or obligatory approach be adopted...

A target should be set by consensus between all interested parties; broadcasters, companies providing transmission services, the retail sector, and Government, all being in possession of complete and reliable information on DTT DTH penetration issues

No doubt Government will mandate the ASO date. Once that date is set it will be obligatory for broadcasters and households who have not yet converted and wish to continue to receive free-to-air television.

In any event it is our view that an ASO date should not be determined earlier than one year after the DTT network is complete and a minimum of 65%, preferably 70% (see 1.a.) of New Zealand homes are taking digital services by satellite or terrestrial distribution.

3.b. Should a switchover group be considered....

A Switch-Over Steering Group is an essential ingredient in achieving ASO. This should be a Government funded entity and consist of representation of all stakeholders. This should be formed as soon as possible and be responsible for determining milestones, collating data relevant to setting targets and steering/promoting DTT education and uptake.

4a. Would ASO apply to all free-to-air services...

There seems little point in determining an analogue switch off date if there are to be exceptions. Apart from providing a source of confusion both public and technical it seems that any exceptions would be relatively short lived due to the progression of digital technology and the costs associated with the need for FTA's to provide dual path transmission.

4.b. Should analogue conditional access systems, such as.....

No comment at this point.

4.c. Would ASO apply to free-to-air services (Prime, NZRB, local and regional....

No comment at this point.

4.d. If some analogue services are not covered by ASO, what are the costs....

See 4.a. In the event that that this occurs then it should become a commercial matter between Kordia and it's client.

Note: There is no question 5 in the ASO Discussion Paper received.

6.a, b, and c. Should ASO occur progressively by transmission region, or as a 'big bang,'.....

A progressive stance can only increase costs, logistics, communication issues and confusion. There may be a case though for trialling a small area prior to ASO in order to identify 'unforeseen issues'

6.d. How would liaison with distributors, retailers and installers....

This should be a function of the SOSG. There has to be public and industry information campaigns designed to provide education on DTT/DTH and the target dates. This should start prior to the completion of the DTT network and given that ASO will have a relatively long gestation (a date to be determined by SOSG) after accumulating considerable data including uptake/penetration figures.

7.a, and b. Should there be a termination date on new analogue licences, perhaps aligned with the ASO date.....

To grant further new analogue licenses that extend beyond ASO is an extraordinary proposition. It defeats the purpose of the digital strategy embarked on.

8.a, b and c. Are DTH and DTT cost-effective options for digital delivery of local and regional services....

Without understanding the needs of a specific local or regional broadcaster it seems unlikely that DTH distribution for these broadcasters will be viable.

DTT would seem to be more appropriate to 'local' delivery and economically viable. Presumably Government has given consideration to the allocation of spectrum for such purposes.

8.d. Are there other delivery platforms.....

As with that above, without understanding the specific individual local broadcasters needs it is difficult to comment however the rapidly emerging distribution by Broadband and IP technology needs to be monitored.

8.e Inclusion on an EPG...

By definition local television/niche interest groups are 'parochial' by nature and those that want it largely know how to find it. There is the potential for listing in an EPG to get lost, and many other means in which to communicate with 'closely held' potential audience.

9. Are adjustments needed for commercial licences being renewed in 2010.....

The renewal process should be addressed at an early stage in the ASO process 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 initiative. This should occur initially on an individual Licence Holder basis.

10.a, and b. Would some public institutions (museums, libraries, schools, hospitals etc) be likely to seek government financial support.....

There will be without doubt those who will seek Government funding for the conversion however most are embraced in the public sector and they should seek budget through their respective Ministries. In this respect the SOSG has an intergovernmental communications role in promoting and communicating the digital strategy, and promoting the use of R & M and scheduled replacement budgets on equipment compatible with a digital future (ASO).

Likewise SOSG needs to be communicating with other major television users such as Trackside, who own approximately 1400 sets nationwide so that the correct replacement decisions are made early in the process minimising the fiscal impact of ASO.

11. Are there any special further actions that should be considered.....

There will be numerous issues to address and they will emerge from a variety of quarters including Local Bodies.

However there is one fundamental issue that will hugely affect the take of digital STB's and that is what the consumer gets! The SOSG and all broadcasters on the DTT/DTH platforms must start articulating and promoting what the consumer will be able see when they purchase their individual, hopefully multiple, STB's.

If it's 'more of the same' there may be some real penetration/take-up issues.

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

It is in the distributors and installers commercial interests to undertake their roles efficiently. It is also in their interests to promote the benefits of DTT/DTH and ASO. Representatives from these areas should be on SOSG or have representation to it.

13. Will a targeted public information campaign be warranted...

The ease of transition will be hugely reliant on effective and regular communications. There will an ongoing need for communications within industry and the public on various aspects of ASO and this should be determined by the SOSG who will be custodians of the information and who in this critical and pivotal role, must aware of issues as they emerge.

[ENDS]