



ANALOGUE SWITCH-OFF: Issues for Consideration

In response to Ministry of Culture & Heritage Discussion Paper

Radio Broadcasters Association
21 February 2007

RBA SUBMISSION ON ANALOGUE SWITCH-OFF DATE
DISCUSSION PAPER, MINISTRY OF CULTURE & HERITAGE
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STATEMENT OF INTEREST

The Radio Broadcasters Association represents the non-competing interests of The Radio Network, CanWest Radio and 11 independently owned stations.

Our membership accounts for approximately 94% of radio advertising revenues, a sum of around \$268 million.

Although the Discussion Paper focuses on the analogue switch off date for television, radio broadcasters have a strong indirect interest in this issue – first, because one of the two currently viable digital technology options for radio, DAB, would best operate in Band III where analogue TV is presently located. Thus, until TV vacates Band III, DAB is virtually impossible in New Zealand. Second, many of the principles finally agreed in the conversion/switch off date will have relevance for radio, and thus will be closely watched by radio broadcasters.

Since the position of the Freeview Television Group is analogous with radio broadcasting, our submission can be seen as an attachment to that of Freeview.

RESPONSES TO QUESTIONS

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

We support the approach of Freeview in that some momentum is needed before conversion rates, and thus a reasonable switch-off date can be predicted with accuracy. Radio will be no different.

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

Again, we support the Freeview approach of regular reporting by the industry led consortium on growth in digital penetration, and would be likely to follow this approach for radio.

2a & 2b - Would the target (for digital penetration) allow for conversion of all set or one set per household, and is action needed to convert VCRs?

The RBA supports the general approach of Freeview that a relatively low threshold be applied to define “digital penetration”.

Given the cost and logistical complications of simulcasting, the earliest reasonable date for switch off of analogue is desirable provided it does not result in loss of audience.

3a – “Should a target, consensus or obligatory approach be adopted when setting the ASO date?”

The RBA supports the three main thrusts in the Freeview submission – the importance of a consensus approach, without which the interests of one or more stakeholders can be seriously disadvantaged; the importance of public education and the merits of learning by experience rather than committing to a “theoretical” approach”.

3b – Should a “switch-over” group be considered, and what would be its role and its form?

In addition to supporting the position of Freeview in this regard, the RBA has already committed to the “consortium” approach in our first major submission to government on digital radio broadcasting in February 2004. While this submission was led by the RBA, Radio New Zealand was also a partner, also some (but not all) community and iwi broadcasters, along with the two main infrastructure providers, JDA & Associates and Kordia.

4a- Would ASO apply to all free to air services – i.e. those of any platform?

Again we support the principle of the Freeview position. Radio would be similar, though less complex since all broadcasters operate on either AM or FM systems. We cannot conceive of anything other than a single switch off date for all radio broadcasters within a defined area – i.e. based on television’s experience, it may make sense to do progressive regional rollouts, but within each region, there would need to be a single switch off date.

6a, b & c – Should ASO occur progressively by transmission region or as a “big bang” and who would make those decisions?

From a consumer perspective, radio will be closely watching the experience of television. From a transmission point of view, we believe that the decision for national versus roll out should be primarily one for radio broadcasters in negotiation with infrastructure providers, though obviously with Government as an interested party.

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

We support the Freeview position that it is industry’s obligation to co-ordinate rollout, particularly with equipment suppliers and retailers. This has been the experience of the DAB roll-out in the UK where progress was impeded by a “chicken and egg” situation until broadcasters took the initiative to partner with retailers and receiver manufacturers to aggressively drive receiver sales.

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

While this has little direct relevance to radio, the underlying issue of considering the costs of conversion to digital will be important when planning radio’s conversion. Given that vacated band width will have significant economic value to Government, we believe it will not be unreasonable for Government to contribute to these costs for all broadcasters, not just those holding non-commercial licences.

9 – Are adjustments needed for commercial licences being renewed in 2010 (for radio 2011) to take account of ASO occurring before 2020?

We support the Freeview position that conversion to digital has a major impact on the value of analogue licences, a point we have already made on a number of occasions to Government. Given the significant costs incurred for radio in transition to digital, this issue will need careful consideration in the early stages of planning. We are pleased to note, however, that the principle of “no cost simulcast” licences for television has been established and believe that this principle will have at least some effect in mitigating conversion costs for radio broadcasters.

10A & B, 11 – Would some public institutions 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?

The RBA confines itself to supporting the potential problem noted by Freeview of obstruction by local bodies restricting the placement of digital transmission and reception equipment. We believe that, given the Government’s enthusiasm for conversion to digital, it is Government’s role to ensure that such obstruction does not take place.

12 – Is the involvement of retailers and installers likely to be well prepared and co-ordinated?

We support the view of Freeview that all members of the supply chain have a responsibility to co-ordinate this. As noted earlier, radio can learn from the experience of the U.K which indicated that public take up of digital receivers was considerably accelerated when all players cooperated in promotion of the new technology.

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

The RBA supports the view of Freeview that public information will be necessary. Again, radio experience in the U.K has been that public up-take of digital broadcasting technology is driven to a significant degree by content. Given that the Freeview offer will not substantially increase content, a situation similar to the eventual conversion of radio, it is reasonable to assume that the public will take significant encouragement to replace analogue receiving equipment which is providing adequate performance.

CONCLUSION

As noted earlier, radio broadcasters have a strong, if indirect interest in the principles, objectives, strategies and progress of television’s conversion to digital, and would ask that we be kept closely in touch with developments.

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