

**Julie Eisenberg's speaking notes for the Network Insight seminar –
Digital TV growth & policy: 2 December 2005**

Marketing and digitalisation progress and plans
When and how should analogue be switched off, and what should happen to the spectrum released?
Program production, funding, plans, strands, opportunities
Prospects for multichannelling and multiplatform delivery

The public broadcaster perspective on free to air digital television.

Starting with a bit of a provocation: we've been coming along to these and similar forums about our digital activities for almost 5 years. If we're still talking about digital TV in another 5, we're well and truly lost. One thing I noticed in a recent visit to the UK is that the industry isn't talking about DTV terribly much any more, they're just doing it. Over there, a lot of the discussion is about the challenge of broadband TV and other converged platforms, both from a market and regulatory perspective.

For a whole lot of reasons, Australia cannot afford to get left behind in the race to digitization, in all its guises and on all its platforms. That's why the policy decisions that get made in the next year are going to be so critical.

We've about the progress of the legislative inquiries and the rate of uptake. We've witnessed the slow awakening of Australian consumers to the fact that, after 5 years of free to air digital, there's possibly something out there for them. We've also seen what our pay TV cousins have been doing with their digital services in the meantime.

I'm going to be talking about what the public broadcasting sector can be doing to drive digital, but before I do so, I'd like to reflect on what this is all about, by going back to first principles.

We've had a national digital conversion scheme in place for 5 years. As it is written in the legislation, it is mainly about rolling out a new type of transmission and eventually switching off the old.

If we measure the success of the scheme by treating transmission rollout as the performance indicator, we're all doing pretty fantastically. The public broadcasters are now rolled out to more than 90% of Australia and will be with most of the rest by the end of 2007. More than 85% of Australians are now able to receive digital simulcasts of all of the analogue services in their area and 95% have access to at least one digital service.

That's a great news story, if you consider the scale of the national rollout and the speed at which it has happened.

The problem is that we've still only persuaded at most 13% of households to convert to digital free to air, according to the most optimistic measure. And that's only for possibly one of the televisions in the house. The recent ACMA research suggests that a large proportion of people have converted to fix their reception problems or to get better

pictures. If we've sorted out their issues, we can assume many of the others are reasonably OK. We're going to need to do more to persuade them to move across.

Digital television isn't just about transmission – it is about a whole market. Its success will only ever be measured if consumers embrace it fast enough and in large enough numbers to let us move them across permanently and switch off our analogue transmission. The true key performance indicator is uptake, not rollout. Not meeting it within a reasonable time is an expensive proposition on a number of fronts. For example, the Government has invested more than \$1 billion in digital infrastructure for the public broadcasters and the commercial industry has committed a similarly vast amount.

To date, public broadcasters have populated the spectrum with some basic multichannel services that are largely centred around timeshifting, the SBS' *The World News Channel* and *ABC2*. Viewers get VPGs and trial datacasting in Sydney and some program enhancements.

But basically what people get on digital free to air at the moment is largely a duplication of analogue, though it's sharper, sounds better, looks wider and is sometimes in high definition.

There is a real and burning issue at the moment about how to truly kick start the market – how to get the masses to go digital.

Having articulated the problem, the issue is how to solve it and the DCITA reviews have unearthed a disparate range of opinions.

The simple proposition that SBS has always supported, and continues to in the current round of discussions, is that driving digital will always fundamentally be about giving the consumer market extra content and extra choice. We also need to do much better in letting the public know about the benefits of digital and, more particularly, that analogue will eventually be switched off. We need to tell them about a certain switch-off date. We need to do this so that Australian consumers can make educated choices about buying new receivers.

Driving the market is all about content, for a number of different reasons.

From a purely public interest angle, the promise of digital is about using the same public spectrum resource to bring new and interesting content and services to all Australians, with a particular potential to enhance delivery of services into the regions.

From a market perspective, one of the key things that could drive the industry forward is still missing: that critical mass of new *digital-only* content and services. We already have great free to air television in Australia: people won't ever be that interested if digital television only a marginal improvement on analogue television.

Compelling new content is the only thing that can sustain increased interest in digital television and get us to the right levels of market growth

Digital television suppliers and retailers are competing in a market which offers a dizzying choice of consumer devices (audio and video iPods, DVDs, Xboxes, broadband

and digital Pay TV) all which are roughly around the same price points as the range of set top boxes. People buy these not for the technology, but for what they can deliver: entertainment and engagement. It's about what's on them: the content.

If digital receivers are to compete against these other devices for consumer attention, the Australian public has to somehow be convinced about the value proposition from buying a digital TV. They have to believe that when they spend on digital set top box or digital television, they are getting something as exciting, if not more so, than other consumer devices.

It won't be achieved if digital television is largely a duplication of analogue, or just time shifted.

The UK experience shows how this can be done, particularly through the public broadcasting sector, and admittedly on a grander scale than may be possible here. It needs a number of things to happen:

- Original first run content on digital multichannels: making digital the only place where people can see it first. The BBC have done this successfully with programs like Little Britain on its digital channel 3. When Channel 4 launched More 4 a month or so ago, there was blanket promotion on its analogue channel and elsewhere about its digital-only programs, including much promotion of *A Very Social Secretary*, a racy satire about the private lives of former Home Secretary David Blunkett, his mistress and Tony Blair. People in the UK know that if they want to see these things, they need to switchover.
- Special event programming in prime time to attract audience attention: The excitement around an event like the World Cup can be used to schedule slabs of related programs that audiences are already fired up about and increase the impact of digital services.
- Interesting, relevant programming for local audiences. SBS' plans include a large investment in new Australian series through our independent commissioning arm, SBSi. We want to create programs tailored for our audiences, at the same time having a positive impact on the Australian independent production industry in light of its present difficulties.

International experience shows that repeat or low quality channels don't drive uptake. Audiences don't differentiate: they expect the same quality and presentation on the digital only-channels as the main channel.

Commercial broadcasters, for a number of reasons, are not unified about the commercial model for multichannelling. Public broadcasters can and want to do this and are ready to go, with some resourcing assistance.

As mentioned earlier, audiences need to be told about all this interesting digital content. Public broadcasters, with our multiple promotional platforms – TV, Radio, online and new platforms - are perfectly placed to do this.

In our upcoming Triennial Funding Submission, which we will be taking around Canberra in the new year, SBS will be putting up a strong proposal for new digital only channels

and we believe the ABC is likely to do so as well. We will be continuing to argue that substantial Government funding for the public broadcasting multichannelling will unlock the value in the digital infrastructure by creating a selling proposition for digital and give Australian audiences some attractive reasons to buy a digital receiver.

As part of this, we would like to see the genre rules relaxed or removed, to maximise the success of the new services and the return on the public investment.

Taken together, new public broadcaster multichannel services can deliver the critical mass of content to get things started, regardless of the regulatory settings that are ultimately determined for the rest of the industry. We will actively promote new content on all our platforms and draw analogue audiences to our digital-only first run content.

In the meantime, we are continuing to develop interactive applications. Over the last year, we launched interactivity for programs like *Dateline*, *Insight* and *The Movie Show*. We also continue to actively support the establishment of an independent testing and conformance centre. As an industry, we have to sort out the lingering technical issues to create confidence in the consumer market for television.

The TCC will also become critically important as we start to roll out digital radio services. It's in Government policy and it needs to happen quickly.

I mentioned at the start that, in doing all of this, we have to be doing all of this with an eye on the future. Over the last few years, SBS has evolved from being separate television and radio platforms towards being more of an integrated media organisation, geared up for multi-platform delivery. Our strategy is to try and make SBS content accessible to all Australians, wherever they live and on whatever platform they choose to access us now and in the future.

A few final words about analogue switch-off: we want this to happen as soon as possible, to end the unnecessary duplication of our transmission. SBS has welcomed the call to pull together a Digital Action plan and wants to be an active contributor to a plan that has real targets and deadlines and, most importantly, accountability. Digital UK, the new organisation in the UK chartered to drive switchover, was created as the outcome of several years of feasibility planning involving the whole industry. They've moved beyond consultation – they are now in the implementation phase. Digital UK is now actively implementing strategic and communications plans for its first regional switchover in 3 years, and that's in a market that already has a high level of take-up and awareness of consumer benefits. We've got a lot of work to do on that front. We need to move faster.

As an industry, we need to run the switchover process like a business: a true partnership collaboration, with a serious business plan.

The challenge for the industry this year is: how do we make digital television a must-have for all Australians, not just a nice-to-have?

And, if we're still having these debates this time next year, I hope that we can, at the very least, not just talk about what we *might* do or what we *want* to do. All going well, we should be talking about the new, rich and exciting new channel choices for all Australians that we have launched over the past year on digital television.