

Get Ready for Digital TV Conference

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Australians Love Their Free-To-Air Television

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(25 minutes)

There's no doubt we gather here at a time of tremendous change for the media industry. Focussing on the public interest, while still achieving policy goals, is the key concern for most of us here.

This is no easy task. We know it will be a difficult area of public policy for the Minister and the government. But we acknowledge the work that has already been done by the Minister and the willingness that exists to get this right.

Australian viewers have an expectation that they will continue to have the same access, or better access to television services, as they currently do. And for that reason, amid the flux and uncertainty of today's world, I would like to start by focusing on one aspect that remains constant: the public interest.

Free-to-air television broadcasting is a public good. It has been this way for the better part of 50 years and it will continue to be so. While it's easy to be cynical from the sidelines, the commercial and government-funded broadcasters make enormous contributions to Australian society. They do this in a number of ways:

- Australian content;
- timely provision of news and current affairs;
- free access to the Australian public of popular sports broadcasts; and
- the vital coverage they provide during national emergencies – the Victorian bushfires, the Queensland floods, and the oil spill off the Sunshine Coast earlier this month.

I mention some of these benefits because, as a society, we take them for granted; and that's good – but it's also important not to put them at risk. These benefits are continuing strengths. When we take things for granted we often forget their true value. And so I think it's important as part of this debate to reiterate the important functions free to air television serves in Australian life. I want to talk today about the role of the free to air television platform as a whole, and also the specific contributions of the Free TV broadcasters.

Free to air television services reach more than 99 per cent of the population – I think it is worth stating the obvious that these services are delivered free of charge. And, despite an ever increasing range of media choices, Australians spend more time with television than any other media. Indeed, over two-thirds of Australians continue to rely exclusively on free to air for their television service.

Australia's free-to-air television platform is unique. Australia has two nationally funded broadcasters and three commercially funded broadcasters who between them broadcast great local content and the best of overseas content. In addition our regional

broadcasters deliver to local communities across the country and there are particular issues there as well.

In 2008, commercial free to air broadcasters carried over 10,000 hours of news and current affairs; often live from the scene of an unfolding event.

I am told recent research from the Queensland University of Technology found that commercial television and the internet are the favoured sources for news amongst surveyed students -- 90 per cent said they prefer to get their news from commercial TV or online than from newspapers.¹ So, even a generation that has never known a world without the internet or pay TV, still counts commercial free-to-air television among its choices for this important public service.

The popularity of the free-to-air television platform has proved enduring throughout the process of change. It is still true that no other medium attracts audiences in their millions to watch the same piece of content, simultaneously. (And unlike some newer media – the platform is stable enough to cope with these huge numbers.) Broadcasting is still the most efficient way to deliver high quality services to millions of people simultaneously over the air.

During last year's Olympic Games, free-to-air was the primary medium Australians turned to for coverage, with broadcasts reaching more than 17.2 million people. Viewers

¹ Research conducted by Prof Allan Knight, QUT – information sourced from interview on ABC Radio National Breakfast program 11 March 2009

are used to turning to free-to-air television - both when big events occur, and as part of their daily routine.

Free TV broadcasters make many other significant contributions to Australian culture and society.

Free TV broadcasters investment in Australian and children's content not only provides viewers with many of their favourite programs, it also helps underpin the local production industry. In 2006/07 television broadcasters spent \$790 million on Australian programming, including \$96 million on Australian drama. I am told subscription television, by comparison, spent just \$26.4 million on local drama.

As in previous years, the largest contribution to drama production from any sector came from commercial free-to-air broadcasters. This translates to over 500 hours of first-run Australian drama each year.

Programming output is not the only contribution made to the overall production industry. A healthy television production industry provides important training, experience and opportunities for local technical and creative professionals. Many of today's leading producers and actors got their start in free-to-air television.

But the most important continuing contribution of the free-to-air platform is perhaps less tangible; and that is its role in what I call the conduct of a 'common conversation'. The universal reach and ease of access to free-to-air television, has for many years enabled

it to facilitate this conversation. The free access to the platform means nobody is excluded from the 'common conversation' because of income or circumstances.

Whether it's an item from last night's news, a developing storyline in a compelling drama or even an interesting or creative ad – the watercooler effect of television pervades our cultural conscience the way little else does.

Free-to-air TV today, continues to deliver to the Australian public a common understanding of news and current affairs and culture; and a shared experience of major events in Australia. Its unique ability to reflect the tastes, concerns and aspirations of a society is one reason for many of the rules and regulations placed on commercial free to air broadcasters around local content and news and information on television.

These rules recognise the medium's ability to reflect a sense of Australian identity, character and cultural diversity. And there is evidence that, despite the wealth of media options currently available, Australians still turn to free-to-air television to perform key 'public good' functions such as these.

We can see this in:

- high ratings for Australian dramas and local factual programs.
- the spike in commercial television news viewing during major disasters or news events. Indeed, if you ask people about their experience of major, defining historical events, it is likely they will reflect on dramatic footage and reports delivered with immediacy through television.

- The strong and vocal public support for a dedicated free to air children's channel, despite the availability of 7 children's channels on pay TV.

But the world of media has certainly changed from 15-20 years ago when the internet was virtually unheard of; DVDs, and Playstations were yet to hit the market; pay TV was something Americans had; and mobile phones were the size of a house brick for voice calls only. In that world, it was unsurprising that free-to-air TV played such a big role in the lives of ordinary Australians.

Today's landscape reminds me of the Bruce Springsteen lyric:

*We switched 'round and 'round 'til half-past down
There was fifty-seven channels and nothin' on*

It seems to me that the proliferation of media technologies does not necessarily mean an equal increase in quality content. It's an extraordinary thing how robust free-to-air television has been *despite* the proliferation of these other entertainment and information options. The fact is television continues to be the medium people spend the most time with.

We do not, however, underestimate the importance of choice to viewers. From choice of content, and choice of platform; to their choice of viewing time, there is no denying the Australian viewers' interest in the full range of entertainment sources, and their growing desire for greater control over their own access to entertainment and media.

But in a world of unlimited content choice necessarily comes an atomised perspective where the common understanding of Australian culture or news and current affairs is diminished.

If we all end up relying on downloads, content on-demand or the scores of pay TV channels, we face losing this 'common conversation' -- the reflected sense of identity and the shared understanding of unfolding events. Is this a price we're prepared to pay?

Australian Ministers, broadcasters and regulators are not alone in considering this issue. The UK Culture Secretary Andy Burnham recently cited free to air television's social role – its power to include and involve – as an enduring priority in an age of increasing fragmentation.²

We know that the Australian public loves to have both the choice of content and entertainment sources, AND the universality and commonality of free-to-air television.

I hear that on a typical Monday night in March this year, one of the top Twitter trends was Underbelly 2. So whilst Australians are seeking out new media and new interactions (even if that interaction is limited to 140 characters or less), they still want the common cultural conversation.

Whilst new services offer innovative and engaging ways for people to interact, they tend to serve niche audiences, brokering conversations between communities with shared

² The Guardian (online edition) Friday 23 January 2009
<http://www.guardian.co.uk/sport/2009/jan/22/owen-gibson-sport-television-broadcast-rights>

interests. They lack the ability to bring massive amounts of people together at once to share the same information. These new mediums can be seen as important extensions of traditional television, but they simply can't replace the experience or efficiency of watching content go live over the airways.

It is free to air television that has consistently delivered on Australian production – it is free to air television which delivers strong and clear Australian voices and Australian stories to millions of viewers week in, week out. Just in the past 12-18 months, we've seen huge audiences for shows like *Underbelly*, *Packed to the Rafters* and *So You Think You Can Dance* on Free TV, and *Carla Cametti PD* and *The Gruen Transfer* on our national broadcasters.

If we accept that free-to-air television is a public good, then the key question has to be, what is the right balance, and how do we achieve that? How do we maintain free-to-air television's ability to deliver the 'public good' – to keep making the contributions it has been – in the lead up to, and beyond, the switch to digital-only television?

This is a fundamental question for all involved - the Government, the regulators, policy makers and the broadcasters themselves.

And it needs to be considered in a real world context. While the past 12-18 months has been a positive period for Australian programming the economic climate is creating significant pressure on the commercial free-to-air industry.

The media industry is one of the leading indicators of economic health and one doesn't need to look very far to see these are difficult times. Recent company reporting shows Australia is not immune to the effects of the global economic crisis. And most commentators don't see a recovery until 2011.

We are fortunate here that Australia is a country open to cultural products from around the world. Like the UK, we share a common language with the world's largest content producer, and Australians enjoy a good range of quality US and overseas productions. However do we really want Australia's free to air broadcasters becoming little more than US affiliates?

The cost of producing original Australian content is significantly greater than buying in content produced for bigger markets. And no matter how good these imports are, the price of their dominance would be significant; not just for Australian production and the jobs of writers, technicians and actors, but for the Australian public who have a passion – and I would argue a right - for local production and stories.

Obviously regulation plays its part here. However, the commercial free-to-air broadcasters all exceed their Australian content quotas and continue to invest in quality programming and drama.

One need only look to the UK for examples of how financial pressures can affect local content production. Their commercial free-to-air broadcasters are referred to as 'public service broadcasters' which recognises their regulatory obligations to deliver certain content and outcomes to the public.

Commercial operator ITV negotiated a reduced public service burden with the UK regulator Ofcom, to balance what it called the “modest licence benefits” with “appropriate obligations on a sustainable basis.”

In early March, ITV announced significant job losses and cuts to expensive local drama productions in response to market conditions and competition from other sources. Clearly, local content is one of the most exposed elements of free-to-air television in terms of negative financial pressures.

We often forget that our commercial free-to-air broadcasters in Australia have these “public service” obligations.

Successive Governments on both sides of politics have chosen commercial free-to-air television broadcasters to deliver public service outcomes:

- 55% Australian program quota (for 6am to midnight programming), with sub quotas for drama, documentaries and children’s programming.
- All commercial free-to-air broadcasters exceed these quotas.
- For drama alone, commercial free-to-air broadcasters deliver over 500 hours of first run Australian drama each year.
- 80% of advertising is also required to be Australian.
- Regional broadcasters deliver hundreds of hours of local news and information each year, and provide a vital forum for local businesses to advertise.

- Commercial free to air television also delivers 390 hours of children’s and pre-school specialist programming.
- We caption over 70% of 6am to midnight programming.
- Free to air commercial broadcasters pay significant annual licence fees – more than \$270 million in 2006/07 – on top of regular taxes.

None of these requirements exist at such a level for pay TV – nor for that matter for the internet, mobile content or IPTV.

Commercial free-to-air broadcasters make a range of other “public interest contributions”:

- We employ 7000 Australians directly,³ and support thousands more jobs in the independent production sector. Add training, experience and opportunities for local technical and creative professionals.
- Significant air-time contributions for community service announcements, with around \$100 million of air time donated in 2008.
- Public telethons and fundraisers which raise money and awareness for important public causes: from disaster relief to medical research.
- As I mentioned earlier, commercial free to air broadcasters delivers thousands of hours of news and current affairs annually, as well as unparalleled, free and universal coverage of events such as bushfires and terrorist attacks – events which capture the national attention and involve all Australians.

³ <http://www.abs.gov.au/ausstats/abs@.nsf/Products/8679.0~2006-07~Main+Features~Commercial+television+broadcasting?OpenDocument#PARALINK2>

As you would know this immediate news coverage is made possible by the availability of the 2.5GhZ news gathering spectrum which enables live feeds of vision and audio.

As the government considers future uses of spectrum, the fate of the 2.5GhZ band is just one of many technical and policy decisions still to be made. We believe it is vital that government makes these decisions by taking a whole-of-industry view; that the transition to digital NOT be looked at in isolation. The unintended consequences of such an approach could significantly impact what the public currently receive and enjoy. It's important we don't compromise the ability of free-to-air broadcasters to continue delivering this public good into the future.

We know that getting the balance right is not easy, for the government, we accept that. There are a lot of players with interests in these issues.

Free-to-air broadcasters are interested in outcomes which reflect the public interest, the Government's interest and, understandably, the industry's interests.

Government, for its part, wishes to deliver a seamless transition to digital and a digital dividend which can be used to deliver new services such as wireless internet, mobile telephony and broadcasting.

We recognise this as a public interest outcome. However it should not be achieved at the cost of another public interest outcome; that is, the public interest in being able to

receive robust, vibrant and sustainable free-to-air television which can continue to deliver local content, local news and information, and freely available sport well into the future.

The transition to digital television - and the identification and allocation of the Digital Dividend once analog is switched off - presents a difficult technical and policy challenge for the Minister and the Government.

There is no doubting the Minister's commitment to digital television switchover. In the 15 months since Senator Conroy took on the portfolio he and his team have worked cooperatively with industry to deliver:

- a region by region switchover timetable;
- **as announced today**, a public awareness campaign and labelling scheme;
- a framework for measuring digital take-up;
- research into the switchover issues for multi-dwelling units;
- digital television handbooks for builders and building owners;
- an antenna installers accreditation scheme; and
- a pilot package of support measures for the first region in the country to switchover - Mildura.

And let's not forget this is in the context of the Minister also having to grapple with another rather large national roll-out project in his portfolio.

These operational and planning actions are an important part of the foundations for a smooth switchover experience.

Broadcasters are working behind the scenes to assist the government:

- All broadcasters – commercial and government-funded - have come together in an unprecedented way to launch Freeview – with a commitment in airtime worth up to \$100M over two years - to publicise the benefits of digital free to air television and to help the government drive takeup;
- A wide range of technical planning and consultative groups on everything from transmission, to marketing and reception issues.
- Our technical staff are working very closely with the Digital Switchover Taskforce and ACMA's technical team.

We have seen in the US the big impact on large numbers of people of poor planning.

While the concept of analog switch-off is fairly straight forward on the face of it, the practical experience of the switch-over to digital has the potential to be quite complex. Not just for policy makers and technical planners, but also for the Australian viewing public.

In Australia, much good planning has already been done. But the challenges are formidable. There are a range of potential problems for the everyday viewer, that have to be addressed, some obvious, some not so obvious, but all with the capacity to have an impact:

- Public awareness.
- Other sets in the house.
- Purchase and installation of reception equipment.

- the antenna.
- high-rise developments or 'multi-unit dwellings' where analog cabling is generally not suited to transmitting digital television pictures.
- residential growth areas (south-west Sydney, the area east of Brisbane, the northern outskirts of Adelaide, the NSW mid-north coast and other coastal areas like the Bargara region near Bundaberg).

This may not be as easy as it sounds. I'm sure we've all seen the amusing clip from the US of the old lady attempting to connect up to digital TV.

We need to make sure people are considering these issues well in advance.

Just when you think its safe to switch on your TV who knows what will come out of left field.

Renters -- if it can take 3 weeks to fix a leaking tap, how long will it take for an antenna and cabling upgrade in a city like Sydney?

What about the 'cliff effect'? Unlike analog signals a digital signal delivers data which is either perfect or non-existent. If you have been putting up with a 'snowy' analog picture in a digital environment, a fuzzy picture may be replaced with a frozen picture or black screen.

And when everyone is up and running with a digital service, will people then have to retune all their channels on all their televisions, to adjust to new frequency allocations after 'restacking'? Some people say it is just a matter of pressing a scan button on a set-top box. Hopefully this will be so for most of us.

I do think it's worth noting however, that when analog was switched off in the Whitehaven area of the UK, 60% of the calls to the help-centre were related to retuning. As many of you no doubt know, the Whitehaven switch-off was allocated massive resources.

Some antenna installers here in Australia have told us that there may be people who need to replace their aerials as a result of restacking, because some aerials have been cut a particular way to receive the existing frequency allocations.

There are no 'easy solutions' here. It is a complex and technical set of issues. Alternative delivery mechanisms, such as satellite, have a role to play. But can the capacity constraints of satellite jeopardise the delivery of local services, and will it be a more costly and difficult conversion process for viewers?

My point is that all the key players need to be on the bus – and want to be on the bus – if we are going to deliver.

Just as free-to-air television is universal and ubiquitous, so will be the experience of these potential problems if we don't get the planning right. People see television as a vital service, and we can expect them to tell us, and to tell the government, how upset they are if things do not go smoothly.

We know the Australian public will do this; we've seen it before. In 2006, when the Australian public got wind of the push to have the sports anti-siphoning list watered down, there was an outcry. The Save My Sport website received an overwhelming response. People who signed the petition were from every electorate in the country.

Indeed, the anti-siphoning list is yet another issue in a whole-of-industry approach in the transition to digital - and a government review is planned for later this year.

The anti-siphoning rules are a public good. The move from analog to digital broadcasting does not change the basic premise that all Australians should be able to see major sporting events for free.

However the upcoming review does provide the opportunity to deliver more public benefit, by showing some of the sport we already have on digital multi-channels. This would deliver increased choice and diversity (with no subscription fees). It would also help meet the challenge of driving take up.

The record audiences for the Olympic Games in 2008 reaffirmed the continuing popularity of sport on free-to-air television with Australian viewers. 17.2 million people watched all or part of Seven's coverage – the largest in Australian television history – and an average of over 11.6 million tuned into the commercial television coverage every single day.

Year after year the top rating programs are sporting events – the AFL, NRL, tennis, cricket, swimming. These are shared events the community enjoys and talks about. Unlike in many other countries, Australians don't have to pay to watch their favourite teams and they don't have to go to the local pub if they can't afford to pay to watch major sporting events.

The Australian anti-siphoning scheme continues to deliver on its public policy objectives, despite the campaign to force Australian viewers to pay for sport.

In many ways, it's a great example of how the interests of the public, the industry and government *can* all be met by thoughtful, 'big-picture' planning.

But there are a range of regulatory and policy issues in the broadcasting sector that need to be carefully balanced as we work towards a post-analog world. If we don't get the balance right - there is a real danger to the public interest. The direct consequences will be felt first, in terms of the content most loved by Australian viewers: that is Australian drama and factual programming, sport, and news and current affairs.

The delivery of a digital dividend will be somewhat hollow if it comes at the cost of the public good, and the ability of our free to air broadcasters to deliver that content.

We strongly believe that decisions can be made which balance the public interest, the Government's interest and the industry's interest and broadcasters will play their role in this process.

We recognise we face a challenging environment. However, we are confident that Australia's free to air television broadcasters will continue to adapt, change and evolve in a digital-only environment. We see the arrival of new channels despite the difficulties of further fragmenting audiences.

Our most important commitment remains to provide a place for large audiences to hear strong and clear Australian voices – we want the same creative Australian talent that has been such a large part of television's success over the last 50 years, to be a big part of our success for the next 50 years.