



**FreeTV**  
Australia

**Submission by  
Free TV Australia**

Department of Communications

*Digital Television Regulation*

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## EXECUTIVE SUMMARY

- Free-to-air television is highly valued by the Australian public and will continue to be the primary way that people access content into the future. It is the only media platform which provides universal free access to all Australians, and provides a critical role in the cultural life of Australia through its ability to bring people together, its coverage of events of national and local significance and its support for the Australian content production sector.
- Spectrum access and certainty, and removal of outdated regulatory restrictions and obligations, are both critical for the continued delivery and future evolution of these important free-to-air services to the public.
- The digital free-to-air television industry is under significant pressure as a result of increasing competition from emerging platforms unconstrained by regulation along with rapid changes in technology, and consumer demand for better quality, pictures and sound.
- In this dynamic environment it is critical that Government policy provides flexibility and support to enable commercial broadcasters to identify and implement the most appropriate technology pathway that ensures efficient use of allocated spectrum while continuing to provide a competitive service that consumers value.
- Free TV does not support a mandated switch to MPEG-4 because it would not provide a significant benefit and would potentially hinder broadcasters' ability to move to newer more efficient transmission and compression technologies (DVB-T2 and HEVC) in the future.
- However individual broadcasters should have the flexibility to move to MPEG-4 if such a move is deemed commercial and MPEG-4 receiver penetration is adequate in a specific service area.
- Key elements required to support a vibrant, innovative and robust free-to-air commercial television platform and the adoption of an efficient pathway towards advanced broadcasting technologies include:
  - Retention of the 7MHz channel allocations for each broadcaster;
  - Availability of the 6<sup>th</sup> channel to test new technologies/services and provide a simulcast;
  - Sufficient regulatory flexibility for broadcasters to effectively compete with other platforms, including;
    - removing the requirement for the primary channel to be broadcast in SD and allowing broadcasters to choose the number of services and mix of formats that they provide;
    - removing the requirement for anti-siphoning list sports to be shown first on the primary channel;
    - not placing further unnecessary regulatory requirements on multi-channels and new services provided by broadcasters such as HBBTV; and
  - Certainty of long term access to sufficient spectrum and in particular certainty and stability during periods of migration to new technologies, which can be highly disruptive to consumers.

- Any proposal to enable digital television multiplex licensing as part of a transition to HEVC and DVB-T2 should be part of a wider discussion with the industry about the long term industry pathway towards advanced broadcasting technologies, should not be mandated and should allow individual broadcasters to retain control and flexibility in the services they provide under any such multiplex licences.

## Introduction

Free TV welcomes the opportunity to respond to the Department of Communications' Consultation Paper, '*Digital Television Regulation*' ("Consultation Paper"). As recognised by the Department in the Consultation Paper, now that the switchover from analogue to digital is complete, many of the requirements that regulated the conversion process are now redundant. Therefore this consultation provides a timely and useful opportunity to consider what aspects of the broader digital television regulatory framework require immediate reform, and what reforms may be required in the future.

Free TV represents all of Australia's commercial free-to-air television broadcasters. At no cost to the public, our members provide fifteen channels of content across a broad range of genres, as well as rich online and mobile offerings. The value of commercial free-to-air television to the Australian public remains high. On any given day, free-to-air television is watched by more than 13.5 million Australians.

Terrestrial free-to-air television is expected to remain the primary way that people access content into the future. The latest Australian Multi-Screen Report found that while Australians' use of various screens is evolving, viewing on connected mobile devices remains small relative to the time Australians spend watching broadcast television on in-home TV sets.<sup>1</sup>

Spectrum is critical to providing these free-to-air services to the public. Commercial and competitive pressures ensure that broadcasters use this spectrum efficiently and in the public interest. The continued pace of technological change dictates that broadcasters must continually innovate in content delivery within the constraints of a limited spectrum allocation

For broadcasters to continue to provide high quality and competitive free-to-air services to all Australians, it is critical for broadcasters to develop, and for Government to support, a DTT technology pathway that will allow broadcasters to meet changing viewer demands and transition to new technologies.

Spectrum certainty and stability will continue to be essential for broadcasters.

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<sup>1</sup> OzTAM Australian Multi-Screen Report, Quarter 4 2014.

## Value of free-to-air television

Commercial free-to-air television is highly valued by the Australian public. Free-to-air television is the only platform that delivers high-quality Australian programmes, including news, current affairs, sports and culture to all Australians for free.

Free TV dominates other content delivery platforms in the home with 99% household penetration - the majority of households have two or more TVs. Just 28.1% of Australian households have pay TV.<sup>2</sup> Over 70% of Australian households rely exclusively on free-to-air television.<sup>3</sup>

Over the last five years, commercial free-to-air broadcasters invested over \$6.62 Billion in Australian content – a record \$1.54 Billion in Australian content in the last year alone, representing 79 percent of commercial free-to-air networks' total content spend in 2013/14.<sup>4</sup>

Broadcasters continue to over-deliver on their 55 percent Australian content quotas. The latest figures from ACMA show each network averaged 64.3% of Australian content on their main channels and delivered twice the required amount on their multi-channels.<sup>5</sup> Australian free-to-air TV programs are the most watched shows on television. In 2014, every one of the top 50 programs on Free TV was Australian.<sup>6</sup>

A recent survey report by Screen Australia reaffirmed the critical contribution of the Australian broadcast television industry in bringing local content to Australian audiences, noting that:

*“The survey results reaffirm the role of the broadcast television industry in bringing local content (including Australian films) to Australian audiences both as programmed television and the broadcasters' own catch-up services.*

....

*Australian broadcasters and their programming decisions will...remain very important for access to Australian content for the foreseeable future.”<sup>7</sup>*

Findings internationally reaffirm the central role of the free-to-air television platform to culture and society. For example, a report to the European Commission prepared by Pascal Lamy, Chair of the High Level Group on the future use of the UHF band, noted that:

*“The European audio-visual model has provided citizens with a broad range of quality programming free at the point of access (so-called free-to-air) and fulfils major public policy objectives such as cultural diversity and media*

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<sup>2</sup> OzTAM, national pay TV universe estimates, Q2 2015.

<sup>3</sup> Free TV Australia, 2015 TV Trends Report.

<sup>4</sup> Figures sourced from networks and compiled by Free TV.

<sup>5</sup> ACMA “Commercial TV licensees met Australian content quotas in 2013”, July 2014.

<sup>6</sup> OzTAM and RegionalTAM, 5 cap cities and 6 aggregated markets, commercial free-to-air channels, consolidated data for 1 January to 31 December, 2014.

<sup>7</sup> Screen Australia Report, Online and on demand, Trends in Australian Online Video Use, 2014, at 7.

*pluralism. This is particularly important for the most vulnerable in society and must be maintained.*<sup>8</sup>

## **Future development of digital terrestrial television**

### **1. Digital Terrestrial Television (DTT) technologies**

#### **Consumer demand for increased viewing quality**

DTT technologies are evolving quickly. New digital video formats are being developed to meet consumer demand for improved TV viewing quality and free-to-air broadcasters are under increasing competitive pressures to provide the same quality viewing that is available on competing platforms.

Digital video formats relate to picture resolution and currently the available formats are Standard Definition (SD), High Definition (HD) and Ultra-High Definition (UHD). The higher the resolution, the better the quality of the picture and the more spectrum is required. Higher resolutions require significant increases in capacity (for example, UHD requires up to 20x more capacity than SDTV).<sup>9</sup>

For broadcasters to be able to transmit new digital video formats to viewers, particularly UHD content, these new digital video formats must be accompanied by encoding and transmission technologies that are capable of delivering these new formats within existing spectrum allocations.

#### **Evolving standards**

Globally, broadcasters are grappling with the rapidly evolving standards available to deliver consumers increased quality and choice.

A recent report by Analysys Mason for Digitag identified that encoding standards are offering greater gains in capacity and the next generation of broadcast transmission standards (DVB-T2) is increasing the capacity to offer new services.<sup>10</sup> The report also stated that:

*Migration to new standards needs to show a clear benefit to the viewer. There also needs to be clear support and national co-ordination, similar to digital switchover, which protected the viewer.*<sup>11</sup>

Due to the size of the Digital Dividend (694 - 820 MHz), the resulting amount of spectrum now allocated to Australian television broadcasters (174 – 230 MHz and 520 – 694 MHz) is small relative to that available in other television markets globally. This means that in the future, broadcasters face the challenge of evolving and investing in the digital terrestrial broadcasting platform with significant spectrum constraints.

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<sup>8</sup> Lamy, P. Report to the European Commission, *Results of the Work of the High Level Group on the Future Use of the UHF Band (470-790 MHz)*, at 3.

<sup>9</sup> Digital Television Action Group Report, *Roadmap for the Evolution of DTT, A bright future*, 2014, at 7.

<sup>10</sup> Digital Television Action Group Report, at 4.

<sup>11</sup> Ibid.

Currently, Free TV members are constrained both by the amount of spectrum available to broadcasters, and the way it can be used.

Broadcasters should have the flexibility and the capacity to evolve and compete with online providers such as Netflix, which are already offering 4K UHD services in Australia.

As the Lamy report points out, transition to these new technologies is complex and costly, and requires careful planning in terms of frequency usage and implementation.<sup>12</sup>

Free TV considers consumer appetite and domestic equipment availability will drive the time frame for such changes. Australian viewers have just completed digital switchover and the restack of the digital broadcast signals. Any technology evolution must have regard to the needs of viewers and the aim of minimising viewer disruption.

### **Technologies required for access to better viewing quality**

In Australia, existing technologies for compressing and transmitting digital video are limited in their ability to deal with the significant increases in capacity that high resolution digital video formats require.

While existing technologies are capable of transmitting HD content, they are not capable of transmitting UHD or beyond. Current encoding and transmission technologies need to be upgraded for broadcasters to be able to deliver consumers content in new digital video formats.

The key compression and transmission technologies that have been developed so far are set out below.

#### ***Compression technologies - Encoding standards***

Encoding standards or compression technologies effectively reduce the amount of transmitted information required to produce the same picture quality. Currently the available compression technologies are MPEG-2, MPEG-4 and HEVC, with MPEG-2 being the oldest and least efficient, and HEVC being the most recent and most efficient. While MPEG-4 provides an efficiency gain of approximately 35% compared with MPEG-2, HEVC provides a further gain of 40%.<sup>13</sup>

To be able to transmit UHD digital video within existing spectrum allocations, HEVC encoding standard is required. Broadcasters would not currently be able to transmit UHD digital video using the MPEG-4 compression standard.

#### ***Transmission standards***

Transmission or modulation technologies are used to effectively pack the compressed picture into the available spectrum so that it can be delivered through a television channel to the home.

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<sup>12</sup> Lamy, Op. Cit., at 5.

<sup>13</sup> See Free TV Australia Project Group, *Performance of MPEG codecs when applied to DVB system deployment*, February 2015. Efficiency estimates provided by Free TV Engineering Committee, March 2015.



Available transmission technologies include the current Australian DVB-T standard and the newly emerging DVB-T2 standard. DVB-T2 produces an additional efficiency gain of 35% compared to DVB-T.<sup>14</sup>

In order to be able to deliver the significant amounts of data required for UHD digital video formats in existing spectrum, the newer DVB-T2 transmission technology must be used. It would not be practicable for broadcasters to transmit UHD digital video formats via DVB-T transmission standards within existing spectrum allocations.

## **2. Impact of DTT technologies on spectrum efficiency and availability**

As indicated above, DTT technologies directly impact on how efficiently spectrum is used. While new encoding and transmission standards increase broadcasters' ability to use their spectrum efficiently, new digital video formats will consume any efficiency gained. In other words, broadcasters will need to upgrade encoding and transmission technologies in order to 'fit' the new digital video formats into available spectrum allocations.

In addition, migration to new standards is likely to increase the spectrum requirements of terrestrial broadcasting services, at least in the short term, in order to mitigate the disruption of any migration to new technologies on viewers. Spectrum will be required additional to existing allocations in order to conduct testing and development of new technologies, and to enable a simulcast, so that consumers are given the opportunity to adopt new equipment capable of accessing the new technologies.

## **3. Risks of adopting the wrong pathway**

Adoption and timing of the right technology pathway is critical for the continued access of the public to free-to-air television. The risks of adopting the wrong pathway, or adopting a particular pathway at the wrong time, are discussed below.

### **Pigeonholing**

Broadcasters are concerned that a compulsory migration to MPEG-4 resulting in a further reduction in broadcast spectrum will mean that free-to-air broadcasters are not able to transition beyond to more efficient technologies which allow better quality content delivery and higher efficiency. As a result, consumers would not be able to access higher quality content on free-to-air television.

Any migration to new encoding and transmission standards requires use of additional spectrum for simulcasting and also for testing and trials. If any of the efficiency gained from MPEG-4 was used to create a second digital dividend, this would mean that introducing higher quality picture formats would be even more difficult. This is because there may not be sufficient spectrum to make the transition to the new encoding and transmission technologies required to support higher quality channel formats.

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<sup>14</sup> DVB Fact Sheet, DVBT2, 2<sup>nd</sup> Generation Terrestrial, *The World's Most Advanced Digital Terrestrial TV System*, December 2014. Efficiency estimates provided by Free TV Engineering Committee, March 2015.

## Leaving the audience behind

Any move to new broadcast technologies will not be possible without an implementation plan that ensures consumers have adequate time to purchase equipment capable of receiving transmissions made using the new standards. This will require a simulcast period for a sufficient amount of time.

If broadcasters transition to new technologies before consumers are ready, this will have a significant detrimental impact on the universal accessibility of free-to-air television. Those who are less likely to have access to alternative content delivery platforms such as pay TV and the internet will be hit hardest.

## International standards

It is important for Australian broadcasters to develop a technology pathway that is consistent with international markets. DVB-T2 is now an established standard with 69 countries having adopted or deployed DVB-T2.<sup>15</sup> While HEVC is a newer technology and not yet wide-spread, it is now an accepted compression standard.<sup>16</sup>

In the long run, Australian television broadcasters could be at a competitive disadvantage if they are not able to transmit content in new high quality formats. The requirement that the primary channel is transmitted in SD is already having this effect.

Over time this could have an impact on Australian content, the Australian production sector, and local jobs and export of Australian content.

## Pathway forward in Australia

As indicated above, adopting the right technology pathway at the right point in time is critical for the continued access of the public to free-to-air television.

### 4. Preferred technology pathway

#### The pathway

The preferred technology pathway is one that takes broadcasters from where we are now (DVBT/MPEG2) towards the most efficient modulation and compression technologies (DVBT2/HEVC), with minimal disruption to consumers.

This migration pathway may include flexibility for individual broadcasters to move in the interim to MPEG-4 based on commercial assessments of audience availability. However a transition to MPEG4 should not be compulsory.

#### Why this pathway is preferred

This preferred technology pathway is based on the following:

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<sup>15</sup> DVB Fact Sheet, DVBT2, 2<sup>nd</sup> Generation Terrestrial, *The World's Most Advanced Digital Terrestrial TV System*, December 2014.

<sup>16</sup> See ETSI TS 101 154 V2.1.1 (2015-03).

- DVBT modulation and MPEG-4 compression standard technologies are likely to be superseded by DVBT2 and HEVC;<sup>17</sup>
- DVBT2 is now the accepted emerging modulation standard and HEVC is expected to be the accepted compression standard of choice for broadcasters wanting to maximise efficiency in the near future;<sup>18</sup>
- DVB-T2 and HEVC will support more service delivery options, provide broadcasters with greater ability to compete and ultimately provide better free-to-air services to consumers;
- Any efficiency gain from a move to DVB-T2/HEVC is expected to be much greater than a short term efficiency gain from a move to MPEG4.

### **Why a compulsory move to MPEG-4 is not supported**

A compulsory move to MPEG-4 is not supported for the following reasons:

- MPEG-4 is no longer the most efficient compression standard, so a second upgrade to DVB-T2/HEVC would be required in the near future. A move to MPEG 4 may delay the greater efficiency gain from DVB-T2/HEVC;
- A move to MPEG-4 may impose an unnecessary transition on viewers, which may not be required if broadcasters can move directly to more efficient technologies without transitioning through MPEG-4;
- There is insufficient penetration of MPEG-4 receivers in the market. Free TV notes that there are no reliable figures in relation to the penetration of MPEG-4 receivers however the Consultation Paper refers to advice provided to Government by the ACMA that more than 80% of main digital television sets in Australian homes were likely to be capable of receiving MPEG-4 services. On those estimates, if broadcasters were to transition to MPEG-4 now, at least 20% of existing homes may not have access to any free-to-air television without incurring costs to upgrade their receivers and many would also need to incur costs to upgrade secondary television sets within the household;
- A compulsory transition to MPEG-4 risks leaving broadcasters with no viable pathway to more efficient and relevant technologies due to the lack of spectrum available to transition to DVB-T2/HEVC;
- The potential efficiency to be gained by a transition to MPEG-4 is minimal compared to the larger gains that might be achieved in the future from a transition to DVB-T2/HEVC.

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<sup>17</sup> For example see DVB Fact Sheet, DVBT2, *2<sup>nd</sup> Generation Terrestrial, The World's Most Advanced Digital Terrestrial TV System*, December 2014; Analysys Mason, Digital Television Action Group, *Roadmap for the Evolution of DTT – A bright future for TV*, 2014.

<sup>18</sup> See *ETSI EN 302 755 V1.1.1 (2009-09)*, *ITU Standard ITU-T H.265 (04-2013)*.

- Further, it is worth noting that while the efficiency gain from MPEG-4 could assist with providing more content in HD, to convert any efficiency gained from transition to MPEG-4 into a spectrum dividend, would require:
  - Broadcasters to move to a combined multiplex operation; and
  - Another costly and time-consuming restack to obtain a contiguous block of spectrum,both of which would cause significant disruption to viewers. By the time any efficiency gained from MPEG-4 is converted to a useable dividend, it will be superseded by DVBT2/HEVC.

Broadcasters support retaining the option to transmit services in MPEG-4 if they determine it is commercially viable and not detrimental to consumers.

## **5. Key elements of preferred pathway**

As noted in the Consultation Paper, as the pace of technology change increases, the availability of new and more efficient standards may become more frequent than has historically been the case. This means that long term planning for technology transitions will be increasingly important to ensure broadcasters and viewers are well placed to take advantage of new opportunities.

Broadcasters have identified the following as key components of the preferred technology pathway.

### **Retention of 7MHz allocations for each broadcaster**

Currently, each broadcaster is constrained by its 7MHz spectrum allocation.<sup>19</sup>

Retention of broadcasters' 7MHz is necessary to enable a pathway to adopting new technologies so that an orderly migration process can occur and viewers are not disadvantaged.

### **6th channel for simulcast and testing**

The fact that broadcasters are spectrum constrained means that during any transition to new technologies, additional spectrum will be required for a simulcast while consumers migrate to new receivers.

The 6th channel will need to be available for this purpose and additional spectrum may in fact be required. Broadcasters are likely to need access to the 6<sup>th</sup> channel for trials and testing of new technologies to ensure that disruption to consumers' viewing is minimal.

Technical trials will be required to determine the viability of the technologies and any issues that will need to be addressed prior to implementation.

### **Maximum flexibility for use of spectrum**

The new media environment means that free-to-air broadcasters are competing with a range of media platforms to provide consumers with high quality content.

In order to do this effectively, broadcasters require maximum flexibility in the way they use their spectrum. For example, broadcasters should be able to choose

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<sup>19</sup> See *Broadcasting Services Act 1992*, Part 4, and *Radiocommunications Act 1992*, s 102.

whether to provide a suite of HD channels or a combination of HD/SD channels (or potentially UHD services or use for other delivery mechanisms in the future).

The regulatory environment should facilitate this as is addressed in our responses to the Government's specific proposals detailed below.

### **Ensure certainty and stability**

Spectrum certainty, stability and lack of interference to the reception of TV signals are critical to the continued availability and quality of free-to-air digital television services.

Maintaining stability is particularly important during periods of migration to new technologies, which have the potential to be highly disruptive to viewers and broadcasters. For example, the restack of the BSBs impacted virtually every TV viewer in Australia. The process was costly, risky, and required every TV viewer to either retune their TV or do something more complex to continue to receive television. Those types of imposts should be avoided as far as possible in the future.

Ensuring that migration to new platforms is consumer led and responsive to demands for innovation and adoption of new technologies, rather than government imposed, will ensure that disruptions are minimal and make the transition process much easier.

## **Government proposals**

The Consultation Paper sets out the Government's preliminary position on a number of issues. We provide our comments in response to those issues below.

### **Preliminary Government position: No new regulation limiting the number of services provided to broadcasters will be introduced**

Free TV agrees with the Government's position that Commercial and National broadcasters should be free to determine the most appropriate mix of services and formats for their audience. The number and type of services provided by a broadcaster are commercial decisions for the broadcaster and should not be limited or restricted by regulation.

Consumers now have a range of television-like services available to them across a variety of platforms and therefore there are very strong incentives on broadcasters to use their spectrum efficiently to meet the demands and interests of audiences. To restrict free-to-air broadcasters from deciding their mix of services would place broadcasters at an unfair commercial disadvantage, in a highly competitive market where no other providers are subject to restrictions on the number or kind of services they provide.

### **Preliminary Government position: Remove provisions in the BSA that specify if a terrestrial regional commercial broadcaster provides fewer services in its licence area than is provided on VAST, the ACMA can declare the area to be 'service deficient'**

Free TV supports the Government's position. The service deficiency provisions in the BSA are no longer required, given the competitive nature of the digital market in which broadcasters are now operating.

**Preliminary Government position: The requirement for the primary channel to be provided in standard definition will be removed**

The requirement for the primary channel to be provided in standard definition is outdated and should be removed. In an all-digital environment, this requirement no longer has any relevance.

As indicated above, free-to-air broadcasters should be able to determine the best mix of services to meet audience expectations, including whether to transmit their primary channel in HD or SD.

**Preliminary Government position: No reintroduction of a quota requiring a specified amount of HD content**

Free TV supports the Government's position. There are sufficient commercial incentives for broadcasters to provide content in HD without a quota requirement.

**Preliminary Government position: Remove the datacasting regime in relation to television and remove the current restriction on providing narrowcasting services on digital multiplexes**

Free TV supports additional flexibility for broadcasters to provide narrowcasting services as part of their service offering.

Free TV also supports the removal of the datacasting regime. However, provision should be made for existing commercial services which are currently operating under the datacasting regime to be grandfathered so that these services may continue to be provided under the current regulatory framework at the option of the broadcaster. The grandfathered regime should also continue to apply if the content providers in the existing arrangements change.

**Preliminary Government position: Maintain current arrangements for third-party content while considering alternative frameworks**

While Free TV notes that the existing framework is working well, Free TV supports greater flexibility for broadcasters and is not opposed to exploring alternative frameworks which would allow broadcasters to 'rent' space to third-party content providers.

**Preliminary Government position: No change to the restriction on broadcasters providing subscription services**

Free TV favours increased flexibility in relation to the nature of the services that they are able to provide, and in principle this should include the ability to provide subscription services. This is a matter that should be subject to further review.

**Preliminary Government position: Further work to be undertaken on the commercial and regulatory implications of FTA TV services being delivered using online platforms**

There is no justification for imposing additional regulation on free-to-air broadcasters' online services where those regulations are not applied to any other online content provider. As the ACMA identified in its *Broken Concepts* series, platform specific regulation is increasingly under pressure. Any move to extend outdated broadcasting regulation to online delivery would further exacerbate the current regulatory disparity that exists and would be anti-competitive.



**Preliminary Government position: Broadcasters should commence the transition process to transmit their services in MPEG-4**

As set out in detail above, broadcasters do not support a mandated transition to MPEG-4.

Broadcasters should retain the option to transmit channels in MPEG-4 if they determine a move to MPEG-4 is feasible, based on commercial considerations including consumer adoption of MPEG-4 receivers in a specific service area.

Free TV notes that a testing period would be required in order to guarantee that services transmitted in MPEG-4 would not cause receiver issues or consumer disruption.

**Preliminary Government position: Digital television multiplex licensing will be introduced.**

Free TV notes that the Government does not intend to require commercial television broadcasters to share their multiplexes and supports this position.

Whilst there is little appetite amongst its members to move to digital multiplex licensing arrangements in the foreseeable future, particularly given our strong opposition to a mandated move to MPEG-4, Free TV recognises that in its transition to its preferred technology pathway set out above, multiplexing via a third party may require further consideration in the future in the context of DVB-T2/HEVC.

However, given that such a major structural change will result in substantial disruption to viewer services and the operations of commercial broadcasters, Free TV remains circumspect about the Government's position

Accordingly, whilst Free TV cautiously acknowledges the potential for commercial broadcasters to share digital television multiplexes at some point in the future, it notes that this issue will require much discussion with industry, particularly in relation to regional services where complex localised splits are required, and will not be accepted in any form that erodes broadcasters' control and flexibility in the services they provide under any resulting licensing arrangement.

The Government's proposal to move ABC and SBS to a shared multiplex does not appear to be based on any detailed analysis of the impact on viewers, the services provided by both national broadcasters, or the impact such a move would have on the rest of the platform and its future development.

Further, any move to MPEG-4 and digital multiplexing for the national broadcasters will at most only provide a short term benefit. As detailed above, MPEG-4 as a standard is likely to be superseded by HEVC and is therefore not part of the long term technology pathway preferred by broadcasters.

**Other aspects of Digital Television Regulation - Anti-siphoning, Australian Content and Captioning**

We note the Consultation Paper indicates that the Government will separately consider the anti-siphoning, Australian content and captioning obligations. However, in respect of anti-siphoning Free TV notes that with the completion of digital switchover there is no longer any justification for maintaining the requirement that anti-siphoning events cannot be shown first on the non-primary channels.

The current rules are a regulatory anomaly related to the pre-analogue switchover era when not everyone had access to the multi-channels. It is no longer appropriate in the fully digital era. In practice, listed sports have been regularly shown on the multi-channels since 2010. However, for an event on the anti-siphoning list to be

premiered on a digital multi-channel, the Minister must issue a notice removing it from the list shortly before broadcast, following a request from the broadcaster. This is an unnecessary administrative burden on both government and broadcasters that serves no purpose and should be removed as a matter of priority.

Free TV also notes that there is no case for further expanding Australian content or captioning obligations. The free-to-air broadcasting industry currently faces significant commercial pressure from other unregulated platforms. Free-to-air television is critical to delivering public interest outcomes in the future. However, the free-to-air industry will only be able to do this if the right regulatory settings are in place to ensure a vibrant, innovative and robust free-to-air commercial television platform.

A more balanced and fair regulatory framework is needed to ensure that all Australians continue to receive high quality Australian programming. In the current market environment to impose additional regulatory requirements on free-to-air broadcasters and exacerbate existing regulatory disparities could cause irreparable damage to broadcasters (and the content production industry that relies on them).

## **Conclusion**

Free TV thanks the Government for the opportunity to comment on these important issues affecting digital television regulation.

Identifying the most appropriate regulatory framework and technology pathway that maximises efficient use of spectrum and achieves better quality viewing for consumers within existing spectrum allocations is essential to ensure that the digital free-to-air platform is able to continue to deliver universal free access to all Australians.

We look forward to working with the Government further to ensure that the digital free-to-air platform is able to evolve and continue to provide a strong and authentic Australian voice.