



THE FUTURE OF TELEVISION BROADCASTING SPECTRUM

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Speech by Julie Flynn, CEO, Free TV Australia

Good morning and thank you to the ACMA for the opportunity to speak today about the future of television broadcasting spectrum.

We welcome the Minister's statement in his keynote address this morning recognising the ongoing importance of television broadcasting and broadcasting spectrum. The 13.5 million Australians who view commercial free-to-air television every day will also welcome the certainty that they will be able to continue to access the fantastic content and services that they currently view for free.

We think the move to give broadcasters more flexibility over how they use the spectrum will deliver tangible benefits for both viewers and industry.

Today I am going to briefly discuss

- 1) The ongoing importance of free-to-air television broadcasting
- 2) The constraints of the current allocation and regulation of broadcasting spectrum
- 3) Emerging technologies and their impact on television broadcasting
- 4) And finally - some guiding principles to ensure that the free-to-air platform continues to be vibrant and innovative.

Commercial free-to-air television broadcasters are major contributors to the cultural and social life of Australians and to achieving the objectives of broadcasting policy. Spectrum allocation is critical to our ability to continue to deliver these services to all Australians for free.

Free TV broadcasters produce hundreds of hours of news, sport, drama and entertainment every week. And we are the major investors in Australian content, spending a record \$1.36 Billion in 2012-13. We employ over 15,000 people directly or indirectly and are the major underwriters of the local production sector.

This investment is reflected in the continued popularity of commercial television.

However, we are at a crossroads. We face competition from many players, not just Foxtel. There are new SVOD services already here or on the near horizon, and of course on-line services such as YouTube. On top of that there is the broader threat to advertising revenue posed by digital.

Broadcasters are responding through innovation including new services such as catch up TV, mobile apps and Freeview Plus, and increased investment in content. However in order to stay relevant and competitive in a rapidly evolving market, preserving our spectrum access is absolutely critical.

Firstly, because terrestrial linear TV will be with us for a long time and despite all the excitement about convergence and new ways of accessing content;

- We spend over 3 hours a day watching TV on a TV set – the majority of this is of the live broadcast
- Just 23 mins a day is spent watching video – this includes TV, YouTube, etc - on other devices

Secondly, because spectrum allows us to compete against the new digital entrants. Each broadcaster has only a limited precious 7MHz in a licence area. At present that means we can offer 1HD channel and up to 4 SD channels.

The successful transition to digital television at the end of last year has enabled viewers to receive a range of new services with better quality pictures and sound. This transition was achieved with minimal disruption to viewers, due to the careful management by broadcasters in co-operation with the Digital Switchover Taskforce and the ACMA. Now it is time to look to the future.

Due to the size of the Digital Dividend, and the amount of spectrum allocated in Australia to TV broadcasting, we operate in a smaller amount of spectrum than television broadcasters elsewhere. We don't have the problems of

countries on our border, but we do have a large country to cover and a commitment to ensuring that all viewers have access to the same level of service, regardless of where they live.

This means that in the future, we will face the challenge of evolving and investing in the terrestrial broadcasting platform in an environment with significant spectrum constraints.

It's constrained both by the amount of spectrum available to broadcasters, and by the way we can use it.

In previous submissions to government, Free TV stated that the size of the Digital Dividend left broadcasters with little or no spectrum to test and migrate to new technologies. That is now a reality.

One of the most common complaints television broadcasters receive from viewers is why can't they see more sport in HD. Under the current regulatory framework broadcasters are forbidden to show their primary channel in HD and under the antisiphoning rules listed sports must be on a primary channel unless you get permission to do otherwise.

So the first step which we think is absolutely a no-brainer, and can be done simply and quickly, is to get rid of the regulation in Schedule 4. Deciding whether or not to run your primary channel in HD should be a commercial decision for television broadcasters. We look forward to working with the government on the review of Schedule 4 so that broadcasters are able to have much more flexibility over how they use their spectrum. In particular, each broadcaster should be able to decide the quality and number of channels they provide using the allocated spectrum.

The other factor in play is that receiver manufacturers are moving to Ultra-High Definition devices. These require more bandwidth than was required for HD, and again is demonstrating ongoing consumer demand for new technologies that enhance their TV viewing experience.

Broadcasters will need to find a pathway to these new technologies if we are to continue to meet the public policy objectives of maintaining a strong and authentic Australian voice and reaching all Australians for free.

That's why certainty and control of broadcasting spectrum is a key priority. These issues are not unique to Australian Broadcasters.

A report last week to the EU on the future of the UHF Band by Pascal Lamy found that

- Linear TV will remain dominant for the foreseeable future with the 'big screen' at home remaining the primary audio visual device for consumers;
- Broadcasting spectrum below 700MHz must be safeguarded until at least 2030, with a review of market and technologies in 2025;
- DTT and wireless broadband are likely to coexist for a long time, with the next generation broadcasting standards offering capacity gains that will off-set the increasing spectrum demand from HD and UHD.

This brings us to emerging technologies and how the existing spectrum constraints are impacting broadcasters' ability to transition to these more efficient transmission and coding standards.

Emerging Technologies

In digital - unlike analogue - broadcasters can do more with the spectrum. More HD, more services, and in the future, Ultra HD and whatever follows. But as we have said earlier, all of this requires the ability to move nimbly to meet the demand of consumers and to have access to sufficient spectrum to deliver them.

This means fewer regulatory constraints and a pathway to these new technologies;

- MPEG 4
- DVBT-2
- HEVC
- UHDTV

As the Lamy report points out, transition to these technologies is complex and costly and requires careful planning in terms of frequency usage and implementation. We would add that consumer education and general equipment availability will also drive the time frame for such changes.

Viewers have just completed digital switchover and some are still completing re-stack. In considering any changes we must have regard to the needs of viewers and minimising any disruption to them.

Free TV has been giving careful consideration to these issues in recent months. We recognise that mobile and broadband companies are already eyeing remaining UHF spectrum and that governments are keen to capitalise on any potential revenue source.

But this needs to be weighed against the public benefits that broadcasters continue to provide - extremely popular services, including high levels of Australian content available free to all Australians regardless of income or where they live. In contrast, the telcos who bought digital dividend spectrum will shortly be providing unregulated broadcast-like content to paying customers only.

We are confident in our case that broadcasters need certainty of access and control over how we are able to use their spectrum to meet the challenges of an increasingly competitive media environment and to enable us to develop a framework for transition to new coding and transmission technologies.

Moving to MPEG 4 is just a first step. If the free-to-air platform is to remain competitive we will need a pathway to new coding and transmission technologies and sufficient spectrum to enable us to do so.

We will argue for the retention of the 6th channel to assist us with a migration path to new coding and transmission technologies (at least for the next several years).

We will also argue strongly for the Government to support the retention of the UHF spectrum below 700MHz for broadcasting at the World Radio Conference at the end of next year.

So summing up, broadcasters welcome the government's public recognition of the ongoing importance of television broadcasting into the foreseeable future. We look forward to working with Minister Turnbull and the Communications Department in developing a framework that ensures certainty of access and flexibility of spectrum use.

Thank you.