COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE ARTS

Reference: Uptake of digital television in Australia

WEDNESDAY, 7 SEPTEMBER 2005

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HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE ARTS

Wednesday, 7 September 2005

Members: Miss Jackie Kelly *(Chair)*, Ms Owens *(Deputy Chair)*, Mrs Bronwyn Bishop, Mr Garrett, Mr Griffin, Mr Hayes, Mr Johnson, Mr Keenan, Mr Laming and Mr Ticehurst

Members in attendance: Mrs Bronwyn Bishop, Mr Hayes, Mr Keenan, Miss Jackie Kelly, Mr Laming, Ms Owens and Mr Ticehurst

Terms of reference for the inquiry:

To inquire into and report on:

The rollout process for digital television, including progress to date and future plans

Options for further encouraging consumer interest in the uptake of digital television

Technological issues relevant to the uptake of digital television

Future options

WITNESSES

Committee met at 9.24 am

LOWE, Mr Ian, Group Marketing Manager, Home Network Product, Sony Australia Ltd

CHAIR (Miss Jackie Kelly)—Welcome. Although the committee does not require you to give evidence under oath, I should advise you that these hearings are formal proceedings of the parliament; consequently, they warrant the same respect as proceedings of the House itself. It is customary to remind witnesses that giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. We have your submission. Would you like to make a brief opening statement and take the committee through the variety of things that Sony does?

Mr Lowe—Firstly, thanks for the opportunity—I appreciate the chance to come and discuss the whole issue with you—and for all of you turning up to hear me rant on. I want to touch on a few things before we start the Q&A. Sony is in a very unique position in the market. We are a large manufacturer of consumer electronics—TV, hi-fi, recorders, digital imaging and the like—but we are also a major manufacturer of broadcast and production equipment. We have a very strong relationship with our broadcast and production marketplace, both in acquisition and storage and in editing. We are also a major content provider of music, film and video, and we play a significant role in the gaming industry as well, which is also about digital content.

As has been noted, we have made a number of submissions in the past across the series of questions and answers that have come from the department, and I want to touch on a few key issues about that as well. Clearly, for us, looking at where the market is heading and what Sony is developing, the real issue is high definition being the future of television. The question is about how to get high def as the standard for the market in the future.

CHAIR—Which standard of high definition are you using?

Mr Lowe—It is okay; I was just going to go there. Digital television is high def in 1080i or 720p, which are the two worldwide standards. Clearly, high definition is becoming the standard throughout the entire world community and in the products that Sony builds. Next year Sony will be launching a new PlayStation, PS3, and that will be high def out 1080i. There are already high-definition camcorders available in the market. We were going to bring a $3,500 consumer camcorder that acquires in 1080i to show you today, but unfortunately we could not. High definition is now in the consumers' hands and will continue to grow. Worldwide content is clearly moving to high def. Seventy per cent of US prime time is already shot, produced and transmitted in high def.

The big question moving forward is about recorders. Right now, DVD recorders are the big growth industry in the consumer market, but the big argument at the moment is about high-definition recording and what technology will dominate that. There are two choices on the table. Clearly we have moved on from DVD recording and we are moving into high-definition recording. How that is going to impact on consumers and what the formats are is the big argument for the future. For us, I think the real story is about getting the Australian market to move forward with digital but to transition it to high definition, about understanding where the market needs to move to get the entire market to high definition and about keeping us as a community at the forefront of the technology that is available.

In the submission we have covered a few key points on the drivers of the market and the things that we believe we need to do as government and industry to get there. Those key points are: maintaining and growing our high def content in the Australian transmission market, setting a clear analog cut-off date to help everyone to understand where we are and what is going to change—

Mrs BRONWYN BISHOP—Can I ask you why Australia would do that when no other country in the world is given a cut-off date?

Mr Lowe—In certain markets there are clear cut-off dates. Italy and Germany have already done that. There are other markets where it is being progressed on a slower basis. They are saying, ‘Okay, at this time we’re going to move this market and then we’ll move to another area and move this one.’ That would certainly be our suggestion in terms of clarity. For a particular segment of the market we would say, ‘We’re now turning off analog,’ and then we would move to another segment. That obviously has to be based on the take-up rate of the community at the time. We are not saying the whole country has to be switched off at once; we are saying that it needs to be clearly communicated to everyone in the industry and of course consumers that there is a time frame for analog to cease.

The other things that we would suggest are removing the restrictions on multichannelling, mandating integrated tuners and developing electronic program guides and interactivity to provide greater value to the consumer. It is also important to drive the entire marketplace, and that would involve a lot of promotion and certainly education—there is a lot of confusion with consumers in particular—and marketing of all of those answers to the consumer. We would need to explain how all that is going to work moving forward. We believe that there is a big need for the industry and government to help drive that education process and the promotion of DTV in the market.

CHAIR—Thank you very much. You mentioned multichannelling, but you have a distinct preference for HD. So you are really pushing HD in the capture and in the recording at the other end. What about in the transmission of it? We have heard from Channel 7 that they think that SD transmission is sufficient. I think they transmit at six megabits per second to do their SD broadcast, which they reckon gives you a sufficiently great picture and also allows them sufficient spectrum to multichannel.

Mr Lowe—The reality is that what we are talking about with SD, or standard-definition transmission, is PAL. That is the television standard that we use here. It is the same standard that we have been using for colour since 1976. Do we really want to consign ourselves to continuing to use a 30-year-old technology moving forward? Sure, you can multichannel with standard definition—you can have five or six channels if you wish. From our standpoint, we believe that high definition is where consumers want to head. The quality is markedly different, and I believe you have seen that at the demonstration.

CHAIR—So channels 9 and 10 are both pushing HD and saying HD is the way to go. With HD where they are currently at, multichannelling is a very limited option because of advertising revenue and whole bunch of other issues.

Mr Lowe—On the issue of advertising revenue and the model that the broadcasters are talking about, I cannot speak for the broadcasters on how they make money, obviously. Our position is that moving the market forward in technology is going to help everyone. The revenue model for multichannelling does not have to be the revenue model that we see today in Australia. Clearly there are other countries in the world that have multichannelling and have been able to achieve a revenue model that works. Whether that can be mapped to Australia is a question I cannot answer, but there are obviously models that will work in this country. The question is: what are they and how do we find them? We do not subscribe to the belief that the existing one channel or one transmittal of information for each network is the only solution. There are other solutions. There is other technology that clearly can provide content.

CHAIR—What is the pixel rate for your reception equipment? Is it 1440 times 1080 or 1920 times 1080? I think Channel 7 had a preference for 1440 rather than HD.

Mr Lowe—Our position is that we would be happy to receive whatever signal is transmitted as high resolution. We build receivers and televisions, and 1440 by 1080 is certainly a reasonable solution, and 1280 by 720—the 720p progressive scan—would also be a reasonable solution. They are good high-definition formats. Our preference for everything is 1080i, whether we use that with 1920 or 1440.

CHAIR—So the lower broadcast standard in HD is acceptable to you, rather than the ultimate HD.

Mr Lowe—The question of what is acceptable is not really for us. It is a question for the consumer: what do they want to buy? The resolution of our TV sets will clearly resolve 720p—no problem.

Mrs BRONWYN BISHOP—But we do not want to buy them for the prices they are.

Mr Lowe—The price comes down all the time. That is one of the joys of our industry, unfortunately. Every day, the prices continue to reduce. Without trying to do a sales job on you, we have just launched a brand-new range of product that is all high-resolution LCD, and the prices are significantly reduced from where the market stands today.

CHAIR—Such as?

Mrs BRONWYN BISHOP—What is the price?

CHAIR—Yes, what is the price?

Mr Lowe—We launched a 26-inch TV at $2,199.

CHAIR—Brilliant, because someone else was saying they knew they were coming down in price.

Mrs BRONWYN BISHOP—But they are going to come down more, aren’t they?

Mr Lowe—Everything comes down with time as the technology develops. As we progress through the manufacturing process, yes, the prices will continue to come down. I think the big one for us is the 40-inch TV we have just launched, which is $5,299. That is a very aggressive price point for an LCD TV. Traditionally, you would be looking at well over $6,000. That is a huge change in the market condition.

CHAIR—And you have integrated the tuner into that with the 1080i standard?

Mr Lowe—No, these sets are only analog tuners. We actually have a set-top box that has a digital connection to our TV sets, so it uses HDMI, which is a connector type.

Mrs BRONWYN BISHOP—So none of them are HD ready.

Mr Lowe—None of them are HD integrated; they are all HD ready. They are all full high-resolution sets—and available in October.

CHAIR—So when you say mandating, do you mean mandating integrated tuners or mandating supplying, with your screen, some means of capture of future signals?

Mr Lowe—From our standpoint, it would be very difficult to mandate that everyone purchases two products at once—a set and a set-top box. I think it is more important, in order to get the market to move forward and consumers to accept the technology, to have a look at what the US has done and start at the high level of the market, moving integrated tuners down from premium sets into the lower range of screen sizes. In doing that, we actually drive the entire market to shift. As the higher end purchases are made, we continue to build volume and that helps us manage our cost structures and integrate the technology into every set. Ultimately, the real solution to having DTV work is to have everyone with a digital tuner integrated into the set so it becomes invisible to the consumer. That is the real answer.

CHAIR—The thing is that this technology is moving so fast that, if you integrate it, you are almost leaving some legacy issues if in future you want to switch off, say, the SD signal. At the moment, we have MPEG4 coming on line as well, which requires further adaptations in the chips in your set-top box. Isn’t it better to have it in a set-top box rather than integrated in the TV?

Mr Lowe—I guess there are arguments for both. Managing technology is always going to be a difficult problem. The rate of change of technology, particularly in this industry because it is very aligned to the digital world, is incredibly fast. The question we have to deal with is: where are we going to stand as a community in terms of our transmission standards? From there, the manufacturers just need to build the tuners to receive the content that is transmitted. If we say that MPEG4 is going to be the solution then let us be clear about MPEG4 being the solution, and then we will go away and build MPEG4 tuners and decoders in our tuners.

CHAIR—And integrate them.

Mr Lowe—Yes. That is the easiest way to move forward. The question then becomes: how do we get all the content we want or how do we manage all the bits and pieces of technology as we move forward? Right now we have a standard, which is DVB and MPEG2. Are we willing to throw all that away and start again or are we trying to say, ‘Okay, we’re now on two standards for digital.’ From a manufacturer’s standpoint that creates complications, but it is not insurmountable.

CHAIR—I know Sony has a production facility in Sydney. But, in terms of your overall Australian sales, how much is produced in Australia and how much is actually imported?

Mr Lowe—In terms of hardware? Basically, from our electronic standpoint, all our hardware is imported. Our manufacturing facility in Huntingwood is for DVDs and CDs. To be honest, that is a separate organisation. I cannot quote figures for that.

CHAIR—So the federal government, instead of mandating integration of sets, they can mandate in terms of the importation: when you import a screen, you are concurrently importing some means of that screen capturing the new signal. That then puts the onus back on the wholesalers or retailers to actually get out there and start selling these boxes. That leaves government free from any idea that we have actually picked technologies.

Mr Lowe—To be honest, I think that is already happening. If we look at the statistics about what is actually going on in the market, the average number of televisions sold per month is about 100,000 to 120,000 TVs per month. If we look at the average number of set-top boxes being sold per month, we are averaging 40,000 or 50,000 sets a month. When we break down the total number of TV sets into screen sizes, clearly half of that—in fact, it is growing even more now—is large-screen TV sets. So we say that roughly 50,000 to 60,000 TV sets are large screen and we are selling 40,000 to 50,000 set-top boxes a month. I cannot give you the correlation of statistics—that is going to have to come from the retailers—but clearly that seems to make sense.

CHAIR—But there are still 80,000 TV sets a month going out there which will be useless after switch-off.

Mr Lowe—Yes. It is also a time issue.

Mrs BRONWYN BISHOP—The cost of those has come right down, so a lot of those are down now to what you might call a disposable price.

Mr Lowe—That is very true, but the other answer to that would be all of those devices only need a set-top box to work with digital and the cost of set-top boxes continues to reduce.

Mrs BRONWYN BISHOP—Is that right?

Mr Lowe—Yes.

Mrs BRONWYN BISHOP—So, although they do not say HD ready, they can be.

Mr Lowe—They can play back an SD signal. The HD tuner just needs to be there and down-convert the signal to standard definition.

Mrs BRONWYN BISHOP—So it is only standard definition; you will not get HD.

Mr Lowe—Yes. There are analog sets or CRT type product come to market that are HD capable.

Mrs BRONWYN BISHOP—They usually put that in the blurb.

Mr Lowe—Yes.

Mrs BRONWYN BISHOP—So again it is just buying the box.

Mr Lowe—Yes.

Mrs BRONWYN BISHOP—So if a consumer bought one of those, as I said, disposable priced televisions and a standard-definition box for about $89—I think was the last one I saw—you would get standard definition on that regular screen.

Mr Lowe—Yes, no problem, and that can be done now. It is available today. We can go through how long it is going to take before we get the whole market to shift and three, four, five years down the track what a standard definition or even a high-definition set-top box is going to be worth to complete the program for those consumers who do not want to throw away their legacy TV sets or move them to another room or the kids' room. It may be $30 or $50; it may be less, and $30 or $50 in five years time may be worth $15 or $20 today.

Mr HAYES—I understand what you saying about leaving it to the market, particularly looking at the acquisition of the equipment capable for HD, but I am also thinking about your comments about moving down to a set standard of broadcasting being at HD. Why wouldn't you leave that to the market as well?

Mr Lowe—The reality is that the world is moving to high def whether we like it or not and the amount of production that is being done in high def now in terms of high quality production and drama is very significant—as I said, 70 per cent of the US prime time is all in high def; a lot of Europe is already moving to high def transmission. Clearly, the consumer already has access to a low-cost camcorder that is in high def and we will have gaming in high def. The recorders will be in high definition. That is where the market is moving to and, yes, we could say, 'Okay, let the whole market move because the technology will drive it itself.' But at the same time from our standpoint if we do not continue to push everyone in the market to move you will continue to have all these legacy problems all the time. I think the issue for the industry and the government is—

Mr HAYES—Is it really a legacy problem? For instance, if we are talking about the allocation of bandwidth and a broadcaster wants to use it to successfully put out a high-definition signal or another broadcaster might simply multichannel and use the extent of bandwidth putting out four or five different channels at standard definition, would that not be something that would be left to the consumer as to what they would seek to do under that arrangement?

Mr Lowe—Sure. In our submission one of our arguments for driving DTV uptake is the advent of additional content by allowing the broadcasters to make decisions about what they do with their spectrum, and that includes multichannelling. At the same time we need to be conscious of the fact that high definition needs to continue to be driven in the market because that is where the future of television is going to be. The last thing we want as a community is to be left behind.

Mrs BRONWYN BISHOP—It is quite interesting when you buy a DVD of a BBC program, for instance, it is shot in high definition. When you play it on your DVD it is beautiful; it is almost three-dimensional.

Mr Lowe—Yes.

Mr HAYES—High definition is now the standard for all production, isn't it?

Mr Lowe—No. It is heading that way but it is certainly not all high-definition production. Bronwyn is correct: right now you shoot in high def and it looks fantastic in standard definition, but imagine that high def quality shot in high def and then broadcast in high def or played back from a high def player such as BlueRay.

Mrs BRONWYN BISHOP—I want to ask a question about recorders which you may have answered: when are we going to get to the stage where you are going to be able take all your old videos and put them onto DVD?

Ms OWENS—When the copyright law changes.

Mr Lowe—I am assuming that Bronwyn was talking purely and solely about personal videos.

Mrs BRONWYN BISHOP—I am talking about personal videos—I am.

Ms OWENS—Even so, when the copyright law changes.

Mr Lowe—The answer, to be honest, is you can do that now.

Mrs BRONWYN BISHOP—Can I?

Mr Lowe—You can take a VHS recorder, plug it into a DVD recorder, hit play and record just like you did in the bad old days before you could program them and record it straight to DVD. There are combo units that have DVD recorders and VHS players built into them. You can literally go: transfer.

Mrs BRONWYN BISHOP—So you can.

Mr Lowe—You can do that now.

CHAIR—You have just sold a product!

Mr Lowe—Excellent. I will give you the model code later!

Mr HAYES—Getting back to the broadcasting standard, what would be the difficulty in us allowing the market to determine whether they want to receive high definition or, effectively, use that spectrum for multichannelling? Broadcasters would have to decide how they are going to appeal to their customer base. There is no technical problem in doing that.

Mr Lowe—No. We can do that now. There is absolutely no reason why the simulcast rules could not be taken away today and broadcasters could not transmit multichannelling tomorrow.

Mr HAYES—Indeed. An integrated tuner will receive high definition but would still pick up those channels if someone decided to broadcast in standard definition.

Mr Lowe—A standard-definition receiver will receive all the standard-definition channels that are available. High-definition receivers receive high-definition and standard-definition channels as well. It is step-down technology. If you have a high-def tuner you will generally receive all channels—both SD and HD.

Mr HAYES—What I am struggling with is why, in that circumstance, we would move to mandate that high definition will be the standard for the future. Why would we not let the market determine that?

Mr Lowe—As I said before, it goes back to the question: what is the technology of the future and how do we continue to keep the community at the forefront of it? High definition is clearly where the entire world is going so, from a production and transmitting standpoint, why would we as a market want to sit with a legacy technology that is 30 years old now?

Mr HAYES—In terms of the market, I guess it is a question of which part of the high-definition range is the standard for the rest of the world.

Mr Lowe—At the moment, the standard for the rest of the world in high def is 1080i, 1920-1080.

Mrs BRONWYN BISHOP—If I understand you correctly, you are suggesting that Channel 7 could, if it wanted to, go on transmitting in standard definition, whereas channels 9 and 10 could transmit in high definition, and if you did not like the picture you got from 7 you could switch to 9 and 10.

Mr Lowe—Certainly.

CHAIR—But isn’t there some legacy? You still have to transmit in SD and HD. Channels 9 and 10 want to switch off their SD transmission.

Mr HAYES—That is okay. They could do that if they wanted to. They could just broadcast in high definition whereas another player, or players, could exercise the redundancy in the bandwidth for multichannelling.

Ms OWENS—Mr Lowe, I am interested in your comments on Australian content quotas. How the content producers manoeuvre their way to be competitive in the world market is a great interest of mine. Could you talk about why that is necessary?

Mr Lowe—One of our concerns from the perspective of the other side of our business, the production and broadcasting industry, is that we see not necessarily a reluctance to move to high def but, if there is no purchasing of the content, it is obviously difficult for the production industry to add value or create the content in the first place. Our position is that we already have a content quota for Australian content on standard-definition or analog channels now, and we do not see why that should not continue for high def—albeit maybe a scaled process.

CHAIR—We have to leave for a division in the House.

Proceedings suspended from 9.49 am to 10.07 am

Mr TICEHURST—I think you support the government mandating integrated tuners.

Mr Lowe—Yes.

Mr TICEHURST—What about the possibility of a change? I think it is on MPEG2 now. What happens to those tuners if it changes to MPEG4 as the standard?

Mr Lowe—My answer to that would be that some of those may end up being legacy product and you will not be able to receive a signal. But the real answer to that is going to be that technology continues to move on fast and we need to see some sort of definite standard set, from a transmission standpoint. From a manufacturing standpoint, we can build a tuner that decodes whatever is decided.

Mr TICEHURST—That is true, but what about the people who buy the TV set now? Say we mandate and they buy what the current standard is today. If you are going to pay five or six grand or more for a high-definition TV—a plasma TV—what happens? You cannot dump it.

Mr Lowe—Of course. But the same argument applies to the legacy of analog TVs now. There are myriad analog products on the market and people have spent $10,000 on plasma screens. How do they receive high definition now? They buy a set-top box.

Mr TICEHURST—A set-top box, yes. It is not the same thing, because the set-top box is separate.

Mr Lowe—But there is an analog tuner integrated into that set that receives an analog signal now.

Mr TICEHURST—That is fine, but that is not mandated. That is part of the deal. If somebody buys an integrated TV with MPEG2, do they then get another set-top box that will go 4 to 2?

Mr Lowe—If that is the case, yes. If that is the decision that is made about the broadcast standard, then that would be the only solution.

Mr TICEHURST—You were saying that high definition ought to be the mandated standard; is that correct?

Mr Lowe—No. What we are saying is that high definition is the future of television and that what we need to be doing is considering how to move the marketplace, the consumers and the industry to high definition. We are not saying that has to happen tomorrow and we are not saying that has to happen next year. All we are saying is that we need a program to move forward. A lot of money has been invested in high definition by the broadcasters and the manufacturers. In fact, the government's policy clearly states that high definition is what we need. Our position is that we totally agree with that, but we understand the fact that a whole bunch of things need to occur before we can get to high definition being the only platform that is transmitted.

The conversation we were having before about the multichannelling of Channel 7 and letting 9 and 10 just transmit high def is quite valid. Content is king for consumers, and taking the gloves off the broadcasters and letting them transmit what they need to to attract viewers will be really important in growing DTV in Australia. Our position is that that has to occur, but we have to always be mindful of the fact that what we are achieving in the end is full high definition. Standard definition is a 30- or 40-year-old technology.

Mr TICEHURST—The high-definition set top box is now probably four times the price of some of the cheaper standard-definition boxes. Do you see that changing?

Mr Lowe—Of course. We have already seen integrated high def sets coming into the market at the same price as analog sets, and that will continue.

Mr TICEHURST—Yes, you would expect that. The committee recently heard from a witness in regard to retail purchases. They said that the biggest driver of digital was actually DVD.

Mr Lowe—DVD is a massive driver of wide screen TV sales. The biggest issue of course is that you take your DVD home, you play it back on your traditional four-by-three set and you get the big letterbox lines everywhere, which is somewhat frustrating. A lot of people would then buy a wide-screen TV set to back up the DVD purchase they have just made. A $20 DVD purchase turns out to be a wide screen TV sale, which is nice. That is a big driver for people to go that way. At the same time, when people are buying a wide-screen TV set and it has normal four-by-three analog reception on it, they have the reverse problem because there will be strips down the side. Making the move to digital TV seems to be a logical step at the same time.

Mr TICEHURST—Do you think we should be pushing for more content? At the moment, if you move to digital, you get the same thing as on analog. It is essentially the same programming.

Mr Lowe—We are a firm believer that content is one of the steps to moving the DTV market forward for the consumer. Clearly, the UK model is quite significant and there are a lot of parallels between the two countries in culture and the like. The free-view activities that they have and the 30 channels of content, whether it is good or bad content, are clearly moving the community to that technology.

Mr TICEHURST—Do you see any market demand for set-top boxes with built-in wireless networking? Essentially, you would use wireless on your PC network so you could record or playback through that set-top box onto the wide screen television. Do you see that as something Sony would be interested in?

Mr Lowe—Sure. Home networking is a very big part of the future of media consumption in the home. Having one server that receives all signals in wide screen and then distributing that throughout the house is feasible today, if you really wanted to do it. That would certainly be an alternative to every set having its own tuner and having one big tuner that distributes to all sets in the house.

Mr TICEHURST—In that way the TV becomes a monitor?

Mr Lowe—Correct.

Mr TICEHURST—That is why I think it would be wrong for us to mandate tuners because that technology, as you say, is here today.

Mr Lowe—The tuner is a stand-alone device. Not everyone is going to go for home networking, of course. Whether it has an integrated tuner or an analog tuner, the TV is still a monitor as well, so it will work under all circumstances.

Mr LAMING—There is a strong message coming from broadcasters that there really is not yet enough content for them to fill multiple channels. They are also concerned that their advertising dollar will actually dissipate, not grow, by multichannelling. While you say content may be a driver, they do not think that content is available. They are also concerned that, if we place too much weight on multichannelling, their advertising dollar will be diminished—it will be spread over more channels. The broadcasters are saying that they are really not very keen on multichannelling—two of the three said that. The outcome is that we cannot really drive content because we do not have enough to broadcast and there is not enough quality content to drive advertisers to support those channels. Where do we go then if we rely too much on multichannelling?

Mr Lowe—As I said, I do not want to get into a situation where I am telling broadcasters how to run their business. That is certainly not what we are here to do, but clearly there is plenty of content around the world. There are multiple channels everywhere, including locally with Foxtel. The UK has 30-odd channels of content available. Whether it is quality or perceived to be of quality by our local broadcasters is not for me to judge. Certainly, content is not an issue in terms of what is available, because that can be anything.

The revenue model is one that needs to be considered, based on all the media that is consumed. Sony are a significant marketer in Australia. We spend a lot of money advertising and promoting our products. We do that by targeting particular communities and niche areas. For argument’s sake, you might look at the industry and say that the magazine market is growing quite rapidly. It is growing quite rapidly because of the advent particularly of targeted magazines. In a similar vein, it is theoretically possible for the broadcasters to take the same approach. If they had multiple channels, then why would it not be possible to build niche channels? If we have a channel exclusively for sport on one of the free-to-air broadcasters, then that may provide significant marketing opportunities for them and drive into the market certain advertisers and promoters that are not traditionally in that space. As I say, I cannot speak for the broadcasters, but if the assumption is that we must continue to work on the model that we have today then I do not doubt that they are correct—it would be very difficult to try to generate additional revenue. But who says we have to work on the model that is here today?

Mr LAMING—Should some of that bandwidth be available to providers other than the current broadcasters? If they decide that they do not want to use their bandwidth for multichannelling, where do new entrants gain access to bandwidth?

Mr Lowe—That is tricky. New entrants to the market are something that Sony really do not have an opinion on as such. Our position is pretty simple: it is all about content and more content. If new entrants are going to add more content and more value to consumers, then that is great, but if that is going to create other issues then that is for the government and the broadcasters to decide, not for Sony to speculate on.

Ms OWENS—I come back to the Australian content question, which I think you half-answered before. I will go a little bit further into that. The size of the market in Australia makes it very difficult for Australian content producers, as you would appreciate, unless they are exporting. If the Australian market does continue to fracture so that audiences are smaller, through multichannelling or through high definition or some standard, how difficult does that get from a content provider's perspective?

Mr Lowe—For a content provider or producer to actually go out and make money is obviously critical to their business operations, and to do that they have to have an avenue to broadcast somewhere for someone to purchase it. For us it goes back to it being all about the content—that is really the story—and the more channels that are available the more content requirements there are going to be. Then it gets down to what is of value to the consumer. What is the niche market that we are targeting? What are the content provision requirements? Is there a market for local high-definition drama? I do not doubt that there is. How big is it? I do not know. Is that market exportable? Again, it depends on the value of the content. Our concern is that at the moment it would be very easy, as you have just said, for the market to fragment and end up with a very small number of people doing high-quality production and everyone else left to produce in other ways. Unless there is a way for the industry and the government to support that, then we end up resigning ourselves to not being able to produce anything at all. That is obviously a concern for us.

Ms OWENS—Again talking as a content producer, is this just a change in format or are we potentially talking about a change in form with greater innovation in the content than we have seen so far?

Mr Lowe—I think it is a bit of both. The benefit of high definition is clearly resolution. In doing that, we actually add value to the content itself. You get more detail, more information. I think you have seen a demonstration of AFL that Channel 10 did. The difference between seeing a player fly in the air on a tight shot and just getting the ball and then seeing a wider shot where you can actually see his sweat beads and also the other players running in to support him is quite marked. With sport being a great leveller in this country and a great part of our community, that carries a lot of weight. Personally, I get a great deal of joy out of watching AFL on wide screen—I think it is fantastic—but I would like it even more if it were on high definition because I could actually see the faces in the crowd as well. You talk about localised production. With high definition the value of the production becomes almost film-like. The detail, the clarity, the information, the feeling that you are actually a part of that is part of the emotive experience you gain. I think that is where the quality comes from—and that is the difference.

Ms OWENS—Are we already seeing elsewhere in the world innovation that we are not matching here? Are we keeping up in content innovation?

Mr Lowe—Right now, high definition is where the majority of the content is heading, as Bronwyn was saying before. The BBC is actually shooting and producing in high definition and down-converting for its broadcast and its DVDs. That is where the market is heading and there is high def production. We need to be really conscious of the fact that we need to support that locally with our own people. Otherwise we are risking being left behind, and that is the last thing we want. We have a good industry here with a lot of skilled people. We do not want to be left behind from a technology basis.

Ms OWENS—What is your view on the role of the ABC and SBS in terms of innovation and content?

Mr Lowe—To be honest, I do not have one. Certainly I do not think there is probably anything that we could stand up and say in terms of what they should or should not be doing. It is probably something for you guys to decide.

CHAIR—Do you see datacasting as an avenue of getting more content out there, if you did not allow multichannelling?

Mr Lowe—Again, it is not something that we are particularly concerned about or it does not influence us too much, but I would suggest that all content is valuable—datacasting, video or even just audio. Anything that adds value to the consumer's experience is important, and datacasting can be a significant part of that so long as the content is valuable to them.

CHAIR—Do you see IPTV as a way forward? Are your screens capable? What are you doing with screen technology regarding that?

Mr Lowe—IPTV is a way of transmitting obviously over the internet. Of course, then it is just a matter of what is at the home end to receive that information and move it to a large screen for display. Certainly from a screen technology standpoint we have no issue, and all of our current screens will deal with it in one way or another, whether it be high def out or standard def out from the receiving device, which at this point in time would be a computer. I think IPTV is a really significant issue. I think that we will see a very big shift in the market over the coming years with IPTV taking a very large chunk of consumers' time, simply because it gives them immediate choice and immediate selection. Video on demand is one of the big targets for a lot of consumers—'I want it and I want it now, and I want to see it when I want to see it.' Subsequently, we are already seeing cable TV channels move that way in offering near video on demand solutions. IPTV will provide that straightaway. I think certainly for the Australian community, that will be a very significant development.

CHAIR—You have not done much with interactive TV usage. Do you think there is also potential to jazz that up a bit?

Mr Lowe—We looked at the UK experience quite closely and had a lot of conversations with the guys at the BBC about what was driving the take-up rates. Obviously choice of a lot of content was key, but interactivity was also a big driver. In fact, they were seeing that a lot of shows were coming to them requesting interactivity because they were seeing that consumers were interacting quite aggressively with other shows and they were not participating in that. I think interactivity has a place in the market. Whether it is a massive driver of take-up is hard to say. I think a more important issue right now would be electronic program guides and time shifting. That at the moment is a real issue for us. We do not have any EPG content and there is no way for a consumer to actually manage, with all the digital information they have, what is actually available. That is something that needs to be resolved.

CHAIR—You recommend the UK model for the analog switch-off between 2008 and 2012. We have had evidence from our regional broadcasters that 2008 would be a good time for them to start switching off some of their markets because they will be completely rolled and it is very expensive for them to simulcast. From the city markets, I think there is an attitude of: ‘We don’t really care. We aren’t going to switch our audience off so we will simulcast as long as we have to. It’s an expense but we are not that bothered by it.’

Do you see this as a way of swapping around the analog switch-off? At the moment, the metros have to switch off first but it is actually the regionals that want to switch off first. Do you see a way of switching off the regionals by 2008 and the metros by 2012? We have had evidence from LG about what they need to do in terms of ordering their product for next season’s sales. So there is a timeline in which you can roll out the sets, given what date has been set. Can you be more specific about your switch-off strategy?

Mr Lowe—Our basic strategy is that we believe that a rolling switch-off would be more effective because not every market will shift at the same time. Particularly in the instance you have described, obviously the regional broadcasters have financial reasons for wanting to go that way. Of course, whether or not everyone in the region that they are broadcasting in actually has shifted to a digital receiver is another issue entirely. I think that is more critical than the issue of, ‘We want to turn it off.’ How many people will lose access to the content is probably a more important point.

Certainly from a manufacturing standpoint, we already are moving quite quickly to integrate digital tuners. We already have a set-top box and have been selling integrated tuners since 2001. In fact, we were first to market with an integrated set, and we will continue to provide product to the consumer to purchase for those reasons. I do not think a two-year time line would be any real issue for us. Certainly, I would expect that, by 2008, just about every model in our line would be integrated into some form. If it is not then we will obviously be providing set-top boxes to back it up. Even today, there is no reason why consumers could not now move to complete digital. It is an issue of cost, of course, but the technology is readily available. For regional markets to shut down, it is just a matter of consumers moving to newer technology.

CHAIR—You do not have any time line, but it is a matter of sooner rather than later?

Mr Lowe—Again, I think we have to be conscious of what the consumer issues are. The last thing that everyone wants is for 50 per cent of the market to be saying, ‘I can’t receive TV; what am I going to do?’ We need to be moving those people forward. I think the issue for us is more about letting the market know what is going on, making a clear decision and getting on with it and, in a way, saying: ‘This is the date, understand that things will change. You need to be thinking about what you’re going to do in your region on that date or beyond.’ If, in the outer regions in the country, that means switch-off is 2008—because that works for everybody—then the technology has been available and is available now.

CHAIR—We note in your submission that you have been undertaking an extensive marketing educational campaign. Do you have any suggestions in terms of how a campaign either Australia wide, government initiated or otherwise, would run?

Mr Lowe—I guess marketing is one of those big questions. We spend a lot of time with our retailers and we do a lot of work in store. Our biggest activity is educating retailers. We have a large training group that spends a lot of time covering a broad range of topics, including DTV and how to move forward every time we launch a new product—

CHAIR—This is Sony?

Mr Lowe—Yes. Every retail partner we have—Harvey Norman, Retravision, the Good Guys—is participating in the education process. That happens at shopfront and then that is communicated through to the consumers. I think, though, that what we are missing out on from both a manufacturing and industry standpoint—and also from a government standpoint—is that we have not taken a big picture approach to this matter. The reality is that people watch television because they are watching television and that is how they want to receive information. If we are going to talk to them about moving the market and about things that need to change—analog stopping and DTV growing—then we need to be communicating to them in a much broader range of space than just in a shopfront. We would be suggesting that we need to take a much bigger approach on air to communicating to consumers how this works, what it is and what the benefits are.

CHAIR—So you do not support dropping the HD quota, obviously, which is the position of Channel 7?

Mr Lowe—No.

CHAIR—Would you be averse to protection until 2008 for subscription TV—they were asking for some protection until 2008—rather than allowing multichannelling any earlier, just to protect them?

Mr Lowe—Again, I think that is probably a business model that needs to be worked out between the broadcasters and Foxtel and you. We are a content provider and we are a manufacturer of hardware. It is probably not for us to make that speculation on how it will work.

CHAIR—What is your involvement in testing and performance? Does it have to be government funded or will industry do it?

Mr Lowe—We believe that a testing performance centre would be a significant benefit and certainly help everybody in the industry to ensure that the technology works and that there is a way to manage the changes, and particularly if we move any part of the broadcasting standard, how will we manage that. We also believe that it would be beneficial for someone to start it off or at least get the thing moving. At this point, it appears government involvement is the most appropriate way to get it to move forward.

CHAIR—Thank you. That has been very helpful.

[10.29 am]

RENOUF, Mr Gordon, Manager, Policy and Campaigns, Australian Consumers Association

CHAIR—Welcome. Although the committee does not require you to give evidence under oath, I should advise you that these hearings are formal proceedings of the parliament and consequently warrant the same respect as proceedings of the House itself. It is customary to remind witnesses that the giving of false or misleading evidence is a serious matter and may be regarded as a contempt of the parliament. I now invite you to make an opening statement.

Mr Renouf—I have with me Alison So, a policy officer at the ACA. I understand that committee members have had an opportunity to read our submission, which reflects our position. The key points are that, as far as we can tell, Australian consumers are not very keen on analog television being turned off in 2008—that is stating the obvious. Our understanding is that there is no great need or demand to make the analog spectrum available for anything else. Our overriding principle is that it should be left to the market, including consumer decisions, to make most of the decisions that can be made by the market and that it is not, as a member of parliament said this morning, a different context for the government to dictate what products consumers should use. So how do we go about getting some certainty in determining a date? We think we should wait until the market has spoken before we set a date. We should say that we are not going to set a date until we have a reasonable indication that consumers are ready for it, and therefore we should do things that give consumers, in large numbers, the opportunity to say whether or not they want it. We suggest that a decision on when analog is turned off should not be made until perhaps a majority of television-receiving households have made a decision that DTV is something they want to spend money on.

As I am sure committee members are completely aware, it is not a question of consumers needing to buy just one piece of equipment to upgrade from their current situation to a digital television situation. Each household has on average 2.4 televisions plus DVDs, and VCRs and so forth, which only have analog capacity at the moment. For many households, upgrading would require them to buy quite a number of devices, and I am sure that quite a lot of them would not want to do that. So how do we make digital television more appealing or see whether consumers are going to pick it up? As we say in our submission, considering a time line for introducing a fourth channel, digital only, would be a sensible thing to think about. Permitting more community television, perhaps an Indigenous station, would be something to think about. Obviously we would make space for this by removing the requirement to reserve space for datacasting, which does not seem to be going anywhere.

We support Sony to the extent that they want to see more multichannelling and we would be supportive of Channel 7's position. We want consumers to say whether or not they want high definition. There is an advantage for certain people, but we should not be saying that you should be able to see the beads of sweat on AFL or whatever it may be. We think it is for the consumer to decide whether they want high-definition television and for the market—businesses—to persuade people that they want high-definition television by producing the products consumers want to see. In that way, we would make space for multichannelling. Mainly for the purpose of attracting users but also to promote diversity in the media, the ABC and SBS should be permitted, and given the necessary funding, to explore opportunities in multichannelling and other ways of supporting innovation in television products. That is all I want to say by way of introduction.

Mr TICEHURST—I notice some interesting points in your submission. You seem to be objecting to datacasting.

Mr Renouf—We are not objecting to datacasting; we are objecting to the requirement that there be space allocated to it. Let people use the spectrum for what they can. Let market innovation decide whether it is something that consumers want.

Mr TICEHURST—There are some commercial datacasting activities currently on analog TV. In fact, I have been using one of those services since February 1993. There are quite a few services that still operate in that band. If I am reading your view correctly, I think you are suggesting that mobile phones, the internet or other areas can provide the same service.

Mr Renouf—I should say that one slight disadvantage we are at is that we employed a person with a great deal of expertise in digital television and other matters who has recently left us and joined a federal government agency. He is the person who prepared the submission. Datacasting is one issue on which I feel I do not have sufficient knowledge to really be able to help you.

Mr TICEHURST—One of the key features of datacasting is that you could input the signal at one point and have an unlimited number of receivers, whereas otherwise you really cannot do the equivalent of that very simply.

Mr Renouf—I am not sure if this will answer your question; forgive me if it does not. We are not suggesting at all that people should be prevented from datacasting. We are saying that there should not necessarily be reserved spectrum for it. That should be opened up to other opportunities which may be more appealing to consumers.

Mr TICEHURST—Normally what would happen is that that would fit into the allocation for the particular channel. The SBS and Channel 7 are the only ones that I know are actually datacasting. It is a very limited requirement space wise but it has those other significant features that do not exist anywhere else. Also, you seem to be putting a lot of emphasis on standard definition.

Mr Renouf—No. What we are saying is that for many consumers standard definition is what they want for most programs. Maybe for movies or sports they might want high definition, but we would say that the market should work that out.

Mr TICEHURST—I think that essentially what you are saying there too is that we should be looking at a market-driven approach. You also made a comment in the earlier part of the submission that the introduction of digital television was not handled correctly and that there should have been another approach. What do you suggest the other approach should have been?

Mr Renouf—We are suggesting that the regulatory framework should not have been as rigid and that it should have left the market players to decide what options were going to appeal to consumers, so we should have allowed multichannelling from the beginning, for example. That is the kind of thing that we are meaning when we say that.

Mr TICEHURST—I think that there are some interesting arguments when we look at the move from black-and-white television to colour television having been driven by consumers and the fact that FM radio was introduced at the same time as AM radio was. I think digital radio is a slightly different situation, because we have had quite a bit of lobbying from the commercial radio networks over the introduction of digital, but that is a story for another day.

The other interesting argument that took my eye was when you were talking about AMPS and GSM and the lead-in to CDMA. But the key driver there was the fact that there was a change of government. The earlier government were really picking a winner and they just decided to drop AMPS because that was not going to affect too many of their people. But certainly in regional areas that was a disaster for rural people and that is when the current government introduced CDMA because it had the advantages of analog in the sense of a longer range whereas GSM, being a European system, was limited to 32 kilometres, which is fine if you live in the city but useless if you live in the bush. So that was a slightly different approach. I generally agree that we should not be mandating as a matter of form and that we should be leaving consumers to decide which way they are going to go.

Mr Renouf—There are a few other differences with the phones in addition to the points that you are making. In the submission we say that back then there was perhaps only one phone per family whereas these days, as I said before, you would have four or five devices that you would need to be upgrading. Also, they are—or some of them are—devices that you would expect to last for 10 years, not for the three or four years which you would expect of a phone. What I am saying is that it was easier then to dictate a change. Even if it was the wrong decision for rural people, it was actually an easier and less disruptive thing for the government to do, whereas I think this is looking as if it may well be quite disruptive.

Mr TICEHURST—Now broadcasters are required to broadcast in high definition, standard definition and analog, so it is really quite onerous from a broadcaster’s point of view. So how do we solve that dilemma?

Mr Renouf—As I said before, I think that we should make it easier for broadcasters to offer a range of different options. If Channel 7 want to offer multicasting and other things, that is good; that may well attract people. The second thing we would say is that we should make some sort of decision about if and when a fourth licence would be available, because that would be quite an attractive thing to put on free to air. There are going to be concerns from broadcasters about whether the advertising revenue will be sustained for channels, but I think you would have to take them with a grain of salt—obviously they would say that, as a starting point.

Mr TICEHURST—It was interesting when we heard the guy monitoring retail saying that the real driver for digital was DVD. DVDs would also have to be cutting into that commercial market, from a TV viewing point of view, as would other competing technology: the internet and video on demand. All of those things must have some effect.

Mr KEENAN—On an issue like this, how is it that you come to a conclusion about what consumers are chasing?

Mr Renouf—I think the reason that we can put our position is that we are independent. We do not have a vested commercial interest in what we are doing. We are engaged in some parts of this technology, in that we test televisions. We get called by consumers a lot so they can give their views, although it would be difficult to say that they have given us a precise view about this. We can look at the research and be a dispassionate viewer of it. The developments are that people are not flocking in droves to take up digital television. There is a steady movement towards digital television, sure.

When we analyse the sorts of concerns that consumers are likely to have and the sorts of costs they are likely to have to pay if there were faced with a government mandated need to upgrade and just look at the number of consumer electronic products that people have and those that require a television signal and those that they would have to spend money on, our sense is that they would not be very happy about that. We are not a market research organisation and we are not an organisation democratically elected by all Australian consumers by any means, but we are independent and we devote resources to considering it from a dispassionate consumer's position. In that way, I suppose we have some similarities to an academic commentator, but we come from a more practical consumer point of view rather than a theoretical point of view.

Mr KEENAN—So you have particular experts in the area?

Mr Renouf—I would say that Charles Britton was definitely an expert in the area. He is the person who wrote our submission, as I said. He was with us for six or seven years and he has taken up a position with the successor to the Broadcasting Authority, as it happens. I would freely admit that, as of a few weeks ago, we no longer have the same level of expertise in this debate that we did have.

Mr KEENAN—Is it a membership based organisation?

Mr Renouf—Yes. The Australian Consumers Association is primarily a non-profit publishing organisation. We publish consumer information through *Choice* magazine and Choice online. We do have a membership base. It is not huge. We have somewhere between 120,000 and 180,000 subscribers. Some of those overlap between online and the magazine and only a small percentage of those are members of the organisation, but it is a membership based organisation.

Mr KEENAN—Do you survey their views, or do you just use an expert approach?

Mr Renouf—On different issues we will commission surveys, but on this particular issue I cannot point to any survey that we have undertaken. It is a question of bringing an independent mind to analysing the issues.

Ms OWENS—But your suggestion here is that the Australian Consumers Association does not make the decision. You are really just suggesting that the regulation be pulled back to allow the market to decide—basic free market thinking.

Mr Renouf—That is right. We are in no better and probably a worse position than the government to tell consumers or the industry how to do it. We are suggesting that the market is the way to do this, and we are basing that on our analysis of what people are experiencing at the moment and the past experiences of the various changeovers that we have witnessed before with phones, colour television et cetera. It is a matter of argument in our submission, and we think the argument is persuasive. I guess you will have to judge that for yourself.

Ms OWENS—I have great sympathy for that view, I have to say. If someone tells me I will have to turn off my analog set, I will just watch DVDs.

Mr Renouf—People are very fond of news, I think.

Ms OWENS—Yes, apart from that. So I have a great deal of sympathy for your view. I am a little sceptical about it because the television market is not a free market. It is so highly regulated because of its nature, so it cannot really operate with free market forces because of the restrictions on licences and the difficulty of the size of the Australian market and the fact that, while it is a market to consumers, it is also a conduit for a production industry which then exports and supports film. So it is much more integrated into other industries as well. Do you see any problems—I know you have given it some thought—with that free market theory, given that it is such a highly controlled industry?

Mr Renouf—The first thing to say is that it is a controlled market and we suggest that it should be controlled less by allowing it to be competitive, by allowing multicasting and by not requiring high-definition television broadcasts at a certain level. Our job is to analyse the situation from the interest of consumers. It is not our job to analyse the interest and position of the Australian content production industry. That is a competing consideration, but it is not our job to represent them. I think that is really all I can say about that. If government needs to take into account industry protection or industry developments issues, that is a competing consideration that we have not addressed our minds to. We do not have any expertise in that.

Ms OWENS—You do not see a difference between a long-term consumer interest and a short-term consumer interest?

Mr Renouf—Yes, but I do not think—

Ms OWENS—It is difficult to analyse it?

Mr Renouf—It is difficult to analyse, but I am not sure that making the industry more regulated than it already is is the way to achieve that outcome. We support the general idea of Australian content rules—although not exactly how they are at the moment. I think it is too easy to accept arguments which are in the commercial interests of big players and which are dressed up as arguments in favour of Australian content or high definition or whatever. I do not think I can say much more than that.

CHAIR—Can you define your consumers for me? Are they the 17 million current owners of the old cathode ray tube sets who will miss out or is it the future consumers in a global market which is heavily going digital and very high definition? Most of the overseas product that is coming in, and what we are exporting and trying to do, is digital. Are your consumers those future 17 million purchasers of TV who want some of the innovation that is available on digital television—interactivity, IPTV and all those sorts of things that can happen?

Mr Renouf—I take the point, but I do not think they are necessarily inconsistent. Supporting innovation—not picking winners—in this particular industry is probably more likely to suit the 17 million consumers in the future than trying to say that a particular technology works. I am sorry, my mind has gone blank, but I think in our submission we gave an example of dictating a technology that did not work. We do not know which technologies will work and which will not work. It is very hard in a rapidly evolving technical environment even to guess five or 10 years ahead what will be popular. Who knew that ring tones would be a big thing? Why are ring tones a big thing?

Ms OWENS—Now the big thing is the listen tones. They are the ones that you hear when you are dialling out. They are selling those now so that instead of 'ring ring' you get another sound.

Mr Renouf—I see. I think I have answered your question.

CHAIR—We have had a fair bit of support from witnesses about mandating tuners, so I was just wondering why you were so emphatically opposing such a move.

Mr Renouf—Obviously, if it is worth having, and you let the market decide, we will get there eventually. If it is not worth having, the market will decide not to go there. We obviously have an eye on the 16 million or 17 million consumers who have not yet transferred. A large number of those people are facing cost barriers and they have decided that it is not worth it. They have not yet decided—and they may not want to—to spend the money required for the upgrade. We have to ask ourselves whether there is a downside to hastening slowly and being open to new possibilities.

CHAIR—There are some technological problems with simulcast and then you have triplecast, which we are into at the moment—and MPEG4 is coming as well. It just seems that we will never get our spectrum back.

Ms OWENS—But triplecast is regulated at the moment. You would not be suggesting that it continue to be regulated.

Mr Renouf—No. I think we agree that we will get to the point where we can turn the analog spectrum off.

CHAIR—In 15 or 20 years.

Mr Renouf—We do not know. It may be, if we open up the market, that DTV will suddenly become attractive. It may well be that the rate of change changes. We are saying we do not think you should require people to broadcast high-definition television. If there is good high-definition content out there, and people want to buy machinery to pick it up, well and good but, if not, not.

Mr TICEHURST—The government did not have to mandate UHF tuners in TVs, did they? When televisions first came out they just had VHF, but then to get more channels and wider coverage they introduced UHF. I remember you could get a set-top box in those days too.

Mr Renouf—Yes. And nobody had to mandate colour television.

Mr TICEHURST—No, that is right. It just went through with consumer choice.

CHAIR—What about new purchases of the large screen TVs? Consumers are obviously buying large wide-screen, very expensive sets assuming that these are future proofed. Should we protect those consumers by mandating some sort of access with that type of large-screen technology and then winding it down, sort of along the American model, so that consumers are getting some protection, rather than going in there thinking: ‘Hey, I’m getting the latest. I’m spending 5½ grand, I think I’ve got the latest in 40-inch you-beaut wizardry’? Because they really do not know much about it, they get home to find they only have an analog signal.

Mr Renouf—There is a question of how long it is going to last. My understanding is that plasma screens actually do not last as long as analog televisions. You might get to a half-life in about seven years. Maybe in a year’s time that will improve and that concern will not exist. If products were being sold on the basis that they were going to last for 20 years, we would accept that you would have to give some consideration to that at some point.

Mr TICEHURST—I think the life of plasma is something like 10,000 hours.

Mr Renouf—That is what I have heard. It is a question of constant degradation over time. Ten thousand hours is when it gets to about half as good as it was when it started.

Ms OWENS—If the regulatory environment that allowed for what was actually out there was freed up, then the variation in the range of equipment which you could buy, which would work for some and not others, would be greater. We have had a few people suggest regulating testing and conformance and providing greater information for consumers so that they can be guaranteed that what they buy does—

Mr Renouf—We support standards. Within the framework of what we are saying—I am getting out of my technical league here—if we do not want to have two or three things that work with some versions of high definition and not with others, we want to deal with that problem. Maybe we need a high-definition standard rather than the two or three that there are.

Ms OWENS—So less regulation in the relationship between the provider and the consumer, but more regulation for the protection of the consumer?

Mr Renouf—We do not want to cut poor people out of the market, but it may well be that there is a bottom which you cannot go below in technical compliance. That would mean that some cheap and nasty things might not be sold, but that may not be a bad thing. Another point which I want to make is about agreeing that standardisation of equipment is a good thing. If that requires a testing and conformance set-up, again that sounds like a good idea, but I could not put it any higher than that.

CHAIR—Thank you very much for coming.

Resolved (on motion by **Ms Owens**):

That this committee authorises publication of the transcript of the evidence given before it at public hearing this day.

Committee adjourned at 10.54 am