



**TRANSCRIPT
OF PROCEEDINGS**

SPARK AND CANNON

Telephone:

Adelaide	(08) 8212-3699
Melbourne	(03) 9670-6989
Perth	(08) 9325-4577
Sydney	(02) 9211-4077

PRODUCTIVITY COMMISSION

DRAFT REPORT INTO THE BROADCASTING SERVICES ACT 1992

**PROF R.J. SNAPE, Presiding Commissioner
MR S. SIMSON, Assistant Commissioner**

TRANSCRIPT OF PROCEEDINGS

AT MELBOURNE ON MONDAY, 13 DECEMBER 1999, AT 9.05 AM

Continued from 10/12/99 in Sydney

PROF SNAPE: We resume our hearings which were started in Sydney last week, and welcome to the first day of the hearings in Melbourne on the draft report of the Productivity Commission on broadcasting. Copies of the draft report have been available since 22 October, and if anyone present has not received a copy and would like to have one, they should contact members of the PC staff who are present.

The commission wishes to thank those people and organisations who have responded to the draft report, either in further submissions or in arranging to appear at the hearings. The submissions are available here today for viewing, and on the Web site of the commission. These submissions and comments will help us to improve the report, which will be submitted to the Treasurer early in March next year. The timing of the release of the final report is under the control of the government. As in the case of the earlier hearings, transcripts of these hearings will be made and should be available on the commission's Web site within three days of the relevant hearing. Copies will be sent to the relevant participants.

At the end of the scheduled hearings today I shall invite any persons present to make oral presentations should they wish to do so. Now I turn to the first participant of the day, which is the Institute of Public Affairs, and ask the representative to identify himself for the transcription service and then to speak to his submission.

MR NAHAN: My name is Mike Nahan. I'm the executive director of the Institute of Public Affairs. The Institute of Public Affairs made a number of submissions to the earlier preparation of the report and will make a number of additional ones on targeted issues today. I would like to make a comment on our general view of the issue at hand, that is the Broadcasting Act, and then address some of the specific issues which we chose to address in a supplementary submission.

The public interest has seldom been a priority for policy-makers and regulators responsible for planning and licensing and broadcasting services in Australia. Apart from the early days of radio when new entrants were actively encouraged to take up licences for the provision of new services, policy-makers and regulators have put the interest of incumbents ahead of those new entrants and consumers. Although the announcement of policy is invariably dressed up in the rhetoric of public interest, claims that the community is well served by policy simply does not stand up to minimal scrutiny.

The recent decision on the introduction of digital television is merely the latest manifestation of an ongoing coalition of political and private interests endeavouring to protect established media interest. Planning and licences are necessary for efficient management of broadcasting. However, great care must be taken to ensure that the necessary functions are not turned into tools of economic control of the nature and rate of development of broadcasting services.

The existence of such a danger is partly recognised in the Broadcasting Services Act of 1992. While the aims of the legislation were laudable and represent a huge step forward, the subsequent implementation of the legislation provisions has been

disappointing. The provisions of the 1992 legislation have been specifically overridden by the government, with response to major developments such as pay TV and digital broadcasting, and have been timidly interpreted and applied in licensing authorities.

As we enter the digital broadcasting age, the industry is at the threshold of massive change. The introduction of digital technology is much more than a change in technology of the delivery mechanism. When the conversion is completed in a few years, the industry will be completely different to what it is today and will supply a much broader range of services. The conversion presents an enormous opportunity for the development of an efficient, market orientated industry structure that maximises economic and social benefits to society. However, the currently highly prescriptive licensing policies, protecting as they do the interests of commercial broadcasters at the expense of everyone else, are not only already displaying signs of wastefulness but will also encumber the industry with an inefficient structure for decades to come. Now is the time to revisit the digital conversion decision and do away with its highly protectionist mechanism, rather than place a burden on future policy-makers to correct what will undoubtedly prove to be a very expensive mistake.

The Productivity Commission's broadcasting draft report is an essential step towards ensuring the conversion to digital to promote public interest rather than entrench the interests of current providers. The IPA strongly supports the general scope approach and recommendations of the draft report and we congratulate the government for commissioning the report and the commission for doing a job well done. We also note that the draft report illustrates one of the main benefits of national competition policy, that is to have a public, open revisiting and defence of anticompetitive activities.

Our views on most of these issues, as I mentioned, were presented in our initial submissions. I do not need to reiterate all these in detail. I would like to first go to three major things. First, the IPA has produced a paper, prepared by Dr Papandrea from the University of Canberra, that deals with protection of incumbents, allocation of FM radio spectrum and community broadcasting, which I submit for the commission's review.

The paper examines the process of planning and licence and broadcast services in Australia - a history is always relevant to understanding where we are going - with particular reference to some landmark decisions, and it highlights some of the ways in which policy-makers and regulators have inappropriately managed essential functions to protect private interests. It looks at the implementation of the current planning process in the context of the draft licence area plan for radio, particularly FM radio in Sydney. The first such plan for a major metropolitan market developed by the Australian Broadcasting Authority.

Finally, the paper proposes changes to the planning and licensing of the broadcasting service likely to promote planning decisions driven by market incentives, rather than by regulators exercising their judgments about market developments. It

specifically deals with the various draft recommendations and requests that the commission made in the context of chapter 4 - draft recommendation 4.1 through 6 - and addresses and puts forward ideas for the commission's preview of how to shift from a single one to a two-part licensing scheme, and how to get commercial value to spectrum.

One of the points that it does highlight - and the commission does ask for additional data and ideas on this - is the need for a more rigorous basis for allocating spectrum to community radio, as at least in Sydney, in terms of FM radio allocation, there is a tendency to give far too much spectrum to these largely unlistened-to stations, at the expense of commercial stations and competition for the listening public. In other words, there is evidence that the spectrum allocation to community radio might be used as a mechanism to warehouse spectrum and make it more scarce.

There are 18 community radio station services already operating in the Sydney licensing area, of which four are wide area coverage FM services, one is a wide area coverage AM service and 13 are local area coverage FM services. The ABA proposes to licence another seven, including three wide area coverage local FM services. If the proposal is implemented, 25 of the total 45 services, including the two proposed commercial services, would be a community service. Commercial services, if the ABA proposals go ahead, will be restricted to 11, nine existing and two proposed.

In other words, community stations will get wide area coverage, FM stations will move from four to seven, whereas the commercial FM stations will move from four to six. There will be more community than commercial - according to the estimate of value to these stations, are between 20 to 50 million dollars. The allocation of the additional spectrum between commercial and community is not clear, nor has there been, to our knowledge, any estimate of the cost-benefit analysis done to the allocation of community radio. In a scarce spectrum one could use it to warehouse, to put it into little listened-to community radio stations rather than add to the number of stations in the Sydney area for FM. On the basis of other capital cities, the Sydney area could easily withstand 15 commercial FM radio stations, rather than the six that are going to be allocated if the ABA is pursued.

So I commend the Papandrea paper to you, to look at the various issues that you requested. What I would like to also do is go through some evidence from the marketplace that addresses draft recommendation 6.3 and 6.1 and 2, that is the proposal to deal with the adoption of the digital system. The latest market research data on the extent of conversion and use of high definition TV in the US - the results of a full year to date - that is, the US has allowed a system very much in concord with the recommendations 4.1 of the commission draft report, that is to allow mandate SDTV but allow HDTV, though there has been a strong push in the commercial stations in the US to adopt HDTV.

PROF SNAPE: So in the US, neither is mandated?

MR NAHAN: Yes, that's right - no mandate. We have had in the US a full 12 months' evidence on that and it's worth looking at, not only because it says something about the market response to high definition TV but also the market response to a dual SD and HDTV. One year, that is from 1 November, after the introduction of digital TV broadcasting in the US - where, as I said, HDTV is allowed but not mandated - a statistically insignificant number, about 50,000 SDTV sets, have been sold, mostly as components of upscale home theatre systems. Of these, only 5000 have been HDTVs. By contrast, during the same period, 24 million analog sets were sold, including over a million large screen analog home cinemas.

The problem has not been an absence of access to digital HD coverage. Over 140 stations, representing the top 30 markets and covering over 50 per cent of households in the US, have converted to digital. All the top 30 markets have broadcasts in HD format, with an average of about 30 hours per week of HDTV programming. The broadcasting of movies in HD format is expected soon. There have been some problems evidently in getting property rights to Hollywood movies.

Clearly there has been problems with the reception of the US ATSC system, which is limited adoption of HDTV and digital TV. However, the main reason for the poor take-up of HDTV is consumer choice, quite clearly. Consumers have come to the stores in large numbers - over 24 million - looked at digital TV, compared it with the analog alternative and chosen analog. The relevance of the 1 million large screen analog home cinema systems is important because those are the major competitors with HDTV. They came, they saw, they compared and - those who were willing to spend a large amount of money - they chose the analog system, which will be in the system for some time. The major reason is cost.

I will submit to the commission some data that you can explore further. Other people would say it, but the latest evidence, of September 1999, about the costs of HDTVs in the US - they range from US\$7700 to US\$17,000, which is a lot of money. Converted to Australia dollars it would be more. We must recognise that unless the commission's recommendations are accepted in full, particularly those that change to the dual audio and other factors, that the HDTVs in Australia will have to be much more costly - because they would be specifically made for Australia - than those in the US.

As a result of the slow adoption, the congressional budget office has told the Congress not to expect much in the way of revenue from the scheduled auction of digital spectrum in 2006. In the US the digital spectrum is supposed to be the shift away from analog to digital, and the sale of analog was supposed to take place in 2006, compared to Australia hopefully in 2008. Indeed, the congressional budget office has told the Congress that the threshold for SDTV - let alone HDTV - receiver penetration will, by the market response to date, never happen. In other words, it's going to be put off forever.

In summary, the US market response does not auger well for the closing of the digital system in Australia by 2008, even if the high definition TV mandate is dumped.

If the high definition TV mandate is kept in Australia then the analog system is likely to remain in place for decades. The US evidence indicates that getting from today's analog environment to a completely digital environment is going to be much tougher than previously thought. The current presumption is that the analog system would be phased out by 2008 and in light of the US expansion, particularly the analysis of the congressional budget office, the commission needs to examine more carefully the phase-out of analog.

An option worthy of serious consideration is to adopt in part the UK model whereby HDTV is not allowed until the full conversion to digital TV takes place and the analog system has been fully phased out and part of the spectrum is allocated for digital use. This option does have serious drawbacks. It entails the government rather than the consumer picking the technology. I would ask the commission to consider the issue, not so much banning forever HDTV but postpone it until there's a full conversion to digital TV. History shows, as my earlier submission from Dr Papandrea that a regular process - a competitive process - has been to waste spectrum or adopt technology that waste spectrum and stops competition. HDTV could indeed be used for that.

I would like to go to another issue and that is the amount of spectrum that should be given to free-to-air broadcasters as part of the digital version. We agree with the draft report's recommendation 6.1 that the HDTV mandate should be received along with the additional audio standard, subject to the issue I just discussed. However, draft recommendation 6.1 is silent on amount of spectrum that should be given to free-to-air broadcasters. Under the government's digital conversion plan, each free-to-air broadcaster is to be given seven megahertz of spectrum which is basically derived from the old analog licence and allocation. This was done so that they could broadcast in HDTV.

If, as the recommendation recommends, HDTV is no longer mandated and given the scarcity of spectrum, particularly given the obvious problems of phasing out the analog system, they should no longer receive seven megahertz but rather just enough to broadcast SDTV, we understand that could be about two megahertz. This should apply to commercial and national - that is ABC and SBS broadcasters. The spectrum so saved should then be auctioned in sections to the highest bidders, whether it be for broadcasting, multicasting, datacasting purposes. The auction process would need to be guarded against warehousing of spectrum, whereby people buy spectrum to prevent others from accumulating adjacent spectrum for the use, for instance in case a commercial wanted to actually take a punt with HDTV, and in particular the Trade Practices Act should be fully applied to the process and its consequences as to most aspects of it.

We also ask the commission to consider a second order recommendation as it does in some of its recommendations, that is if the allocation of seven megahertz free spectrum is deemed to be a done deal, not to be retracted, then the commission should consider ways of either enforcing the deal or extracting back unused spectrum. One option would be to put in place a use or lose policy whereby broadcasters who choose

not to adopt HDTV - this is assuming the commission's recommendation that HDTV is no longer mandated and also assuming that the seven megahertz allocation is a done deal - the rule should be use or lose if they fail to produce a certain quota of HDTV programming by, say, 2006 they would lose the unused spectrum which in turn should be auctioned to the highest bidder.

Of course you would have to put in force checks along the way so we don't have warehousing of spectrum or unused spectrum through to the year 2006. The basic theme here is, particularly given the obvious problems of eliminating the analog system as the commission's draft report points out and the evidence of the US appears it's going to be tough, and the analog-digital mobile phone issue highlights in Australia, we have to go out and look for additional spectrum to allow competition into the system, whether it be datacasting or otherwise. One way is to look at that seven megahertz. It also was a done deal and therefore one of the conditions of the government allocating seven megahertz was that they were going to HDTV. If the HDTV is not mandated any longer then the deal needs to be revisited.

There also is another issue of some of the earlier proponents for HDTV who then argued also against multichannelling now want to alter that deal and accepts the broadcasting draft report's recommendation that HDTV is no longer mandated. The question is should they be allowed free access to seven megahertz or five or whatever megahertz to allow multichannelling rather than HDTV. The deal has to be looked at in the context of when it was made. There's also an issue that I don't think the draft report examines adequately and I know there's some difficulties associated with this because it's only tangential to the terms of reference, but that is the role of the national broadcasters and digital conversion. Under the government scheme, both the SBS and ABC are to be given seven megahertz of spectrum but maybe, given the choice as to whether they adopt HDTV or SDTV and multichannelling, the draft report seems to accept this decision. We think it's inappropriate or at least needs to be justified.

First there is an issue of competitive neutrality, not just with other free-to-air broadcasters but with the providers of converging technologies, such as datacasting. Why should national broadcasters be given a free ride and scarce spectrum over other potential datacasters? Second, both the national broadcasters are struggling to finance their existing programming, particularly local programming. How are they going to fund potential threefold increase in programming if they decide to multichannel? Is a potential threefold increase in national broadcasting output an appropriate use of public funds, particularly as it crowds out other commercial users of spectrum? Third, according to reports, the ABC is considering using extra spectrum to datacast? That's in the draft report. Why do we need a public datacaster? It's not clear at all.

The ABC should be treated on a par in our view with commercial broadcasters, that is they should be given free enough spectrum to be converted to digital TV. If they want more they or the government on their behalf can purchase the additional spectrum via an auction. This may sound like a round robin, that is the government paying itself but this round robin process has a great value. It would make the subsidy

to the notional broadcaster and the value of the spectrum open and transparent. If the seven megahertz gift to the ABC and to other commercial free-to-air is a done deal then the use or lose rule should apply to the ABC and SBS as to the commercials. The ABC and SBS in short should be treated on a par.

The final issue I'd like to go through is local content quotas. I submit an article written again by Dr Papandrea who has written extensively on the issue of local content, where he examines the issue of two of the draft report's recommendations, specifically to eliminate two redundant quotas, that is the overall quota of 55 per cent local content and the quota of 80 per cent advertising content. Essentially, Dr Papandrea's recommendation supports and adds data to the draft report's recommendation. As to the overall discussion of local content, I believe this section of the draft report which has, almost necessarily but nonetheless, its weakest point - local content has a long history, not only in broadcasting but in many other aspects of trade. It has often been used as a protection barrier. The commission makes it quite clear that local content is aimed only at social and cultural aspects, not meant to be used as a protection mechanism.

But I think the final report needs to explore what we mean by how we value and how we measure trade-offs between local content and other issues. The commission necessarily accepts the parliament's specification that there are essential cultural and social issues which the IPA accepts that there are. It's just how you value those and what they should be and how you should fund them, particularly when we're going into an area where many of these quotas are going to be changed at least and made redundant probably with the convergence. I think a bit more effort has to be done in measuring these things. If you accept many of the proponents of local content, it doesn't take much paranoia to believe that much of what they claim, much of the cry for local content is essentially a protectionist mechanism. It's important we deal with this matter at a live front because additionally trade in manufactured goods declined as a percentage of total trade and as we move to more services, the issue of local content and barriers to trade are going to become much more important and we need to build up a body of ideas, argument and debate on this issue, not just for broadcasting but for other uses. I'd like to end my submission there.

PROF SNAPE: Thanks very much, Mr Nahan, that's very helpful. I interpret you, in your assessment of the UK versus the US experience, to attribute the lack of take-up in the US entirely to having HD as an option and our approach in our draft report as you would have seen was to say, "Don't mandate it but keep it as an option."

MR NAHAN: Yes.

PROF SNAPE: That's why we've not suggested reducing the seven megahertz and say that the seven megahertz makes it as an option. It seems to be a bit against the usual stance of the IPA to saying that choice has led to a harmful outcome or a bad outcome in this case and that there should be a bit of compulsion going on, that is, excluding HD as an option. But first of all perhaps you might like to just elaborate a bit more on why it is the option of high definition rather than the mandating which has

led to such a low take-up in the United States.

MR NAHAN: Yes. First there is an additional complication in the US about the transmission technology, relative to Britain. I mention that and that's important. How important, I don't know, but it is a significant issue.

PROF SNAPE: But that doesn't carry across to Australia.

MR NAHAN: That's right, yes. I put that as a qualifier in interpreting the data in the US. There are a couple of issues. First, we would not argue that you should ban HDTV for a while, the real issue is to allow consumers to choose. Often there is a complicated issue because you have to, in regulating this - because of the scarcity of spectrum and because of the need to have certain standards of technology, it's hard in many areas of regulation, particularly in this area, you have to mandate certain technology that presumes consumer choices. All I'm saying is in the US the consumers are looking at this choice. They're saying, "SDTV maybe, but not HDTV," and they are staying with the analog system and objectively get rid of the analog system.

The seven megahertz, I would argue that the option should be if a station perceives their consumers really want HDTV we mandate and give them free access to two megahertz or whatever they need to do with SDTV and if they so choose and if consumers want and if they're willing to put their money where their mouth is, then they buy additional spectrum and go on to HDTV. If however the seven megahertz is a done deal, then there's another related issue that sometimes because the spectrum can be a very scarce resource, there might be a competitive tendency for people to purchase - let's say they were given two megahertz of spectrum. They then purchased another seven megahertz on the market and to put on HDTV which would close out, particularly if the analog system wasn't phased out for a long period of time. It would close out entrance to datacasting and other competitors so the argument is essentially this: that we need to convert to digital as soon as possible and phase out analog. HDTV is very spectrum hungry. The market response will be unpredictable. It will be perhaps an easier process to move from SD to HDTV once the analog spectrum is phased out.

PROF SNAPE: So long as they're able to get adjacent spectrum of course and it's not a matter of just going out and buying any spectrum.

MR NAHAN: That's right.

PROF SNAPE: And that's part of the problem of course.

MR NAHAN: Yes, but not an insurmountable one I would imagine.

PROF SNAPE: It can then depend upon the very sort of strategic games that you were anticipating and it gives rise to other strategic games. Yes, channel X has only got two megahertz now. I know that they may want to go to high definition in a few

years' time so I buy the spectrum next to them and sit on it.

MR NAHAN: There is another issue. If we accept the commission's report where we do not mandate HDTV and we accept multichannel and datacasting, or a liberal interpretation of datacasting, the seven megahertz which was essentially given to the incumbents on the basis that they would go to HDTV and then was subsequently changed, would allow the incumbents a free go for a period of time into developing multichannel and datacasting and other technologies. They would in other words get free spectrum, develop a competitive advantage, which would be not allowed to some potential new entrants.

MR SIMSON: A key issue here is the actual amount of programming that is broadcast in HDTV and whether or not HDTV was mandated along with standard or whether, as we recommended, was not mandated and there is an option as to how they wish to broadcast. You do make the suggestion here of a use or lose policy. Could that not apply in either case? I mean, isn't an implication of the use or lose policy that a government could after set periods, set intervals, under whichever policy it turns out to be, whichever policy the government finally determines, could at least have a look at what is actually happening to the spectrum at set intervals to see whether there was - firstly, what's happening in the marketplace because it is going to be a, not necessarily "the" but at least a driver of spectrum use and the extent you'd then be able to get your hand around the extent to which there has or has not been a "free gift of spectrum" or the spectrum hoarding for example occurring. So I'm just wondering the sense to which the use or lose suggestion that you've got in that second bullet point is one that can almost apply under any option.

MR NAHAN: I think it would have to be made clear. What we're basically discussing, I'd say, is the restrictions on property rights and there are two issues about that. The use or lose, I suggest it would apply if in fact seven megahertz were given for a period of time and if they chose not to use high definition TV the government should actually pull that back through periods of time. There's two reasons for that. One is that's the basis on which they were given and second, there is concern that the recipients of that will get free access to new types of conversion technology. But your central point is that use or lose could apply to the allocation of spectrum, revealed allocation of spectrum, whatever it has been used for, yes.

MR SIMSON: And almost whatever policy the government adopts because the issue with HDTV is - a critical issue with HDTV is the amount of content that's actually broadcast, per cent of the weekly program that's actually broadcast as HDTV in terms of its appetite for the spectrum.

MR NAHAN: Yes, there is also the issue, just off the top of my head, of how much local content as opposed to total HDTV. There is a possibility, once they get rid of copyright problems, that much of Hollywood movies, international movies, would be in HDTV.

MR SIMSON: Just so I'm clear as to what the implication, what you might be

saying there is, that if a network were utilising HDTV for local content, let's say drama or whatever, then you would give that a bigger tick in terms of use or lose rather than a network that was using HDTV to simply repackage some output deal from the US?

MR NAHAN: Yes, I would look at - in terms of use or lose you have to define certain types of uses and I would argue that the commission needs to look at what these uses are. If they are just repackaging material made in HDTV by offshore - it would have to be the US, I would imagine, though movies generally can be packaged as such, but also you could envisage situations where very little of local, which is the bulk of broadcasting, including news and sports and what not, is done in HDTV but use multichannel in other purposes because it might be a superior and consumer preferred delivery mechanism.

PROF SNAPE: I think that once you start digging into use or lose one gets into all sorts of regulatory distinctions. It's a question of, as you say, we've now moved straight on to use for particular purposes, that it should be Australian content and not Icelandic; how many hours per day are you required to do it; what time of day because obviously one could perhaps do it with, as I say, Icelandic something at 3 o'clock in the morning; when to start. It could be that they say, "Yes, we're going to use it in three years time and we require that spectrum because we won't be able to get it back." I mean, as soon as you start down that path of use or lose you're into all sorts of regulatory distinctions. You're back in the courts again and it seems to be inevitable that you may raise as many efficiency problems as against purely distribution problems that you're trying to solve.

MR NAHAN: Yes, the essential problem here is we want to make sure that the spectrum, which are very limited, both in terms of the analog system and in terms of the residual from digital, is used effectively. The essential problem here, and this is on the basis that seven megahertz is given free, it has a very high opportunity cost not only because of the use of that spectrum, let's say five megahertz, but also because it keeps the analog system, which is huge, going on for a long period of time. That's what the evidence is. We have to come up with mechanisms to make sure that one of the seven megahertz is used efficiently, efficiency judged as consumer preferences - what the consumers want and how they want it.

Second, that we make sure that that cost of the analog system is factored into the use of the digital system, that is, the opportunity cost, and one of the issues which we're struggling with is that that seven megahertz, if in fact it was given on the basis of HDTV, if they're allowed to no longer mandate it, our first question, it should be taken back. It should not be given free in the first place but if it is then in fact the deal that was done in fact, as long as HDTV is put out there, is going to stretch out longer and longer the use of the analog system and therefore stop - which is the major objectives - the entry of new services and new competitors into the system.

PROF SNAPE: As you point out, there are two questions here. One is as usual there's an efficiency question and there's a distribution question. What we've focused

on in some of our draft recommendations is to put an opportunity cost upon the spectrum, to say, "Okay, that spectrum has been allocated. Now let's put an opportunity cost on it by in fact separating the broadcast licences from the spectrum licenses and that one could then say if they weren't going to use it they could in fact lease it or sell it to someone else for use." That's the efficiency question and we've in fact put in those efficiency questions. The other question is the distribution question. Should they have just been given it or, to put it the other way, now they've got it, who gets the benefit if they then decide to, under our recommendations, sell it to someone else or to use it, that is, that there is an opportunity cost on it.

We've focused rather more on this, as you would see, on the efficiency questions because that's basically what we've been asked to look at but it is very easy to get the distribution question mixed up with the efficiency question here and of course it is possible that if one emphasises the distribution too much one might put impediments into the efficiency question.

MR NAHAN: I recognised the difference between the efficiency and the distribution. I wasn't so much focusing on whether or not they should have - that is, the incumbents who receive that seven megahertz, whether they should not. I accept that if it's a done deal they probably should receive the benefits of it in terms of its use right, just as long - - -

MR SIMSON: In terms of?

MR NAHAN: It's use right. That is, if in fact the seven megahertz is given to them, I think that what we need to do as a first priority is to review the seven megahertz allocation. One of the benefits of digital TV, is seven megahertz as I understand it was allocated on a licence basis for the analog system which you required for it. Digital allows, through compression technology and others, to make more efficient use directly of the spectrum system and as well shadows and other systems. We should look at breaking down the licensing system as you suggested, implied in your report, though there are technical difficulties associated with that, to a new digital licensing system so you don't give as much spectrum if it's needed. That is the essential approach. If in fact they're getting seven megahertz and they don't use it, then yes, one of the options would be for them to sell it.

MR SIMSON: So the seven megahertz, in the context of what you've just said, would be a maximum?

MR NAHAN: Yes, I suppose so.

MR SIMSON: But you'd be looking for mechanisms by which, if it wasn't being used, it could be - - -

MR NAHAN: Yes, another issue is if in fact your option - which is allow the recipients of the seven megahertz and let's say they don't want go on the HDTV and they want to potentially sell it, the licensing system which allows them to sell would

have to break it up into chunks anyway.

MR SIMSON: But what if, under that scenario - and I appreciate its implication for recommendation - the recipient didn't want to sell it? What if you've got a recipient who says to the minister or the government or the ACA, whoever is administering this down the track, "Look, we're getting around to that. You know, we're going to be introducing, doing more HDTV programming or we've got this beautiful idea for multichannelling and we're allowed to do it." I think one - - -

MR NAHAN: There is a competitive issue here and that is they were giving - let's say they are given seven, they decide not to go HDTV and they want to use it for multicasting and datacasting and they also want to use the spectrum to stop entrants from coming in.

MR SIMSON: You've raised two areas of uncertainty which really only time will tell ultimately. One is the extent to which digital compression technologies will improve and so increase the efficiency of that seven megahertz for all purposes. The second is the issue of HDTV consumer demand, pricing, affordability - all those sorts of issues and we're receiving obviously a lot of evidence, conflicting evidence, on both these things so an implication of what your paper raises is whether there are - what's the opportunity to actually review or at least take checks along the way as to what's going on?

MR NAHAN: Yes, my major concern is, going back to the issue of whether or not we should mandate or disallow HDTV is essentially this: and it's hard for the IPA to choose or try to ban any technology that consumers may choose.

MR SIMSON: You see, with regard to that, Mr Nahan, if FACTS is right, for example, that most of the networks who made that submission through FACTS - if FACTS is right and the price difference for the set-top box, for example, is going to be quite small and the price of receivers is going to fall, then that course would not be a sensible one, would it, to basically take the UK course.

MR NAHAN: Yeah, and then that market risk of let's say committing or legislating particularly HDTV would not fall necessarily on the producers, that is, the members of FACTS, if they in fact first - let's take the instance they're using that to mandate, have the government mandate HDTV. If it doesn't work out, all the risk associated with that mandate does not fall on the members of FACTS, because the major risk is keeping the analog system going on for a long time. The cost falls on the consumer by having in the future less opportunities.

The second thing is that, even if your recommendation - that HDTV is no longer mandated but they use this potential for HDTV to give it seven megahertz, it does two things. It potentially keeps the analog system going longer, as the evidence applies in the US. The second thing, it allows them to have a free run into alternative means.

MR SIMSON: Perhaps, but I posited my question on the basis of an information. If FACTS is right and the cost of the HDTV set-top boxes, and receivers for that matter, is going to fall - and I noted speculation in the newspaper this morning that FACTS may be in fact putting its money where its mouth is with regard to the set-top box issue in terms of what it's now saying - then that issue that you just raised doesn't arise, does it?

MR NAHAN: Yes, if. If in fact FACTS - if high definition TV is dropped down to its price difference, yes.

MR SIMSON: So you'd be a pretty brave government to actually take up your suggestion, which is different to what we recommend in our draft, as Prof Snape has pointed out, and basically force people to take the SDTV box and frankly ban them, taking the HDTV course.

MR NAHAN: No, that's not our recommendation. Our recommendation basically is essentially the same as yours, but preference is to look at the seven megahertz issue and allow the, if they do want to go on and do HDTV in addition to or beyond the standard of SDTV, they can buy the additional spectrum.

MR SIMSON: No, but you've said here, referring to the UK system, that HDTV is not allowed until the full conversion. That was what I meant by your recommendation that in effect it banned at least in the short term.

MR NAHAN: No, I said specifically that's what Britain did, but we say that there's one issue that the commission should look at more thoroughly.

PROF SNAPE: The logic of your argument I think may lead to a development of our recommendation that the spectrum licence and the broadcast licence be separated. If in fact a further recommendation were to be made or action to be taken that a broadcaster could not own the spectrum licence, so that the spectrum licence would if you like be owned by a multiplex or by several multiplexes each owning blocks of seven megahertz because the signal has to go out in seven megahertz for technical reasons, then if multiplexes were to be owned independently of the broadcasters, I think that would be the way to facilitate what you're talking about.

MR NAHAN: Yes, it is, to have a pipe and a transmitter basically separating the producer from the transmission mechanism.

PROF SNAPE: That would then lead, I think - so long as the multiplex owners were in fact independent of the broadcasters, you would in fact get a competitive market for the spectrum on the multiplex.

MR NAHAN: Yes. It's the same - as the draft report makes clear, you have precedence and access rules and it would be a mechanism to make more transparent the use of space for community broadcasters, particularly TV but also FM radio, yes. It is the task of trying to break up that seven megahertz spectrum.

PROF SNAPE: Yes, but the multiplex owner of course would in fact, if the most efficient - you would perhaps avoid strategic gains if it was to be owned by the multiplex owner, because what I was envisaging before, knowing that you wanted to have seven megahertz in a block, I might put something trivial on there so I am in fact using it and I'm just sitting there putting out the minimum that satisfies the regulations, knowing that it's far more valuable to you, but I engage in a strategic game, because these games can be played in different ways. Perhaps the best way of avoiding them - I'm following your line of argument - would be in fact for the multiplex to be owned independently so the multiplex owner then has the incentive to in fact be selling it or leasing it, rather, to the highest bidder. You don't go that far in your submission.

MR NAHAN: No, you've advanced my thinking.

PROF SNAPE: If in fact you think that that is a useful way of contemplating it, you may wish to go further with it.

MR NAHAN: Okay.

PROF SNAPE: I might also point out that there have been other submissions which have suggested that the broadcasters should be independent of the content suppliers too.

MR SIMSON: I haven't had a chance to read Papandrea's submission obviously, but could you just give us any thoughts you may have on the changing structure of broadcasting, in particular with the global nature of broadcasting entities and the extent to which they're vertically and for that matter horizontally integrating and the implications that this might have for local audio-visual cultural policy and the need or otherwise for government intervention, whether it be by quota or subsidy or whatever.

MR NAHAN: Yes. I think the report does a very good job of mapping out the huge degree of uncertainty in terms of the structure of the domestic as well as the international broadcasting and convergence industry; what services it will be, what it will look like. What consumer preference will be - datacasting, multichannelling, Internet TV - we don't know. The evidence that I've been able to glean is that it's just too early to tell as to what the preferences will be. Particularly one of the biggest things is what the role of the Internet will be in terms of broad-based consumer use and to what extent it will be e-commerce and whether that will go into, merge with, broadcasting, we don't know, highly uncertain. There are some people who are cynical; as you point out, those who are optimistic. All we know is that we must allow the scarce spectrum to be driven by consumer preferences, whatever they may be.

One thing is quite clear though, that if anything the amount of content is becoming more global in nature both in terms of their use, almost all aspects of delivery mechanism. That is, the content has been derived from around the world and

indeed a mixture of various countries' material is being put together, whether it being European, Australian or whatever. The local or national nature of content is changing, intermeshing and globalising. Another is that much of Australian content is increasingly quite appropriately aimed at the international market, not just the national market. This will be, I perceive, particularly relevant to datacasting and to Internet usage. That is, there's a new competitive - we don't know what it will be - industry out there and Australians aim to tap into it.

On the same side, there is quite clearly, as the draft report points out, the tendency in broadcasting, particularly TV - increasing tendency, particularly in Europe and other countries - to have stronger local content rules. So we have a tension between trying to garnish a national perspective on broadcasting and merging; at the same time consumers are demanding an international perspective. Australia producers are increasingly, appropriately because of the size of the market and returns, going to increasingly look at the international as opposed to the national.

What is the summary of those? There is going to be an increasing tension on and a failure of local content rules to articulate, to get it right. The market is going to be changing internationally. Types of delivery mechanisms and local content rules, which are already redundant in many ways, are always going to be two, three, five, 10 steps behind the game. Also when they're behind the game they're often used as a backdrop protection mechanism. As we know, protection often holds competitors back rather than allows them to get into this new game.

MR SIMSON: So what's your solution to this in a situation where you're playing catch-up, and in the context of our terms of reference with regard to social and cultural objectives - and for the purposes of the discussion let's assume that some form of audio-visual cultural policy is a good thing. What's the practical solution to implementing this?

MR NAHAN: We sit back and identify where the cultural and social aspects actually apply, if there are externalities, whatever they may be, and where they emanate from. The report argues quite strongly for, that they apply to children's broadcasting. They might apply to drama and other aspects, news, and also find out where they need to be. Sometimes the market takes care of these externalities quite finely and quite well; news, sports. Therefore the question is: will they need to be put in for datacasting? No, not now. Until the need is apparent, don't do it.

MR SIMSON: What do you mean, put in for datacasting?

MR NAHAN: The issue is, will you need local content for some of these new types of technologies - - -

MR SIMSON: You mean like content rules?

MR NAHAN: Yes, that's right.

PROF SNAPE: But you're thinking there of datacasting as being used in sport and stock exchange and that sort of field?

MR NAHAN: Yes.

PROF SNAPE: You've I think implicitly adopted a narrow definition of datacasting.

MR NAHAN: No, not necessarily. I could envisage such things as videos down the pipe, compressed videos, whether they be music or movies. I wouldn't think that you would need any - until you identify the need for a public policy intervention, don't do it.

PROF SNAPE: But that does risk, as you said, getting behind the cart rather than in front of it.

MR NAHAN: The opportunity is out there for this cart to be much larger than is indeed there but, yes, until you identify a problem quite clearly, monitor of course, and you can justify the need for safeguarding cultural and social values, it's often a defensive mechanism. My own view is that in many cases it will not be necessary as much of what people want to - maybe the world is going global, but it is also often what's local that counts, with global aspects to it, and therefore many of the local content rules and safeguards might not apply to converging technology.

PROF SNAPE: Okay. I think we'd better move on and just note that I don't think you commented on the cross-media rules, which was slightly surprising perhaps.

MR NAHAN: No, it's just one of my general acceptances. I think the cross-mediaship rules and in fact the whole mechanism across foreign ownership, cross-mediaship rules and other aspects which we dealt with in our earlier submission which you picked up and processed in the steps that you put in place, are first rate. We support them fully.

PROF SNAPE: Thank you very much. Thanks very much, Mr Nahan and the IPA for the efforts they have put in in a number of submissions. As you said, we can anticipate a few more comments coming in yet. Just keep an eye on our deadlines, if you wouldn't mind, that anything received from say early February is going to be very difficult to incorporate into it, as we do have a tight deadline.

MR NAHAN: Yes.

PROF SNAPE: So thanks very much, Mr Nahan and the IPA. We're now switching to International Dynamics, which is Mr Encel.

PROF SNAPE: We welcome now International Dynamics Pty Ltd, often also known as Interdyn, and we have two representatives from them. We would invite you to identify yourselves and then - I'm not sure who's going to speak to the submission.

MR ENCEL: Alex Encel, managing director.

MR GALLOWAY: David Galloway, store manager Encel Stereo.

PROF SNAPE: Mr Encel?

MR ENCEL: I'm going to do this I hope in a somewhat looser format. If you have any questions could you please ask me as I go along, rather than leave it till the end, because that possibly in some ways will make it simpler with some of the material I have. We have a much narrower focus than most people. It's just price, consumer uptake, availability, the extraordinary level of misleading and inaccurate information, as well as untruthful information that has been in the media on the subject, likelihood of the system just dying - and I'll say that very simply - and I believe that the cart hasn't got any wheels. This is assuming - we think consumer uptake is a factor.

Firstly I would like to say something about our qualifications, since so much of this pro-mandated HDTV debate is from people who have little knowledge and a lot less experience. We as a company started importing high-end German TVs and from a standing start we are their largest export market per capita for Loewe in the world. They are one of the three largest companies in their field in Germany. I give lectures on marketing TVs to international audiences in Europe. I have listed - last year I gave eight points that will happen with digital TV. Each one of them has been accurate. It's listed in my latest report. That's one of the reasons I predict - in accordance with my prediction that the American system would be a failure if you take commercial uptake of HDTV as market success - that I predict exactly the same thing will happen in Australia.

Our database on consumer affairs has been acknowledged by a number of reporters as the best they have been able to access in Australia. Another point I should make is about vested interests. From our commercial point of view the best outcome would be mandated HDTV to be a success. It would drag the prices up and our TVs that look expensive might look quite economical, very reasonable. So it would be terrific.

Then I should say David Galloway is a person who started as manager of our concept store - TVs Only - at Doncaster. We have people visit from all over Australia, and actually quite a few international visitors, because it has been such a success. Germany has taken it up as a policy and started a matching group of stores in Germany. So I'm stressing the experience part because somehow, in all this debate, people like ourselves don't want to be part of it. It seems to be all people - people actually sell to customers. If you took the most stupid TV salesman and said, "How's your chances of selling these expensive TVs with all these wonderful features?" they would look at you with absolute incomprehension. They would say, "We can't do it,

mate," or words to that effect. Anyway, let's continue.

I have received hundreds - literally - of phone calls about HDTV - DTV and HDTV. Without exception, no-one even thinks they understand much about it, let alone does understand anything about it. David Galloway's calls would be in the thousands. Now, the first point I guess is, why can't we tell people the truth - about pricing, about just the different factors? I have been combating for about a year, ringing up reporters who show no interest - until more recently, I have to say it's changing - when I point out that these \$500 digital TVs don't exist, that these \$2000 digital TVs don't exist, that's high definition digital TVs don't exist, and so on. The response I got from one reporter, "Oh, Alex, haven't you got anything new and sexy?" Unfortunately I don't have anything like that. I just have boring, straightforward facts.

Now, the main purveyors of this misleading and inaccurate information - and in some cases untruthful - I will say very simply are FACTS and GTV-9. Sony, after I pointed out the errors in their submission, didn't reply and haven't said anything since. After they had a big article in Australian Financial Review to which I replied, pointing out it was inaccurate in so many particulars, they seem to have quietened down, because I think the main problem is no-one questions it. The investigations I have done could be done with anyone with a telephone and a fax machine who can walk into McGills and buy a magazine, yet no-one seems to have done it. Reporters when they talk to me seem to think I have got some brilliant scoop. It's just down the street. I just give them a Web site to look at. So this continues.

The result is people are - and this is through phone calls we get - they are confused, sometimes very worried and sometimes absolutely panicked. After GTV-9 came out with their promotion about the exploding TV with, "Your TV will be consigned to the trash bin," we got so many calls. One woman - I can remember her name, which I won't give now - I thought she was going to cry. She had just bought a TV from us for \$3500 and there it was for \$4000, she was going to get this you-beaut TV that does these wonderful things and she just needed to wait a little bit. This is the problem you get when you don't give people proper information.

We put out brochures on things with several different languages, but the stuff on the Web site, the government Web site, I would have to say is just misleading. I don't believe they do it deliberately, but it certainly is misleading and leads people to wrong conclusions. More recently there is interest in the media and I have been getting some people to take some of the points up that I have been mentioning, but most people still are ignorant.

Let's go from that to the pricing issue, because I don't want to spend the whole time just discussing this. I want as many questions as you feel appropriate. Pricing - not in some vague future, but now. I can produce price lists and the price, based on current American prices for a budget TV - "budget", I'll emphasise that, reviewed as budget - are more like 15 to 20 thousand Australian dollars equivalent. You can't just do a conversion from US dollars to Australian dollars. Prices of TVs in a category in

America are lower. It just happens that way because they're a big market and there are a lot of market efficiencies.

So if you multiply the US prices by two and a half, you will get roughly in the ballpark. I could make a case for multiplying by three and using some Sonys as an example, but let's two and a half so at least people won't complain. Then you get these extraordinary prices. Now, somehow for example Sony sell their set for \$US8499, which makes it a bit over 20,000, yet somehow in this tiny market they're going to make it for \$8000.

PROF SNAPE: What screen size was the one that you're quoting?

MR ENCEL: 32 inches.

PROF SNAPE: Yes. I don't think they specified a screen size for the one that they quoted around 8000 for.

MR ENCEL: You can't make small TVs in our full Australian specifications. They do not exist. It is just impossible. It's as simple as that.

PROF SNAPE: I understand you may not be able to see the difference between a standard definition and a high definition in a small set, but why can't they make them in the small one?

MR ENCEL: It's just the construction of the picture tubes. You have a certain pixel size and you multiply that out by 1920 and you get a big set.

PROF SNAPE: Well, as I understand it there isn't a glass tube in existence that shows 1920 by 1080.

MR ENCEL: Correct, and when you get smaller the problems increase. That's why you can't have - but this is what the public have been led to believe, that they are going to get this cinema quality high definition.

PROF SNAPE: But a 1080 - you can show it if they only go to about 1400 pixels.

MR ENCEL: I would say in the normal Australian size that's not possible either.

PROF SNAPE: Okay, thank you.

MR ENCEL: If someone can show me one that is, apart from some hypothetical one in a hypothetical future, I would be most interested.

PROF SNAPE: But the point is I think that you can still receive the high definition signal on a small set, but you won't in fact get the full benefits of the picture.

MR ENCEL: Then why have high definition in the first place, if you have to go to all that expense and have a more expensive set in order not to receive the benefits of it.

PROF SNAPE: I guess it's a matter of how one expresses it. One could say that you can't get a small set - or at the moment any set - which is going to give you the full 2 million pixels etcetera, but one can nevertheless have a much smaller set on which you receive the high definition.

MR ENCEL: True, but then you're coming close to standard definition. Then why not have standard definition in the first place, rather than go through an involved process of making a more expensive set not to receive that particular signal properly?

MR SIMSON: Just while we're on that, could you just explain, as an expert in this area, the difference from a viewer's perspective of a standard definition digital signal off an SDTV receiver and then moving into the HDTV-type receivers? If you could verbalise the improvement, as you see it, of an SDTV over an analog, and then the improvements of the various - the 720 and then the 1080i - - -

PROF SNAPE: The 576 also, yes.

MR ENCEL: Okay. Let's first separate the American experience. One of the reasons I think - and you can't be sure - America went to HDTV is that they had NTSC, which is a worse system than PAL. Never Twice the Same Colour was the common acronym for it. So they have a bigger spread between their picture quality and digital than we do. Now, I'm not going to be one of those people who starts talking about these wonderful differences that no-one has seen. There has been no demonstrations in Australia side by side of SDTV and HDTV that I know of - properly conducted, I might say, not ones that are sort of, let's say, manipulated to maximise what you want to prove.

This to me is so extraordinary; that we go into a multi-billion dollar enterprise yet no-one - and if anyone can find me one - well, a group of people who run properly conducted tests. So I'll have to go on analogy, not on direct experience. No-one has got it. If you have a really good TV and a really good analog signal and a digital standard definition TV and a good signal, it's very hard to tell the difference. The digital TV is slightly worse. The reason is the compression technique. When I say slightly worse, not significant.

I have seen this demonstrated in Germany at the IFA only several weeks ago. This is for people who want to sell the digital TVs. I even discussed it with the designers. They say simply it's compression, that like with analog phones you would get - under good conditions an analog phone can sound very good. Under bad conditions of course the digital phone would be better. So it's not as simple as that. If you have bad reception on analog, the digital TV with a good digital signal will definitely be better. On the other hand if the digital TV has got a bad signal, you will get nothing, or it will cut in and out like your digital phones drop out every now and

again.

MR SIMSON: Just on that, in what circumstance would the digital have a bad signal?

MR ENCEL: Well, it's like when there's not sufficient transmitters in the area, you just can't receive them. With analog, you get a gradual trail-off in reception. With digital there's what is called the cliff effect: that you receive and then suddenly, pop.

MR SIMSON: You either get it or you don't.

MR ENCEL: You get it or you don't. You can have situations where you sometimes get it and sometimes don't get it. That's what's going to affect country people, because in the city, okay, the expense will be there, but when you start going to regional areas, how many of these transmitters are you going to pick? What are you going to do to people in Nudgee who live in a hilly area? Are you going to have some special system for them - because it is expensive. This is one of the problems with having digital and analog phones. There would be no problem with covering Australia with digital. All you have to do is erect enough towers.

PROF SNAPE: Could we just pause on that. Nevertheless, you're saying that we should I think go to digital?

MR ENCEL: Yes. That's a different - - -

PROF SNAPE: I mean, no-one is questioning the fact of going to digital and getting rid of all that spectrum-hungry analog.

MR ENCEL: No, but I do question the precipitous haste in doing it. Instead of us learning from other people's mistakes, they're going to be learning from our mistakes. We're learning already from some of the American mistakes. Why couldn't we learn from others? The Japanese are not looking at it, from my understanding and the Web sites, until 2003. Why are they so backward?

PROF SNAPE: Well, they made their big mistake earlier in the decade, when they went to analog high definition.

MR ENCEL: Exactly. Why do we want to make our mistakes early? If all these unicorn chips that people keep talking about come out in a couple of years, why not wait for a couple of years until - I don't believe a lot of these unicorn chips.

MR SIMSON: Can we now go back to the question please in terms of the second part of the question, which is then the difference between standard definition digital and those various regimes of high, as you move up the spectrum.

MR ENCEL: On a big TV, a really big TV, the sort of TV that most Australians don't consider purchasing, there is a definite difference. As you move smaller, there is

a lot of argument whether people can see the difference in a normal size TV. Now, since as I said, it hasn't been demonstrated, this is a good TV as compared to - of each kind. The other problem is, it's not just a question whether you can see the difference, whether people think the difference is worthwhile, which is much more significant. We can show a TV for, say, \$2000 that's much better than a \$1000 TV but a lot of people just simply won't pay that extra \$1000. Suddenly to imagine that they're going to pay these enormous amounts of money for a smaller difference, and these subtle differences, they are subtle differences, is just beyond comprehension. They will not pay this difference. We find our market, and we're good at selling high-end TVs, drops very sharply as the price goes up. So does everyone else's.

MR SIMSON: Can I just ask you, just from consumer research here, why is it with TVs people won't pay the extra money, or people won't pay the extra money. What is it about the TV purchase that drives consumer habits that way?

MR ENCEL: Because the differences are like a lot of things. There are, I think, cultural values. Some people think buying a very expensive TV shows that they watch it. This is, let's say, professional people often feel a certain cultural cringe about buying a really good TV. I have experienced it many times, David Galloway of course many more times than I have, but the other is they don't think the difference is worthwhile. I have had plenty of experience of the doctor who looks at a \$3000 TV, buys the \$1500 TV, though he thinks the \$3000 TV is better. It's not a question - it's not worth it to them. Why don't people buy the best cameras, why don't they invest in a lot of things? The extra pleasure or whatever it is for them isn't worthwhile.

MR GALLOWAY: That's how much better it is. If something only represents a 5 per cent improvement and it's double the price, people sort of make a quality judgment, and won't pay the difference.

PROF SNAPE: That's basically how you make your living on your stereo systems, of people paying that 5 per cent, double the price for the 5 per cent extra.

MR ENCEL: Exactly.

PROF SNAPE: But you're saying it doesn't operate on television but it does on stereos.

MR ENCEL: It is, I think, a cultural question. I did a round of the reporters who were ringing me. I said, "How much is your TV?" They all said something, without exception, between \$500 and \$1000, and I asked the reporters, "Would you buy a \$2000 TV if it was a lot better?" "Oh, no." That is the public.

MR SIMSON: To what extent do you believe that the prompt to purchase a high definition receiver will be more because of the additional services that I'll be able to get, as opposed to the better picture, although having said that you can still get the multichannelling and the datacasting services on a standard digital set, but I'm just wondering the extent to which these additional services will be the driver as opposed

to a better picture.

MR ENCEL: We have set up a TV attached to a computer with a VGA card costing \$160. There is hardly - it's a very small number of - people look at it, say, "Isn't that lovely. Doesn't that TV picture on the computer look so good." "Yes." "No, I don't want it, thank you."

MR SIMSON: So the TV screen is in effect your monitor.

MR ENCEL: Yes.

MR SIMSON: Okay.

MR ENCEL: The reason is people buy TVs and use them in a different way. The idea that the people go home and sort of sit around datacasting while the kids want to watch the Simpsons, the father will look at the stock exchange and all these wonderful things, I'm sure there will be a few people like that. I don't know - if someone can tell me what proportion of the population need to do it to be successful, but teletext is a very good example. It's a primitive form of datacasting. There are great hopes about all these people going to access teletext. I did a little survey among our customers. More than half of them had never switched teletext on. Don't even know how it works. You have to show them the button and so we're told that suddenly these people are going to be desperate about datacasting and looking up these other - - -

MR SIMSON: And yet it's a totally free service and it comes with all of our - every single one of our televisions has it incorporated.

PROF SNAPE: But what about multichannelling?

MR ENCEL: Look, I'm sure there will be some people who will use these activities but I think - why don't we do some surveys of it? We seem to do surveys on an incredible number of things. The republic, I couldn't pick up a paper without a huge number of surveys. Why can't we have some surveys? Singapore actually did a survey, I found out, it's in my data, so I rang them up after being told they were adopting HDT which I didn't believe, and it isn't so, and Mr Dann said to me, "Oh, yes, no, we're not going to look at it for three years. We did a survey. Less than 1 per cent have any interest at all." And so let's do some surveys, find out how much will people pay. How important are these different - and give them a decent explanation, not like this Worthlin survey of FACTS which was a textbook illustration of how to get the answer you want by phrasing the questions. So I don't think there is enough difference. So it's not a question of difference. It's camera lenses, a lot of other things. People will not pay for that sort of difference. The reasons in one sense don't matter that much. They won't do it.

PROF SNAPE: We had comment from FACTS the other day that 720p had some technical problems with it. Are you aware of any problems with 720p?

MR ENCEL: We haven't got our system designed yet. As far as I know there's no software written. We aren't in operation, so to start talking about problems about something that doesn't exist, no, I don't know of any, but any new system is going to develop - there will be problems with 720 or 1440 or 1920 which - - -

PROF SNAPE: No, this was comparing 1080 and 720, and they were saying that it was comparing 1080i which is of course what's foreshadowed, and 720p, which is what they may have to do if they're required to simulcast standard and high because otherwise they can't fit it on the spectrum, that is, they can't go to 1080 if they're putting out a standard signal at the same time.

MR ENCEL: Well, my experience with FACTS is they are very good at blowing smoke. I would like to see an analysis of what these particular problems are before I comment. I don't know of any. I can't say they don't exist but I would like to see the specifics rather than some vague assertions about problems.

MR SIMSON: Mr Encel, if there was to be a simulcast of high and standard as is speculated in the newspapers, if that were to occur, what would in your judgment be the price of the cheapest receiver that would facilitate that on the basis of, as Prof Snape pointed out, it seems that the highest they could actually do the simulcast in HDTV would be 720p. At what price would a receiver cost that would make a difference as opposed to simply getting the set-top box that enables your screen not to go blank when that quota of 720p HDTV program was coming through?

MR ENCEL: Well, you can just look at the prices they are in England multiplied roughly by two because all a digital TV is an analog TV with, instead of an analog tuner, an additional digital tuner. There is no leap in technology. The firm we represent makes them. Lots of other firms make them. There is just - - -

MR SIMSON: So what sort of price are we talking about?

MR ENCEL: A couple of thousand dollars, under a couple of thousand dollars.

PROF SNAPE: That's a television set which - - -

MR ENCEL: A complete television set - - -

PROF SNAPE: - - - would receive a standard definition but not high definition.

MR ENCEL: Not high definition.

MR SIMSON: My question was one that would actually do both.

MR ENCEL: I see. That's guesswork and I'm not into guesswork. I think it would be extremely high because our market is so tiny. If we take the American uptake which is the highest and it's about half a per cent, and I think it's extremely high, let's say I'll call it a quarter and I still think it's high, we start getting a few thousand TVs in

Australia per year and you start thinking, "What crazy manufacturers are going to sort of split up a market and make a wide range of TVs for a few thousand TVs a year."

MR SIMSON: But a standard digital - - -

MR ENCEL: For high definition.

MR SIMSON: Yes, but a standard digital TV would cost a couple of thousand dollars.

MR ENCEL: Yes.

MR GALLOWAY: Not much different to what they cost now.

MR SIMSON: Okay. Would the set-top box be integrated into that?

MR ENCEL: Yes.

MR SIMSON: That's including the integrated - - -

MR ENCEL: I have here, and I think I have provided it in my latest submission, some pictures. You just have to look up W.W. Dixon's Co in the UK and you will find them in the great array - I have got about 30 here listed.

MR SIMSON: Are you the largest marketer of premium televisions in the country?

MR ENCEL: No-one reveals their statistics. We must be one of them. I can't say that we're the largest, but we certainly would be among them. We're considered the - well, we have been told that we're the most successful in German higher-end TVs but again, no-one reveals their statistics.

MR SIMSON: Yes.

MR ENCEL: One of the questions I would like to ask anyone, what is success? What determines success? How much percentage of people buying denotes success? I think any general, and this is one of the points about costs, what is our aim, what are we trying to do? I believe that we hadn't defined success and one of the comments made by Mr Branigan in a radio interview with me was, "Half a per cent or 3 per cent, it's immaterial." Well, I'm one of those strange people that thinks that the percentage that people would buy the sets is material, rather than just working out how to close off that section of the spectrum. This is a question that I have never been able to get an answer, what is success? Is there someone who can tell me? Maybe you have seen something that tells you what success is but I haven't.

Just a couple of other points. Well, the US market being a 30th of our size, we would expect costs not just to be this two and a half times what they are in the US but far higher. I have listed in one of my earlier submissions the failures in technology;

better technologies, and they somehow seem to be overlooked. Technologies actually fail. One and a half billion dollars was the cost of, I think, the Iridium phone system that was quoted a few days ago as the close-down of that technology. We run a serious risk of that happening here. What is our exit strategy? Any general knows that you have to have an exit strategy. What do we do if it doesn't work? This point doesn't seem to be even considered.

I have polled independent experts, not with vested interests, all over the world. I have put some of them in my latest submission. I have spoken to them on the phone. In private on the phone they just think we're absolutely crazy. They're not talking about the datacasting. They're just talking about mandated high definition TV. I have yet to find an overseas expert who thinks it's a reasonable idea.

PROF SNAPE: As you say, we have suggested that that decision be revisited and - - -

MR ENCEL: I agree completely with that decision.

PROF SNAPE: And that may or may not happen. As Mr Simson indicated, the press comments, if they're accurate, would not be all that optimistic on that score but given that you are trying to see - you agree that in the future digital is the way to go.

MR ENCEL: Yes.

PROF SNAPE: What is your path to it?

MR ENCEL: My path is according to what mistakes are made, and sort of judging what we import accordingly, so let's assume that it's mandated HDTV. We'll import the digital TVs that our company we represent makes. We'll have some appropriate box for them as they do in America because - - -

MR SIMSON: A set-box?

MR ENCEL: Well, whether it's inside or outside, I don't know yet.

MR SIMSON: Yes.

MR ENCEL: But something of that kind, and life will go on.

MR SIMSON: If the government mandates both high and standard digital?

MR ENCEL: We would simply have the standard definition one without the additional complication of a box that wouldn't need it.

PROF SNAPE: Would you have - - -

MR SIMSON: Sorry, Prof Snape, if I can just clarify that. So if the government as it speculated were to in effect mandate both high and standard, in terms of your marketing strategy you would encourage people to buy the standard, the new standard digital.

MR ENCEL: Yes.

MR SIMSON: Right.

PROF SNAPE: And would you have to make any modifications to - - -

MR ENCEL: Not that we - - -

PROF SNAPE: - - - for the standards which are being set in Australia for standard?

MR ENCEL: No.

PROF SNAPE: So they would come - - -

MR ENCEL: Well, not that we know of, and see, until you get a final definitive answer, but from what we can understand no, because with these frequencies I know much has been made of the point that there's a difference between six and seven in different countries, and eight. It's in the tuning. All you have to do is do your tuning and it is adjusted in your tuning.

PROF SNAPE: So you would be able to tune a European set without any modifications?

MR ENCEL: As far as we know.

PROF SNAPE: To the Australian Standards as they've been foreshadowed at this stage.

MR ENCEL: You see, this is why I'm very cautious about saying these things because until you have everything in black letter law, you run the risk of being one of these people who - - -

PROF SNAPE: Yes, but the standards - a body did put out some standard specifications recently.

MR ENCEL: They did put out and I sent them over to Germany. They said they see no problem. The point is, they said, they don't want to go into - since the final decisions haven't been made they don't want to start going into elaborate analyses. From their point of view there's no problem. You just do it in the tuning.

PROF SNAPE: Do the Loewe sets for Australia have to be specially adjusted

before they come here?

MR ENCEL: No, they come off the production line. When we get them to the warehouse we simply tune them to the different - that's all. That's what I mean - - -

PROF SNAPE: We were told in one of the submissions the cathode ray tubes in the set, in television sets generally, had to be - I'm not sure what the technical term here is, but adjusted for the magnetic field in Australia.

MR ENCEL: It's not as simple as that. What happens is you've got - that's called the northern hemisphere and southern hemisphere. I also fly and you have different magnetic lines of force Australian wide so you don't have a Perth tube and you have, you know a Melbourne tube and a Cairns tube, you have a picture tube. It depends on the tolerance of the particular tubes. Some people feel you should have two. Some people have tubes with a sufficient tolerance that will cope with the different variations. So this isn't a problem. The sets we get are the standard German sets and we just adjust them in the warehouse. We have an E prom, plug it in, and a university temporary staff person just switches it on and does it.

PROF SNAPE: And that's how the magnetic field is attuned?

MR ENCEL: Not so much the magnetic field. The set copes with it as it is.

PROF SNAPE: As it is. So they're not - there isn't a special run for Australian conditions as one of our submitters suggested?

MR ENCEL: No.

MR SIMSON: Mr Encel, just to go back to a point you made earlier, are you saying that the demand for datacasting services over the TV set in your view is going to be quite low because that's not what people like doing with TV sets in lounge rooms?

MR ENCEL: That's my opinion and it's based on a certain amount of knowledge and seeing what people buy. The computer example is a perfect one because we have people say, "I've got a computer. What do I want to have this for?" "You can get a better picture." "But I don't want to. My kids want to watch TV." You can explain it, David.

MR GALLOWAY: Yes, they're more interested in television at home as an entertainment source rather than a source of data or information or stock exchange and I think the relative failure of teletext proves that. If they wanted to be using it for that sort of purposes they've had teletext at their fingertips for a number of years and as Mr Encel has pointed out, more than half our customers don't even know how to turn it on.

PROF SNAPE: Something that's lurking around the corner and didn't get a great

deal of prominence in our draft report is digital radio. Have you been looking at the future of digital radio in Australia?

MR ENCEL: No, I haven't been because I've kept my focus to the areas that we're involved in and it's another of these examples where these great pronouncements are made of when it's going to start but when it isn't going to start at that particular time there's no announcement that it's not going to happen. The older misinformation just simply continues so no, I don't consider myself any specialist in that area.

PROF SNAPE: So you're not looking to retail at this stage?

MR ENCEL: No. I have a number of other points.

PROF SNAPE: Keep going, please.

MR ENCEL: Yes, an example - you see, I think this misinformation is part of the heart of the problem. We have no problems dealing with the truth. What we do have a problem with is the smokescreens and misinformation and David can tell you some of them. You can mention some of the things customers believe.

PROF SNAPE: I think we are getting close to - if you could make it in sort of five minutes.

MR ENCEL: I see. Look, I'll make it very simple. They believe that they're wall-hanging sets, they're going to be wall-hanging sets. They believe that they're going to buy an under a thousand dollar set which will have full stereo sound, CD quality etcetera etcetera. They believe all those things. They believe they'll be available for a few hundred dollars. You get a variety of different - my plea is that we tell the public the facts, not edited facts, public relations facts or anything else. We just tell them what the real situation is. The government puts out a sheet because I sometimes find it hard to explain to a customer. After all, the senator said something, GTV-9 said something etcetera etcetera. So I get a problem. A normal TV salesman has not got a hope, I don't think, of explaining to a customer. Say something and I'd like to vet it. Let's say it doesn't have to be me but someone with experience in the retail industry for what people are looking for in terms of information. We need that.

We have got 2,000,000 who have bought TVs in the last couple of years since digital has been announced. A lot of them have made the wrong buying decisions based on the misinformation. What happens is - we have it often, something like this, "I was going to buy a dearer set but with digital coming out I'll buy a cheap one etcetera etcetera." If they had known the truth they would have bought what would have suited them. They would have benefited and of course we would have at the same time. The decisions are not irrevocable. We can change anything but we don't have to go through the awful mistake of mandating HDTV when we've got an example that's a failure in terms of community acceptance.

PROF SNAPE: With your set say of \$2000 or so which you are selling, analog sets,

and if digital comes in and people want to, because of other things that are coming in with digital besides the simple picture, for example multichannelling say on ABC and SBS at least, does Loewe itself sell set-top boxes which would be suitable then for the sets which you are selling to convert to digital?

MR ENCEL: No, they're available in each market. I've already arranged to source some, depending on what we finally decide. If it's standard definition it's pretty easy.

PROF SNAPE: For the ones that you have arranged to source for standard definition to be attached to your sets, what does that involve?

MR ENCEL: We expect a few hundred dollars.

PROF SNAPE: Is that three or eight?

MR ENCEL: Under 500, let's be more accurate. You see, until we put in a quantity and you see the quantity we put in, the price is dependant on quantity.

PROF SNAPE: So it would be under 500 and you wouldn't be going for any cheapie presumably because you wouldn't want to degrade what you - - -

MR ENCEL: No, it would be under 500. You see, these sets are available in Britain. It's not as if it's some sort of new technology now. If you started saying a high definition one, that's a completely different set-up and I don't know if we could do it.

PROF SNAPE: So the standard definition, which would be suitable for the quality of your set, would in fact be under \$500?

MR ENCEL: Yes. Given the track record of, you know, make this - any of the participants be required to post the specifics of their proposals of what these - I'm not sure if you would call them allegations - low-cost items and give the details so someone independent can look at them and analyse them because their stories are absolutely untrue.

MR GALLOWAY: \$3000 HDTVs.

PROF SNAPE: Yes, I think you would probably enjoy reading through the submissions, in fact the hearings, the transcripts of the hearings which we had last week and you might have a look at Channel 7 and some of their comments.

MR ENCEL: This is the problem. You see, the problem this has made, you may be able to tell me, why is the ACCC - I mean, the ACCC, I've written to them. They don't seem to have any particular interest in the subject. The obvious misinformation, I mean, I've had it in print, on radio, wrong facts about these current 4 and 5 thousand dollars HDTVs etcetera and I've gone to them and said, "Where are they? What are they?"

PROF SNAPE: We've read your comments on that. I think that we do have to be careful with our time today because we've got a whole schedule of videoconferencing and people will be waiting in other cities for that and so I think we had better draw it to a conclusion and thank you very, very much for your submissions which have been very helpful to us, I might say, and also for your comments today.

MR ENCEL: Thank you very much, and I'm sorry if I get a bit passionate about it because when people tell you things you know are untrue to your face, I do find that a bit difficult to stomach.

PROF SNAPE: I can well understand that. We'll have a very short break just to collect our thoughts and resume at approximately 10 to.

PROF SNAPE: We resume our hearings and we welcome the Australian Children's Television Foundation again and we would ask them, as we have before, each representative to identify themselves for the transcript.

MS EDGAR: Patricia Edgar.

MS BUCKLAND: And Jenny Buckland.

PROF SNAPE: Thank you very much. So we have your submission on the draft report and we thank you for that, as well as your earlier submission. Who would like to speak to them?

MS EDGAR: I would like to begin but then perhaps Jenny might be able to add some further content. I would like to make a statement about the ongoing commentary by FACTS about the fact that there is no audience for children's programs. It appeared in the press again this morning and there's a very strong statement within your report attributed to the Seven Network where they talk about the subjective, excessively interventionist and determinist nature of these standards which has distorted program outputs to the point where they have become too sanitised and lost their appeal to a mainstream audience. I've heard FACTS saying this for 25 years, since I chaired the inquiry for the Broadcasting Control Board into Australian content.

At that time they were saying it in advance of the programs being made. Now they're saying it after a very long record of demonstrable success in all sorts of ways, except the ways that it's very convenient for them to point to. I wonder if the commission has seen the report which is a research report on C programs from 79 to 99 which was commissioned this year and has been conducted by an independent researcher attached to the ABA. It's in draft and not finally released. But within that there is a section on audiences and it discusses the fact that ratings are influenced by a number of elements other than the program's appeal; scheduling is certainly the key determinant; household television viewing rules affect children's availability to see them, and in fact their research shows that 28 per cent of family households don't allow television before school when most of these programs go to air. All the networks schedule their programs up against one another so the audience is divided in three. On air promotion is an important marketing component for everything other than children's, so there are all sorts of factors which lead to an analysis of the performance of these shows.

This research concludes that over the entire period of analysis, over six years - 93 to 98 - there was no decline in ratings performance over this time period, despite the fact that there's very little assistance given to the viewer to find or know about the programs and of course the other issue is their demonstrable success around the world and the demand with the overseas markets. So it's a tune that they have played continuously and I'm with Mr Encel when he said, "Let's hear some facts rather than the prejudice of the commercial networks on this particular issue."

PROF SNAPE: Thanks very much. It's a draft report commissioned by the ABA. I'm not quite sure whether we have got it; I suspect we may not and there may be a bit of a problem also if it's a draft report.

MS EDGAR: I know that the text is finalised and because the foundation contributed to this research, so did the Film Finance Corporation in an effort to get an accurate picture of what was actually going on with these programs. So I'm sure the commission would be able to obtain it.

PROF SNAPE: Yes. Thank you very much. Since you refer to that, perhaps I could ask the question that I think I've asked before, but now in the context of that, is there any evidence on how many children are in fact watching?

MS EDGAR: Ratings evidence is very, very difficult to come by. A lot of things are scheduled at times where there are low ratings anyway. They do not keep records. The ABA did not have records. We asked Nielsens for records. It was extremely difficult. But what information does exist certainly exists within this report.

PROF SNAPE: Yes, that's a point made to the ABA again the other day in the hearings that this most fundamental - I mean, if one is going to do any research on the impact of children's television it would seem to me that the first thing to do would be go out and try and measure how many people are actually watching it and yet it would appear, so far as we've been able to discover anyway, that no-one has done it.

MS EDGAR: And least of all the networks because I think certainly they would not like to discover it was a success because then it would undermine the very arguments they had put forward. But the strategy they have used since the beginning of the ratings certainly indicates a deep antagonism towards this obligation to provide programming for children.

PROF SNAPE: But the Children's Television Foundation itself hasn't seen fit to commission a survey?

MS EDGAR: It's really beyond the resources of the foundation to do something as comprehensive as that over a sustained period of time.

PROF SNAPE: But even to include - for example, commission Morgans who do a survey of household behaviour, have been doing it for a long time, and they as I understand it are prepared to put additional questions into these household surveys. That, compared with other ways of going about it, might be a rather modest cost way of doing it.

MS EDGAR: The ABA have certainly done that and that is looking at the issues of what families are actually available at the time these programs go to air; the fact that many of them go to air when many children are at after school care; also the issue I mentioned earlier about the number of homes that allow television to be viewed, and they do have that information.

PROF SNAPE: Okay.

MR SIMSON: Could I just perhaps, Ms Edgar, come at this from a different direction. Your recommendation or your suggestion on page 3 of your submission which is in line with our draft that, "The regulation should be regularly reviewed" - by the way, these are the regulations relating to quotas and so on - "to ensure they are meeting the social and cultural objects that they are intended to meet." I mean, how would you propose that would occur? How would you propose what would be the nature of those reviews?

MS EDGAR: I think it's looking at the whole range of things that I've mentioned, is their obligation to the audience and how they inform their audience, how they promote the shows, how they schedule the shows. All of those things are relevant. On the point asked earlier, according to Nielsen, 14 per cent of the homes use television between 7 and 8 am. It rises to 16 per cent between 8.00 and 9.00. So we do know that. We do know that it's not a time when the major audience for which these programs are made is actually sitting and watching. So that's a relevant issue. I mean, in every other style of programming, a network will go after their audience. They will reschedule, they will promote, they will make sure they're informed. In this case they don't do the things that they do with all other types of programming.

MR SIMSON: Could I just touch on another - I'll just go back actually a page to page 2, the top of page 2 there, where you talk about, "would in effect be a tightening of the creative elements test as it relates to the origination of a program's idea." That then becomes a tighter definition of what is Australian for the purpose of the creative elements test, correct?

MS EDGAR: Yes.

MR SIMSON: What would be the practical effect of that in terms of the other enterprises, such as co-production, enterprises and situations where - well, that would be the primary - what would be the impact on those types of enterprises?

MS EDGAR: It would close down those who access Australian subsidy moneys to produce programs that they're going to make anyway. But they come in with an Australian partner but the program has originated overseas. It's for the overseas market. We gave you one example with an article; there are several others, usually in the form of animation because it's easy to divide that up. But it's the origination of the idea and where the program came from. The foundation has not had difficulty in obtaining co-production partners for programs that have been entirely originated and written in Australia. So it depends on the objectives of the financing partner. If they are seeking a good program but they're seeking something that they've got input into but not control over, it doesn't in fact get in the way. If they are seeking finance for a show of their own then our system allows that to occur and it shouldn't.

MR SIMSON: If you could perhaps answer this for me, if you can, more widely

than simply children's television. Of the co-productions that you're aware of, how often does the program idea actually originate in Australia, is it more or less?

MS EDGAR: There are actually fewer - there are not a lot of co-productions that are going on. But more often I would say in the mainstream programming they originate in Australia than they do in children's.

PROF SNAPE: Than they do in children's?

MS EDGAR: Yes. What we have seen in recent years in children's production is overseas companies accessing our funds, getting quota, getting classification, because indeed these programs are often made by Australians but they could be outsourced anywhere.

MR SIMSON: So your concern is particular to the children's area with regard to co-productions?

MS EDGAR: Yes.

PROF SNAPE: It seems to me that what you're heading to - and a number of participants, I might say, seem to be heading in this direction - is a sort of look and feel test. Does it look and feel Australian? Yet no-one has been prepared to embrace that look and feel test and yet so many of the amendments that are suggested are going down that path.

MS EDGAR: In fact the ABA did have a look and feel test and they dropped it because they found it difficult to administer, I guess. But I think in this area you cannot be - like, you cannot easily put things in very clear boxes, so the degree of ambiguity that may occur, they're uncomfortable with. But I think that the origination of an idea is a fairly clear way to go. If something is a German folktale with a hero that comes from Greenland, as Tabaluga is, and it's written up in all the international markets as a German program, why it should get Australian quota credit and children's drama credit because it's made in Australia - - -

PROF SNAPE: Well, if I could give you another example which illustrates I think some of the problems in this area, and it's not in children's but it's a comparable example, I think. There's an American made program called Judge Judy, I understand, and the networks explored the possibility of making an Australian variation of that, that is in Australia. They ran into legal problems with the Australian legal system and weren't able to do so and that stopped them. But if they had then made Judge Judy as an Australian one or Judge Patricia, and had an Australian pseudo-judge and it was all done in Australia, everything was Australian but that idea would still have been American or it would have been imported. You see the problem with the idea. Where does the idea come from?

MS EDGAR: I think there have been a lot of examples of that sort of thing and indeed the Steve Vizard Show was very much a copy of a show in America by David

Letterman. It's not in those sorts of shows where you've really got a high volume. It's in areas where you've got a very small protected quota for a specific purpose that sort of abuse of the system becomes more of a problem. But I don't imagine that - I mean, there are all sorts of game shows, entertainment shows that are based on overseas - - -

MR SIMSON: Family Feud is another example.

MS EDGAR: Yes, I don't think it does the slightest damage for an idea to originate overseas that is then sort of syndicated in that form. I think that's very different from filling a quote of 30 hours a year with products which have indeed been made for an overseas market primarily and Australian children get that as part of their Australian drama.

PROF SNAPE: So if they had used the same story but had an animated green kangaroo that lived in Marble Bar rather than in Iceland where I think this other one does, or is it Greenland, then that would have been okay?

MS EDGAR: No, I don't think it would be the same story and I don't think they would use the same story. It's a German folktale.

PROF SNAPE: Yes, but if it had been adapted to Australian conditions - - -

MS EDGAR: No. You see, if you made sort of Waltzing Matilda in Germany I think it still remains a sort of Australian folktale.

PROF SNAPE: Obviously arbitrary decisions would have to be made on that. Perhaps we should move on.

MR SIMSON: Could I actually just for a change of beat take you right to the end of your submission and page 9 where you've got some very useful comments actually on page 8 and 9 about the changing structure of the broadcasting industry - the vertical and some horizontal integration and so forth. I'm particularly interested in your point that with regards to diversity that it can actually just be recycled content. It can be repackaged. Can you talk to that a little bit further because in the context of our draft recommendations if what you're saying there is right it can mean that a change of regulation can actually have a perverse effect to what you might think should happen.

MS BUCKLAND: We've actually just returned from the MIP Asia, Asian market, that was held last week in Singapore where there are a lot of new services that are setting up in Asia all coming to their foundation for programming. Without exception, what they were looking for was old programming because they were all in start-up phase and the purchase prices that they had for those programs were very low. They were minuscule. That experience mirrors exactly what has happened in Latin America and in Europe over the last few years. We just were approached - they're starting multichannelling in the United Kingdom as you would know. GNTV has started a couple of niche channels. It has a children's channel. It bought in

October the Lift Off series which has already screened on channel 4 in the United Kingdom eight times. It bought Lift Off again for its little digital multichannel service.

They're coming to the market and the first thing they tell you is, "We're not here to buy new programming. We don't have a budget for new programming. We're screening it over and over and over again." At the United Nations World Television Forum last month in fact a number of Mexicans were complaining very strongly about the situation in Mexico where there is now just a plethora of channels but that it is recycled programming, again and again. So that great big upswing in services has happened over the last 10 years and so far there just isn't a lot of evidence that there are large amounts of new programming being produced to - - -

PROF SNAPE: Is there any sign that the price of rerun material is rising? I mean, if there's this tremendous demand out there for - - -

MS BUCKLAND: It's not rising but there are more opportunities for reruns.

PROF SNAPE: So that contributes more to revenue. This would seem to me that if you've got, as you described, a new demand there that didn't exist there before for reruns.

MS BUCKLAND: At the same time, what has occurred is that the licence fees for first runs are dropping. What occurs for example in the United Kingdom - 10 years ago you would make one sale to the free-to-air broadcaster for a fairly substantial licence fee. Now the free-to-air broadcaster is being forced to share windows with the pay television operator off the back, straight up, so they've started to offer lower - and also all of the free-to-air broadcasters in Europe are getting lower audience share so their licence fees are dropping and to make the amount of money that you used to make from the first sale you often now have to make the free-to-air sale and a couple of the extra sales, the pay television sales or the multichannel sales to get there. So licence fees up-front are dropping and it may be that the amount of money that you made in your first year of selling a program 10 years ago, it's taking you perhaps eight or nine or 10 years to actually get to that level of sales.

PROF SNAPE: But yes, one could see as you're describing that the balance between the initial and the rerun would change but that's not washing out so that you're at least as well off?

MS BUCKLAND: Then you have to take into account the production budget costs which are rising. So with licence fees staying at where they were or lower than 10 years ago but labour costs and other costs of production have increased so, no, it doesn't work out that way. A program that we produced 10 years ago, the first series of Round The Twist, at that time the licence fee paid by the Australian broadcaster for a start was 30 per cent of the production budget. Today it will be less than 16 per cent of the production budget. The licence fee of all of the major broadcasters, the BBC, the German public broadcaster and the French public broadcaster were a significant portion, maybe 10 per cent each of the production budget so it was able to

recover its budget over a number of years. Now the licence fees to start with are all a much lower percentage of the production budget and that's a combination of the budget being higher but also the licence fees actually being lower than what they were 10 years ago.

PROF SNAPE: What do you get for reruns? If you take Round The Twist, what would you be paid for a rerun in Britain for that?

MS BUCKLAND: In Britain - - -

PROF SNAPE: If that's not commercial in confidence?

MS BUCKLAND: No, because these are all pretty standardised. In Britain if you were rerunning it, it would depend how old the series was. The first rerun on free-to-air could be around 5000 pounds an episode. A rerun on pay television broadcaster might be US\$2000 an episode. If it's GNTV's little multichannelling service it would be more like 200 pounds an episode. They'll take a very low, short licence period for that.

MR SIMSON: In any event, what you're doing is challenging if you like on of the key elements of the thesis of technological convergence that it will actually increase diversity or challenge in that because you're saying that because of these other factors and what's happening in the structure of the industry globally, the broadcasting industry globally, that ironically the new digital technology may not lead to much more diversity, could arguably even lead to less diversity and seeing you both nodding, if I can then move on and ask the question: that being the case or if that is the case what do you see then as the implications for audiovisual policy in the children's area locally here then?

MS EDGAR: I do not accede that they are onerous at all on the free-to-air broadcasters and I think they should remain and I also think that the percentage of budget on pay should be looked at very carefully and that should be monitored as well. I mean, I would hate to think of the future where indeed all we're ever going to see is overseas programming recycled in Australia with very little local production and so without some form of regulation, ongoing regulation, whatever the diversity of the system, I don't think we're going to see it at all. I think Australian production will disappear and we'd become an offshore house until you could make those shows cheaper somewhere else.

PROF SNAPE: We note the point that - go back a few pages, where are we? We note the critical mass argument that you have there and that has been put to us by a number of other participants too as you might imagine. We are trying to get a handle on that. You refer to it on page 4:

Critical mass must be maintained on the supply side to ensure the minimum levels of highly valued programs are produced.

I think that the implication - well, it's coming after our draft recommendation 9.3 where you're saying you don't support the recommendation that the overall quota and the advertising quota be not continued with, even though in fact both these quotas are exceeded, the advertising one exceeded quite easily. We are, under our terms of reference, as you probably noticed, required to - I'll read you the exact words:

Have regard for the competition principles agreement which specifies that any legislation which restricts competition should be retained only if the benefits to the community as a whole outweigh the costs and if the objectives can only be met through restricting competition.

So the onus always has to be on the retention of regulations, not on the removal of them and so we, when we wrote our draft report, weren't convinced that these two regulations were in fact required for the objectives which had been specified. I think you are suggesting that they be required to generate critical mass so that the other objectives could be achieved. Do you wish to elaborate on that?

MS EDGAR: At the moment there are two different types of industries that are operating within Australia. One is the offshore industry where people are being paid often sort of even three or four times more than what they might be paid on an equivalent Australian show. We are finding it is harder and harder to get the people, the good people that you would want, experienced people, to work within the Australian industry and one of the problems is that lack of continuity of work, the fact that they can bounce from one to the other at the moment but most of them are staying with the higher money. I would see it as a fairly serious issue. I think advertising is one area where indeed you have people who are very well paid for what they do. You know, we've got some of the best crews in the world and they are perceived as such and the advertising industry has really trained them. I think that it is really important to retain that Australian component of the advertising industry to give our industry a base. Even in many cases the ads that are made overseas are remade in Australia. People say, "Why bother?" I think the income coming into the industry and the experience that it gives is really very, very important.

MR SIMSON: Isn't there a contradiction there between what you've just said and what you said to us earlier today with regards to not wishing to count co-productions where the idea didn't originate in Australian local content?

MS EDGAR: I think advertising is a totally different issue. I mean, advertising, we're already dominated by multinationals in the manufacturing area and so you're not going to have a purely Australian concept to advertise Coca-Cola or to advertise PCs and Hewlett Packard or - there already is a commercial domination. But the actual making of the ad is still important - that it's made by the Australian industry. So there are two issues, there are two separate issues.

MR SIMSON: But you could apply the same argument to co-production - that while the idea may not have originated in Australia that on that line, to repeat your words, it was important that the co-production was made in Australia.

MS EDGAR: Well, I think they serve very different functions. An advertisement is selling you a product. Your local drama is really sort of informing you about the history and the basis of the society in which you live.

MR SIMSON: Very much so, and that's precisely why in the draft report we put a question mark against the advertising quota, because we had difficulty seeing how it could be targeted to social and cultural objectives.

MS EDGAR: I'm arguing the advertising quota on industry objectives and the issue of critical mass, and the actual payment of personnel in that industry to keep them in the industry. The advertising industry is the major way by which directors can be in fact retained for the Australian industry, because that's where they do earn big money.

MR SIMSON: Why is it that since the rule has been relaxed from 100 per cent back to 80 that in the case of advertising - depending on sort of numbers you look at - but something around 90 per cent are still being made locally anyway? In other words, it's not as if it's to 80 or below 80. It's significantly ahead of 80. That 100 was relaxed some time ago, I think in 92.

MS EDGAR: It's a cheaper production cost.

MR SIMSON: So it's an argument that the Australian industry is efficient?

MS EDGAR: At the moment. But Australia at the moment is much cheaper to come to to make programs. That does not mean it will last. I mean, it can be cheaper somewhere else next year.

MR SIMSON: But isn't that the challenge? I mean, so long as we remain - given you have acknowledged that the advertising one really does not bear as much resemblance, if any resemblance, to the cultural and social issues, it gets back to an issue of critical mass and the support, as you would argue, that it provides the local industry. So long as the local industry remains competitive then why do you need a rule? If it doesn't remain competitive it shouldn't be protected anyway.

MS EDGAR: Could I refer you to your table on page 201 of your draft report. If you look at the figures for 93-94 and 96-97 on the production of children's programs, what you will find is apart from news, this is a really significant drop, by nearly 8 million, over a time when costs are rising, when quotas have gone up, when P programming has become Australian rather than overseas in origin, you look also at where it's being made and it's the independent sector - now, you could look at that and you could say, "All right, the independent sector has proved that it's more price competitive." But I would argue that it shows that the independent sector is being squeezed beyond its limits.

More programming is being fulfilled for much less payment. Competitiveness is not always exhibited by just seeing lower prices. Often what you're getting is a much

more inferior product and certainly in the children's area this is so, and a product which isn't selling as well on the international market.

MR SIMSON: Well, you've got two different markets here, haven't you. In the case of children's market here, this product is being in some cases sourced but certainly provided for networks showing to fulfil their quotas. What I think you're arguing is that they're cutting corners to do that, in terms of the amount of licence fee they will pay, because there has been no change in the quota arrangements - if anything, they're tightened a bit on kids - and so the same amount of minutes of programming is being made for less money.

MS EDGAR: Much less.

MR SIMSON: Much less money, okay. Now, what the networks argue, what FACTS says, is that they're not getting what they want and the quotas should not be necessary. That's what they argue. But let's then look at the other points you have made or the other thing we were discussing: that you've got quite a different market working in advertising. In advertising you've got people with the normal cut and thrust of producing goods and services, that is marketers, going out and sourcing a supplier and doing that competitively, that is, "I run a car company, I need ads to promote my cars, I go out and have an ad made." As it happens - because, as you pointed out, the Australian industry is pretty competitive - nine times out of 10 I'll have that done by a local crew, all other things being equal. I just don't think we're talking about - what I'm suggesting to you is you could actually use those figures to support the FACTS case.

MS EDGAR: Look, I would also add to there what I said about advertising: that there is also a case that it's really important to hear Australian voices on those ads, to see Australian settings in those ads. Obviously if you're selling an Australian product to an audience you have got to show an Australian context for that product. But the more you get wall-to-wall American sound coming out of television, whether it's an Australian audience or any other audience around the world, you are going to undercut so much potential within that society.

MR SIMSON: So the idea for those ads need not - again in contrast to what you were saying earlier about the co-production argument - that the idea for that ad may not have originated in Australia?

MS EDGAR: Yes.

PROF SNAPE: One of the classics in this regard is the Coca-Cola ad that showed someone surfing out of a plane, landing in the outback, which indeed was one made in Australia, in what you might have said was in fact very much in the Australian idiom, and yet it was shown around the world to sell Coca-Cola around the world. That is I know an exception, but sometimes these things from a multinational company strongly based elsewhere in the world can in fact maybe heighten the Australian idiom.

MS EDGAR: You ask an enormous amount of an industry if you expect that that kind of example can be repeated to be the basis on which it operates.

PROF SNAPE: I agree with that. But if we look at the table that you were mentioning just before and which I was searching for and you then helped me find, if one goes to the bottom row in that table and makes the same sort of comparison that you were just making but looking at advertising and ask, "Now, why is the 80 per cent rule required?" we see there that between those two years that are mentioned there in fact advertising expenditure in Australia increased by 46 per cent.

MS EDGAR: Yes, but I would say that's simply a more realistic measure of sort of market growth and increasing costs than looking at a figure like children's production.

PROF SNAPE: No, but here we are talking about critical mass.

MS EDGAR: Yes.

PROF SNAPE: I'm talking about the contribution of advertising to critical mass.

MS EDGAR: Yes.

PROF SNAPE: The quota isn't binding. It's not as if this is dependent upon the quota, because the quota has been overfulfilled. It would appear as if the quota wasn't necessary to generate this. We have got, with an unchanged quota and being well over that quota, an increase by 45 per cent to 46 per cent over that time, which would seem to say that that critical mass is being generated without the necessity of the quota.

MS EDGAR: I would say if you examine each of these things in isolation in that manner then you are going to miss a very important issue that is going on at the moment, which is the nature of the mix within the film industry itself. So you change one ingredient in that mix and it has got a flow-on effect. I think that historically the advertising industry has just been very important to the growth of the Australian film and television industry.

PROF SNAPE: I wasn't disputing that as a proposition. What I was saying is that the quota is overfulfilled and would appear, on the face of it anyway, not to be required in order to make that contribution to the critical mass.

MS EDGAR: Yes, well, I don't think that one thing follows from the other. I think conditions change. They're changing all the time in this industry.

PROF SNAPE: Well, they are in every industry, aren't they. That line of argument could be put there to insulate every industry. We can't insulate every industry. Indeed, whether we could or not, it's not government policy to do so.

MS EDGAR: I think maybe some industries are easier to measure and evaluate than

this one. I think if you were looking at the car industry or the health industry, and where very clear results can be seen of the effect of the product, it's a lot easier. In the entertainment industry it seems you can get away with pretty much anything, in the name of entertainment for children. You don't actually see the impact visibly. So it's a much harder case to argue - much more difficult case to argue. But I don't think that the answer is you take criteria from other industries and apply them to this one. I think it's an exceptional industry.

PROF SNAPE: Well, we have tried to do that.

MS EDGAR: It's difficult.

PROF SNAPE: As you would see, we have tried quite hard to do that. That's why we have attempted to separate out what one might call a pure industry support argument from the cultural and social objectives. I think that that is what is required of us and I think it is what is required of policy in this area. One could not go with a policy that said that everything that calls itself art will be supported, for example.

MS EDGAR: No, I would agree with that.

PROF SNAPE: Yes, or that everything that says it's cultural should be objective, because otherwise everything - you know, cheese will have cultural stacked upon it or everything - - -

MS EDGAR: We're certainly not arguing anything like that. We're arguing on the basis of product that can be seen, product that has got a record in the marketplace, that has got audience response - but it is different from cheese or boots or pork or - I mean, who knows.

PROF SNAPE: That's why we're trying to isolate the industry assistance element from it, which could be applied to anything that called itself art. It would be an incentive to call everything art, for example. For those things which truly do contribute to the cultural and social objectives - and that's why we in fact went for those subquotas and said that they should be retained, because they can be linked explicitly to this objective.

MR SIMSON: I mean, this discussion - we're jumping around a bit from advertising to children's. The question that I was asking earlier was specifically relating to the advertising. I was not asking questions in the context of children's - - -

MS EDGAR: The other point I would want to make is that in any cultural industry you are going to have your successful or your quality product and your failures. I mean, you are always going to have poor art, poor opera, poor children's products. But that's the nature of the beast as well. So because it is subsidised, because there's a quota, doesn't mean that it's all going to measure up. The television industry of course should be the last ones to even suggest for a second that it should, because they clearly do not know within any program context whether it's going to work with

an audience or not.

MR SIMSON: Ms Edgar, I think it's in here but just to recap, the latest audience viewing figures for pay television are certainly showing a significant uptake or significant viewership by kids, arguably more so than any other single demographic group. Could you comment on that, particularly in the context - or just comment on what it's telling you but also what it means in terms of audiovisual points of intervention from a local content perspective in pay as well?

MS EDGAR: What it's telling you is that children wish to watch programs that are made for them at times that it's convenient for them to watch them. So often the times that they would like to watch them are times when there is nothing offering for them on the commercial network, so that's one thing it's telling you. So they will go there - and habits develop of course. I think it should, because the times that children's programs are shown on the commercial networks are very, very limited. I think what it's telling you about pay is that there must be an obligation on pay channels to actually accommodate the interests of any local culture where the pay channel operates. To open up the world global market for a bunch of American channels to sort of spread their programming all over the world and have free access to their audiences without some obligation on them to cater for the local audience, seems to me bizarre. But that is clearly their plan.

It's really more about branding than it is about programming. At this stage they are selling libraries of product and they are selling a brand. They are getting that brand entrenched. We don't get a lot of help from the commercial networks in Australia in actually catering for the Australian audience and doing anything about the fact that these brands are increasingly becoming accepted as the staple brand for Australian kids, and kids everywhere.

PROF SNAPE: Multichannelling would help then, wouldn't it?

MS EDGAR: Again it comes back to the resource problem that Jenny was speaking about. Programming is extremely expensive to get together and increasingly it's becoming very difficult to finance Australian programs for children.

PROF SNAPE: I was focusing on your point that you said things were shown at inconvenient hours and that they were shown at hours when people didn't let their kids watch the television etcetera, etcetera. I would have thought just focusing on that aspect of it that multichannelling would help because it means then if 9 is going out as 9A, B and C, then they will be more inclined to show what they reckon as the second 11 or third 11 type programs which apparently include the children's ones, but they will be inclined to show them at 4, 5 o'clock, 6 o'clock in the afternoon on one of their subsidiary channels.

MS EDGAR: The logic of that would say yes.

PROF SNAPE: I didn't notice in the submission you pressing for multichannelling.

MS EDGAR: What we're pressing for is the obligation and the proper handling of that obligation. I don't notice in any submission either, is the industry coming back and saying, "This is the way we could accommodate it." They do not do that. They simply attack the premise that they should do it at all.

PROF SNAPE: But it would perhaps be a point at which you could - insofar as it could be at lower cost to them to be doing it on one of their subsidiary channels and indeed they may be targeting a bit of a niche audience that will then continue to watch them on that channel later in the evening when they are doing their ads etcetera, that it might be a way in which you may get a bit closer together.

MS EDGAR: Not in my lifetime, I wouldn't imagine, not given the experience I draw on.

MS BUCKLAND: The problem is that they don't pay enough, what they really should pay for these programs now.

PROF SNAPE: That's a separate question. I understand what you've been arguing on that. I was simply trying to focus on the point that you said that the children's programs are shown at inconvenient times, that is 9 only has one channel going on all day. If they've got a 9A, B and C then of course they may be more inclined to run it at not only 8 o'clock but they may rerun it at 4 o'clock.

MS EDGAR: I just find the premise philosophically difficult in the sense that - as I suppose all the people in Australia who have lobbied over the years - have had to attempt to find ways to even accommodate or get near the industry on this view. But never, ever have I in any forum heard the industry take any initiative about ways by which these things might be resolved.

PROF SNAPE: One of the things that we have found difficult in this inquiry - and I'm not referring just to the children's aspect of it of course - is that the industry over the years has been built up by a whole series of quid pro quos - and we've made this point in the hearings in Sydney as well - and everyone is trying to protect their own little quid that they have in fact got out of this political process, "If I give you this, then you have an obligation to do that. If you do that for that branch of broadcasters, then you do this for me to balance it up." So everyone is going in there protecting their piece of the territory, instead of standing back and saying, "Now, what would be a better system for everyone? Let's stand back and try and look at" - and what we've tried to do in this draft report is in fact stand back and say, "Think of the thing globally. What do we really need to keep in in regulations?"

That's what we're required to do by our terms of reference. That's why we said, "Keep these bricks in of the children's - keep this in of the other," and so on, because they're important and they are addressing a specific objective. Even if we do go for a much more open and less quid pro quo thing in general, keep those in. But so many participants I think have been saying, "There's that entrenched position over there so I

have to take this entrenched position over here just to protect my own territory," and it's made it very difficult for us.

MS EDGAR: I think you've got an extremely difficult and complex brief to deal with an industry and every aspect of this industry. I mean, most inquiries deal with part of what you're dealing with and they are specific inquiries for small parts of it.

PROF SNAPE: That's been part of the problem. We've made the point, that this is the first time that it has looked at almost the whole of broadcasting in its entirety. I think a policy framework might have been rather better if that had been done, but we're standing here, and I suppose with that gripe of mine we probably should look at the clock because we do have people waiting now for videolinks and to thank you very, very much for your submissions and also for your exposition of it today and on the earlier occasions. Thank you very much.

MS EDGAR: Thank you.

PROF SNAPE: We welcome from Canberra Terry Giesecke. Perhaps you would just like to now state your own name so we get it on the transcript for the transcribers please.

MR GIESECKE: Okay. My name is Terry Giesecke.

PROF SNAPE: Thank you. We have your submission and I wonder if you now would like to speak to it please. I should introduce ourselves. I'm Richard Snape and on my right here - and I shall try to get him into focus, there we are - is Mr Stuart Simson who is the associate commissioner. So would you now like to speak to your submission.

MR GIESECKE: Okay. My first submission was submitted back a few months ago now. That was part of the original process. I also submitted a response to the draft report as well. Did you get that as well?

PROF SNAPE: Yes, we've got both of those, thanks very much.

MR GIESECKE: Okay. Just to explain my own background in this, I'm not employed in the media and I don't own any media companies either but I was involved in some media ventures in the ACT some years ago now. I was in the Canberra Community News when it was set up in 1974. That ran for a couple of years. Then I got involved with community radio and I spent about 10 years in that. I've still got a minor involvement in community radio with 2XX and SSS FM. So that's my background. But I have long had an interest in media issues.

The submission I gave you really concerns ownership, concentration of ownership and so on. I've delivered a few points here on a few recommendations which I think are important. You will see in the first submission that I've talked about concentration of ownership and concentration of ownership within the media company, organisations involved in ownership, the regional distribution of ownership, involvement of media companies in other ventures and cross-media ownership and foreign ownership.

My view generally is that in a market economy that the more operators there are, the better. I think monopoly is generally not to be desired, or high levels of oligopoly. I do enclose a table in my first submission, looking at the share - it's called Share of Voice, which is a reprint from a Financial Review of a couple of years ago now. It does show that the two largest companies have got a pretty solid share of ownership of Australia - or what they call the share of voices are pretty significant. The Consolidated Press or PBL and News Ltd have around about almost 50 per cent share of voice in Australia, which is pretty big. But there has always been a problem in Australia of concentration of ownership generally in most areas of the economy.

The reason for that - it's often said that Australia is a small economy, so to realise economies of scale and so on, that a lot of ownership and a lot of competition is not possible. I'm not so sure about that. In fact the Australian economy is growing

quite substantially over the last 50, 60 years, as is the population of Australia, so we ought to be seeing a lesser degree of concentration rather than a greater degree of concentration. The point I made there was in fact in 1920 Australia had 26 metropolitan dailies with 21 independent owners, compared to today's 14 and three respectively. So we've gone the other way to what I would expect to be a trend with a growing economy that could allow for lesser concentration.

There are some other points I would make here about - the two largest companies aren't only big companies in their own right but they're also dominated by a very small ownership group. You've got Kerry Packer and Rupert Murdoch. Both of those companies are solidly in the control of those families. Their sons take over senior executive positions in those companies, and they're not owned by a diverse group of shareholders.

The other thing is that the organisations involved in ownership and media in Australia are very much very similar organisations. They're commercial enterprises. We don't have many other organisations involved in media, such as the church, the trade union movement and so on. One of the points I have made here is Australia has no Christian Science monitor and I think only Broken Hill has got a paper run by the unions. I don't know if that still applies but it used to. In the regional areas of Australia ownership is now concentrated in big organisations. The local small town newspaper in most cases is owned by a large group. The same applies to radio and of course television.

One area I'm particularly concerned about is involvement of media companies in other ventures. I see it as an increasing problem - is that media companies are extending their ownership into things such as sport, resorts. I've got a few examples here. Gambling for example - the Consolidated Press has large interests in gambling, which is an area of social concern and also an area of great public regulation.

PROF SNAPE: I think you will find that we did refer to those matters in the draft report. Do you feel we haven't given enough emphasis to them or do you think we got it wrong - because this is supposed to be a hearing on the draft report and we did address those questions in the draft report. Do you think we've done so inadequately?

MR GIESECKE: Well, can you just explain? I mean, I have been through it but I don't know whether they were - in my view, I don't think it has been addressed, because I think there should be a divorce between - I think a media company should be a stand-alone organisation and shouldn't be involved with those things.

PROF SNAPE: Okay, well, we didn't go so far but we did say that a media company should not be - we didn't say a media company should not be involved in anything else. Is that a recommendation which we should have?

MR GIESECKE: I think so. I think I would like to see it move that way. I would like to see media companies standing alone and away from things such as gambling and sport resorts. I think it's a problem when such large organisations with access to

the media and their capacity to influence public opinion - and things like gambling has always been a very contentious matter in Australia. It does have a lot of social consequences. If for example people were concerned about the impact of gambling, could you rely on a Channel 9 network to put up alternative views to gambling?

PROF SNAPE: Well, that's something to which, without being too explicit with respect to particular companies and particular industries, we did allude to in our draft report - tactfully, but the message was quite clear. Do you think we didn't do it strongly enough or what is it?

MR GIESECKE: Well, I'd like to see a more definite rule about it. I would like to see media companies prohibited from being involved in those organisations. They should divest themselves of that part of their company. See, that's one thing where I think I differ from a lot of the thinking about - I believe in more precise rules, rather than the interesting maybes and possibilities. I do believe that the rules on these things should be more specific, rather than saying, "Well, possibly this is a bad idea but let's have a look at different points of view and so on." I think it should be more explicit. That's what I would be saying - it should be more explicit.

PROF SNAPE: Another possibility of course is to say that there should be diversity of ownership so that people who aren't involved in owning another enterprise - that alternative media sources will in fact comment on it. So maybe the objective can be met by the diversity of ownership, rather than prohibiting particular ownership across industries.

MR GIESECKE: In that case I think that's why we need a limitation on ownership. I mean, I've suggested that the individual companies should be limited to about 20 per cent at the most, of the share of voice.

PROF SNAPE: Yes, but we know that there have been various attempts to measure consumer voice and they went down that path in the United Kingdom, of trying to measure it, and they found that there were so many ambiguities and difficulties in measuring what the consumer voice was, or the media voice was, that after a very serious attempt to go down that path they decided it was not possible to do so. So it's not as if that has not been explored.

MR GIESECKE: No. Well, I think it should continue to be explored because I think it's important. I realise that it's difficult but I think the attempt should be continued to be made, rather than - - -

PROF SNAPE: Yes, but I mean, we have discussed this. We discussed it in the draft report. If someone then says, "Look, we should go down this path, despite all the difficulties," then I think that that comment should then tell us how to do it.

MR GIESECKE: Well, I don't think I can tell anyone how to do it. I mean, possibly I think it should be subject to further investigation.

PROF SNAPE: Right.

MR GIESECKE: I mean, I don't have all the answers on these matters but I really believe that there should be some sort of limitation on size.

PROF SNAPE: No, but you can see our problem here: that we're facing the very questions that you're alluding to and we have discussed those in the draft report in some detail - - -

MR GIESECKE: Yes, I did read that part of it.

PROF SNAPE: Yes. We have then given some consideration to what other people have suggested in this and we have come down with some particular recommendations. We have noted the difficulties, for example, in the voice tests. Now, if we have got it wrong, we sort of need to know why something else is in fact not only better but in fact feasible.

MR GIESECKE: Yes. Well, could I just continue on with the second submission on the draft report?

PROF SNAPE: Yes, go ahead.

MR GIESECKE: Okay. The recommendation - I've just confined my recommendations to the recommendations concerning the ownership. Number 8.1:

Foreign investment in broadcasting should be covered by Australia's general foreign investment policy. All restrictions on foreign investment ownership and control should be repealed.

I've got a bit of difficulty with this. I think that there's a lot of public concern with foreign ownership. I believe that foreign investors should be allowed to establish new media outlets only, rather than taking over existing operations. I don't see there's much to be gained by letting foreign enterprises take over existing resources in Australia. The current policy on foreign investment in Australia is one of encouragement. If you look at the statements from the Foreign Investment Review Board, the policy is one of encouraging foreign investment in Australia and ensuring that such investment is consistent with the needs of the community, but basically it's a very inviting sort of statement. Also, given Australia's precarious balance of payments situation and national debt, there is a need to attract foreign capital in Australia, so that makes it highly likely that there will be major intrusions of foreign control into Australian media if it's not controlled too closely.

I think there's pressure for this in terms of foreign investment - that the FIRB rules do allow for conditions. It's not just a carte blanche in all cases. In terms of real estate, foreign investors are required to develop housing. They're not allowed to buy or own existing properties. So I think that's quite an important point there, that foreign investment can be channelled. I mean, I think it would be good if major

overseas media companies could start up new operations in Australia, like new newspapers that would add to competition and diversity rather than just buying out existing ones.

Also I'm concerned about the Foreign Investment Review Board. Its members only represent a fairly narrow section of the Australian community. Although they might be very fine people and highly qualified they don't represent unions, they don't represent consumer groups or other representatives of Australia's cultural interests. So no cultural bodies are represented, either. I think if the Foreign Investment Review Board is going to get into this business of looking at media, the whole structure needs to be broadened, I think broadened considerably away from a fairly narrow, economic focus.

Recommendation 8.2, I've got no comment on that one. Recommendation 8.3 concerning multiple ownership of commercial radio - I'm really talking from a perspective of regional areas on this one. I've just got a fear that repealing this would lead to many smaller areas having only one commercial operator - that's the ACT. In Canberra at the moment there are four commercial radio licences and they are grouped into two separate ownership groups.

MR SIMSON: Do they both run local news services?

MR GIESECKE: I'm sorry, I couldn't hear.

MR SIMSON: Do they both run local news services in Canberra, both ownership groups?

MR GIESECKE: They do but one operator - one news service is supplied by Prime Television. Sometime ago there was a reformation. The two FM stations were integrated into one group and they had to divest themselves of an AM station. They didn't want to do that but they did, to meet this particular law at the moment. So if this law was enforced there could be three against one. I think in that situation, the one against three would be in a difficult situation.

PROF SNAPE: I think what you mentioned here about the one company controlled all four, I think that that would quite likely run foul of the Trade Practices Act. So I think where you say, unless it could be prevented by some other section of competition policy, I think the likelihood is that it would be. So I think under the current interpretation of the Trade Practices Act in which the ACCC does treat the advertising markets as being separate, that is radio being separate from newspapers etcetera, so that would in fact involve one company controlling that radio advertising market. I think under the current application of the law it would be prevented, so your worry then would not arise.

MR GIESECKE: I certainly hope so, but I mean the local operators here could make a claim that competition has been satisfied by the ABC, and the ABC is quite successful in Canberra.

PROF SNAPE: They would not be successful under the current interpretation of the act by the ACCC, so that is not correct. They wouldn't get there.

MR GIESECKE: Well, one of us interpreted it differently. What if there's a different interpretation - - -

PROF SNAPE: That is the way that Allan Fels and the Trade Practices Commission and the Trade Practices Tribunal is currently interpreting the act and he has said so.

MR GIESECKE: What if there was a different point of view adopted later on?

PROF SNAPE: Perhaps it's best if we treat the interpretation - - -

MR GIESECKE: I've got a document here about the success of the competitive effects of mergers. It's about 35 pages long and there are all sorts of things there. You could drive a truck through it.

PROF SNAPE: Okay.

MR GIESECKE: I mean, I don't think it's explicit enough. I don't see why we can't have a legislative provision that just says no.

PROF SNAPE: Okay. Well, let's pass on then.

MR GIESECKE: 8.4 is - I understand that you have recommended that ownership, control and concentration would be transferred to the ACCC rather than the ABA. I don't have any problem with that, but I would reiterate that I think some of these things need to be a bit more strict, and I've spoken about that and you don't agree with some of the things I have said.

PROF SNAPE: Let's just hear what we did suggest in this one. We suggested adding, in fact, a public interest criteria to the Trade Practices Act and we didn't specify that that should be interpreted by the ACCC. We said the ACCC or the ABA or another body. So we did not say that that public interest test which would be specific to the media would necessarily be administered by the ACCC.

MR GIESECKE: What input would the public have into that public interest test?

PROF SNAPE: We've asked for comments on what should be in the public interest test and we've specifically reminded people that that would have to be legislated anyway, so it would be parliament specifying what the public interest test was.

MR GIESECKE: Some of the things I've said before I've also reiterated here about limiting national market share and so on, precluding media companies from owning controlling interests in non-media companies, and divorcement of ownership by

operators of marketed newspapers from free throw-away papers. Going to Canberra, we've got a situation where the major daily paper here also owns all the throw-away papers, as well, which is another case of a local monopoly. But I think there have been at least 20 attempts in this city to set up alternative papers to that of the Canberra Times group and all of them have failed because it's a very difficult situation for someone to come into a market like that and challenge the power of the Canberra Times.

Employees of the Canberra Times have told me over time that the only reason they operate those throw-away papers is to soak up advertising revenue and keep other people out. There has been no secret about that. I mean there is one thing that should be in any sort of public interest is that if you own a daily marketed paper in a city, but you don't own throw-away papers, just leave that and allow space for other people to come in. I think it would be a much better situation in the ACT if the throw-away papers and the weekly papers had separate ownership from the Canberra Times. That's the same situation in a lot of other places. I know in Adelaide the Messenger Press which covers all the suburban throw-aways is also owned by News Ltd. So there's no space there for any competition. It's very difficult for people to come in and set up papers. Advertising is the oxygen of setting up newspapers and they're being suffocated.

Finally, I think we need a strong code of fair, competitive practice to stop predatory pricing and other unfair practices. I know some of these things do exist in theory, but it's sometimes hard to stop some of the things that go on. I can relate to the fact that when Triple S FM started up in Canberra back in the middle 80s they quite successfully got some people to run sponsorships, as you can under the community radio system. All those people who ran sponsorships on Triple S were approached by one of the major commercial operators and told they got the same advertising on their station at the same price which was a massive discounting that was purely designed to undermine the entry of Triple S which wasn't even a commercial station. So those things do go on and we're not going to get a fair system or a more competitive system or a more diverse system. I mean, that sort of thing is dealt with - should be dealt with very strongly.

PROF SNAPE: Good, thank you very much. As you say we've got your earlier submission and the comments on the draft report which I think are very clear in saying your position there and we've heard your elaboration of it and we thank you very much for your contribution.

MR GIESECKE: Good, thanks very much for the opportunity.

PROF SNAPE: Good, thank you.

PROF SNAPE: I'm Richard Snape and we have beside me here Mr Stuart Simson who is the associate commissioner on the inquiry and down there I think we've got Chris Daly of Cadence. Is that correct?

MR DALY: Yes, that's correct, sir.

PROF SNAPE: We welcome you and thank you for being there and if you would like to state your name and your organisation and then speak to your submission please.

MR DALY: My name is Chris Daly and I'm from Cadence FM, community radio 99.3 in Hobart, Tasmania. We're the holders of a temporary community broadcasting licence and we have been on air since June of 1998. Can I read my submission now, sir.

PROF SNAPE: If you would please, yes, thank you.

MR DALY: Thank you for this opportunity to speak at the second round of broadcasting inquiry hearings. My submission today is in two parts. The first part discusses the ingress of digital techniques, history, manufacture, social integration and consumer spending. The second part discusses community radio and its special needs. Digital, invented by Alec Reeves in 1932, as a means of carrying information, was proposed firstly as pulse code modulation. It enabled the binary sequencing of analog information and along with sampling invented by Niquist, to retrieve that information at sufficient rate to be not corrupted. The means that enables multiple information to be carried is multiplexing, invented by Armstrong in 1932. Alec Reeves died in 1971 and left unrewarded for his patents to reach fruition. Six months later, in early 1972 Philips and Sony, and later in the 1970s Denham, contributed much towards PCM as a means of recording audio leading to compact discs being released in 1983.

Digital broadcasting, to the best of my knowledge, can be attributed possibly to Armstrong who in 1933 enabled a fax and three other sources to be multiplex broadcast from the Empire State Building in New York. The manufacturer of DAB and HDTV products is an absolute disgrace to Australia. In 1999 we still have no semiconductor manufacturer. Rather, all we have is manufacturers' representation who represent themselves to sell via distributorships best-sell lines such as mobile phones and have no knowledge of the individual components. This is a disgrace because an opportunity to employ people and grow a potentially vast industry is ignored by our politicians. Rather, we have become spenders.

At an estimated cost to consumers of an HDTV - and this is very, conservative - at \$3000 and a radio for the car at \$1000 and possible a home radio at \$1500 once prices have stabilised, some \$5500 will be spent by an estimated one-third of the population in the first three years. I calculate this at some 35 billion 750 million dollars which seems astronomic I know. One-third of the population at 6.5 million is what I've calculated. With most manufacturers returning on average three-quarters to its origin, whilst one-quarter is spent on actual product, probably in the first year half

and half due to tooling costs and marketing overseas, manufacturers will open their pockets to Australian savings with smiling faces. A sight I looked at yesterday had a Sony HDTV at some \$US9000. Another had a Grundig brand add-on converter for cars at 499 pounds.

The social uptake of this is added consumer spending which benefits banks, lending institutions and government with direct taxations such as GST. Although taxation is a means of affording the welfare of society and in an ideal society should be regarded as commonplace, in this case where no direct employment or long-term benefit is accorded to Australians, such taxation is quite misplaced. This is not to say that such items should not be taxable, rather direct manufacture within Australia is required first before setting up the infrastructure to provide HDTV and DAB. There are many benefits of getting involved as manufacturers rather than consumers. Our expertise invested in universities and institutions such as the CSIRO would have a real platform to extend their talents. Likewise, the manufacturer of DAB and HDTV may well lead to diversification into new commodities for export.

There is quite a lot of evidence that government in recent times has lost its way. Consumer debt appears almost to be encouraged. One only has to look at the size and arrogance of banks, insurance companies and telecommunications companies; the high number of commercial properties unoccupied within cities that could be sheltering the homeless. The alarming decrease in public owned assets does little to make me feel encompassed by a government that is in control of the destiny of its own people. I shall leave the summary of these points after my second point, that of community radio and its special needs.

Community radio has on two occasions petitioned government for funding for DAB. The first occasion was on the part sale of Telstra and secondly on the sale of the NTA to the NTL. In the second case the government sold the NTA, National Transmission Authority for 650 million dollars. The CBAA, Community Broadcasting Association of Australia, in its petition for funding, asked for 20 million dollars to be set aside for the development of digital radio for community radio. On both occasions the petition was refused. I consider this further evidence of a government who has lost its way and is either so weak to be uncommittal or plainly doesn't value community radio at all.

In my first speech to the Productivity Commission I outlined the physical differences between community and commercial radio and commercial television for that matter, and government networks such as ABC and SBS. These differences usually involve the location of transmitters and the attendant costs of transferring stations' output to the broadcast location. In Hobart - hopefully this typifies other states in Australia - the three community stations and two external community stations have been unable to afford to get to the top of Mount Wellington and that's some 20 years of community broadcasting. Rather, they broadcast either direct from their studio site such as ourselves, Cadence FM or pay in the form of equipment or existing networks, 92.1 FM, to transfer their signal to a site such as Mount Nelson, 103.3 and 92.1 both on Mount Nelson, for rebroadcast.

DAB is an extreme use of multiplexing invented by Armstrong which invites the transmission of numerous stations from the one site. As such it will call, I predict, from rulings by bodies such as the ABA and the ACA, that stations must transfer their outputs to central locations and broadcast from there. Community radio, I plead with you, should be allowed to broadcast its own digital signal from its existing network. It is highly likely that through oversight here approximately 50 per cent of community stations around Australia will be forced to close due to the added expenditure of paying up to broadcast at a central site. It remains to be seen, the public's acceptance of paying for digital equipment. I have no doubt that the commercial stations, both TV and radio, will be trying their level best to make it so. They have the money and community radio doesn't.

I appreciate the CBAA's wishes to embrace this new technology. The community stations should be given their choice to run with digital or analog or both. As such, outstanding analog allocations of frequencies should remain for community radio, so as not to make present radios and their enjoyment to their present owners obsolete. In closing, I embrace this new technology. However, it is socially irresponsible at this time for the digital delivery of radio and television in Australia whilst no employment results to its people in direct manufacture of products and no infrastructure exists for contribution by its people to future and related technologies that would lead to export from Australia. Thank you.

PROF SNAPE: Good, thanks very much for that. I take it that your point there is, Mr Daly, that we should continue indefinitely with analog, with the analog reserved for community radio.

MR DALY: Yes, sir.

PROF SNAPE: What about community broadcasting? What about community television?

MR DALY: Community television. There are only currently four community TV stations in Australia so yes, I dare say they'll never be able to afford digital conversion but - - -

PROF SNAPE: So they should continue to tie up the spectrum which they've got?

MR DALY: Yes, because they cannot afford to go to digital transfer unless the government is willing to submit finance to bodies such as the CBF, community broadcasting fund, to pay for transfer to digital, it is a matter of community stations, both TV and radio, sticking to analog allocations.

PROF SNAPE: Do you have a survey of how many people listen to Cadence?

MR DALY: Do I have a survey? No, we cannot afford to do a survey. Recently an A.C. Nielsen survey was done in Hobart and none of the community stations were

even mentioned. It's sad news, I'm afraid.

MR SIMSON: Once you've installed the equipment for the actual broadcasting, to what extent does digital broadcasting reduce your day-to-day operating costs, if at all?

MR DALY: Reduce the day-to-day operating costs?

MR SIMSON: Yes, I'm just wondering, is it more efficient from an operating cost expenditure for community broadcasts - is it more efficient or less efficient than analog?

MR DALY: It depends on how vast the multiplex is of it. For instance, there's a UK company currently, in England obviously, setting up a software facility for extending DAB onto PCs. So you'll have the access of digital broadcasts being accessible then to your home computer and it's being written into Windows programs and obviously I'm pretty sure that's being aimed at the consumer so that, "Here's your product and buy it off you PC as well." Could you just repeat your question please? I got a little bit distracted there.

MR SIMSON: No, I was just wondering, on a day-to-day basis in terms of your programming costs and operating a community radio station whether it is any more or less expensive to broadcast in digital as opposed to analog?

MR DALY: No, no more expensive but you know, there's the opportunity I suppose with digital to send out added messages on top of what's currently there such as video images. No, there's no added expenditure once the facility has been set up.

MR SIMSON: I mean, there has got to be presumably some resolution to the issue because it's difficult to imagine that forever community radio would be broadcast on analog and at a time when the radio spectrum for others has moved to digital.

MR DALY: Okay. The situation with England is a good example. In 1995 they made a decision to proceed with DAB and they then invested a lot of money into industry and out of that came a business called Insigma Ltd and Roke Manor Research. A good example was that Hitachi, as a Japanese integrated circuit manufacturer, has developed their chip in collaboration with both of those firms. Both Roke Manor are producing - Roke Manor at least I know are producing DAB equipment. So if the country is willing to invest into employment of its own people in that area I have no hesitation with advocating the use of digital products but the situation in Australia is we have no semiconductor industry at all and it would take I presume around about five or six years, usually 10 years, to actually bring in a semiconductor manufacturer.

MR SIMSON: So specifically what do you want us to do?

MR DALY: What I'm wanting is that the HDTV products and DAB products be

manufactured in Australia.

PROF SNAPE: That's not part of our terms of reference.

MR DALY: It's not part of your terms of reference, okay. Why isn't it part of your terms of reference?

PROF SNAPE: It doesn't refer to the Broadcasting Services Act as such and our terms of reference are not intended, as I understand them, to embrace the manufacture of products.

MR DALY: Yes, but you're bringing in a system whereby people can access that broadcast and they're in need of buying the hardware for it. Surely that's manufacture of the product.

PROF SNAPE: Well, we'll have another look at the terms of reference, but we haven't interpreted it that way. You're operating it as a community broadcaster as with a temporary - what is it called?

MR DALY: A TCBL licence, yes.

PROF SNAPE: You're going to be applying then for a permanent community broadcast licence?

MR DALY: Yes, that's correct, yes.

PROF SNAPE: How will you go about making an application that you should be one of the chosen because I assume that there will be more applicants than there will be space for them for the community broadcasters? Is that not the way it will be in Hobart, there will be more applicants and there will have to be a beauty contest for the people who are chosen?

MR DALY: No, not in Hobart. In my first submission to the Productivity Commission in June this year I made quite strong reference to the fact that the present allocation of frequencies is basically void. You've got currently seven or eight stations in Hobart. They should be taking up around about - if you go by the FCC's regulations, they should be taking up some 1.6 megahertz of room and they're currently taking up some 20. So, yes, the allocation of frequency is quite wrong and has been misguided by the broadcasting authority and also the communications authority. In my first speech to you I outlined the history of where Armstrong contributed to that quite in-depth.

PROF SNAPE: We have that and I recall that now, that we did have that and thank you for that. We have got that.

MR DALY: So there's no space problem.

PROF SNAPE: There's not going to be any space problem. My point was that if there were to be a space problem in the allocation, I would have thought that one of the points that you would have gone to the ABA was with an audience, you know, your data on how big your audience was.

MR DALY: We don't know how large our audience is. Currently Cadence FM is working with 15 watts of output. Today it's sitting at some 10 watts and our audience as such isn't huge, but we certainly look after them in terms of our programming. We don't know how large our audience is. As a result we can't afford surveys, so it's not a situation which we can really tell you how big our audience is.

PROF SNAPE: Okay. I think that combined with your earlier submission where you enlarged on some of those matters and with your exposition today I think we have the picture and we thank you very much for your contribution.

MR DALY: Thank you, sir.

PROF SNAPE: We'll resume the hearings and welcome the Festival of Light, South Australia and thank you for agreeing to participate in this way.

MS PHILLIPS: It's our pleasure.

PROF SNAPE: We're sort of going all over the country today, and I think if we visited all the places that we're linking up to today it would have taken us a week. So it's much better to do it this way, from our point of view anyway. So thank you very much. We received your earlier submission and now your submission on the draft report where you would have noticed that you did get some reference in the draft report.

MS PHILLIPS: We did and thank you very much for that.

PROF SNAPE: Thank you for that, that submission. I would be grateful now if you would identify yourselves both separately for the transcription service.

MS PHILLIPS: Certainly. I am Mrs Roslyn Phillips. I'm the research officer of Festival of Light, South Australia.

MR D'LIMA: I am David D'Lima, field officer in South Australia.

PROF SNAPE: Thanks very much. We have your submission on the draft report. Who would like to speak to it?

MS PHILLIPS: I'll be happy to speak to it first.

PROF SNAPE: Thank you.

MS PHILLIPS: We were delighted that the draft report took on board a number of our recommendations, but as we repeated in our response, we really feel that the Productivity Commission has not gone far enough in addressing, I guess, the basic problem which is the philosophy of self-regulation. We in South Australia have observed this philosophy operating in a number of areas. We mentioned in our written response, the Garibaldi tragedy where a firm of smallgoods called Garibaldi had inadequate practices for sterilisation and even though the government's attention had been drawn to these inadequacies, it allowed self-regulation and didn't really inspect and monitor the firm at all. Then we had the tragedy where metwurst infected with a strain of the E coli bacterium killed some people and seriously injured others, and some of those children will carry those scars for the rest of their lives.

I think underneath it all is the problem of human nature. If you tell people that they can regulate themselves they will get away with what they can and we believe that this is part of the problem with the broadcasting industry. We've seen it of course with 2UE in the recent cash for comment controversy, that the Australian Broadcasting Authority does not appear to have any real teeth. So the broadcasters are in effect thumbing their noses and getting away with what they can which in our

opinion is too much. As we have quoted from the draft report on page 268, you have acknowledged that many participants at this inquiry appear to want program content to be more closely monitored. I believe from people I speak to in all sorts of different areas, they all agree that broadcasters are going too far, that they're pushing the boundaries all the time. However, you go on to say on page 268:

The proliferation of services makes this increasingly difficult and resource intensive task. The commission considers that co-regulation, supported by better public awareness, improved complaints mechanisms and more effective sanctions, most appropriately deals with the incorporation of community standards in broadcast content. ABA resources would be better directed towards ensuring the co-regulatory system is operating effectively by monitoring the operation of licensees' internal complaints mechanisms, responding to unresolved complaints and dealing with complaints about fair and accurate coverage.

You also report in glowing terms the benefits of broadcasting co-regulation on page 246, noting particularly the cost saving to both government and industry. I would see this cost saving element as perhaps one of the driving forces behind the commission's support for what the commission calls co-regulation but what the Australian Broadcasting Authority itself calls self-regulation. Our response is to say money isn't everything and when we're looking at harm to the community - because I feel that's the bottom line - the reason why broadcasters need to be monitored and kept in line is because of the great social harm that can come from broadcasting certain kinds of programs, that profits aren't the only consideration.

We believe that there's growing evidence that co-regulation or self-regulation, however you like to term it, is like putting Dracula in charge of the blood bank or putting a rabbit in charge of a lettuce. We believe, with respect, that the commission has been blinded by the benefits of cost savings and has not seen the long-term harm to the community of this regulation system.

MR D'LIMA: Yes, it's very difficult to put a cost on the social damage done by broadcasters who cause trouble through weakened standards but I suppose that is the difficulty. However, the question really relates to whether or not the community is happy. We get phone calls all the time by people who have no-one else that they know to turn to and we have very little ability to help them except provide them with some phone numbers. But from our perspective the community is not happy so we think the self-regulation model, which is what it effectively is, has many deficiencies which we'd love to see remedied. Though costs, we recognise, are difficult, possibly one way forward would be to levy broadcasters more thoroughly, at least in the first instance, until they can clean themselves up a bit, and then having earned the right, if you like, to broadcast properly that levy could be lowered and they could be fined if they breached it.

But it seems to us in the first instance there needs to be a greater watchdog brief on the commission or on the ABA in order to make sure that standards are

significantly adjusted because from our perspective there's a very real problem which has not been addressed.

PROF SNAPE: I should perhaps just note before we go on that the box to which you refer and the benefits of broadcasting and co-regulation in fact was a summary - in fact it was explicitly quotations from three other sources which - they were speaking about, where you say it was "glowing terms" it was not us who were using the glowing terms but the ABA and FACTS were in fact the quotations in that box; just to correct it for the record.

MS PHILLIPS: Okay, thank you very much for that. But again it indicates that the controlling body or the so-called controlling body, the ABA, appears to be very happy with the situation and they're the ones we're looking to to redress the wrongs. So in a sense the public is feeling fairly helpless. To whom can we go to improve things? I believe the ABA should be given more teeth, and I do applaud, as we've said, the recommendations you have made in 10.3 and also in 10.4 that:

The scheme should be amended so that all codes of practice include the requirement for community service type announcements about the complaints mechanism to be broadcast at peak or other appropriate audience times.

I think that would be a good move.

That the ABA undertake ongoing monitoring of community awareness of complaints mechanisms.

Yes, indeed.

That licensees be required to accept email complaints as well as written fax complaints.

Good.

That each licensee be required to institute a telephone complaints system which would advise complainants of their rights and on which complainants may record telephone complaints and a summary of these complaints, along with a summary of written complaints and actioned by the licensee should be provided to the ABA.

We especially applaud that one because that was our recommendation that voicemail be accepted along with other forms of written complaint.

That licensees found to be in breach of a relevant code of practice be required to broadcast an on-air announcement of the breach finding and subsequent action during the relevant time slot.

That's a very good recommendation.

That the ABA be given the power to issue directions for action to broadcasters found in breach of a relevant code of practice and that the Broadcasting Services Act be amended to provide that relevant codes of practice, once registered by the ABA, automatically become conditions of broadcasters' licences and that the ABA be given the power to impose penalties for all breaches of codes of practice.

All very good. But could we ask that - you recommended that the power to impose penalties be given but what sort of penalties did you have in mind, because we feel that unless more advice is given as to the degree of penalty - should it be a fine, should it be going off air for a certain time - I feel the penalty must be sufficient to really make the broadcaster not want to commit a breach again and certainly that's not happening at present. Did the commission have any ideas in that area?

PROF SNAPE: I wouldn't want to enlarge off the cuff from what we've got there but we fairly obviously would want to have degrees of penalty according to what is occurring but you might notice that our recommendation, the last part of that recommendation, was that the relevant codes become conditions of broadcasters' licences and that once there are conditions for licence then an ultimate penalty under the act of course is to lose the licence.

MS PHILLIPS: I'm not aware of any broadcaster ever having lost its licence for any breach. Are you, sir?

PROF SNAPE: Well, you asked me a question as to what our recommendations were as regard penalties and I've answered that.

MS PHILLIPS: Thank you.

MR D'LIMA: Yes, I think we would welcome that ultimate threat, because that certainly would make broadcasters sit up and think. We're very keen for there to be some means by which the broadcasters can be made more accountable to the community. So I think that's a very good step in the right direction.

MR SIMSON: Sorry, could I just interrupt for a moment. Clearly in our draft report we have made it clear that this area needs a higher level of diligence from the authorities. We have indeed, as you have been pointing out, made some recommendations for changes in terms of how the co-regulatory scheme and the method also for management complaints can be improved. It is not for us to make recommendations as to whether people should go to jail or not. I mean, we're clearly saying that more work needs to be done. We met last week at our hearings in Sydney with the ABA. They have heard what we have had to say. They have got a particular view on this. We have met with other people such as Mr Jock Given, who has got a particular view on this area as well. So the central thrust of what you're saying - the central thrust of the need for some greater diligence is not an argument with us at all.

MS PHILLIPS: Thank you.

PROF SNAPE: I might say, however, that not everyone at the hearings in Sydney who appeared agreed with this line that we have here. There were some who pointed out that this could go back to the sort of regulatory system that existed prior to the new Broadcasting Services Act and there was a fair degree of opposition to going back to what was regarded as heavy-handed regulation.

MS PHILLIPS: I'm sure it was, yes.

MR SIMSON: Such as incorporating the code and the licence to operate. That found particular opposition.

MS PHILLIPS: I'm sure there would be very strong opposition from the broadcasters to greater control, but that is true with every industry where controls are imposed. They all object. I guess we're all only human. It would be much nicer to do what we want to do without anybody wanting to stop us. But that's the reason why we need to have police forces. It's why we need to have controls over broadcasting and controls in every other area of life. As we pointed out in our submission, we are not free to design our house the way we want to, because the council has all sorts of limitations on what we do and they have council inspectors to make sure that we do the right thing. They have quite a few teeth in those laws too. They can even order us to pull down buildings that we have built that are not in accordance with the right specifications.

MR SIMSON: Excuse me for interrupting. In the time that we have available, given this is a videoconference, would you like to be specific as to what you actually want done? I mean, if we could move from the general to the specific, as to what specific changes - I think we just dropped out. Sorry, can you still hear us?

MS PHILLIPS: We can now, yes.

MR SIMSON: Can you hear us now. I'm sorry, you dropped out.

MR D'LIMA: We dropped out and came back again.

MS PHILLIPS: Yes.

MR SIMSON: Can we please get to the specific items that you're recommending as changes to our draft report then?

MS PHILLIPS: Yes, indeed. On page 6 of this version of our submission we recommend that all broadcasters - and that includes ABC and SBS and Radio JJJ and so on - be accountable to the same codes of practice. This has been a concern to us because in some areas SBS and Radio JJJ have been more offensive and shown more explicit sex and violence than some of the commercial broadcasters. We believe they should have the same code that they are required to adhere to and be subject to the

same penalties for breaches even where, as in the case of the ABC, they are taxpayer funded. If they had to face penalties for breaches of the code and had to pay fines and so on, I believe that that would be quite an effective measure for ensuring adherence to the code.

We recommend that the self-regulation - euphemistically named co-regulation - basis of the Broadcasting Services Act be changed, to provide for tighter regulation by the Australian Broadcasting Authority, with much greater power to detect and punish serious breaches of licence conditions and codes of practice. We recommend that the ABA become more actively involved in ensuring the protection of the public interest in the writing of the codes of practice, because at present, as we point out, it's written by the broadcasters and although they do ask for public input, we have reason to believe that they tend not to see the public input that they don't want to see.

Young Media Australia was quoted in the draft report for saying that they were given three weeks, not so long ago, to put in a response. The final form came out only days later and they suspected that their input had not been acknowledged. We had the same feeling, because we had rushed to put in our response at the same time and were amazed when the final version came out so quickly.

We recommend that the current 60-day period which must elapse before the ABA can take action on an unresolved complaint be shortened to 21 days. In our experience that 61-day period means that many people who are upset with the response they have got from the broadcaster to their initial complaint - they just give up before the 60 days and they forget about it. They don't go ahead and pursue the complaint. There would be more encouragement for the public to really persevere and take their complaint to the ABA if it were 21 days, not 60 days. We realise the money involved in monitoring independently such programs. We recommend an industry level to cover those costs. We believe that the industry can afford it. We believe that that would be in the public interest.

MR D'LIMA: Yes, just on the public interest, we're also concerned with the draft report's apparent belief that public interest is reflected by market trends, because I don't think that that is the way the world really operates. In video technology, for example, you would be aware that we are all stuck with VHS systems rather than Beta systems, though it's recognised around the world that Beta is a better system. We have not got Beta as the standard product simply because of marketing forces being better for those who promoted the VHS system. So there is a clear example of the way in which the public interest is not always reflected by market trends. So that I think is a regrettable statement within the draft report.

PROF SNAPE: Okay, thank you.

MS PHILLIPS: With reference to the online content regulation, there has been a lot of discussion in parliament and in the media about controlling the Internet. We recognise that there are many Web surfers and Internet nerds or whatever they are called who don't want any sort of control and they claim that they have freedom of

expression and that should not be interfered with. We believe that the Internet, while it's certainly currently much harder to control because a lot of research has not gone into ways of controlling it, it's nevertheless a broadcaster that affects a growing section of the public, including children, in just the same way that TV and radio affects them, and it can do just as much good or just as much harm as these other media.

So we do believe there is a very clearly demonstrated need to regulate the Internet. We believe that the government's bill that was passed in June did not go far enough. We looked at your recommendation to review the law after two years and we really feel that doesn't give long enough to do the research that's needed, to look at the best ways of blocking illegal and offensive Web sites. It's going to take time and money to do that. I don't think anybody seriously has put that time and money in yet. The people who know most about the Internet are those who are using it to line their pockets perhaps, or just for interest, but nobody is really - well, not enough people have looked at the ways of blocking out illegal sites and allowing the legal ones still to transmit.

We recommend that laws regulating Internet content be tightened, not just to restrict what is known as non-violent erotica and X-rated and so on but also the considerable body of material which would be harmful to children, including M, MA and R. Since so many children now have access to the Internet and their parents are unable to control it because the parents don't understand how it works, we believe children need protection in this area.

MR D'LIMA: One way that could be achieved is through greater international cooperation, because the Internet providers must be located somewhere and if it's one particular small nation in the middle of nowhere then pressure can be brought to bear from other nations, if there can be international cooperation. So we do not accept that the problem is insuperable or unsolvable. With the right political will, a lot more could be done to ensure safety and protection of children.

PROF SNAPE: Thank you.

MS PHILLIPS: The final recommendation which we have listed here is that the draft report wanted freedom of expression included in section 3 of the Broadcasting Services Act. We're unhappy with the way many people use the term "freedom of expression" or "free speech" because it cannot be an unqualified right. We believe wherever it is mentioned, those provisos - that it does not cause harm - should be mentioned in the same breath, because in no other area of life do we have complete freedom of expression. While we're living in a community and we have to live in peace with other people, we're not really free to express ourselves in the way that we might sometimes want to do. The proviso of harm must always apply. If you want to put freedom of expression into the Broadcasting Services Act at all, we would want that proviso written in with it.

MR D'LIMA: Yes, productivity and freedom of expression don't necessarily go

hand in hand and can be in fact at loggerheads. If freedom of expression damages families then society is damaged and is then necessarily less productive. In fact freedom of expression in the wrong way can lead people to be most unproductive, in fact very dependent upon others, as we have seen with poker machines, gambling - we could be here all day discussing those things.

But one question about freedom of expression that comes to my mind at least is, is there a public groundswell demanding greater freedom of expression. It seems to me that the public is more inclined to say that expression is too free at the moment and that there is no public groundswell towards a desire for greater freedom of expression. So in using that term I'm just wondering where that may have come from. Is that coming from pressure from broadcasters or is it coming from a broad based community feeling? I suspect it's the former. So for that reason we would be very concerned that too much attention be paid to the importance of freedom of expression.

PROF SNAPE: We operate with our terms of reference and our act and we listen to the submissions which are made to us and what is put before us. We don't try to go out and measure the groundswell of public opinion at all. It might surprise you. But I should perhaps explain where this came from: that we were in fact endorsing, in a number of areas, constraints upon freedom of expression, as you acknowledge, and we see that we need to put that in the context - as you did before, as a matter of fact, when you were speaking about it. You said that your context was that freedom of expression wasn't an unqualified right, that you in fact took it in the context of not doing harm to others, and in that chapter it was in the context of us saying there are a number of points which we recommend in our draft recommendations that matters be tightened up in this matter, that in fact they must be set against in the context of a general presumption of freedom of expression that is qualified in various areas. I don't think it was very far from what you in fact stated yourself a few minutes ago of being the context in which you saw qualifications upon freedom of expression, and the way you expressed it could be interpreted to say that there was in fact a presumption of freedom of expression so long as it didn't do harm to others. That's the context in which that was addressed there.

MS PHILLIPS: I guess just reading your recommendation without reading the context, we just felt some people might have got the wrong idea.

PROF SNAPE: As you've said before, some people can always get the wrong idea.

MR D'LIMA: Yes. We appreciate your comments on the matter and we are concerned that everything be possibly done to ensure that the report as it finally comes out will be understood as it's intended.

MS PHILLIPS: Indeed.

PROF SNAPE: Thank you very much. Thank you for elaborating there and for your contributions. We've greatly valued them and we'll take your further comments

into consideration in formulating our final report. Thank you very much indeed. Do you know whether the Land and Water News is with you?

MS PHILLIPS: Yes. We'll allow them to take our place.

PROF SNAPE: Thank you very much.

PROF SNAPE: Welcome to Land and Water News. I'm Richard Snape and beside me is Mr Stuart Simson who is the associate commissioner in this inquiry. We welcome you and we would be grateful if you would separately identify yourselves so your voices are on the tape please for the transcription service.

MR MUSSARED: My name is David Mussared. I'm the editor of Land and Water News.

MS DUIGAN: I'm Chris Duigan and I'm the subscription manager with Land and Water News.

PROF SNAPE: Thank you for your submission which you have I think a fairly simple point about which you feel fairly strongly. Would you like to speak to it please.

MR MUSSARED: Indeed. I've got a bit of an opening spiel I'd like to do.

PROF SNAPE: Okay.

MR MUSSARED: The reason I've asked Chris to come along, incidentally, as both my wife and my business partner, is that she's in the front line of fielding the responses we get on this issue, so she's been dealing with it day to day. I'm aware that the issue we're raising is a little bit tangential to the main thrust of the commission's inquiry but I do feel it falls within the terms of reference, particularly points 4 and 5. I also believe the question of directing advertising revenue to particular media outlets is not tangential, I mean, it's central to regulation and competition arguments, particularly as media diversifies into new delivery mechanisms, such as the Internet and datacasting.

Essentially our complaint is that there are other government policies and practices aside from the acts that you're reviewing which have a major influence on the competitiveness of media players and restrict the ability of new players to enter the markets offered by the new technologies. Specifically we're talking about the requirement that government agencies should place recruitment and similar advertising in a national or metropolitan newspaper which is a typical requirement, or sometimes they require a particular newspaper by name. We feel that guarantees a flow of revenue to existing players who are now actively also trying to establish electronic services and, for example, both News Ltd and Fairfax are now moving into this area, using their newspaper classifieds as a base to set up new Internet services.

From our perspective when your competitors charge 10 times the price you do but the government still guarantees them it will buy their services ahead of yours, it severely limits your ability to compete and represents a major barrier to entry. I don't have any figures on the total amount of advertising which is directed by governments this way to newspaper outlets but from my own sort of back of the envelope calculations I guess it to be at least 50 million a year and possibly three or four times as much. As an indication I had a look in the Environment Australia annual report - Environment Australia being one of the smaller federal agencies - and it shows that in

98-99 it spent 3.6 million on advertising and market research and of that, 696,000 went into "non-campaign print advertising".

So if you multiply that \$696,000 a year figure by the number of federal and state agencies which exist in Australia, you're starting to get some idea of the size of what we feel is an anticompetitive subsidy which is being provided to existing media players. As we said in our supplementary submissions, you'll notice you've got before you, we'd like to see state and federal governments issuing a general directive informing agencies that are requiring advertisements to be placed in a particular type of media or a particular outlet is anticompetitive and the program areas should feel free to place advertisements in whichever type of outlet delivers the best results at the best price. I guess I'd like to close my little opening with a quotation from your draft report at page 145:

There does not appear to be a case for the government protecting the revenue base of broadcasters any more than the revenue base of other industries.

I appreciate that finding was directed at the free-to-air broadcasters rather than newspaper players as they move into this market by Internet and datacasting, but I feel the same sentiments should apply across the board and that governments should not protect the advertising revenue base of newspaper proprietors by directing their agencies to place advertisements with them, particularly when there are other cheaper alternatives in existence. As you said it's a simple point. We're willing to take questions on it.

PROF SNAPE: Yes, it is fairly straightforward and I think you've expressed it very well. I'm not sure that there's much more to ask really. Mr Simson?

MR SIMSON: My experience in newspapers is - I mean, this resonates with me. I understand the sort of obstacles that new players can have in breaking into those large advertising contracts, whether they're contracts owned by - they're advertising contracts of state governments or quasi-government instrumentalities or whatever. There's a great force of habit in these things. Unfortunately for new players to come in and chip away and break what can be very long-standing practices is difficult to do. The extent to which this is an anticompetitive or even potentially a cross-media issue, I think would obviously be need to be examined on a case-by-case basis. I would tend to probably go for, if you like, the non-conspiracy theory view on these sorts of arrangements, rather than putting them in the basket, if anything, to an extent of just ongoing complacency in some cases between the various players that they just want to continue with an existing arrangement.

My experience with these things is that it takes a very large player to come in and upset them. For example, if you look at the employment advertising market which had been dominated by a few players in terms of the flow of advertising, it took a large group such as the Monster board to come in, backed by tens of millions of dollars to really - and then it had to buy one of the existing players - that is the Neville Jeffries organisation - in order to be able to have a discernible effect. There are plenty

of examples of this. Really it's only a place for people with deep pockets. So I'm sorry if that's no consolation to you; maybe it is but - - -

MR MUSSARED: We actually do pick up a bit of government advertising and often it's by program people ignoring their internal processes and just saying, "We know you get better results and the paper is a 10th of the price and we're going to buy you anyway," and they'll short circuit their internal processes which direct all the ads to the newspaper and just pay for it out of their own budget. We are very competitive in this area and it's only in our niche. We do deliver a good result. But it's just very annoying to talk to the big agencies and be told repeatedly that, "I'm sorry, we're required to place all our ads in the Sydney Morning Herald or the Australian," and I appreciate what you're saying that it's habit rather than conspiracy and it may well take a few years for that habit to be washed out of the system, but in the meantime the players that are already there and are already inheriting both the content and the revenue stream from those arrangements have got the window they need to set up and make sure that they also dominate the market in the new medium.

MR SIMSON: Where this obviously intersects with our terms of reference is with regard to the issue of diversity.

MR MUSSARED: Indeed.

MR SIMSON: Clearly the opportunity for smaller players, such as yourselves, very much depends on having a number of platforms on which to work. We were conscious of that in terms, for example, the way we staged our recommendation for any change in the cross-media ownership rules. So we're very conscious of these issues of integration - vertical, horizontal - changes to cross-media. In looking at the issues before this inquiry you can take some comfort from that.

PROF SNAPE: Do you have more success with large, private enterprises than you do with - - -

MR MUSSARED: We have very little difficulty with private enterprises of any size.

MS DUIGAN: Yes, no problems. In fact a lot of private organisations will advertise with us exclusively and not place ads with the newspapers because they find they can recruit people at a tenth of the price. It's the government agencies which use us as an add-on to their newspaper advertising because that's where they always advertise. So even if they get the people they want through advertising with us, we're still an add-on to the newspaper - they still pay for the newspaper advertising.

MR MUSSARED: They will buy the newspaper ad and then maybe they'll buy us as well. We get told repeatedly, "We're getting the people we want through you but we have to buy the newspaper ad."

MS DUIGAN: The "public" is the thing that's often used.

MR SIMSON: A lot of that is to do with the way government tenders work in advertising, in terms of advertising procurement. While that continues there's not a lot you can do about it.

MR MUSSARED: Not us in particular but the Internet is just as much a public medium as newspapers are. In fact you could argue it's more so. Your own report said 25 per cent of Australians now get the medium and 80 per cent of that use is for email, and we're in that patch. Our reach is - not ours personally because we only work one niche of it but the patch of services like ours is as public as anything which is done through newspapers. I think you're right, there's a kick on from habits from the past when newspapers were the only public outlet around. There's other outlets around but governments don't seem to have woken up to that and we'd like some clarification, even if it is only habit. I suspect in some areas it's more than that.

We suspect in New South Wales that people are actually being directed to advertise with name newspapers. But even if it is only a habit I'd really like to see some clarification being told to agencies, "No, you don't have to do this. You are free to choose where you advertise." There are some things which are obviously better placed in newspapers. If you're looking to reach the mass public, I don't think it's a perfect place but it's probably a better place than through a nice email service. If you're after a water engineer with particular skills, why would you advertise it in the Australian? Why not pitch it at the market you're looking for? Yet the public servants certainly believe - and we've been unable to get it in writing from any of the agencies - that they're required to advertise it and usually in one particular newspaper. It strikes us as being unfair, that's all.

PROF SNAPE: Yes.

MS DUIGAN: By the way, TMP who run monster.com advertise regularly with us.

MR SIMSON: There you are. You must have a good product then.

MR MUSSARED: We do.

MS DUIGAN: It's really the government agencies we have problems with, and that's where we'd like some clarification.

MR SIMSON: Just keep chipping away.

MR MUSSARED: If we're still around to do it. If they don't wipe us out with the new services - News Ltd opened two weeks ago, Careers Online, I think it's called. We don't mind. We're in the business of competing. We're media players like everybody else but we don't want to have to do it with one hand tied behind our back.

MR SIMSON: Yes.

PROF SNAPE: Thank you very much for amplifying that. We understand your

point and take it on board.

MR MUSSARED: Thank you, Prof Snape.

MS DUIGAN: Thank you.

PROF SNAPE: We will resume and we welcome Young Media Australia and we thank you for fitting into this format of the television connection. It makes it much more feasible for us, rather than visiting remote parts of the country like Adelaide.

MS BIGGINS: Remote? Come on, this is the centre of Australia.

PROF SNAPE: Yes. Anyway, we thank you very much for coming into the studio there and, as I say, for your submissions. I wonder if you would now identify yourselves for the transcription tape separately, so each of your voices is on the tape please.

MS BIGGINS: I'm Barbara Biggins from Young Media Australia.

MS JUPE: Toni Jupe, Young Media Australia.

MR MAIN: I'm Wilson Main from Banksia Productions.

PROF SNAPE: Good. Now, we've got Ms Biggins and Ms Jupe on the list. I don't know that we've got the third name on our list, so could you spell it please?

MR MAIN: Wilson Main.

PROF SNAPE: Thank you very much.

MS BIGGINS: If I could just explain Mr Main's presence, he's actually here at our invitation, as a kind of expert witness to support some of the points that we wanted to make.

PROF SNAPE: That's fine. I wasn't objecting in the slightest. It was just that we need to get the names right on the transcription service and that's why I was asking for it, thank you. Now, I'm Richard Snape and the associate commissioner Mr Stuart Simson is sitting beside me. We have received your additional submission and perhaps, Ms Biggins, you would like to speak to it.

MS BIGGINS: Thank you very much for the opportunity to comment on the commission's draft report, which we believe provides some practical courses of action to improve the interests of consumers, which is one of your terms of reference. We do, however, believe that there is still more room for improvement. You have our summary comments in written form. There are some particular points that we would like to expand on. They are our and the industry's views of the value of the C and P quotas.

Secondly, we want to expand on our opposition to the draft recommendation that the requirement that the P quota be all Australian be reviewed. We asked Wilson Mail from Banksia Productions, who makes P programs, to come along and support our standpoint from an industry point of view. Thirdly, we wanted to briefly comment on the need for Australian content quotas for pay TV; fourthly, to comment

on the supposed commercial disincentives for broadcasters to show children's programs. We wanted to comment on the need to evaluate objective J of the Broadcasting Services Act, and in particular the issue of what constitutes harm.

We also wanted to comment on the need for a broadcasting consumer hotline, which encompasses all media and is able to distribute all codes to consumers. Lastly, we wanted to briefly comment on the need for a review of the online services amendment, believing that it should include a review of the efficacy of the Net alert initiative and the community education campaigns. Before I start, are there any particular areas of those that you would like us to give emphasis to, or are you happy for us just to - - -

PROF SNAPE: I think that you give emphasis to what you feel are the most important, but recognising our time constraints, if you could please.

MS BIGGINS: Sure, thank you. Under the issue of C-classified programs, we note and appreciate the commission's recommendation in this regard. We have always believed that the C quota programs provided some Australian content, they provided some diversity. They certainly provided a measure of Australian drama that was not there before the introduction of the quotas. It provides a quota of programs that have not been swamped by the commercialism and the heavy marketing practices that are quite evident in the non-quota children's programs.

I must say that we are somewhat - well, we're not surprised - but we are a bit dismayed that the industry has wanted to trot out all of the old and tired arguments against C quota programs that have been trotted out for years and years and years, and in particular a view that was quoted in this morning's Australian from the FACTS submission where we understand that you have been told that the quotas necessarily produced programming in which most children are not particularly interested. We find that quite an amazing statement.

Having worked for some nine years in my personal capacity on the broadcasting tribunal's children's program committee, I can assure the commission that the criteria are not in any way restrictive on a program-maker. They do not inhibit creativity. They do not dictate that a particular sort of program needs to be made. The C quota has actually caused the initiation of some excellent programming for children, both Australian and allowing some overseas ones to be shown which wouldn't otherwise. It seems to me that the industry has chosen to interpret the criteria in a particularly limiting way and it's the industry who has made the choices to make the programs that have been made. If they are not as entertaining to children as they might have been, it's the industry's choice.

I also have to say that some responsibility might have to be borne by the Australian Broadcasting Authority, whose job it is to assess whether programs meet the criteria. If programs are not entertaining children - and we dispute that they're not - if they're not entertaining children then it's the ABA's responsibility not to pass the programs. But in the first place, the industry shouldn't be making programs that don't

entertain children.

Moving on to the issue of P-classified programs, we strongly oppose the suggestion that a hundred per cent of the P quota does not necessarily have to be Australian. Some five years back there was quite a strong push to bring in some overseas programs into the P quota. They would have seriously threatened the viability of the Australian preschool production industry. Now, whilst the quota is not there to protect the industry, if the industry is not protected and given a place for its product to go then there isn't a development of expertise for this audience that is needed. Culturally, preschoolers are the ones who most need to see Australian voices and language and faces on the television. I might ask Wilson if he would like to contribute to this particular topic from his standpoint as a producer of P programs.

MR MAIN: Yes. As I said, I'm from Banksia Productions. We have been producing for 15 years programs specifically in the P and C categories, and that's the majority of our business. The most famous of our programs is Humphrey, for which we shoot an Australian version. We also shoot an American version here in Adelaide, and we also shoot an American Hispanic version here in Adelaide, and we will soon be shooting Chinese versions of Humphrey here in Adelaide in which we fly in presenters from overseas to shoot in their own particular language and culture, because there are an enormous amount of cultural differences even under the same script. If you've ever changed a 30-minute script to become American or an American script to become Australian, you will realise just how many cultural differences there are. But today I don't want to talk to you about the cultural side. I really want to talk to you about the economic side.

It's a bit like saying we shouldn't produce Holdens because the Koreans and the Japanese can do it cheaper, so why not just import, except it's worse than that. The Koreans and the Japanese have specific competitive advantages in manufacturing, whereas in Australia we have specific competitive advantages in production. The real problem I see is not that the cost of production is difficult or an imposition on the broadcasters; the broadcasters are just not willing to invest in children's programs in the way that overseas broadcasters are.

For example the Teletubbies which we hear so much about, which is an enormous business worldwide, could never be made in Australia because the budgets would never be allowed, but it's supported heavily by the BBC in Britain, creating a huge export industry for Teletubbies, both in programs plus all the toys and merchandise that goes on sale as a result. As another example, Sesame Street has a budget 15 times that of Humphrey, 30 times that of some of the other P programs being made in-house by the networks in the country. It has been said that the kids, because these are so glossy and wonderful programs expensively made, that the kids prefer them. It's actually not the case.

I've got here a report from ADA, which is a specialist in analysing the ratings. This report wasn't specifically prepared to address this question so you may have to take some things into account. But if we look Monday to Friday at 9.00 to 9.30 we

can see that the ABC, with Play School made in Australia, outrates - on Channel 9 at the same time - it outrates Blue's Clues, a very expensive program made in the USA, whereas the previous half-hour beforehand you have Humphrey and also Hi-5 made by the Nine Network which outrates the ABC which at the same time is playing Sesame Street. So despite their huge budgets, kids and children's parents are turning specifically onto the stations that are playing Australian programs.

PROF SNAPE: Excuse me for a sec. I was trying to focus the camera onto what you were showing but the resolution isn't strong enough I'm afraid over the - - -

MR MAIN: Okay. I would be happy to get a report sent to you at some stage, if you like.

PROF SNAPE: If you could - well, at a pretty soon stage please, because our final report is due 3 March.

MR MAIN: Okay, fine, we'll get something to you as soon as we can.

PROF SNAPE: Thank you.

MR MAIN: But I can assure you it's not just about kids preferring overseas programs. The overseas programs do have higher budgets and they are glossier, but for the preschoolers they watch the programs that are relevant to them, but also parents have a very strong feeling about what they want their children to watch. I mean, Humphrey as a character is an enormously popular character who generates toy sales, a thousand appearances a year, plus charity performances in addition to those paid performances every year. So we're talking about Australian icons and they're not just old dinosaurs that are costing the networks too much.

These are very cheap programs that the networks want to replace. I'm not necessarily saying the Nine Network, but I know that the networks do object to preschool programs because they can have no advertising during those programs and so there's no way of recouping the cost. The other thing we need to remember is that Australian-made production is not just export replacement. Our company and many other companies in the business make substantial export revenue from making these programs.

PROF SNAPE: I think you meant import replacement there, didn't you?

MR MAIN: Yes, sorry, import replacement. My apologies, yes, you're right. So it's only possible if the development costs are covered in Australia first. The overseas producers talk about front end and back end and the Americans have a belief that you don't make any money on the front end, you only make it on the back end. So what they're saying is that their programs that they sell to us, they're not concerned about making money on the program sales. What they want to do is make it from the sale of merchandise. The royalties come from videos, CDs, toys, clothes, plush etcetera. They generate an enormous amount of sales and the royalties which range between

say 12 and 18 per cent of wholesale all head back overseas. As a result, the programs are often offered to the networks for free and sometimes with a share of the back end.

When I travelled to Cannes recently to MITCOM the TV festival, we were besieged by people who wanted us to take their program, offer it to Australian networks for free in return for a share of toy sales and so on as a result of the program coming back. So it's no wonder the networks would like to get rid of the classification restraints. To parody the words of the Dire Straits song, it's money for nothing and programs for free. So I believe that we need to be making programs in Australia and exporting our intellectual property to the rest of the world, not giving overseas producers a free 30-minute commercial called a TV program for their toys and videos. It's not just the people in the broadcast industry, in the production industry, that are going to be put out of jobs, it's all the people who manufacture product, licence product and create Australian videos. It's crews. It's a whole range across the board.

PROF SNAPE: Thank you. Should the P category quota requirement be increased then?

MR MAIN: Obviously I have a vested interest but I'd love to see the P quota being increased.

PROF SNAPE: Yes, but we'd like to get away from vested interests and to try and address the actual objectives of the act, the cultural and social objectives of the act. Is the P quota about right, but all you don't want is that any of it be allocated to any overseas productions.

MR MAIN: That's my position. Basically I think the P quota is about right. I'm not seeking to place any imposition on the networks to put more money into more programming. I'm just saying they should invest more in the programs that exist but I would have to divert from the opinions of the YMA here because I believe that the networks should be allowed to advertise to increase school programs. The reason that I believe that is because they resent greatly being forced to put money into making a program on which they can't make any revenue. So like any business, if you're forced to do something that you get no gain from, you'll say, "What's the least amount that I have to spend." So therefore they give us very, very small amounts of money to produce these programs.

Curiosity Show in the 1980s, which was still selling by the way, every year to overseas television stations, had a budget double of what is being offered by the networks now for C programming. So, you know, I think the budgets have dropped to such a ridiculous extent that the ability to make exportable programs in Australia is being diminished. When you're competing against programs 10 and 15 and up to 30 times the cost of production, it's very hard to make stuff that competes in the international market and so the more we can get in our own country for these programs, the more likely we are to develop export revenue and in turn the more likely the children of Australia will get better quality programming.

PROF SNAPE: Yes, thank you very much. Ms Biggins, back now to you.

MS BIGGINS: Yes, I think that flows on to - perhaps I might jump a point and leave pay TV and move on to the issue of commercial disincentives because it seems to me that it has got a lot to do with what Wilson has been saying. The industry claims that there are a lot of commercial disincentives to show children's programs. I can only assume that they must be talking about C programs because the industry shows children's programs that are no C programs and the advertising within those programs is up to its limit of 15 minutes an hour and what's more, the programs themselves are very commercial and what is more, in addition to that there are often what they now call "within program sponsored segments" which don't count as commercial content. So the C programs obviously are not able to be exploited as much commercially because of the criteria, but it seems to me that - and if we didn't have the C quota then what we would have, as I've said in an earlier submission, wall-to-wall commercial and programs in which the marketing pressures are very high.

It seems to me that the industry needs to take seriously the issue of C programs and the big problem is that it's making dullish C programs which may be commercially unattractive but I do not believe that it's not possible to make attractive programs that would bring big audiences, big child audiences for the 10 minutes of advertising per hour that is allowable and which would make them highly marketable overseas. I just don't think that the statement stands that there are commercial disincentives to show children's programs because children are being marketed within an inch of their lives in programs that are not C programs.

PROF SNAPE: Do you have any data at all on the number of children that watch the C and P classifications?

MS BIGGINS: I don't have current figures. Wilson may do.

PROF SNAPE: Do you have any figures? I'm sorry, can I just go back on that. Do you have any figures that are not current?

MS BIGGINS: Yes.

PROF SNAPE: Because so far we have been given, even though we've been asking for it many, many times, we have been given no data at all about the number of children that actually watch the C and P categories and it would seem to me, as I've said a number of times, that if one is doing research into the influence and the cultural and social influence of programs, of the C and P programs, that the very first thing that one would probably want to look at to be doing any major, any real research on it, is to see how many people are watching.

MR MAIN: I can provide you with figures, but I came today at short notice and I didn't actually - I haven't really got substantial figures to show today without checking them. I have this book here which is an analysis of the ratings for the year, but I'd

really like to do some work on that. I'm happy to prepare some documents and send them on to you.

PROF SNAPE: If you could please because as I say, though we have asked many, many times, no-one has in fact been able to supply, or has supplied I should say, any data on how many children actually watch.

MR SIMSON: Could I just ask a question which I threw to Ms Patricia Edgar this morning of the Australian Children's Television Foundation, and it's to do with the strong ratings that are emerging for pay television amongst the younger demographic and the extent to which we are seeing quite a fundamental shift in viewing habits among quite young audiences from free-to-air to pay.

MR MAIN: What is the question?

MS JUPE: Is the question whether we think that's actually happening?

MR SIMSON: Yes, obviously I'd like your observations on that or comments on that.

PROF SNAPE: On whether children are migrating to pay television.

MS BIGGINS: I believe that it's only very early days in terms of ratings for particular channels on pay television. There would appear to be some indicators that children are migrating to pay TV but we don't have any precise figures on it. We can look back through our records because there was some public announcements made about three months ago but the issue is still that pay TV is not in very many homes and therefore a great many children simply don't have that choice open to them. Here in Adelaide pay TV roll-out has been stopped.

PROF SNAPE: That is the cable has been stopped. Austar hasn't been stopped. I think we tend to forget about Austar which after all has more subscribers than Optus.

MR SIMSON: In determining an Australian - - -

MS BIGGINS: We haven't been marketed by Austar.

PROF SNAPE: I'm sorry?

MS BIGGINS: We are both ignorant of marketing by Austar here.

MR SIMSON: In determining what makes an Australian children's program, again the Australian Children's Television Foundation this morning has urged us to look at where the program idea originated or the program concept originated. A particular concern they have is with some co-productions counting for local content quota. Could you perhaps comment on that.

MR MAIN: Who are you addressing the question to?

MR SIMSON: To whoever wants to take it, particularly yourself.

MR MAIN: Okay. Our company, Banksia, has no co-productions. Everything we make we invest our own money in. We take no money from any bodies or any partners so I'm not really a good person to ask about that question. We traditionally spend a hundred thousand dollars. We make a pilot. We walk around with it to the networks and ask them to buy it. They come back with a ridiculously low offer and we either accept it or reject it and so I'm sorry, I'm not the person that can comment on co-productions.

MR SIMSON: Thank you.

MS BIGGINS: In my time on the children's program committee I thought the definition of Australian content that was then in place was more appropriate as far as children were concerned and that was - and I can't remember the precise wording but it was something that encapsulated the Australian voices, places and faces. It seems to me that as far as children are concerned, what is important to them is that they hear their places, faces and voices reflected on television and I don't know that it matters too much to children where the program idea originates. It may impact more on adult programming but not at a child level.

MR MAIN: In a social and cultural sense I have to say - and I'm probably repeating myself, but having gone over dozens of scripts in trying to change them from Australian to American or American back to Australian or into Hispanic American or into any foreign culture, the differences are enormous and you don't realise how many differences there are until you begin to actually start doing it. We've just done it recently with a script which is actually an adult script but it was just the most enormous work, leading to many, many rewrites trying to write it as an Australian program. But the same applies for the children's programs that we make, especially wherever there are things like puns involved in humour. They never translate particularly well from one culture to another. There's a whole range of things.

PROF SNAPE: Good. We had the point made to us this morning that the commercial channels often put the P and C programs on at inconvenient times, early morning, for example. Do you think multichannelling by the commercial stations would assist in overcoming that problem. Have you given thought to multichannelling in that context.

MR MAIN: I would support it because I think you're absolutely right. A popular preschool time at one stage - in Adelaide anyway - was 8.30 to 9.00 and most mothers are driving children to school at that stage or children have gone to school or whatever. When for example we had a program called The Music Shop on Channel 10, when it was on at 9 o'clock in the morning in the Eastern states, I think for some reason for some sporting event it was changed for a short period of time to 3.30 in the afternoon. The difference in ratings was absolutely enormous and it's all

very well to say that children's programs don't rate very well, but look at the time of day they're on. They're often on at incredibly inconvenient times when no-one is watching.

PROF SNAPE: That was the point.

MS BIGGINS: The present regulations do allow time bands. There isn't a prescribed time. There is simply a time band for both the P programs and C programs and it seems to me that there certainly could, even in the present environment, be more convenient scheduling than sometimes occurs.

PROF SNAPE: Yes, but one can understand perhaps the broadcasters' point of putting it on at say 4 o'clock or 5 o'clock when something which might be much higher rating and worthwhile to them is on but if they have three channels operating at the same time so you have got Channels 9, A, B and C, they can still run with the one that they wanted to and pick up B and C with something which they perceived as not being quite so valuable but nevertheless they might be able to run it as the second or third preference.

MS BIGGINS: Sure. It would help even more if all of the stations didn't show their programs at 4 o'clock at present, which again is a choice.

PROF SNAPE: Yes.

MS BIGGINS: Could I move to the issue of - I'm just concerned that we might be running out of time.

PROF SNAPE: Yes, we don't have much more.

MS BIGGINS: Okay. I wanted to move to objective J of the Broadcasting Services Act. I believe this is a largely overlooked area and it's the issue - the objective calls for commercial broadcasters to place a high priority on the protection of children from exposure to program material that may be harmful to them. It seems to me that, (a) we do not know what causes harm to children, and nor are we taking any constructive steps to find out. We're acting on some presuppositions. I do believe that we ought to be taken seriously, and I am not quite sure if the commission is aware of recommendations that arose from the Australian Law Reform Commission and Human Rights and Equal Opportunity Commission Report on Children and the Legal Process just over a year ago where they specifically recommended that firstly international and available Australian research on the effects of media on children, particularly those of primary school age, should be reviewed to enable the development of guidelines for all providers of media services to protect children from harm.

A companion recommendation which was that the research on the effects of advertising on children should be reviewed to enable the development of guidelines for all advertisers to protect children from harm. This research should include a

determination of what constitutes misleading practices in relation to young media consumers. Those are very serious recommendations that I don't see anybody taking up, and I do believe that if the commission is going to be looking at practical courses of action to improve the interests of consumers, that this objective must be taken seriously and much more emphasis must be taken on the evaluation of the achievement of this objective.

PROF SNAPE: Yes, thank you for that. I think that's quite consistent with the theme that occurred many times in chapter 9 where we were saying that more research needed to be undertaken in various areas. I must say that we really found that there were many assertions of effects where we were supplied anyway with very little evidence of any hard research that is being done in those areas. I think your point there is quite consistent with the theme running through chapter 9.

MS BIGGINS: Chapter 9, yes. What bothers me is that worldwide there is an enormous amount of research done on the impact of media on children, some of which is now building up to a substantial body of evidence pointing in certain directions, particularly in relation to violence on television, and we did present you with some of that evidence after our last appearance, but what bothers me is that no agency in Australia seems to have a role, or sees it as their responsibility, to be constantly overseeing that research in a way that feeds into a regulatory process, and ensures that the regulations and classification criteria actually do protect children from harm.

PROF SNAPE: Yes, okay.

MS BIGGINS: Young Media Australia ran a conference called Developing Child, Developing Media, with the sub-theme of what constitutes harm for children. We ran that in July. The proceedings are due to be published shortly. We would like to be able to forward you a copy because we believe that the issues there, particularly Justice Richard Chisholm's exposition on a legal view of what constitutes harm to children would enlighten the commission's deliberations in this area.

PROF SNAPE: That would be helpful, and thank you for that. Just as a comment, and this is not directed in particular to anything that you sent us earlier, but in some areas, I mean, people have been sending us with what is purported to be evidence or research which is often pretty much anecdote or, you know, "There has been a certain incident therefore such and such is responsible for it," and it has been a very casual sort of connection rather than any causative connection, or any substantial empirical investigation. In many areas of social concern that have arisen in this, that seems to be characteristic of it, but as I say, I am not directing that in particular to anything that you have sent us previously.

MS BIGGINS: No, and I'm glad that it doesn't because we make a point of relying on solid refereed research underpinning the sort of statements that we make. In my private life I'm a research librarian and I have made a lifetime of study of the serious research on the impact of media on children, and I don't know that I have often relied

on anecdotal evidence, and YMA certainly doesn't proceed on the basis of anecdotal evidence. We believe there is serious evidence of harm in this field. Could I just briefly refer to our final point about - - -

PROF SNAPE: Could I just turn that around for a moment and say is there serious evidence of good?

MS BIGGINS: Yes, there is. There are research studies which have been done on the pro-social impact of certain types of television programs on children, and again, I don't think that we're putting that into practice either.

PROF SNAPE: Yes.

MS BIGGINS: Lastly, again, on the theme of improving the interests of consumers, I do believe that the commission has made some very practical recommendations that would help consumers in being able to lodge complaints and in being able to contribute to the review process for codes, but I do believe that consumer interests must be improved more than they are presently, and more than is recommended. If self-regulation or co-regulation is going to work, consumers do not have enough information about how the system works, and nobody is helping them to get that information. They don't have enough access to broadcasting codes and they don't have easy identification, where to complain. I do believe that we really do need to be recommending the establishment of a one-stop shop for consumers where they can get both; information about broadcasting codes and regulation, and advice about where to direct their complaints because I still don't believe that it's good enough for the consumer to have to find the appropriate avenue to direct his complaint when there are so many different codes and so many different points of delivery of programs.

PROF SNAPE: Good. Thank you very much for that. That has been very helpful, and for your earlier contributions too, we value your time and effort into this and the contributions which you have given to us. Thank you very much indeed.

MS BIGGINS: Thank you.

PROF SNAPE: Okay, that has hung up South Australia.

PROF SNAPE: Yes. We have the Department of Commerce and Trade. It would be helpful if you could go around and in fact identify yourselves for the transcript please.

MR SKELTON: Yes. Phillip Skelton.

MS WOOD: Donna Wood, the Department of Commerce and Trade.

MR DEAN: Tony Dean from the Department of Commerce and Trade. I'm just here as an observer.

PROF SNAPE: Thank you.

MR LOCKE: I'm Tom Locke from TAFE Television and I'm here today as an observer.

MR STUDHAM: Ray Studham, National Viewers and Listeners Association.

MS HICKS: Jean Hicks, National Viewers and Listeners Association.

PROF SNAPE: Okay. We've got two groups here and an observer and I think if we can keep them separate for the conversations and we'll start with the Department of Commerce and Trade. Mr Skelton, would you like to speak? Incidentally, I'm Richard Snape and beside me here is Mr Stuart Simson who is the associate commissioner. Thank you.

MR SKELTON: Thank you very much and thank you for the opportunity to speak. To make it simple for you, once I've completed my remarks and our discussion, we'll change the seating here so that you will always have the best picture of whoever is presenting. I'm Phillip Skelton, the leader of the telecommunications task force in the office of information and communications which is a part of the Department of Commerce and Trade. We have made a submission to the first part of your inquiry and have examined the draft report that you've produced. We have not provided a written submission on the draft but we will make a short written submission for the record following this session this afternoon.

PROF SNAPE: Thank you.

MR SKELTON: I'd like to dwell primarily on the part of your report which dealt with digital television. The first point we'd like to make is asking the question, why rush? In Australia we were not the first country in the world to adopt black and white television, nor were we the first to adopt colour television and we benefited significantly from being a follower rather than a leader in those particular instances, with the technical designs well settled and large production runs for purchase of equipment. We learnt some lessons in the conversion from analog to digital of the Homestead and Community Broadcasting Satellite Service, as we discussed last time, where unique standards - what turned out at the end of the day to be a unique

standard - cost viewers in Western Australia and outback Australia generally a significant amount of money.

The two points that I'd like to develop, one is about cost for consumers and the other one is about datacasting. Firstly, in regard to the cost for consumers I think it's worth stating the obvious that the change to digital has not been requested by consumers. It's been pursued as a matter of the federal government on behalf of the national broadcasters and by the commercial broadcasters and so we need to look carefully at what the actual impact on the end consumer is. The end consumer is offered in the high definition case a superb quality picture; in both the high definition and standard definition case, significantly improved technical performance in regard to ghosting, interference and so on. The cost to the consumer, according to the evidence provided to you by the Federation of Australian Commercial Television Stations is of the same order of magnitude in terms of buying power in today's dollars, as it cost to buy colour television sets when they first came in, or black and white when they first came in. So on the face of it, not an unreasonable cost.

Naturally, as in those cases, one would expect a slow take-up rate at first with the early adopters rushing in regardless of the price and then the market developing as production runs brought prices down. The question is whether it's worth the difference from an end consumer's point of view to have high definition versus standard definition. In our view the high definition option should not be arbitrarily ruled out, that is there should be the incentives for high definition to be provided and to be taken up. In that case we find it a little difficult to meet that objective without having mandatory provision of high definition imposed upon the broadcasters, so that at least a high definition signal will be available for at least part of the time.

That causes us a little bit of difficulty with your draft recommendation 6.1 where in principle we would agree with that draft recommendation for it to be permitted rather than mandated - that's on page 129 of your report. However, if it was merely permitted rather than mandated there would be no real requirement on the commercial broadcasters to introduce it. Whether or not they have already committed the funds in buying the equipment so that regardless of whether it's mandated or not it might actually occur, is beyond our knowledge. One thing though that impacts on cost which we are quite clear about is that we see no merit whatsoever in mandating an additional audio standard which would make the Australian market genuinely unique in the world. So we would be entirely happy to see that additional audio standard removed from the mandated category and made "permitted" rather than "mandated". That's a very clear choice.

In regard to the high definition case, then we look back to the lessons learned when the satellite direct to home broadcasting first started with the BMAC system, which whilst technically superb and was supposedly going to be taken up by other countries, making the market much larger, in the end was not taken up by other countries - or perhaps by one other - and the market remained small so the price remained fairly high. On the other hand, that was an outback market. Here we're talking about all of the metropolitan and regional areas and so we're talking not about

thousands but about millions and so even an Australian production run for Australia only of high definition equipment would be in the millions over several years and that would appear to be a reasonable production run and so the cost should not be outrageous.

If we move on to datacasting, the question there is why the rush? The rush appears to be being pushed by those who see themselves making a lot of money out of provision of datacasting services and the additional knowledge they would gain through interactive purchasing, knowledge they would gain about buyer patterns and targeted marketing. Whether the consumer will really benefit by datacasting I think is quite open to question. The benefits of using the datacasting in the multichannelling mode, I'm sure that you've seen the demonstrations by the ABC which are really quite impressive and imaginative and one could see some very good services being provided for viewers by that but that's an advantage of multichannelling rather than an advantage of datacasting.

The definition of datacasting is really very important. We would clearly not want a datacasting being a mechanism by which datacasters could introduce broadcasting in the traditional sense by the back door and being exempt therefore from the content regulatory regime applying to free-to-air broadcasters. We would therefore disagree with your raft recommendation 6.2 where you seek to have datacasting defined very liberally without any distinction between datacasting and broadcasting.

PROF SNAPE: I should just say perhaps that that sentence says:

Datacasting services should not be constrained by a regulatory distinction between datacasting and broadcasting.

Perhaps we were not as clear there as we might have been but the reason that we in fact said that the distinction should be retained was precisely the reason you just gave and that is if there were no distinction at all then datacasters would be subject not only to the content restrictions that you just mentioned but also to the cross-media rules. So it was in fact for precisely those reasons that we retained a distinction between datacasting and broadcasting but nevertheless said that subject to that the datacasting should be defined as liberally as possible. That was our reasoning.

MR SKELTON: Perhaps I've misinterpreted.

PROF SNAPE: It could have been clearer there.

MR SKELTON: Certainly then if it can be clear from our point of view that we would wish broadcasting, motion video services that were freely available, that is, separating it out from subscription services, free-to-air services, if datacasters broadcast moving pictures then they should be subject to the same regulatory regime as applies to content and ownership for broadcasters. However, we do agree with the second dot point in your draft recommendation 6.2. We really can't see why the

national broadcasters and the commercial broadcasters should be treated differently in respect to multichannelling. The ABC has some imaginative ideas about multichannelling and we don't see why the commercial broadcasters should be prevented from using similar interesting ideas that might be of benefit to consumers.

A concern that hasn't come out very clearly for us there which perhaps I could put as a question is the handling of community television. As you were aware, we see a very important ongoing role for community television in terms of not only education services delivery by government and the private sector but also for locally created programs. Community television, you don't need convincing, offers the opportunity to provide local employment, local content, and that's particularly important in an era where there is almost no local content on the free-to-air services generated out of Perth these days. So the fact that community television is not going to be mandatorily part of the high definition world, we don't really have a difficulty with. But we do want to be reassured that community television will have a licensing mechanism and channel available to it in perpetuity, and it's not clear to us at the moment that that's the case. So I should be happy to hear from you, Richard or Stuart, your recommendation in regard to community television.

The final point is in regard to your draft recommendation 6.3, about the conversion plan cut-off dates. We do see it as a natural evolution that datacasting will gradually pick up a head of steam over a period of time and that by the time that the analog system closes down there will be lots of capacity available for datacasters to expand at that point. The analog service should not be allowed to go on forever and ever and ever. So setting specific and immutable termination dates - we agree with your draft recommendation 6.3. That concludes the remarks that we would like to make, Richard.

PROF SNAPE: Good, thank you very much, Mr Skelton, that's very helpful. Do your colleagues wish to come in at this point?

MR SKELTON: Yes, Donna Wood would like to add - perhaps if we change places it will be easier.

PROF SNAPE: You needn't change places. We can just turn the camera around if you like.

MR SKELTON: It's actually easier for us to change places.

PROF SNAPE: Okay.

MS WOOD: We have camera-free sets and they're too hard to change at the moment.

PROF SNAPE: Okay. I can change it from this end too, you know.

MS WOOD: I know you can - see what we're really doing. Yes, I just had one

comment to add. I unfortunately wasn't able to participate in the previous videoconference, due to the fact that I had flu, and the one point that I really wanted to make was about regional interests. My role in the Department of Commerce and Trade - I'm a broadcasting officer in the telecommunications task force. A great deal of my time is spent on the telephone with consumers, hearing what is happening with broadcasting. Occasionally I'm fairly appalled to find out that people have little or no broadcasting services in some areas.

I want to complement you on a very comprehensive draft report. One thing that probably really isn't in there - because I think it's fairly specialised perhaps, the area that I'm in - is the fact of the criticality to regional people of broadcasting. These people are very dependent on broadcasting for their information needs, for their educational needs, and I'm continually faced with a stream of people who have difficulties. One current example would be the fact that educational programs are very difficult to get for people who were the adopters and bought the early decoders and they now have very little access to educational services but may be trying to educate children at home.

So I want just to remind you of the fact that Western Australia probably is extremely strong on this point; that we do represent a third of the nation's land mass but are not so big in population, but I'm getting a lot of day-to-day comment about difficulties with broadcasting. So that was my only point, but I do wish to complement you on an extremely comprehensive report and I was certainly impressed with the number of submissions and the way the Productivity Commission has gone way out of its way to get input from various groups. So I thank you very much.

PROF SNAPE: Thank you very much, Ms Wood. We did focus on the remote aspects of it I think in what we said about indigenous broadcasting but perhaps we could have given it more attention in the non-indigenous area as well. Thank you.

MS WOOD: Very good, we'll move again.

PROF SNAPE: Where are we going now?

MS WOOD: We'll invite our next participants, who are from the National Viewers and Listeners Association. We'll just have to change our camera angle so you can both be here.

PROF SNAPE: No, I would rather we stick with you for the time being, so we can just - if we could in fact still direct some questions to you and Mr Skelton.

MS WOOD: That's fine, right.

PROF SNAPE: So we'll finish that segment before we get on to the National Viewers and Listeners please.

MR SIMSON: I just wanted to pursue Mr Skelton a little bit on your view with

regard to mandating HDTV, high definition television.

MR SKELTON: Yes.

MR SIMSON: Just be clear, in our draft report what we said was don't mandate high definition television, but we were not saying that it should not be an option. In fact we wished it to be available for people to use. That was driven by everything from spectrum appetite to affordability and price and just simply availability of some of the equipment. I would just like you to be clear with us a little bit - if you could just expand a little bit if you wouldn't mind, Mr Skelton, as to why you would like to see HDTV mandated.

MR SKELTON: Our reasoning there is for the practicality of actually making sure that it is available as an option. If it's not mandated then it might be open to commercial broadcasters not to equip themselves to be able to broadcast it so that one or more channels might opt for multichannelling only and not have any high definition television.

MR SIMSON: May I just interrupt for a moment. Why would that be a bad thing?

MR SKELTON: I think it's a question of choice for viewers - that if there was only, let's say, the ABC producing HDTV programs then that's a deal less attractive for consumers to outlay the price of the - assuming that the high definition set will always be a little more expensive than the standard definition set - it reduces the cost-effectiveness of the viewer's choice, if there's only one provider of the high definition picture. If all of the channels offer the high definition picture for at least some of the time, that improves the benefit to the end consumers. I'm sorry, has that actually addressed your question?

MR SIMSON: Yes, I'm following your line of thought. I mean, our concern was, I stress, not to rule out high definition. Our concern was to have the transition from analog to digital move as quickly as possible. That's why we wished to have the option of standard definition digital available also. So just as you quite rightly point out, if at the end of the day only a handful of people ended up with high definition television, that would not be conducive to the networks broadcasting high definition television, if that was a good thing for them to do - and we're not prejudging that - but just as equally it would be not a good thing if not enough people were able to afford the equipment to be able to progress to any level of digital, let alone high definition.

MR SKELTON: Yes, indeed. So on the affordability issue, if indeed the end price to consumers of the sets is related to the length of the production runs, then if high definition is actually broadcast by all of the broadcasters then the incentive would be higher for consumers to buy those sets and so over a period of time the price would come down. The thing that concerned us was that if it was not mandatory then there would be a temptation for some of the providers not to ever broadcast in the high definition format, thereby having the downside of less choice for viewers and shorter production runs for the high definition set and higher prices for the consumers, so it

would be kind of self-defeating. Our difficulty was not with the principle which you espouse at all, but rather with how it would be practically worked through in the marketplace.

MR SIMSON: From the government's perspective, the state government's perspective in Western Australia, what is their main political imperative here, if in fact you have discussed it with your political masters? What's the main message you're getting back from the state government as to what matters to them in this debate?

MR SKELTON: What matters is primarily the choice and affordability to viewers, and access to services equally by regional and remote area people as in the cities.

MR SIMSON: Okay.

MR SKELTON: So differentiated timetables between the city and the country is not favoured. On the one hand we have to recognise the reality that non-metropolitan viewers have already just gone through a change from analog to digital and need to have the opportunity to get a reasonable return on the investment in their present digital service, before changing yet again to another form of digital. So our desire to have services equally available in the country and the city is modified slightly as a result of that recent history fact.

PROF SNAPE: I suppose what Mr Simson is getting at there is in fact, say on the high definition, that if high definition is wanted, the high definition pictures are wanted, then the networks will in fact transmit them. On the other hand if multichannelling is demanded then they will transmit in multichannel form. If datacasting is, then they will go to that. We have been told that probably if high definition is an option then the chips in the sets will be high definition compatible anyway. Whether that's true or not is another matter. But in fact they won't distinguish that as in the United States, where they have the option of high definition or not, then we are told that all the sets which are digital in the United States in fact are high definition compatible. They don't go blank. So it's not as if they will receive the signal, whether it's in high definition or standard definition, but of course to get the full benefits of the high definition you have to have a big set etcetera etcetera etcetera.

MR SKELTON: Yes, indeed. Chairman, perhaps if I could say that trying to forecast what the viewers might or might not take up is a hazardous business, but by trying to look for an analogy, some time ago when satellite television was introduced to outback Western Australia - and that was introduced on the basis of a single commercial player, as well as the ABC, and there was a deal of controversy about whether or not a single commercial player versus the main networks should be adopted. So surveys of viewers in the remote areas made it very clear at that time that those viewers preferred a single commercial channel which offered a degree of local program content, rather than having the three - 7, 9 and 10 - piped out of the eastern states, with no Western Australian content.

That was a very clear choice presented by viewers in outback Western Australia. That was in the face of the fact that the extent of the local content was only about one hour a day total of local - that is Western Australian - content generated out of the viewing area at the most. So just how consumers will react to the choice of high definition few channels versus multichannelling versus datacasting I think is really a very open question at the moment and we would only comment that more is not necessarily better.

PROF SNAPE: No, but multichannelling I suspect does offer the opportunity that you were just speaking about and if you're referring to the ABC's demonstration before which we did see and their stated intention to include local content specifically on one of their multichannels I would have thought that with your clearly expressed preference in the west that you were just referring to for the local content, that that in fact might lead you to be pressing for multichannelling.

MR SKELTON: What we are pressing for, chairman, is the variability that comes from the high quality, high definition broadcasts for some of the time and multichannelling with a degree of local content for some of the time. It's not necessary to have multichannelling 100 per cent of the time to have local content because on any reasonable expectation of the volume of local content, it will be fairly low. Our experience is that so long as there is some degree of locally generated content then viewers see that sort of balanced mixture of international, national, state, regional and local content is their preference rather than all local content or all national content. Similarly, we would see the combination of some of the time of high definition for those programs for which that is admirably suited and multichannelling for the remainder of the time and we would be pleased for the commercial broadcasters to have the same opportunity in that regard as the national broadcasters.

MR SIMSON: Just one point there that we did emphasise in the draft report, however, is that if you mandate high definition television at the higher definition as the government perhaps is proposing to do, the opportunity - the spectrum available for multichannelling is substantially reduced. In some cases it's virtually not available if you're doing standard at the same time.

MR SKELTON: Yes, we would not imagine that they would be simultaneous. We would imagine some hours of the day of high definition and some hours of the day of multichannelling as being the best fit for the available program content. So we would not see a spectrum problem.

PROF SNAPE: Sorry.

MR SKELTON: I was just concluding that remark by saying we would not see a spectrum issue arising out of that because the high definition and the multichannelling for a given broadcaster would not be simultaneous. It would be one for some hours of the day and the other for other hours of the day.

PROF SNAPE: Thank you very much for that presentation and as we understand,

you'll be sending a written submission shortly.

MR SKELTON: Yes.

PROF SNAPE: We would ask that it comes in fairly shortly because we're on a very tight schedule as you probably - even tighter.

PROF SNAPE: Thank you to the Department of Commerce and Trade in Western Australia. We now welcome the National Viewers and Listeners Association who we see have moved into position. You did identify yourselves before but I wonder if you would do it again just in case there's a change of a tape and a transcriber between the last one and now please.

MS HICKS: Okay, thanks very much. We appreciate the opportunity to be in this videoconference today, and likewise we are very happy about some of these things you have recommended in your draft report.

PROF SNAPE: If you could just identify yourselves first please.

MS HICKS: Yes, okay. I'm Jean Hicks and I'm president of the NVLA which is National Viewers and Listeners Association. We have roughly speaking about 2000 members, associate members, over four states, and of those I suppose we probably have about a hundred who are doing various active things like monitoring and research, things of that nature. With me is Ray Studham who - - -

PROF SNAPE: We need his voice on the tape separately please.

MS HICKS: Okay.

MR STUDHAM: Thank you very much. And Jean Hicks, wasn't it?

MS HICKS: Yes.

PROF SNAPE: Okay. Ms Hicks, would you like to - we don't actually have a submission on this occasion but simply a number of points that you wish to speak to that you said you wish to address recommendations of 10.1, 2, 3, and 5.

MS HICKS: Thank you. So first of all I would like to ask Ray Studham, because he is going to concentrate on the first point.

PROF SNAPE: Thank you.

MR STUDHAM: Broadcasting is a unique area of the media. It is not theatre, cinema, computer games, nor the Internet. It requires no more from the individual than to throw the switch. Then it continues to permeate one's living space without any further interaction or involvement. One cannot fully discuss broadcasting if it is not clearly understood that broadcasting involves an individual's living space and that interaction is not necessary. Successive governments since the early 20s have established royal commissions and standing committees to investigate broadcasting. While most of these have recognised the unique nature of broadcasting and the need for special regulations and standards, their recommendations have failed to reach legislative fruition.

Despite some well-meaning statements about the social and cultural needs

which should be protected by law, all governments have failed to ensure that the organisations established to administer the law do so, especially with the major emphasis on the community and its social and cultural needs rather than on the industry and its economic needs. Present taxpayer funded and free-to-air commercial broadcasters, especially in the area of TV, have despite the express wish of community groups, the findings of parliamentary committees, and the spirit of the legislation, pushed the boundaries of taste and decency to the extent that large sections of the community are deprived of TV viewing. From experience they know that complaints will result in no action, and so they are left lonely and frustrated.

I wish to briefly refer to two of the parliamentary committees that have been run since the 1920s. The first one is the Senate Select Committee on the Encouragement of the Australian Production of Television, the Vincent Committee. This committee operated in 1962-63. I would like to read you a few of the excerpts from that committee. The report of the committee headed Part One, Public Concern Over Television Programs. It goes on. The next heading:

Evidence of Public Concern. There was much public concern over television programs. This concern, as might be expected, comes mainly from the more informed or responsible minded sections of the community and is widespread. The disquiet is with programs is with both the Australian Broadcasting Commission and commercial television, although the greater weight of the criticism is levied against the commercial television. Major criticisms: the great weight of evidence which was not adequately answered can be summarised as follows -

and it goes on through 13 points of this. I will just read the first four:

There are insufficient Australian produced programs, particularly drama. There is not enough Australian indigenous drama. There is too much imported drama from the US and there is too much drama involving crime, violence and horror.

Then I turn to National Responsibility:

Every commercial station has the privileged position of having a quasi monopolistic right to telecast programs under the licence from the Crown. Also a similar right is in radio. This privilege is unique in the mass media communications. When this privilege is considered in relation to the power of television over, and its effect upon the community, this national responsibility amounts to an obligation of the utmost significance. This responsibility cannot be reduced to a set of precise rules or statutory requirements, although the committee is no doubt that management and directors of television companies are well aware of what is meant by a national responsibility. It was referred to at length in the royal commission upon the introduction of television in Australia set up in 1953.

It's summarised in the recommendation and the recommendation of the royal

commission of 1953 was:

The object of all television stations must be, from the outset, to provide programs which will have an effect of raising standards of public taste. The committee of 1962-63 says, "As we have no hesitation in concluding that commercial stations provide far too many programs, which not only do not have the effect of raising the standard of public taste but have the reverse effect."

The Vincent committee report recommendations were never implemented unfortunately. In 1998 the House of Representatives Standing Committee on Transport, Communications and Infrastructure, inquired into the role and functions of the Australian Broadcasting Tribunal. This committee visited every state and received over 4000 submissions. Some of its conclusions were as follows:

Conclusions. The committee finds that there is a clear case for program regulation of television which would cover the establishment and maintenance of programs, advertising standards, children's programs, standards on taste and violence, and Australian content, (b) there is also a clear case for a regulatory authority to have the power to improve the quality of television.

Further on it concluded:

There was public concern about what is perceived as declining standards relating particularly to the quantity of violence on television programs, how violence is portrayed on television and the possible link between such programs and violence in the community. There was a heavy obligation on the Australian Broadcasting Tribunal to lay down program standards which properly reflect the community views. This obligation extends to ensuring the standards are observed. Likewise, appointments to the Australian Broadcasting Tribunal are important and there is a heavy obligation on the government to appoint members to the tribunal and to understand the community's high expectation of them, and who are capable of reflecting the community's standards. The government should therefore engage in a consultative process before the appointment of tribunal members.

Then it made a large number of recommendations, four of which I would like to read to you:

Recommendation 3. The Broadcasting Act of 1942 be amended to provide that, subject to judicial review by the courts and by the institutions of administrative law, the role of the Australian Broadcasting Tribunal is to protect the public interest by (a) undertaking those functions set down in the act, and (b) having regard to the policy objectives in the act and the policy statements on broadcasting made by the relevant minister pursuant to the act.

Recommendation 18. The tribunal institute a system of monitoring of television and radio broadcast based on random spot checking to detect breaches of

program standards and licence conditions.

Recommendation 19 was in relation to keeping of these transcripts for at least six weeks so that the tribunal could inspect them.

Recommendation 20. Both the industry and the Australian Broadcasting Tribunal develop and undertake a public education campaign with the objective of improving the understanding of the operation of the broadcasting system and the responsibilities of both the licensees and the tribunal.

The reason that I have gone back into the history of broadcasting inquiries is to draw your attention to the unfortunate legislative results of recommendations made to strengthen the administrative arm of broadcasting, especially recommendations that it should be community oriented, strengthened, empowered, and be able to exact penalties. Because of this history, we are concerned that a series of your recommendations, linked with recommendation 10.1, will mean the end of serious regulation to broadcasting. If we look at recommendations 4.6 in relation to all the unreserved spectrum of being allocated for commercial use. 6.2, the definition of datacasting, multichannelling; 7.1, the repeal of the new commercial TV licences; 8.1, the repeal of foreign investment ownership; 8.3, the repeal of the control of more than two radio licences; and 8.4, the eventual repeal of all cross-media rules, and we worry that these will be linked together and 10.1 will eventually take away any real regulation of broadcasting by the community, by the consumer, because as you quote in 10.1, you want to promote the public interest in freedom of expression. We really would request that you remove 10.1 from your recommendations.

Just as FACTS quoted on page 86 of the draft, it doesn't want a single communications regulator such as exists in the USA. We, the consumers, don't want an American model either, which is dominated by a legal right to freedom of expression, a legal right which, by interpretation, allows little freedom to the majority and much freedom to the exploiters; the exploiters and their offensive economic, artistic, political, discriminatory and moral values. We the consumers don't want the Broadcasting Services Act to be turned into a backdoor bill of rights, and that's what we fear. I will come back to that 10.1 again in a moment. I just want to make a quick comment on a couple of the other - - -

PROF SNAPE: I wonder if you could move fairly quickly. We have already used a great deal of the time that is available.

MR STUDHAM: Right. I will make a quick comment on 4.8 where you say the ABA should retain responsibility for issuing licences to broadcast. The recommendation needs to be expanded and to provide for the role of the ABA and that it is to protect the public interest, and that recommendations 10.2 and 3 are essential to this function. 6.2 has already been dealt with a little. When I read 6.2 and I saw the bit about "where relevant datacasting services will remain the subject of content regulations 10 and so forth", we agree with that and we support that sentiment but we would like that sentiment put into the recommendation rather than

as it is in terms on page 132 of the draft.

We would like it clearly put into the recommendation. 10.1, as I said, is the de facto bill of rights and there are a huge number of furphies of freedom which will follow on from that when we talk in terms of what we are going to give the public what it wants or adults have the right to see, read and hear what they wish and if you don't like it you can turn it off. Parents have the responsibility for what their children read and hear. Of course they don't really because the children of today, why is it that the children of today, when they do movie scenes, depict scenes from South Park and from Scream? Why is it when the children of today go into the Net they hit on the word "zoo" and end up with bestiality or on the "White House" and end up with a porn site? Without comment, what about talk-back radio? What is their concept of freedom as exercised in recent times?

The next one which you built a box around in terms of, "broadcasting incorporates community standards," and then you listed a series of mechanisms by which broadcasting could incorporate community standards. Public consultation, limited and discretionary. Market forces - there's no great evidence that consumer power ever affected the standards of taste and decency but the splitting of the M classification and the cash for comments farce demonstrates that other economic groups have power. Advocacy, negotiation, not with the community - no consultation. Research - again no consultation with the community re the areas of the research or the structure of the research. The OFLC, a late inclusion into the act I might say and it shouldn't be there because cinema classification isn't really related to broadcasting. Complaints - how do we complain? How do you get past the abrasive switchboard operator?

PROF SNAPE: I think we had some significant recommendations on that matter.

MR STUDHAM: I agree with you but I think that's why they have to be incorporated all the way through in every move you make that these things need to be clearly said because I said to you, the history of inquiries and legislation is such that what inquiries produce and what turns out to be legislation is quite different. In 1988 the House of Representatives committee - - -

PROF SNAPE: With respect, we can't do anything about the legislation. We are making recommendations to government and we are not - in fact have no responsibility beyond that.

MR STUDHAM: I understand this and I see that your recommendations 10.2 and 3 are extremely good. We support those and I just worry that after all this work that you've done what will happen is that nothing will come forth of it because I've seen this happen time and time again. Anyway, I just want to say that in terms of freedom of expression, consumers want freedom from their economic suppression. They want their expression that has been accepted by major inquiries to be considered seriously and not brushed aside. No matter whether there is one licence or a myriad of licences, consumers' right to object should be inviolate and protection of young should be

paramount. The licence concept of freedom should not be enshrined in the act. We want quality of consumers enshrined in the act rather than licence for freedom. Thank you for your time.

PROF SNAPE: Thank you very much. Ms Hicks, do you wish to continue.

MS HICKS: Yes, if I can just make some comments.

PROF SNAPE: We don't have much time I'm afraid. Mr Studham spoke at quite some length there so I wonder if you could be fairly succinct please.

MS HICKS: Concise. The first thing then perhaps I could bring out is on page 251 of your report is a box, the mechanisms for incorporating community standards in broadcasting and one of those items near the bottom is to do with the OFLC. We would like to suggest that more attention needs to be paid as to the system for making these classifications which, because they are now throughout TV as well as film, we have coming into our homes things that we might not choose to go to see if they were on film. We have people in the OFLC who are making these classifications who I would submit are desensitised in some of the choices they make when classifying. Also, the community panels which are set up to provide another view of these classifications, I think that they are not wide enough and that besides giving their first opinions we notice what appears to be manipulation in that they are coached as it were subsequent to their first evaluation so that eventually most of them change their view to that of the OFLC. So we think there needs to be something done about the OFLC and its system of classifying. I notice the phrase "market force" is used to do with - I can't remember now where that one was, but somewhere - - -

PROF SNAPE: You'll find it in box 10.4. Mr Studham just drew attention to it a moment ago.

MS HICKS: There's a mention about market forces to do with TV anyway.

PROF SNAPE: Yes, in box 10.4. It's the same box.

MS HICKS: Yes, I would suggest that another reason why TV is using viewers is related to their lack of stimulating programs. They seem to be either repeated or cliched. I'm sick of cliched visual images quite frankly. I'm sick of the close-up kiss of two heads. I mean, that just absolutely wears you out and that's just looking at the ads. I don't know what the actual programs would be like. We have a disregard for the viewer from TV stations in repeating programs maybe only several weeks apart and some which have been shown several times already and yet they're put on again. Again, I would say it is not desirable for us to keep having a sickening reliance on fatuous vulgar comedy from other cultures.

PROF SNAPE: Thank you very much for that comment.

MS HICKS: Can I just give you one more note please.

PROF SNAPE: Yes, one more please.

MS HICKS: This is to do with the Internet. We feel there should be a chain of licensing. There should be a licence required of access providers, host providers and search engines. Search engines, in order to maintain their life, should when they are scanning the page titles and indexing the tabs which they have to do, they should put more intelligence into the indexing of those things so that they could compile a dictionary of dubious words which have been used to create two meanings as for instance "zoo" and "bestiality" and then they could keep a dictionary of these words so that they can check that dictionary whenever they have another person come on line or whenever they are checking those pages and tabs. I'm told it's technically feasible to spend only two months development work on building in better filtering of the content indication in search engines. I would like to leave that thought with you, thank you.

PROF SNAPE: Good, thank you very much. I think you've made your points very clearly and we thank you very much for that and for your earlier submission when you gave us quite a lot of information on these matters and for this one and for your comment today. Thank you very much.

MS HICKS: Thank you.

PROF SNAPE: So we will now be hanging up from our call to the west and thank you very much all those over there. I shall now, as I promised, ask anyone present if there were anyone present who wishes to make an oral comment. There isn't. Thank you very much and we shall resume tomorrow at 1 o'clock and a number of the people who were scheduled for the morning have withdrawn and so we will resume at 1 o'clock in Melbourne in this hearing room.

AT 4.21 PM THE INQUIRY WAS ADJOURNED UNTIL
TUESDAY, 14 DECEMBER 1999

INDEX

	<u>Page</u>
INSTITUTE OF PUBLIC AFFAIRS: MIKE NAHAN	1460-1475
INTERNATIONAL DYNAMICS: ALEX ENCEL DAVID GALLOWAY	1476-1490
AUSTRALIAN CHILDREN'S TELEVISION FOUNDATION: PATRICIA EDGAR JENNY BUCKLAND	1491-1505
TERRY GIESECKE:	1506-1512
CADENCE FM: CHRIS DALY	1513-1518
FESTIVAL OF LIGHT: ROSLYN PHILLIPS DAVID D'LIMA	1519-1527
LAND AND WATER NEWS: DAVID MUSSARED CHRIS DUIGAN	1528-1532
YOUNG MEDIA AUSTRALIA: BARBARA BIGGINS TONI JUPE WILSON MAIN	1533-1543
DEPARTMENT OF COMMERCE AND TRADE: PHILLIP SKELTON DONNA WOOD TONY DEAN	1544-1552
NATIONAL VIEWERS AND LISTENERS ASSOCIATION: JEAN HICKS RAY STUDHAM	1553-1559