



Conference Report: Consumer Perspectives on New Media
Sydney, 9 March

The Little Black Box, and Other Burning Consumer Issues

The CLC's conference on new media and the consumer highlighted a major - perhaps the major - question for consumers faced with a multiplicity of new services coming into their homes: will there be one set-top box through which all these services can be fed?

Equally significant, especially for the less computer-literate consumer, is the question of whether it will be simple to operate. The cost of the device, and who will own it, are also clearly important.

Trish Benson of CTN argued for consumer and user involvement in standards setting for new services, on the grounds that telecommunications is a 'critical infrastructure' with an impact on almost every area of activity. She said there was a growing recognition of the need for a market-driven basis for standards-setting.

On the evidence presented at the conference, however, the likelihood of one 'black box' for all services seems remote even with optimum consumer involvement in the development process. Anne Davies told the conference that the satellite licensees have agreed on a common box to access their services, but there was no consumer consultation and details are confidential. By the same token, there is a possibility of three different MDS service suppliers but no common equipment. Jim McKay of ITVA said that incorporating the VEIL system into pay TV boxes would be very expensive.

Subscribers to both VEIL and pay TV would thus have at least two boxes, and on top of pay TV connection and subscription charges, would be paying annual charges for VEIL of \$310-\$460, plus phone charges, plus \$399-\$450 for the box if they purchased it, or \$14 a month rental. As an alternative,

ITVA has offered the VEIL chip to other operators.

The Free View

Les Free, a consultant with long experience in the media industry, takes the view that standardised equipment interfaces are preferable to 'black boxes' as a way for consumers to gain access to new services.

Current developments provide an opportunity for consumers to have an increased control over their destinies, at least with regard to future consumer equipment.

For consumer advocacy to be successful, it will require knowledge of new technology, its potential applications, involvement in standards making processes, coming to terms with the more powerful supply side businesses, maximising political lobbying and meaningful communication with manufacturers.

Perhaps the priority action is effective communication with the consumer manufacturing industry, so that industry can better understand what consumers want and for consumers to understand what is possible and practicable.

Asked about the potential for a single box, Free said that 'presentation devices' (ie video, sound, printers) cannot be simplified but the setting of interface standards would greatly simplify configurations, and all other services could be incorporated.

Les Free, for many years the engineering brains of the Packer organisation, has a unique insider's perspective of the way things work. He said that it sometimes seemed that consumers were being conned, and that

this was the outcome of 'the existing political process, the influence of powerful media interests and the relative weakness of domestic manufacturing and consumer groups'.

'Selective Agenda Setting'

Taking pay TV as an example of selective agenda setting to the detriment of consumers, Free said that the Government, by a series of manoeuvres over the years, had lumped broadcast TV and pay TV together under the Act after 'extreme pressure' from the broadcasting industry to protect the status quo. As a result, the agenda had been set to restrict the growth of visual services, the consumer interest was neglected, and the interests of the industry for future use of visual services was disregarded.

Free was also critical of the Government's failure to tackle the issue of separating carriage and content, a threshold issue. He said the notion of technological neutrality is 'nonsensical', as the legislation clearly demonstrates.

If separation of carriage and content is mandatory, then a program supplier or service provider of television programs will have an open market place of competitive carriers. Likewise, carriers will be able to compete for the carriage of a range of content providers.

Lack of regulated separation will inexorably lead to an oligarchy across content and carriage. This will stifle growth, restrict opportunities and be against the best interests of consumers. □