

**House of Representatives Standing Committee on Communications, Information
Technology and the Arts
Digital Television Inquiry
Supplementary Submission by Digital Broadcasting Australia**

1. Background to Supplementary Submission.

Digital Broadcasting Australia (DBA) provided a submission to the Committee on 6 May 2005 and was invited to speak to its submission and answer committee questions on 25 May 2005.

A key role of DBA is to provide what are regarded as valid free to view digital television receiver sales and home up take statistics for the industry. Accordingly in section 3.2 of its 6 May submission, DBA provided an outline of its estimate of free to view digital television receiver sales and home uptake as at 1 May 2005. The submission also briefly outlined how those figures had been developed.

Since providing the original submission, the June quarter receiver sales figures have been published by DBA and the Committee has received submissions and or presentations in part in relation to receiver sales and free to view digital television home up take from both GfK and ACMA.

In view of DBA having later statistics than were available for its original submission, and the statistics provided in the ACMA and GfK presentations, DBA sought to provide a supplementary submission to the Committee and was granted this request.

2. The DBA June quarter receiver sales and home up take estimate.

At the end of June 2005 DBA estimated that some 920,000 free to view digital TV receivers (either set top boxes or integrated digital television sets) had been sold by manufacturers and suppliers to retailers and installers.

According to the formula provided by DBA in its first submission, an allowance of about 100,000 is made for retailer inventory and homes with more than one free to view digital television receiver.

This renders down to a DBA estimate that some 820,000 homes in Australia had free to view digital TV receive capability as at 31 June 2005. This means that in the order of 10.8% of all 7.6 million Australian TV homes had the ability then to receive free to view digital television.

In the period since May 2005, one further large coverage area, Richmond/Tweed in Northern NSW, has joined the list of coverage areas where a full range of local free to air services are now available in digital. Accordingly DBA estimates that some 87% of the Australian population now has all local free to air television services available in digital form. In other words around 6.6 million of Australia's 7.6 million TV homes now have a full range of local free to view digital TV services available.

According to the DBA estimate, some 47,500 free to view digital TV receivers per month were sold to retailers and installers during the June quarter. This is the highest monthly figure for any quarter yet recorded.

3. Comparison with ACMA survey result.

The presentation provided by ACMA on 17 August to the Committee, indicated a home up take figure of 13% for digital free to view television. This is higher than DBA's estimate.

Further the ACMA survey indicated that about 20% of homes which had free to view digital television receive capability had more than one free to view digital television receiver.

Across Australia's 7.6 million TV homes, the ACMA survey figures would translate to 988,000 homes with free to view digital TV receive capability and some 1.24 million free to view digital TV receivers being in those homes.

This compares with the DBA estimate of 820,000 and 870,000 respectively.

4. GfK presentation.

The evidence of GfK in front of the committee on 17 August indicated a view that home up take of free to view digital television in Australia was "no more than" 7%. Across Australia's 7.6 million TV homes this would translate to home up take of 532,000.

The GfK reports, measure sales by certain retailers to end consumers.

On page 7 of the GfK presentation the recorded gross revenue from sales of set top boxes in the year ended 30 April is \$84 million. Following discussions with GfK, DBA understands this figure was generated by recorded sales of some 262,000 set top boxes.

This compares with DBA's estimate of over 400,000 digital receivers being sold to retailers and installers in the twelve months to 30 April 2005.

5. Further information on how DBA sales figures and estimates are developed.

As indicated in its first submission, DBA uses the Informark report of sales of free to view digital TV receivers to retailers and installers as the basis of its estimates rather than the GfK sales reports of certain retailers to consumers.

The reason for this is that some major retailers do not subscribe/contribute to these retail sales figures; major installers that sell digital receivers are not captured by such retail sales figures; a sampling method is used to estimate the level of retail sales by the complete smaller specialist consumer electronic retail outlets; and some set top boxes which are in effect bonuses or giveaways and packaged in with the sales of larger consumer electronic consumer devices may not be recorded in cash register returns.

DBA has taken the view that it can augment the Informark manufacturer sales to retailers and installers more accurately than it can augment the GfK retail sales reports.

It should be noted that Informark and GfK are reports are now provided by the same organisation.

The Informark report on which DBA basis its estimates, provides roughly 60% of the DBA figure. Eleven DBA members who do not subscribe to the Informark service then provide their figures to DBA to add to the Informark report.

As indicated in the first DBA submission, notwithstanding the augmentation of the Informark report figures, there is still digital receiver movement which DBA does not capture in its estimates. For example direct importation of receivers by retailers or supply of receivers to

retailers or installers by some non DBA members who also do not subscribe to the Informark report service. Further sales of free to view digital television PCI cards enabling free to view digital television viewing on personal computers are not included in the DBA estimates.

DBA attempts to produce an accurate trend line in free to view digital TV receiver sales and home take up. If anything at the moment we believe our figures may under estimate the real level of free to view digital TV receive capability in Australian homes.

DBA's view in respect of this, is fortified by other survey's which it has seen, but is not permitted to report or reveal which also show home up take and sales of receivers to viewers as higher than those reported by DBA.

Signed for and on behalf of the Board of Digital Broadcasting Australia

Ian McGarrity
Chairman

28 September 2005