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To whom it may concern,

Comment on Product Profile:

Thank you for the opportunity to comment on the *Product Profile: Video Recorders and Set Top Boxes* (Product Profile).

The Australian Industry Group (Ai Group) is a peak industry association in Australia which along with its affiliates represents the interests of more than 60,000 businesses in an expanding range of sectors including: consumer electronics and home appliances, manufacturing; engineering; construction; automotive; food; transport; information technology; telecommunications; call centres; labour hire; printing; defence; mining equipment and supplies; airlines; and other industries. Our membership includes a number of companies that supply set top boxes and video recorders.

We have grouped our responses to the questions raised in the Product Profile below.

Case for regulation

We consider that more work is required to determine whether a case exists to regulate set-top-boxes (STBs) and video recorders. This work needs to address issues such as:

- Better defining the products proposed to be regulated;
- Identifying the costs of the scheme (which cannot be done until a clearer definition is in place);
- Determining whether the costs are proportionate to the risk that the regulation seeks to address;
- Developing appropriate test methodologies

Accuracy of sales data and trends

Ai Group agrees with the summary of sources of products in the Product Profile, including the trend to private brand sales in some lower end product categories. Experience in other areas of regulation suggests this may raise non-compliance challenges and that effective monitoring and enforcement mechanisms will need to be considered.

We also agree that the approaching end of the analogue switch-off has impacted STB sales.

As the Product Profile notes, video recorders and STBs represent a highly dynamic market area. Video recording and reception capabilities are being incorporated into a range of products, including

STBs and media streaming boxes, televisions and wireless devices. These products often form part of home networks and third party hosted cloud computing storage models. A challenge for regulating STBs and video recorders under a MEPS scheme will be identifying which products should be subject to the requirements and which are outside its scope.

Another challenge may be that software or applications utilised in the devices can be updated over the life of the product. This can impact on power consumption of the device and may be beyond the control of the supplier, particularly if provided by third parties.

We also agree with the Product Profile's observation that the market is driven to some extent by changing technology standards which impact on consumer upgrade cycles. These are difficult to predict and often dictated by international trends. A technology trend not identified in the profile which may impact on regulations is the transition from Blu-Ray Disk to 4K to 8K technologies. 4K and 8 K are display technologies which have four and eight times Full High Definition TV's pixel numbers respectively. These advanced technologies will have higher energy consumption than current product models because signal processing will be increased. Any regulation of STBs and PVRs should exempt these emerging advanced technologies.

Standards harmonisation with other markets

As a relatively small market and importer of set-top-boxes and PVRs designed and manufactured overseas, Australia needs to be wary of setting regulation ahead of an internationally accepted approach. If Australian regulation diverges from global regulatory trends it can substantially add to product costs and the Australian regulatory burden. Australia benefits from advances in international regulation as changes to product design to meet emerging international standards are often incorporated into products sold into Australia.

As the Product Profile notes, there is no current Australian standard in place setting relevant energy efficiency limits for digital video recorders. The description of video recording equipment in AS/NZS 62087.1:2010 includes as examples VCRs and DVD players and recorders but not hard drive recorders. AS/NZS 62087.1:2010 is identical to IEC 62087, Ed 2.0 (2008); however, it is not ten years old as suggested in the Product Profile.

We support the development of an Australian standard that harmonises with the requirements in other larger international markets. One possible approach not cited by the Product Profile is the United States and California's Appliance Efficiency Regulations which include measurement method and requirements on energy efficiency performance.

We also support harmonisation of requirements in Australian and New Zealand as many products are sold into both territories.

Government's role in facilitating energy efficient products

The following activities would facilitate an increase in the energy efficiency performance of set-top-boxes and personal video recorders:

- Active engagement with the industry to consider technically feasible solutions and to stay abreast of international developments.
- Appropriate guidelines or standards
- Incentives to encourage the sale of energy efficient products.

Costs to Industry

The introduction of a MEPS scheme for STBs and video recorders would impose new costs on industry. The costs will depend on the details of any new regulation but may include:

- If the requirements deviate from international standards, costs for product re-design.
- Measurement, data collection and administrative costs (for example, staff time to register products).
- Product registration costs.
- If the regulation applies to current models, there will be costs for discarding non-compliant models and their service parts.
- If new labels are required, costs to design, print and apply labels.

If registration or compliance lead times are longer than other markets, it will delay the introduction of the new models in Australia compared with other markets which may also have a negative impact.

With multiple MEPS schemes rolling out, the cumulative cost of regulation also needs to be considered as many companies are subject to more than one scheme. The overall additional regulatory costs can be high.

There are a number of good design principles that should be incorporated into MEPS schemes which will minimise the cost to industry without impacting the environmental outcomes of the schemes. These include:

- New schemes should automatically exclude any product regulated by an existing scheme to avoid duplicate registration costs and administrative burdens. For example, some televisions regulated under the *Greenhouse and Energy Minimum Standards (Television) Determination 2013 (No.2)* have an inbuilt personal video recorder function and should be excluded from a MEPS scheme for STBs and video recorders.
- Product determinations should reference the relevant Australian standard and should not deviate from it.
- Sufficient lead time needs to be allowed between making a standard and GEMS Determination and requiring compliance.
- Should regulation be introduced, the registration procedure should be made as simple as possible. An appropriate lead time for registration should be allowed and the website allowing registration should be live in advance of the regulation commencing.
- The family of models definition should allow for all genuine models within a family to be incorporated in a single registration.
- Industry should be able to update a registration as appropriate without incurring the full cost of a new registration.

We understand the purpose of the proposed scheme is to regulate consumer STB and video recording products. There are professional products with a recording capability that are not designed primarily for consumer use or for recording purposes. The definition of the products regulated by any MEPS scheme needs to be carefully worded to avoid unintentionally capturing products that are not intended to be regulated. We recommend that a MEPS scheme excludes professional video recorders and STBs, for example, any product not designed for the consumer marketplace but for industrial or broadcast use.

Additional comments

If the E3 committee moves to the consultation regulatory impact statement (RIS) stage, the following issues should be addressed:

- Allowance for the time required to make an Australian standard, which should act as the basis for the GEMS determination;
- Ensuring sufficient lead time between making a standard and product determination and requiring compliance.
- Should regulation be introduced, the registration procedure should be made as simple as possible. An appropriate lead time for registration should be allowed and the website allowing registration should be live in advance of the regulation commencing.

Thank you for the opportunity to provide comments. If you have any questions please contact Kate Pounder, Principal Adviser – Technology and Public Policy, on kate.pounder@aigroup.asn.au or on (03) 9867 0258.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Peter Burn', written in a cursive style.

Dr Peter Burn
Director Public Policy
Australian Industry Group