



1994: The View From Canberra

One of the most startling developments of 1993 was the commercial networks missing out on a satellite pay TV licence, despite a policy which was designed to accommodate them.

By luck, rather than design, the government has introduced two new players into Australia's concentrated media industry in the form of Australis Media Ltd/Lenfest and Continental Century.

But the pay TV machinations are unlikely to end there: 1994 will bring a new era of intrigue as the networks try to combat and perhaps, crush, their new competitors.

It may take more than a year to emerge, but the weakness in the government's pay TV policy remains the proposal to have two competing pay TV services, in defiance of overseas experience. The outcome of this in turn will depend on the fine detail of the rules and the degree to which the government insists of full blooded cut throat competition.

It will be fertile ground for lobbyists in Canberra.

At the time of going to press, the Packer/Murdoch/Telecom consortium was due to meet to consider whether to persevere with pay TV investment as a group, or to go their separate ways. Their lack of access to the satellite licence will mean developing a long term strategy for cable television, and/or bidding for the remaining MDS channels which will be offered later this year.

But the consortium faces having to pay well above the \$23 million Steve Cosser said he would accept for his MDS frequencies a year ago.

The alternative is to wait and see how Australis/Lenfest and Continental Century fare.

Either way, there will be plenty of opportunities for intervention in the regulatory process, which could impact on the commercial viability of the newcomers.

For example, the Australian Broad-

casting Authority is conducting an inquiry into which programs should be protected from siphoning off to pay TV. The networks will undoubtedly push for a broad list, while the pay TV operators will want a relatively narrow one.

The Trade Practices Commission will also play a critical role, because it will decide to what extent the two pay TV operators and the ABC can co-operate on matters such as sharing billing and marketing, through to agreements on complementary programming.

The networks are likely to be prominent in this issue both up front and behind the scenes.

The third area where the networks and the pay TV operators are likely to conflict is copyright.

The Justice Minister, Duncan Kerr has foreseen the likely difficulties for existing law posed by new communications technologies and has set up a committee, headed by Victoria Rubensohn, to study copyright issues and convergence. But in the meantime the networks are likely to exert their copyright muscle commercially and legally.

New Minister

At the centre of this political manoeuvring will be the new Minister for Communications and the Arts, Michael Lee.

He's bright, young and cautious, and hoping for a long political career.

This month Mr Lee gave the first insights into his approach to his portfolio - an approach which marks a sharp departure from his predecessors, who often became dazzled by new technology.

Mr Lee, an electrical engineer by training, has said he wants to make sure communications policy does not overemphasise new developments at the expense of issues which affect ordinary people.

'I think we need to remember the

big picture: what's the quality of service being delivered to all groups, not just those who can afford to pay for the new developments,' he said.

He pointed out that some (unnamed) commentators believe four out of five people would still rely on free-to-air services for their television viewing.

It is a perspective which will come as refreshing news to community and consumer groups. It will also please the networks.

The question is whether Mr Lee will bring this egalitarian, consumer-oriented perspective to all his decision making. For example, will he also adopt this view in telecommunications, or in setting standards on equipment for pay TV?

So far the signs are that he will. He has begun his term by asking Telecom to do some more work on compensating low income earners before he will approve a payphone increase.

But he will also find himself pulled by forces with strong political connections within his own NSW right faction of the ALP.

Among the hot issues will be foreign ownership of the media (print is already the subject of a Senate inquiry and the networks are gearing up for another assault on the ownership limits for television), financing of the expansion of Telecom's optical fibre network, and the 1997 review to determine whether there should be further deregulation.

It is Lee's big test. So far, he seems anxious to succeed as a policy maker, not a political fixer. □

Anne Davies, Journalist, SMH

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On 25 Feb the PMT Consortium announced federal court action over the pay TV licensing process.