



# The BSEG: Networking Australia's Future

After a month overseas Communications Minister Michael Lee has come back convinced that Australia has several advantages over other countries in its approach to broadband - not least of these being the latecomer's ability to avoid the false paths in the techno and regulatory maze.

The Minister's view accords happily with a major theme of the interim report of the Broadband Services Expert Group, released on 3 August. He appears to be well pleased with the Group's approach.

The BSEG is the group he set up last December to report on the technical, economic and commercial preconditions for the widespread delivery of broadband services to homes, businesses and schools in Australia. The group, which is chaired by the ABA's Brian Johns, is due to present its final report in December.

The interim report covers a lot of ground in its 85 pages of analysis, and comes up with a set of guiding principles for the introduction of broadband services. Briefly these are :

- policy should be 'based on our tradition of inclusiveness, and avoid creating or adding to inequalities', and the community must be involved in the planning of new services;
- access to the network should be available to content providers regardless of size;
- broadband services should reinforce our cultural identity;
- they should contribute to the economic and social well-being of the community;
- private investment and competition should be promoted wherever appropriate;
- carriers should work in partnership with industry to promote local content in applications, content, building and running networks;
- government should become a 'leading-edge user';
- we need a flexible regulatory framework which supports openness of access and keeps pace with change.

There is a lot of good sense and useful dissection of policy issues in the report, which is written considerably, defining jargon and technical terms. One of its many stylistic felicities is its absolute avoidance of the metaphor of the 'information superhighway', which the group rightly identifies as misleading, since the real thing is more like a complex web of interconnections, which should be defined by the services it provides to people.

The report cites as another advantage the fact that Australia has no ban on telephone companies pumping video down the line, and that no cable TV companies have yet sewn up access to the home via their cables - so that economies of scope for carriers providing video with telephony are still available.

Along with everybody else, the Group believes that entertainment services, such as video on demand, will be the generator of revenue for upgrades of the capacity of the existing networks to eventually provide a fully interactive digital switched broadband network, which will allow two-way transmission of the high data rates needed for applications like videoconferencing. Since pay TV needs enough bandwidth for full-motion video, the logic for fibre even in the early stages is strong, even though it is not necessary for many digital interactive applications. However, the report notes that hybrid delivery systems currently being developed for pay TV, including MDS and satellite, optical fibre plus coaxial cable, and fibre plus wireless technologies, could theoretically become the basis for the switched ('communicative') broadband network.

## Four Key Issues

This commentary focuses on four of the key issues identified in the report, looking at the the implications of the report for the outcome of current policy debates. The issues are **interactivity** - identified as *the* key issue which will determine whether the new communications technologies fulfil their promise, or become just another high volume distributive system; **content and access**; the necessity of **building a 'creative infrastructure'**; and the crucial issue of **what will motivate people to become (paying) users of broadband services**.

The report emphasises interactivity as the vital element which will prevent, in effect, 'audiences' being turned into mere 'consumers'. In the vision, passive audiences for one-way distributed programs become interacting, creative, empowered citizens, able to engage in whole-of-life learning and if we want to, work from home. It has to be said that this vision is preferable to the cornucopia of entertainment promised by the boosters of the multichannel borderless video market - whose promise of unlimited choice for viewers and freedom from the tyranny of the scheduler threatens to undermine the case for increased levels of diverse Australian programming, more children's programs in prime time, and tighter control over advertising to children, to mention only three program content issues.

But another vital element is access to the network by all kinds of service and program providers. Here the report wants to have its cake and eat it too. While remarking that in the era of spectrum scarcity the combination of carriage control (licensing) and content control 'has not served broadcast television program diversity well' (page 19), and

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that content creators must be enabled to use the increased information-carrying capacity to distribute their material 'unconstrained by any editorial control of the gateway and network operators', the report shies away from firm recommendations about how this is to be achieved.

On the one hand the Group is still undecided about whether formal regulation for local content is either desirable or feasible (page 43), while remaining convinced that the rationale for regulation and government support for Australian content should be applied to new media.

On the other, it is almost silent on questions such as the potential for increased foreign control, and concentration of ownership and control of communications industries, and fails to take up these issues when they arise. Indeed, discussion on industry structure is unrelated to discussion of creativity and content and non-discriminatory access. For example, while clearly identifying the need for Australia to be a competitive world player with homegrown talent and creativity, it merely notes that distribution, which accounts for a high proportion of the profit component in the commercialisation chain, is internationally organised and controlled by overseas companies (page 35).

While urging carriers and industry to work together to introduce new services, it merely notes diverging views about the appropriateness of carriers being involved in both carriage and service provision - on the grounds only of concerns about cross-subsidisation (page 39).

Given the way the perspective of the future is tending to bleed into current policy debates and policy positioning on regulatory issues, this indirectness is a worry. It would be good to see more of the reverse happening, with current concerns about the conditions for diversity being thought through in relation to broadband services. Similarly, I would have liked to have seen some discussion on how current debates about who should own intellectual property (see journalists' copyright, moral rights, the recommendations of the copyright convergence group) relate to this issue of industry structure in the broadband environment. There are real questions about how to organise ownership of intellectual property for efficient distribution and new uses, and to stimulate creativity, and how industry arrangements impact on both.

This shortcoming is disappointing particularly because in another respect the report offers insights into the dynamic of technology take-up, noting that it is important to examine the extent to which a technology and its associated service supports existing patterns of social interaction and cultural mores, in order to predict whether it will ever find a market. □

*Helen Mills*

## A Dozing Issue

**The ABC tried to wake up the sleeper issue of digital audio broadcasting by convening a conference in late July.**

The departmental representatives who fronted appeared to have thought that it was an occasion for pressing the snooze button, judging by their low key presentations. The department sees DAB as a medium term issue.

Paul Elliott, parliamentary secretary to the Minister for Communications and the Arts, sees it the same way - that the main issues are about content, not delivery technologies; that DAB is for the government just another means of delivering services. Citing the recent MDS auction process as an instance of how well the policy framework deals with services using a new technology (he didn't mention the embarrassment of the moratorium slapped on MDS), he argued that government need not be deeply involved in decisions about transmission standards or what services the technology was used for. These decisions were for the broadcasting industry, in the government's view. The licensing process was already in place - all that was needed was for the SMA to make spectrum available.

However, even with this hands-off theme, there were some ominous notes, particularly relating to how, and indeed whether, the ABC and SBS would be funded to convert to DAB. In the long term the policy commitment to maintaining the sectoral approach to broadcasting appears to be in some doubt - in the parliamentary secretary's words, 'if multichannel DAB ultimately leads to greater diversity in programming, the Government's approach to the role of the national and community sectors in promoting diversity may need to be assessed.' This is a line of thinking which needs to be carefully watched, because of its implications for pay TV, narrowcasting and broadband services developments.

Vic Jones, general manager of the National Transmission Agency, thought that spectrum planning decisions needed to be made early rather than late, otherwise opportunities will go. Geoff Hutchins, manager spectrum planning SMA, said that his agency's role was to facilitate spectrum access once policy decisions were made by the Ministry, the broadcasting industry and the listening public. Colin Knowles, ABA, urged a frank and open debate to get a common understanding of DAB as a new technology, not just a replacement technology but one with the potential to transform the industry, but equally with the potential for failure at the consumer level. Tony King put FARB's view that with radio facing competition from pay TV, mobile services, and new services, but well positioned to get into the electronic publishing and data transmission business, everything depended on how well DAB was regulated; naturally, he argued that existing incumbents should be given automatic priority access to DAB channels. What he wanted was an early statement of policy on this vital question. □

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