

Rural media's digital future

Convergence through the advent of direct to home digital broadcasting dominated much of what was said in the media session at last month's Connecting the Country conference

The media session at the CLC/NFF Connecting the Country conference, titled "Media: Old and New", saw speakers from all sectors of the media attempt to make sense of the recent and rapid changes, particularly in broadcast media delivery systems, and estimate their effect in years to come.

Speakers included Lucy Broad, national rural editor of ABC Radio, John Porter, the managing director of Austar pay TV and Tony Bell, the managing director of Southern Cross Broadcasting. Between them they covered a range of subjects but perhaps most interestingly, all paid heed to the increasing importance of convergent digital technologies and their implications for each medium.

Tony Bell spent much of his time discussing radio's path toward digitalisation. He underlined its requirement for government, industry and consumer cooperation and examined what system should be adopted in order to provide digital radio. The one favoured by government to date is the Eureka 147 system used by much of European radio. But also under review is IBOC, an American system. Mr Bell stressed the need to acquire spectrum to run these various systems upon: if Eureka is chosen then networks will need an allocation of spectrum in the L-band and, in regional areas, VHF frequencies. The IBOC system will require AM or FM frequencies.

"We also have to deal with multiplex ownership and management," said Mr Bell. "At the moment, radio stations simply manufacture their product. It goes through a line straight out to the transmitter from where it is broadcast. Under a digital system, it would have to go through a multiplex that takes five signals from different broadcasters and allows these five to be transmitted simultaneously. Obviously, there will be ownership problems relating to the multiplexer. This may be more complex in regional markets than in metropolitan markets.

"It is not difficult to find five broadcasters in a metropolitan market who are happy to get together and form a syndicate to own the multiplex unit in that market. But in regional areas it is far more complex. Particularly in smaller markets where there might be two commercial broadcasters sharing a multiplex with the ABC and perhaps SBS. It is something we as broadcasters are thinking about right now."

Mr Bell also said that broadcasters wanted a phase-in period before digital radio broadcasting commenced, preferably in 2001 to coincide with digital television broadcasting. "But whether that is realistic or not at this stage because of the complexities involved with digital radio we are not sure. I doubt whether we'd all start at the same date. Metropolitan markets may go first, then regional markets will be allowed a little grace to install or introduce digital, over, say a three year period. We also need to look

at the simulcast period where we offer both digital and analog services. It would appear that this should carry on for about 15 years - it would take that long to get the maximum total penetration of digital receivers into the market."

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Foreign ownership of Australian radio networks was another consideration that needed to be taken into account in future, said Mr Bell. He highlighted anomalies in the cross media ownership rules which allowed foreigners to own 100 per cent of a radio station but not a television station, but also forbid an Australian who owns more than 15 per cent of a television station to own a radio station in the same market.

As far as market dominance was concerned, Mr Bell advocated leaving the ACCC in charge of investigating the influence of media in a particular market. He said that such a system would allow an operator to own a

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newspaper and a radio station, or a television service and a radio station in the same market providing its level of influence was not considered too great. "Perhaps that would be a better system than limiting the number of radio, television or newspaper services to single owners," he said.

Mr Bell also said that one of the problems associated with digital broadcasting would be if the government tried to extract license fees out of the additional services offered through digitalisation. "Operators should still be encouraged to provide additional services, such as news and community information, or racing results, all that sort of thing which no doubt would be sponsored," he said. "But the broadcaster should be encouraged to provide those services without having to see them paid for with a license fee. The broadcasters will also of course rely heavily on consumer acceptance so it is important that consumers look at the benefits of digital broadcasting and take up the service as quickly as possible."

John Porter, the managing director of Austar concentrated on the move toward convergence. He said a lot of companies were talking about bringing in an interactive, digital high speed universe to rural and regional Australia through a myriad of delivery technologies.

"If they own pipes they are going to do it through their pipes. If they own satellites they are going to do it that way. If they are a phone company they are going to know how to do it. If they are in politics they know how to legislate for it. If they are Telstra, they can do whatever they want," he said. "But I am telling you that there is only one company in this country that is providing a broadband digital service to rural and regional Australia, and only one company

that spent half a billion dollars bringing this platform to regional and rural Australia, and that is Austar."

Mr Porter informed delegates about Austar, its position as a distributor of pay television to regional Australia, its satellite, broadband cable and MMDS technologies, its 50-50 joint venture with Optus and its 250,000 subscribers.

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"You ignore regional and rural Australia at your peril," he said. "It is a very dynamic marketplace. People here are consumers of technologies the same way those in the cities are. They are consumers of entertainment, they are as sophisticated in those areas as anyone else in this country and we

have been very successful in building a business for them which is now the second largest to Foxtel.

"The challenge for us is to lever this existing infrastructure and to do more with it. Let me illustrate for you the kind of growth that we have experienced in the pay television industry in our company. From the start, a lot of people sort of 'poo-pooed' the business, saying consumers are not taking it up, it is not that interesting, the programming is not that great. Well, we are consistently gaining 100,000 customers a year and we will continue to gain 100,000 customers, if not more, per year. We will probably gain another 40,000 between now and the end of this year which will bring our total subscriptions to about 290,000 by year-end 1998. That is on the basis of the 2.1 million homes passed to the end of September 1998. Only a month before, our number of homes passed was only 1.6 million so the penetration of the market is also quite acceptable and on target."

Mr Porter painted a picture of what is next for Austar. "We see ourselves adding value to the platform that we already have installed and we have to lever the existing infrastructure which is a broadband digital technology capable of doing all the things that any other broadband service can do," he said.

"We see ourselves launching into areas of not just pay television but also extending the brand of Austar into data services and other types of services which we think are critical for our continual growth and stability. For our future growth, it is crucial that we are able to bundle additional services with our pay TV product to improve customer retention and to firm up our franchise with consumers," he said. ❖

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