No Pay, No Gain

After a five-year freeze, pay TV is coming. By the middle of the decade we will be watching a dozen new channels; technically, the system will be able to provide an extra 36 delivered by satellite. The framework approved by Cabinet and Caucus will see a first operator licensed by the end of the year with rights to four satellite transponders (with up to six channels per transponder). The existing network owners will be excluded from this but will be able to bid for the subsequent, single transponder licences, 12 months later.

According to its supporters, the new regime will give consumers more choice and increase media diversity. But whether we really need the choice of more news, sport and movies is open to question. Nor is it clear either that the licensing of a 35% foreign-owned pay TV operator will add to media diversity, or that the 10% local content rule will be strong enough to support local production.

Two things need to be said about pay TV. One is that if we didn’t introduce it ourselves, a ‘super-satellite’ from outside our borders would do it for us. Secondly, the decision is essentially the right one, even if it has been taken for the wrong reasons. Broadcasting is now expanding beyond national borders. Despite Australia’s billion dollar disaster with Aussat, something of a satellite boom is now afoot, particularly in our region. Broadcasting companies like CNN and BBC TV offer near global reach, while Eurosport and Asiasat Star TV (whose satellite reach extends from Japan to Turkey) have emerged as regional powers. Even the ABC has plans to broadcast programs into Southeast Asia.

This ‘new world information order’ isn’t necessarily any more benign than George Bush’s new strategic order. Inevitably, as US news feeds are beamed directly into Australian homes and offices at marginal cost, problems of cultural identity and the viability of the local production industry will emerge. For this reason, it is better to develop a pay TV industry on our own terms than to wait for one to be imposed on us.

More positively, pay TV will assist with the development of screen-based information and entertainment services. These are important components of the matrix of high value-added, environmentally clean information industries which will dominate economic growth into the next century. A pay TV industry would provide an incentive for Telecom’s successor, AOTC, (or any other investor) to follow Japan’s example by expanding its optical fibre network, presently installed only between capitals and in CBDs. A fibre cable system has capacity for two-way (or interactive) services, such as home information and entertainment, home shopping, telecommuting and remote learning. An interactive educational network, for example, could be enormously useful in freeing up teaching resources, and the hardware, software and expertise developed in providing these services would all have export potential.

Sadly, much of this is lost on our bureaucrats and politicians. Cabinet first stumbled on pay TV last October as a means of pushing up the price of Aussat—a monopoly on pay TV delivery was considered to add an extra $40 million to its value. Cabinet voted to support Keating’s changes again in June because it was politically bound to do so; Keating had intervened in order to dazzle the electorate after a week of bad headlines. The perspective that loomed large in the politicians’ minds was that pay TV is predominantly a media issue. Because they only looked out the networks for one year, the first operator’s licence is financially risky. The networks, especially Packer’s Nine Network and Sky Channel, are well-placed to benefit yet again from a Labor government media policy.

Much has been made of the allocations for the upgrading of ports and railways in the One Nation package. Yet, while these may have been the cutting edge of the economy of the last century, they won’t carry us into the next on their own. The latest OECD report on international competitiveness ranks Australia 18th out of 22 on science and technology. But policy-making in this area is fractured and driven by Canberra’s mania for structural reform and competition for its own sake.

There are important questions here. The Sydney Communications Law Centre supports the introduction of pay TV “because of the consumer’s right to choice and diversity”. But is there a point at which we stop being consumers and become citizens? Equally significant are the issues of access and equity. Access to information is clearly going to play an ever greater social and economic role in the lives of Australian citizens. This is not simply a question of pay TV, but of access to computer literacy programs for students without a home PC, universal access for schools and universities to library databases and so on.

The new information and communication industries, of which pay TV is one, offer jobs, economic growth and cultural enrichment. None of these outcomes is determined by technology alone. But in the absence of a coherent policy focus, the debate needs to be led away from mere responses to new technology, in order to revive the politics of access and fairness.

ROBERT CLARK is a Sydney journalist specialising in communications issues.