

Content, convergence, dinosaurs and asteroids



ACMA invited Simon Molloy, Principal, Systems Knowledge Concepts Pty Ltd to give *ACMASphere* an overview of the conference. Here are his observations.

ACMA's first Broadcasting Conference held in November 2005 might also be its last. The word 'broadcasting' sounds increasingly anachronistic in a world of 'everything digital', 'multiple platforms', 'on demand' and 'personalisation'. Perhaps next year's conference should be called the ACMA Content Delivery Conference or the Media Distribution Conference.

The ultimate objective of the conference is to assist ACMA to develop its evolving regulatory framework. Acting Chair, Lyn Maddock, set the agenda: 'to explore the way the industry is changing and the implications for regulation'. Senator Helen Coonan asked: Does ACMA have the 'right tools to regulate with?' and foreshadowed a possible move to 'light touch' sanctions such as civil action and injunction.

The conference organisers are to be congratulated for their content assembly skills. The coverage was thoughtful and comprehensive and therefore

not easy to classify. However, the following themes and issues can be extracted:

- the tension between visions of convergence and executable convergence business models
- the existence of 'analog inertia' in Australian households
- the central role of broadband and competition in convergence
- designing a convergent regulator—Ofcom's experience
- the question of timing.

DOT COM V2.0 OR BUSINESS AS USUAL?

In the first discussion session, 'Content Creation', there was a hint of dot com gases being breathlessly inhaled. The young turks of Australian convergence, Martin Dalglish (PBL) and Michael Walsh (News Ltd) painted the picture of a borderless world of digital content delivered on multiple platforms and consumed on multiple devices, a world in which broadband 'changes everything'.

Walsh characterised the 'iPod ecosystem' as the biggest thing since Gutenberg and as a 'Trojan horse', presumably for sneaking personalised, digital content streams past the walls of the traditional media gatekeepers.

Rob Antulov (Fairfax) was more pragmatic, emphasising marketing—'creating content is easy but finding an audience is harder'. The multiple platform world was nothing new, he said. In the 1980s, Fairfax was focused on the synergistic management of newspapers, specialist magazines and radio stations.

The 'Aggregation' session convened by David Court

(Centre for Screen Business, Australian Film Television and Radio School) was not at all breathless—more of a 'business as usual' and 'where's the money?' affair. Justin Milne (BigPond), John Porter (Austar) and Scott Taylor (Hutchison) told us that broadband is currently about 'lean forward' interactivity (rather than 'lean back' media consumption) and consumers online are resistant to pay-per-view for video. Austar is backing WiMax, a relatively new and promising wireless standard, to complement its satellite offerings, but Porter cautioned that 'consumer behaviour lags technology'. Hutchison see themselves as being in 'media distribution' as well as mobile telephony but Taylor is 'not overwhelmed by the amount of content available'.

'ANALOG INERTIA' AND DTTB

The afternoon sessions on 'Transmission' and 'Access Devices' saw the release of ACMA's first research monograph, *Digital Media in Australian Homes*, a detailed and comprehensive look into household adoption of digital broadcasting and digital equipment. While digital broadcasting now reaches 85 per cent of Australians, perhaps disappointingly, only 13 per cent of Australian households have adopted and over 50 per cent show little interest. This contrasts with the adoption of DVD players, now at 74 per cent. Almost 67 per cent of households are connected to the internet and 25 per cent have broadband.

The report indicates that there are significant knowledge and awareness deficits that need to be overcome before 'analog

switch-off', something that must be vigorously pursued because it will free up very valuable spectrum.

The last session for the first day, 'Sales & Marketing, Consumers and Advertisers', showed that, among advertising companies and marketing practitioners, concepts of cross-channel or 'channel optimised' marketing, advertising and brand management are well established.

CONVERGENCE, COMPETITION AND THE LONG SHADOW OF TELSTRA

Graeme Samuel, Australian Competition and Consumer Commission Chairman, kicked off the second day with an incisive description of how competition in the convergent media could be curtailed by the owners of the distribution 'pipes'.

The internet is a key driver of change in the broadcasting industry. It gets into the cracks in the marketplace that the broad brush of broadcasting cannot reach. And, still speaking broadly, broadband is key to the internet's march into the traditional territories of broadcasters (and vice versa).

Thus, one of the big background issues at the conference was Telstra's market power and the 'Great Australian broadband problem'. It's a reasonable generalisation that the rate at which new content delivery systems offer new competition to existing media will depend on the rate at which faster and cheaper broadband becomes available to Australians—new competition in media depends on competition in telecommunications.

Regulators and policy

makers need to shift focus from raw broadband penetration rates to speed, quality and cost. By comparison with the world's broadband leaders, Australia's broadband is pretty lousy—too slow, too expensive and either volume charged or download capped. This needs to change quickly if Australia's media and communications innovators are not to be left hopelessly hobbled relative to their overseas competitors.

The government needs to be resolute in its pursuit of competition in telecommunications all the more because of convergence—there's much more at stake than the cost of phone calls.

Samuel also showed how we need to change our thinking about how markets are defined. We need to go beyond thinking of 'newspapers' or 'television broadcasting' as market definitions and consider perhaps 'classified advertising for jobs across all media' as being a single market. This is characteristic of the, apparently paradoxical, outcomes that the internet keeps throwing up—definitions that are both narrower and broader become necessary.

OFCOM: THE BEST OF ALL POSSIBLE WORLDS?

Richard Hooper gave an illuminating retrospective on the first two years of UK 'convergent regulator', Ofcom. It must have been hard for Australian regulators not to feel just a little envious as Hooper recounted Ofcom's early successes and the felicitous circumstances of its establishment and design. Ofcom is a corporate entity, highly independent, has considerable freedom in

recruitment and remuneration, has managed to embed an entrepreneurial, performance-based culture, and, crucially, is backed by a new body of legislation designed to support its innovative brief. This is important content for Australian politicians as well as regulators.

While peppering his speech with useful observations on the differences between the UK and Australia, Hooper avoided giving direct advice to Australian policy makers and regulators except, tellingly, in relation to telecommunications: 'I would urge you to think seriously about how you regulate those parts of Telstra which are enduring economic bottlenecks—a euphemism for the good old natural monopoly!'

Fellow Ofcomer, Robin Foster, gave the stand-out presentation in the session 'Non-commercial Media', offering insights on the role of publicly-funded media in a converged world. Australia faces the problem of encouraging the consumption of Australian content in a world of random access. Australian governments have enjoyed something of a free ride in the promotion of local content on television screens. Commercial television broadcasters are required to insert local content (which may cost them 10 to 20 times more than overseas content) into the program stream. Production costs are borne (initially at least) by the broadcasters and so are not a government expenditure item.

As the random access world grows, governments may increasingly need to address local content issues by directly supporting production as in the film industry.



TIMING: 'NEVER PROPHESE—ESPECIALLY ABOUT THE FUTURE'

The session, 'The Regulation of News and Current Affairs in a "Distributed" Media Environment' was very much a case of 'the future is now'. In the blogverse of 20 million (and rising) news and opinion sources there are no concerns about competition and political power is diffuse. But what about editorial standards? Do they matter? What does all this imply for regulation of mass media news sources?

Newspaper circulation is falling but readers are often migrating to the newspaper website: no big deal. Regulatory settings can be kept on hold for the time being but the need to be watchful is clear. While many web-savvy news consumers are sceptical, even cynical, about the editorial independence of the mass media companies, the majority of news consumers still believe they are buying impartiality and responsibility with their newspapers and regulators have a role in making sure that trust is not misplaced.

We can say that in 2005 convergence has arrived—the rise of internet advertising and

Google tell us that—but it has some way to go yet. This means that the regulations of the pre-converged world are still necessary, but at the same time the need to develop converged regulatory models is upon us now. Convergence throws up new possibilities for media players to extend their market power either by controlling distribution or prime content such as sport. This, along with the problem of local culture and content, are the key regulatory challenges.

The last session, 'Can Platform-based Regulation Cope with Blurred Industry Boundaries?', effectively yielded the answer: 'No, not in the long run, but for now, probably'. Bridget Godwin (Seven Network) administered a timely palliative for attendees afflicted by 'convergence conundrum' or 'future fever'. She was happy with the free-to-air stations being labelled dinosaurs which, after all, 'were pretty successful' and she was confident that 'free-to-air television television will continue to be a dominant platform for a long time'. She was pragmatic, even nonchalant, about the impact of convergence. 'Convergence is not an asteroid,' offered session convener, Nick Abrahams.