

# Comments on the Forward Development Unit's Report

The Forward Development Unit (FDU) of the Department of Communications was instructed by the Minister for Communications in February 1985, to prepare a report on the Future Direction of Commercial Television in Australia. The original terms of reference for the Unit required it to report by 30 June, 1985 on both television and radio. By May it was decided that the FDU would concentrate on television and defer radio to a later date.

As identified by the Secretary of the Department of Communications, the primary focus of the Report was on the Government's announced intention to proceed to the progressive equalisation of television services. It is the Government's intention that the majority of regional areas should have three commercial television services in three years, but not later than 1990.

The recently published FDU Report has identified numerous options but despite "reality - testing" of the options the real work of equalisation lies ahead. In the words of R.B. Landsdown, "Both the Government and industry will need to invest substantial sums of money in order to ensure that additional commercial services are provided and that an appropriate planning and regulatory infrastructure is available" (para iv).

The options presented in the Report are numerous and do not necessarily apply throughout Australia. "Different approaches may be preferred in different areas, depending upon local circumstances" (para 2.5). Implementation is to be considered on a case by case basis, so that equalisation may be achieved effectively. It should be noted that the Report also points out that all three services may not be provided immediately or simultaneously. (para 2.8).

The Report claims to be able to suggest "... literally hundreds of structural options for future development" but the net result is two basic approaches. Before discussing the approaches it is important to highlight paragraph 2.13 which states, "It is no exaggeration to observe that the whole policy of equalisation rests upon financial considerations, for unless existing or new licensees can afford to establish and operate two new services, all else is academic".

The two basic approaches are referred

to as: Approach A: Aggregation; and Approach B: Multi-Channel Services (MCS).

Approach A, Aggregation, provides a series of structural options including combinations of existing markets in order to allow three competitive commercial television services to be viable. Approach B, Multi-Channel Services (MCS), leads to a group of options all of which involve the provision of three services in existing markets (para 2.15).

The trade-off between the two approaches is described as competition versus viability. Approach A emphasises competition and is thus consistent with the Government's intentions of reducing the concentration of ownership and control. It provides viewers with a choice of services and allows for new licensees in the market (para 2.19).

On the other hand, Approach B allows regional commercial television licensees to provide three services in their existing markets. Therefore Approach B proceeds within the existing market structure.

The aggregation approach seeks to create markets large enough to support three competitive viable services, where the size of the market refers to population or television homes.

The FDU identifies 64 aggregation options ranging from expansion of regional television services into immediately adjoining service areas, through to State-wide networking. Unfortunately the FDU does not present its views on the options and, in particular, the Unit's views (if any) on the optimal market structure for Australian regional commercial television are not presented. Follow up reports are needed if this vital issue is to be properly addressed.

The FDU is conscious that the equalisation program places heavy demands on the regional stations' resources and would require substantial financing. The FDU Report estimates that capital costs for aggregation would be about \$10 million on average per service.

The MCS approach is expected generally to cost the regional stations between \$3 and \$4 million less in capital costs.

On these figures the MCS approach seems to be preferred but it is difficult to avoid the impression that adoption of this course is attractive principally be-

cause it represents the line of least resistance; that is, MCS is the more conservative approach especially in its maintenance of regional monopolies.

Furthermore, MCS does not overcome the structural weaknesses associated with a large number of small regional markets. Although the FDU recognises that revenue projections will be critical in any assessment of viability, it does little more than summarise the widely varying estimates of its consultants and does not offer an independent analysis of the results.

In short, the FDU, mindful of the political priority, but with a longer term interest in securing a competitive and more efficient industry, suggests that the equalisation program proceed by means of a "migratory path" from MCS to aggregation. The mechanics of this path are as yet unannounced. Nevertheless, the recently announced study into ownership and control provisions of the Broadcasting and Television Act, which the FDU is now undertaking, is sure to provide a key to this process.

Dominique Fisher

Bill of Rights...

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- (c) convicted children shall be segregated from convicted adults, and shall be treated in a manner appropriate to their age and legal status.

Article 31/1

No torture or inhuman treatment and no experimentation without consent

1. No person shall be subjected to torture or to cruel, inhuman or degrading treatment or punishment.
2. No person shall be subjected to medical or scientific experimentation without that person's free consent."

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## RECENT PUBLICATIONS

Computer Software Legal Protection in the United Kingdom and Commonwealth - Henry Carr, ESC Publishing Limited (25 Beaumont Street, Oxford OX1 2NP, U.K.), 1985. A review of the current legal position of computer software under United Kingdom law.

Private Copying of Sound and Audio-Visual Recordings - Gillian Davies, ESC Publishing Limited (25 Beaumont Street, Oxford OX1 2NP, U.K.), 1984. Highlights the failure of existing copyright laws to provide protection from unauthorised reproduction of recorded music and films. This study of "off-air", "tape-to-tape" and "disc-to-tape" recording was prepared at the request of the European Commission.

Protecting Computer Technology: Europe and Asia Pacific - Longman Professional Intelligence Reports, 1985, (Longman Professional). Focuses on aspects of national and international law. Begins with an overview of intellectual property law in Europe. A summary of current data protection legislation in Europe is provided in Chapter Two. For the Asia Pacific region the Report focuses on Australia, Japan and Taiwan.

Protecting Computer Technology: The Americas - Longman Professional Intelligence Reports, 1985, (Longman Professional). The Report examines issues emanating from key countries such as the USA, Canada, Brazil and Mexico. Deals with the US Semiconductor Chip Protection Act. Also discusses issues associated with customs procedures, export controls and taxation.

Australian Broadcasting Corporation - Report of the Election Coverage Committee Federal Election 1 December, 1984, ABC.

Communications Up-Date - the Newsletter for the Media and Communications Council (this is available from GPO Box 4264 Sydney, 2001, and twelve issues appear a year).