

# Datacasting: The Bush and the Old Lose Out

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**R**ECENT Federal Government legislation on digital television simultaneously opened and closed the door on a golden opportunity to increase and enrich communications services to the home. It hits particularly hard at the regions and the retired.

The digital technology provided a one-off opportunity for a large and rapid upgrade of communications services across all of Australia. By allowing the television spectrum to be used more efficiently, it provided scope to send the Internet and its many benefits (including e-mail, Internet banking and shopping as well as 'webcasting') into every home that had a television.

Such a move would have been entirely consistent with providing the widest possible range of communications services to the largest public.

The conversion to digital also presented an opportunity to solve two problems that have worried the Government for some time.

First, Internet access over the television spectrum could have helped overcome the divide between the information-rich in the cities and the information-poor in the regions. Second, and perhaps equally significantly, Internet by way of television could have introduced older people to the Internet in a user-friendly way. These two categories generally do not have Internet access at a workplace as many city workers do. Nor do they generally have the equipment or expertise to go online at home.

According to the ABS:

- Only 26 per cent of non-metropolitan Australians have Internet access compared with 37 per cent in the cities.
- 77 per cent of adults aged 18–24 accessed the Internet in 1999 compared to just 16 per cent of adults aged 55 or over.

Even allowing for those who don't want Internet access, the gaps are large. Making access easier could help close the gaps.

Not surprisingly, the Internet industry in our country has strongly advocated opening up the digital television spectrum for Internet applications and it urged the Senate 'to recommend that the legislative instruments enabling a final spectrum allocation make express and adequate provision for Internet-related uses'.

The potential of the spectrum is recognized in the US. The Chairman of the US Federal Communications Commission, William Kennard, said:

Broadcasters have a big pipe that everybody needs—and unlike cable companies and phone companies, you don't have to invest in physical connections into every home.

Meanwhile, back in Australia, the Government, in allocating the spectrum, strangled it.

The capabilities of this digital spectrum constituted a significant threat to the advertising revenues of the most politically powerful medium in Australia today, the free-to-air commercial broadcasters. The potential for webcasting to viewers from the Internet via the newly released spectrum would have represented serious competition.

So the Government conceived its Datacasting 2000 Bill; a regulatory artifice hitherto unknown in the world. This contains draconian restrictions on content. It allows certain information flows and transactions via the Internet to the television set at home, but prohibits audio and video streaming which provide the commercial incentive to roll out the required set-top boxes.

The stated aim was to define a distinct (and entirely artificial) data-

casting service. The effect was to create a new service category that nobody would want to provide.

This protected commercial broadcasters at the expense of all Australians—especially those foolish enough to live in the regions or to be old. These unfortunates not only won't receive the enrichment of their television programmes but will, in practice, be denied the other services that the datacasting legislation does allow.

The withdrawal of industry from the datacasting trials demonstrates the unviability of the datacasting category.

As Peter Coroneos, Executive Director of the Internet Industry Association, warned earlier this year:

The losers will be Australians in regional areas who have struggled with slow and expensive access .... People in the bush have every right to be very, very angry over what is about to happen. Datacasting could have provided alternatives to the closure of bank branches and the loss of other services in the bush. While technically they can still receive these, the business case for fast rollout of the enhanced technologies is now dead in the water.

Perhaps more significant for our joint future is the message that this and other backward looking policy decisions send around the world to those at the cutting edge of this quintessential twenty-first-century industry, who might be thinking of investing here.

In Australia, local politics are always more important in the end than creating a favourable environment for innovation.

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