

29 March 2002

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NSW

Review of Radiocommunications Acts
Productivity Commission
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Collins St East
Melbourne Vic 8003

Dear Sir,

Radio spectrum is a public asset that can create wealth, raise living standards and protect democracy. Over the past few decades Australia has lost ground in all three areas that benefits all. The following is a brief example of the threat to these three socioeconomic imperatives and the stifling of competition, economic efficiencies and entrepreneurship essential to all three, when public assets are monopolised 'by a cartel of private commercial and political interests. Digitisation is the universal language and therefore its delivery infrastructure cannot be monopolised by and for inefficient private interests. The infrastructure absolutely must be used optimally to maximize the obvious unprecedented economic benefits to all, of this unprecedented universal technology. And this means transparent public possession and administration when inefficiencies clearly exist as they do now. There can be no compromise and especially as it is now clear, capital markets are not efficient! N-O-T E-F-F-I-C-I-E-N-T ! Just analyse the GBE sell offs of the past 10 years and the big 5 over the same period for starters. Qui bono?! Not the nation and not all Australians, but a wealth transfer unprecedented in any nations history.

Australia could now take a leading role and reap the rewards, in the global implementation of this universal language. But not - never - with the existing regime.

Creating laws allowing a media monopoly to further concentrate and monopolise media most certainly destroys what diversity still exists in the Australian media. Universal broadband over fibre is the solution that benefits all Australians in every respect.

Any government from local, state and federal level if seriously claiming a priority and concern for the diversity of the media would first and foremost promote and implement a broadband infrastructure that would allow maximum diversity to take place and be optimized to allow all citizens the fullest and most complete possible diversity fibre allows. It's inevitable anyway but to survive and protect the value of their devaluing legacy assets the media monopoly must prevent it. Australians pay an extraordinary price for this Luddite strategy. This logically means that state of the art fibre optics (DWDM for example) and if economically as efficient, wireless forms (all line of sight terrestrial microwave and satellite for example) of broadband delivery be fully implemented in the same way copper in the past was fully implemented to every home so that every home was able to have a telephone (that enriched and entrenched a bureaucratic monopoly unfortunately).

The benefits in every respect are diverse, unprecedented and economically more efficient in the long run than the continuation of developing and implementing and accommodating such infrastructure policy and strategy as the media status quo designs and on the run, as it discovers and increasingly realises the ultimate threat to their legacy model. The benefits as in the past fall to a few media monopolists and a political status quo through their control through legislation and transferring taxpayer resources and assets, to the media monopolists for the availability of essentially a single propaganda machine. Various elements of the advertising industry are aligned with the media monopoly status quo to facilitate, profiteer and perpetuate this convenient lack of diversity and its threat to diversity and democracy.

If this combination of media and politic stakeholders as the main beneficiaries of such a media monopoly had contributed to at least maintaining the nations prosperity and living standards for all instead of clearly having prospered off squandering it, then such leadership might be considered worthy of being yet again rewarded but this media law is clearly another example of rewarding the problem and penalising solutions.

Australia's free to air TV as claimed and persistently promoted by the FTA TV lobby organization FACTS, is another dangerous claim as the cost to all Australians for this rent seeking free riding monopoly has been very great indeed. From stifling innovation through neglecting reinvestment of any kind in creating new innovative industry over many decades and instead using the monopoly profits to accumulate increasingly more media assets (a change of hands only, not true entrepreneurial wealth creation) and casino properties and so forth; from incentivising the political status quo to encourage and perpetuate tax shelter investment laws; from contributing to lack of diversity of opinion and thus the entrenchment of a mediocre political status quo and media; from being continually propped up by government advertising spending that manipulates public opinion - and thus encourages the government of the day to persist with such wealth transfer; from demanding and receiving multibillion dollar public

assets such as free spectrum and using it inefficiently which is an accumulating cost to the nation; from more subsidies such as REP (regional equalization plan - And why won't any elected representative demand the McCurly REP reports be placed in the public domain? Because they are complicit in their use of and reliance on the same media status quo monopoly for the same ends and therefore also will not consider resumption of such valuable public assets with or without some form of compensation despite the obvious economic benefits to the nation and all Australians as part of a new technology paradigm strategy unlikely to ever be repeated and with many, many costly implications. This is a conflict of interest to the extent it has contributed to many inefficiencies over decades and some mentioned in the following.)

This is a monopoly that has prospered through profiteering including rent seeking, off the nations decline from a living standard of third in the world in the 1950's to twenty-sixth in 2002. And through their profiteering and rent seeking contributing to the nations currency being devalued to US\$0.50 cents now from US\$1.20 cents in the 1960's.

Why do they continue to be rewarded and accommodated after such a period of wealth transfer and rent seeking and. now demanding laws to acquire print media assets? Because there is now an entrenched mutually beneficial alliance between the media status quo and the political status quo where one depends on the other. One for power and the other for profit! Together they had the power, control and profits to lead the nation to higher living standards for all but chose to take the nation in the opposite direction to lower living standards, but then to continually claim Australia has not paid a price but instead has achieved great things. This is hubris and is dangerous for any nation that persists with the delusions. And what kind of logic dominates when essentially the same model that squandered Australia's opportunities persists in being promoted as a model that will be of benefit and value to all? This claim is clearly of dubious value when promoted by the same cohort that has failed so dramatically to forecast so many opportunities Australia should have benefited from over decades. Not least of which is an optimal digital technology strategy. Democracy is being continually and persistently threatened by this alliance. And as the media monopoly closes over its control of the already limited diversity of ownership, and diversity of opinion, democracy erodes and the ability to distinguish democracy from manipulation becomes increasingly demanding and difficult.

Fibre optic to every home and apartment and more will allow full state of the art infrastructure to deliver an unprecedented array of benefits to the nation and its citizens. However it will destroy the single propaganda machine that is the current legacy media system and that is essential for the political status quo to persist in power and control. The same political status quo that has also prospered off the nations decline and that all Australians must pay to maintain whether in government or its opposition or retirement. Australians should be

fully informed of the increasing potential threat to their democracy and its economic well being through the use and abuse of such a narrowly owned and undiversified propaganda machine. This state of affairs exists because it is being perpetuated for the benefit of a few who have not contributed to building the nation but have in contrast lived off and mightily profiteered off its decline. Capitalism is good but this is not capitalism and is reflected in the nations currency. Nor is it competition but in fact stifles competition in the same way the FTA TV monopoly has contributed to holding Australia back and to such an extent it can be shown to have contributed to the devaluing of the A\$. So where have Australia's 38 universities been during all of this economic inefficiency? Protecting their interests in the same way it would seem as the media status quo? The current proposed media ownership laws are yet another example of the media status quo - especially a few FTA, TV owners - developing policy and advising the government accordingly, through their lobbying organization FACTS and directly through personal undocumented communications with one or two ministers and the Prime Minister of Australia. It is known that a few of these monopoly FTA TV owners having never reinvested their profits in competitive innovation locally and for global markets, but always relied on government and rent seeking to profit, have coveted extending their monopoly of more of the media and apart from combining radio with TV also prey on the print media. Competition is alien to this monopoly and it is accommodated, encouraged and incentivised by a political status quo that covets a single 100 % media coverage of the entire population to remain in power and control. A single propaganda machine with monopoly profits from media laws to maintain it indefinitely. It is potentially a form of corruption unprecedented in any nations history. This persistent historical use of monopoly profits to also acquire more and more of existing media assets whether TV, radio and newspaperf"as the media monopoly does, is not wealth creation but media concentration (and wealth concentration) and proves that Australia has a system whereby entrepreneurial commitment and initiative to create new industries and new jobs and exports and foreign exchange earnings is disincentivised by comparison. And monopoly profits from media owners will rarely ever be reinvested in new industry creation, as is the case in Australia. In the long term such a system undermines entrepreneurship and developing the culture of entrepreneurship. Without the possibility of developing permanent structural advantages in the economy or business practices favourable for entrepreneurship over decades, compared to this kind of "investment" priority, the result will be devalued currency exchange rates as Australia has had over the same decades. And a compounding of the many related problems Australia now has. Why has this environment been allowed to exist in the first place and persist? The tyranny of the status quo! One word, as in many other respects including diversity, provides a solution. Fibre!

The only way this media monopoly could, as always in the past, get to this stage is to call on the government of the day to develop laws to allow them to do so. Now, the only way to reduce its insidious creeping influence of the past decades is for all Australians to immediately demand fibre/DWDM to the home.

The media status quo are embolden in their current course of action for a number of reasons as pointed out above but also are comfortable in the fact they are absolutely necessary to the political status quo. Extend our monopoly and we will provide the political status quo of the day a more superior propaganda platform for the manipulation of the masses. For this we demand greater advertising spend by government (wealth transfer and a taxpayer subsidy); more transfers of public assets like spectrum, whether direct or indirect (another wealth transfer taxpayer subsidy); more tax shelter incentives for our profits to invest in (another wealth transfer taxpayer subsidy) and the traditional access to the government of the day for our media policies.

Again and again the paramount question is raised, Why does this narrowly owned undiversified monopoly receive such favourable profitable and accommodating treatment, when the nation could have a universal and unprecedented digital media delivery infrastructure and content diversity that would benefit the nation in unprecedented ways? The answer is obvious. A media legacy system of old mates and resisting change and their inevitable mortality in the processes of creative destruction, is a vastly superior propaganda machine than free multichannel state of the art digital infrastructure and delivery systems logically and inevitably destined to cannibalizing this monopoly media business model with its profiteering nation squandering media and political mates. (And a few preferring to reside as far away from Australia as possible as they collect landlord's rents from rent seeking. Nation builders indeed!) Ignorance is rampant and is kept so through the media monopoly as it exists and will be extended if the FTA TV monopolists are allowed to own print media. Any opposition to this rampant ignorance and intolerance is classified, typically by ignoramuses as alienation.

However,

..." Democracy is not a good that people can enjoy without trouble. It is, on the contrary, a treasure that must be daily defended and conquered anew by strenuous effort."

...Ludwig von Mises

And this from almost 100 years ago is now of even greater relevance, but a media and political monopoly is never going to use " their" propaganda machine to raise the publics awareness of its relevance. The GST advertising by contrast, was and had to be a form of brainwashing but democracy and its health and survival is not.

There is sufficient evidence to indicate that Australians might have been brainwashed over a period of decades and that it has had a major subtle but powerful influence on Australia's younger generation raised on at least 2 decades of FTA TV. Including economic decline over decades and, in the new millennium, still with a constitution that is not in any way compatible with a first world democracy, ensuring free speech and the rights of individuals. The political status quo through the use of a media monopoly propaganda machine is never going to raise public awareness or promote any change to defamation and libel laws that have in the final analysis ensured their survival, prosperity and mutual profiteering. (And to be noted is that it is their prosperity not the nations. And thus the decline and socioeconomic divisions. And this is the nations leadership and, the best it can do over 4 decades!) The same can be said for the constitution. They would be undermining their own dominance and power and control over the nation if they changed something that has allowed them to entrench themselves to the extent, now more than ever, so clear.

The claim by FTA that Australians have benefited from a superior free TV system is specious and self-serving and a typical defense of their monopoly. How is it possible this cohort can now suddenly be expected to value add Australia? The cost has and clearly but in complex ways continues to be very high. Over the past 10 years stifling and obstructing the DTV potentials and therefore an array of opportunities and potentials in the new digital paradigm, not limited to datacasting and, increased legacy media concentration, will be written into the history books as another example of many more over the recent 50 years where Australia has once again protected the status quo at the expense of the nation and its citizens. This can only be a nation and a culture that will decline as it has done.

Australians lack vision, imagination and more importantly guts. A media monopoly and its political allies are probably the main cause for this.

In the interest of the economic bases of wealth creation and democracy and the nations living standards and future, the fibre optic infrastructure should be completed and the FTA monopoly that has profiteered off Australia's decline should be forced to compete. One Tel and other status quo "initiatives" to compete typically shows they cannot unless the laws are designed and rigged to protect them.

However there is the matter of Telstra to consider in the equation as they are also now, because of the digital paradigm, part of the media monopoly. This adds to the danger and the threat to failing to optimize and maximize the new paradigm for all.

Any fibre or wireless infrastructure made universal and thus media diversity maximized, will destroy Telstra and their copper monopoly. This legacy infrastructure is being extended by a valuable but comparatively inferior technology, namely ADSL. Fibre and DWDM to every home and more is

inevitable so again why is it being prevented. ADSL over copper is also inferior because Telstra cannot guarantee the service because copper can only be guaranteed for voice and this shall always remain the case. But ADSL over copper does allow Telstra to promote the fact it is implementing a form of broadband. However Telstra must know that it is the least they can do on this regard until they can somehow figure out how to become dominant as a monopoly if possible, in broadband infrastructure. They can't and shouldn't. so why keep sustaining Telstra. Because the share price must somehow be kept high until a sleight of hand shuffle can be devised and the government can wash its hands of the share devaluing legacy copper component. And any buyer will always offer a lower price as time passes and copper becomes increasingly scrap metal value. Once again Australians are being stuck with a technology that is modestly advanced but not as advanced and not state of the art as fibre/dwdm is and will once again become obsolete quickly if not before it achieves any sort of modest critical mass, and pushed out by advertising on a far from fully informed public. Propping up Telstra's share price as usual comes at a cost to the majority. But it should also be noted that this sub optimal broadband will not threaten FTA to the extent fibre/dwdm would. So this also provides a clue to the way Telstra advertises (and more taxpayer subsidies to FTA) ADSL and also to building in a delay that benefits not only Telstra but, surprise surprise also FTA. Digitisation is forcing legacy business owners to seek official -and probably unofficial - alliances (business convergence based on technology convergence) to protect the inevitable cannibalization of their dinosaurs. And at taxpayers expense once again. And now they want to own a more converged media including print based on the lie and claim it will increase diversity. A familiar history for Australians and one that correlates with the decline and the A\$ devaluation. Note also that in the recent telco/pay-TV deal being proposed that the media is still owned and controlled by the media status quo that has lived off Australia's decline.

Give the majority of Australians a break for a change and give them what they deserve and have in the final analysis paid dearly for over decades. It's time to balance the books in their favour and not the profiteers. Let the media status quo retire in their tax shelter domains and allow Australians to rebuild what the profiteers, including their political allies have dissipated over decades. Fibre/DWDM is the answer to optimal and maximum diversity! Given fibre/ DWDM can be cost effectively implemented now (compared to the direct and indirect costs of allowing this dramatically flawed digital strategy to persist), then Telstra is also (with FTA) responsible for it being prevented to happen. This will ensure the Telstra monopoly remains intact hopefully for them, sufficiently long enough to prop up the Telstra share price that the public was convinced to buy (through the FTA media monopoly), but inevitably copper cannot survive and it will be replaced by fibre and. forms of wireless broadband.. But the delay is

costing Australia improved living standards and state of the art systems that are job and wealth creators. All, for the benefit of a relative handful.

Again we are being subject to a shortsighted strategy favouring a media and political monopoly that has failed Australia over decades. And, undermines honest entrepreneurial initiatives.

In the final analysis Telstra must be sold off because its share price must inevitably erode more because a monopoly prioritizing saving a legacy inferior copper wire infrastructure in a new digital paradigm is DOOMED. However the best way to sell off Telstra's remaining government ownership will more than likely be suboptimal despite the possibility it could be done so to maximize value (although it now must always be diminishing because it was and is a monopoly and does not promote competition) and encourage and maximize competition to the extent that is now possible. Once sold off the political status quo will then, conveniently, have a new opportunity to create another telco entity because it will be necessary to create a new technology infrastructure for the bush and regionally. With Telstra gone and left with the public to deal, with (and its increasingly worthless paper) there will be every reason for the political status quo to fund and create this new technology entity.

This will though also allow the legacy media model time to attempt to further extend its monopoly and, stifle other less well funded innovators to enter and provide all Australians state of the art: and diversity of media (and thus opinion which in the final analysis the political status quo do not want)

The claims to increased diversity from allowing FTA and its new telco allies to buy print media is pure and dangerous hubris and more so as it is policy being developed by FTA for FTA. It is a diversionary tactic to cover the failure of both the media status quo and the political status quo who have failed to create state of the art media infrastructure and content delivery for all Australians and also from the fact FTA is holding public spectrum that is being used sub optimally and very inefficiently and that they should be made to allow anyone access to it who wants to deliver content to any Australians.

Datacasting for example and FTA should not be allowed to hold datacasting licenses alone and preferably not at all. They have squandered a nation with their predatory profiteering and should be left to the competitive environment the digital paradigm demands. Naturally not being ever subject to competitive forces and always being protected by laws, they will struggle to survive but Australians will get unprecedented media choice and diversity, new industry, jobs and wealth and raised living standards for all, back to perhaps third or even thirteenth and maybe US\$1 to A\$1. And probably also benefit by getting a better quality politician as their elected representative. Preventing this is why Australia has declined to the extent it has over the past 4 decades. And allowing it to continue ensures the tyranny of the status quo.

It is also noteworthy that the Singapore government has gotten ownership and control of a broadband delivery infrastructure, that when combined with the expertise of such a governments activities developed in Singapore with their own citizens, can be used by Australia's political status quo for the same purposes and the ownership by FTA monopoly of print media is a step in that. direction. (As in the past the media status quo only want to collect the monopoly profits and avoid or minimize taxes.) It narrows the monopoly ownership of media further and thus the. control through laws by government. One entrenched government that has failed over decades as the infrastructure for mediocre political leadership over the same period, working with a single local propaganda machine in association with another such as Singapore, means the insidious nature of mediocre short term focused elected representatives and vast over funded cunning, survival at any cost bureaucracies will see further erosion of democracy, free speech and the rights of individuals. The writing is on the wall.

The solution is simple but made complex by entrenched predatory vested interests, including vast entrenched bureaucracies, with unlimited vast taxpayer funded access to a media monopoly. To benefit all Australians in every respect It is essential that fibre is installed in every home and building immediately. This will guarantee diversity. If possible use this enthusiasm. for making media laws to benefit all Australians by changing the spectrum access so that it can be used for a fee by anyone prepared to use it efficiently. The FTA status quo should have only received sufficient spectrum to allow them to carry their equivalent analog content and quality, and the rest should be leased or sold off or perhaps kept as a national asset and administered by open and transparent government. (But an oxymoron unfortunately if history is a guide.) Again this accommodation of the FTA is revealing. Either protecting a media monopoly for propaganda purposes or ignorance, either way it is revealing of a nation and its leadership both political and business. If ETA wants to own any of the balance of the capacity beyond that required for their analog then they can pay for it. and innovate and compete. The initial cost to all Australians will be small and inevitably not a cost but a profit over the long term including saving democracy. A valuable investment indeed!

" I am not art expert of the unconscious and the mind.'s depths, but I do know that few people are the experts in this sphere, and that these few are the most cautious; and that to confuse them. with their victims is a moral disease or an aesthetic affection or a sinister sign of complicity; above all, it is a precious service rendered (intentionally or not) to the **negators of truth.**"

... Primi Levi.

Participating in or worse, indulging in repeating history is not likely to benefit a nation and its citizens. As Australia's decline over the past 40 years shows. With a profiteering media monopoly funded by compliant entrenched political groups using the nations wealth, history can be ignored and. rewritten. And for proof just read one of the 2 or 3 local national newspapers.

For diversity and choice, for innovation and. entrepreneurship, for democracy and living standards, Australians should be demanding maximum and optimal use of all radio spectrum and installation of fibre as the highest priority. And now, whilst the real, and unprecedented opportunities and worldwide, are still available! Are Australians (or their leaders) going to continue protecting and. further enriching the status quo and perpetuating the past? If they are then don't expect the A\$ and living standards ever to stand a chance of returning to US\$1 and third respectively. Or, are they going to maximize and optimize a unique opportunity now and for the future? If so then buy the A\$ and reap the benefits for all, of returning to third.

Yours Faithfully

(signature)

Malcolm Foley