

1. Background/Context of Digital Dividend

1. Spectrum is a scarce public asset therefore has a price and brings obligations
2. Australia is the world's largest island and with c21m people, has unique challenges of equity
3. Given our size of population and where we're at in global digital conversion technology lifecycle, we are necessarily technology followers therefore really should stay in synch with the rest of the world regarding standards etc. e.g restacking
4. Given the NBN coming down the track and the expiry period of current mobile licences, we are a propitious moment in time to step back and reflect

2. What does digital dividend mean?

- Focus should be on a) future use of spectrum and b) extrinsic benefits (ie. beyond better pictures and sound)
- Focus should also be on benefits to all Australians > \$ return (per the Minister)
- Like most technology, spectrum is only an enabler of other things; communications, information and entertainment so it is what we choose to do with it that matters

3. Who are the key stakeholders and what do they want?

- Consumers
 - Choice – providers, content
 - Value
 - Ubiquity of access to services
 - Ease of use
 - Needs vary by demographic group – these are changing and probably easier to predict than technology trends
 - Remember business as well as residential
- Government (tax payers)
- Broadcasters (TV, Radio)
 - Options
 - Cost (power)
 - Continuity
- Mobile operators
- Content Providers

- Regulators
- Equipment vendors

4. What are the risks and issues?

- Inequity of current arrangements ie. different types of business model and operator have a huge array of rules/regulations applying to them eg. FTA TV, Pay TV, internet, radio. This is reflected in; licence periods, licence fees, content requirements, genre restrictions, geographic restrictions, asset tradeability etc. Should we step back and re-assess all this from a blank sheet?
- What are some of the risks and benefits of implementing digital conversion too fast or too slow?

Fast	Slow
Out of synch with global standards and hence problems down the track	Frustrated users
No consumer demand	Inefficient use of assets – spectrum, power, transmission assets
Consumer experience & Confusion	Clearer sense of future consumer demand and technology advances
Out of synch with NBN	
Accentuate digital divide regionally	
Wrong calls will be hard to unscramble	

5. What is needed?

1. Minimised disruption to users therefore continuity path for existing mandated services e.g DAB +
2. Anticipation of future needs – technology, demographics
3. Attractive packages to market eg. logical spectrum pairs of sufficient bandwidth but not picking technology winners
4. Maximum fit with global standards
5. Decide on use of funds generated ie. the dividend. It should have a focus on plugging market gaps and the digital divide.

6. Conclusion

Whatever is concluded, it will need to be very well planned, marketed and executed. Given the Green Paper's timing and Graeme Barclay's comments regarding the extent of the technical challenge, we would be wise to be cautious.