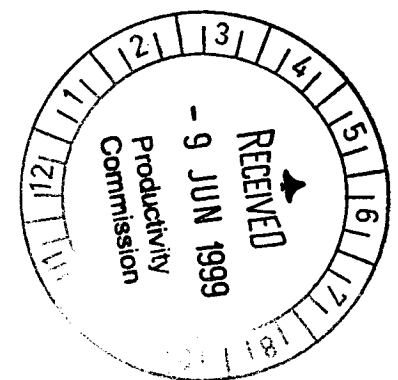


Productivity Commission

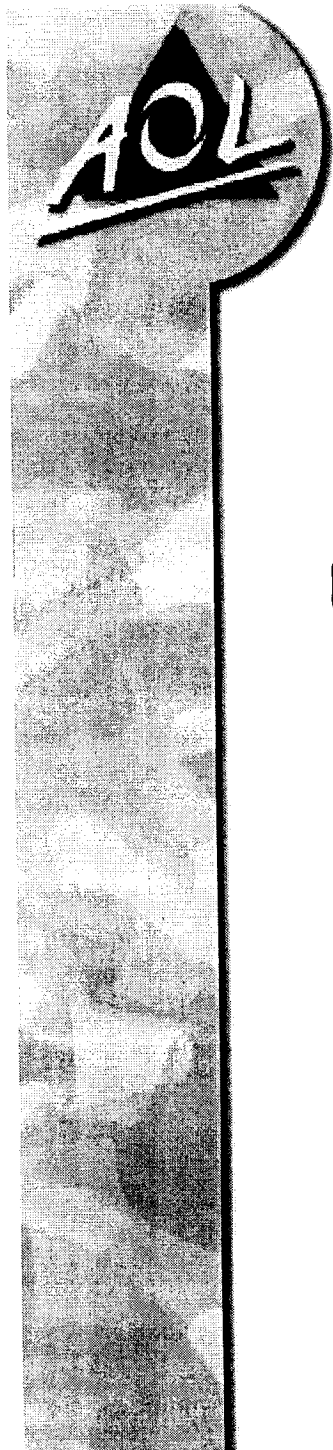
Inquiry into the Broadcasting Services Act 1992

AOL Bertelsmann Online Services

Sydney, 27th May 1999

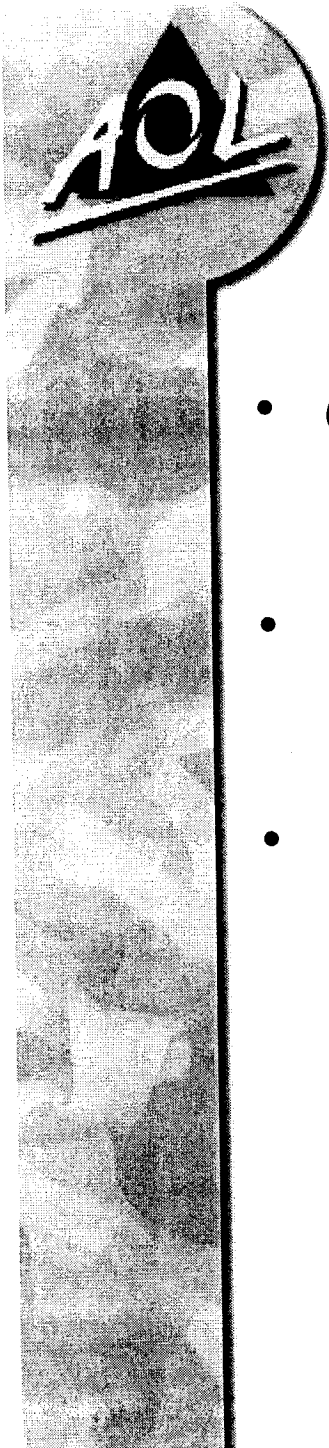


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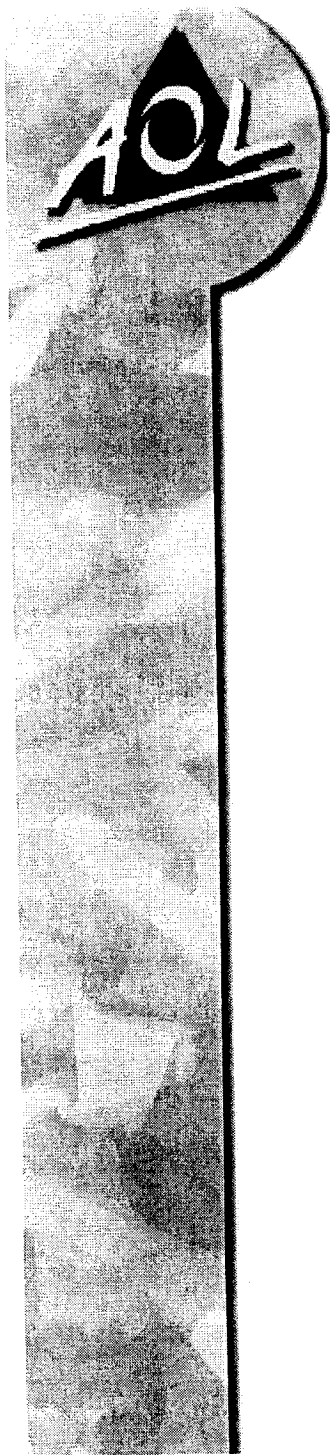
AOL's Mission is to create a global medium that is as central to people's live as telephone or television...but more useful.

AOL has 17 Million Members worldwide with Services in more than 10 countries.

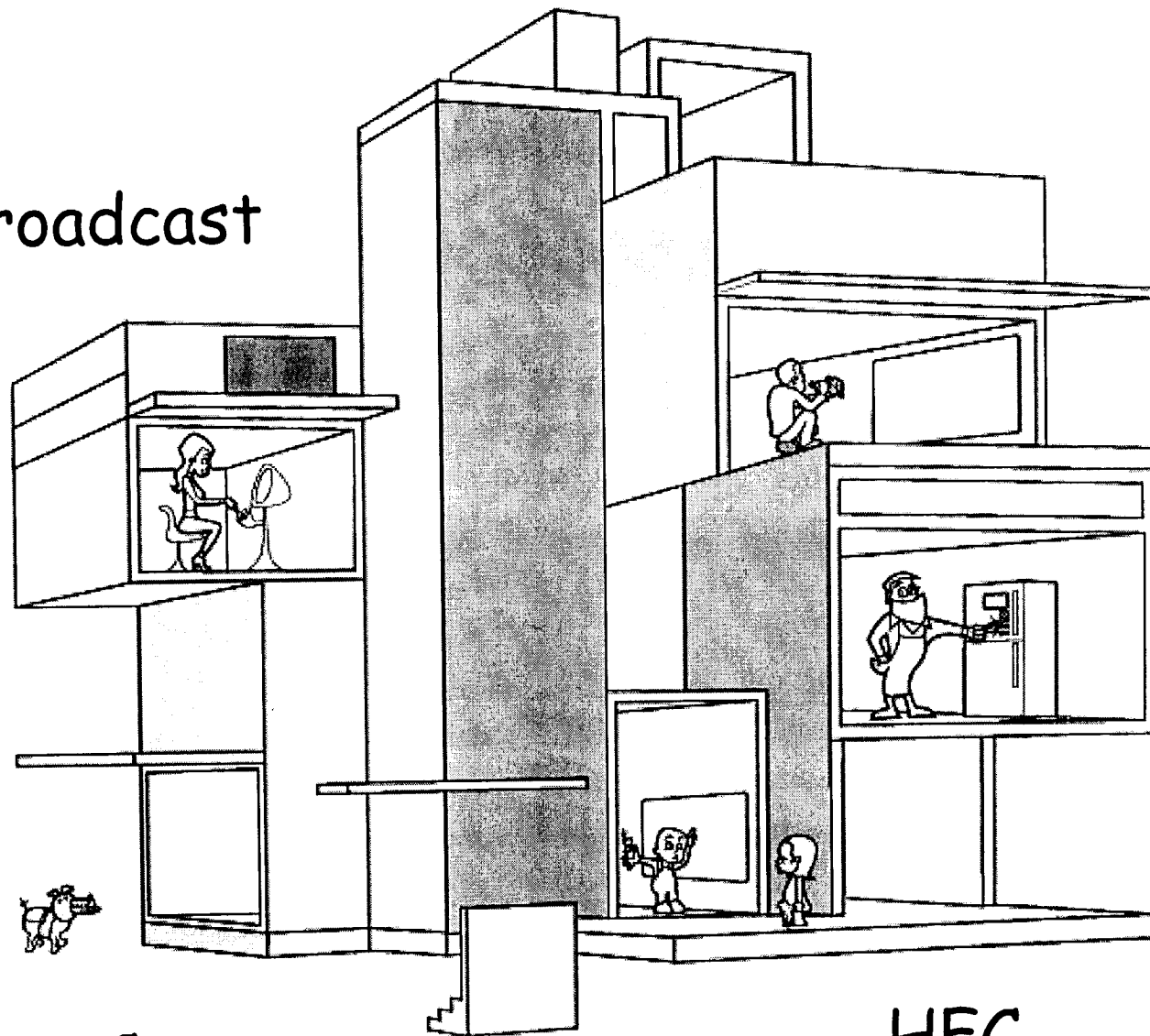


Key Points

- Consumer Choice and Competition
- Open Infrastructure
- New technologies require new laws, rather than constraining them with existing laws.



Broadcast

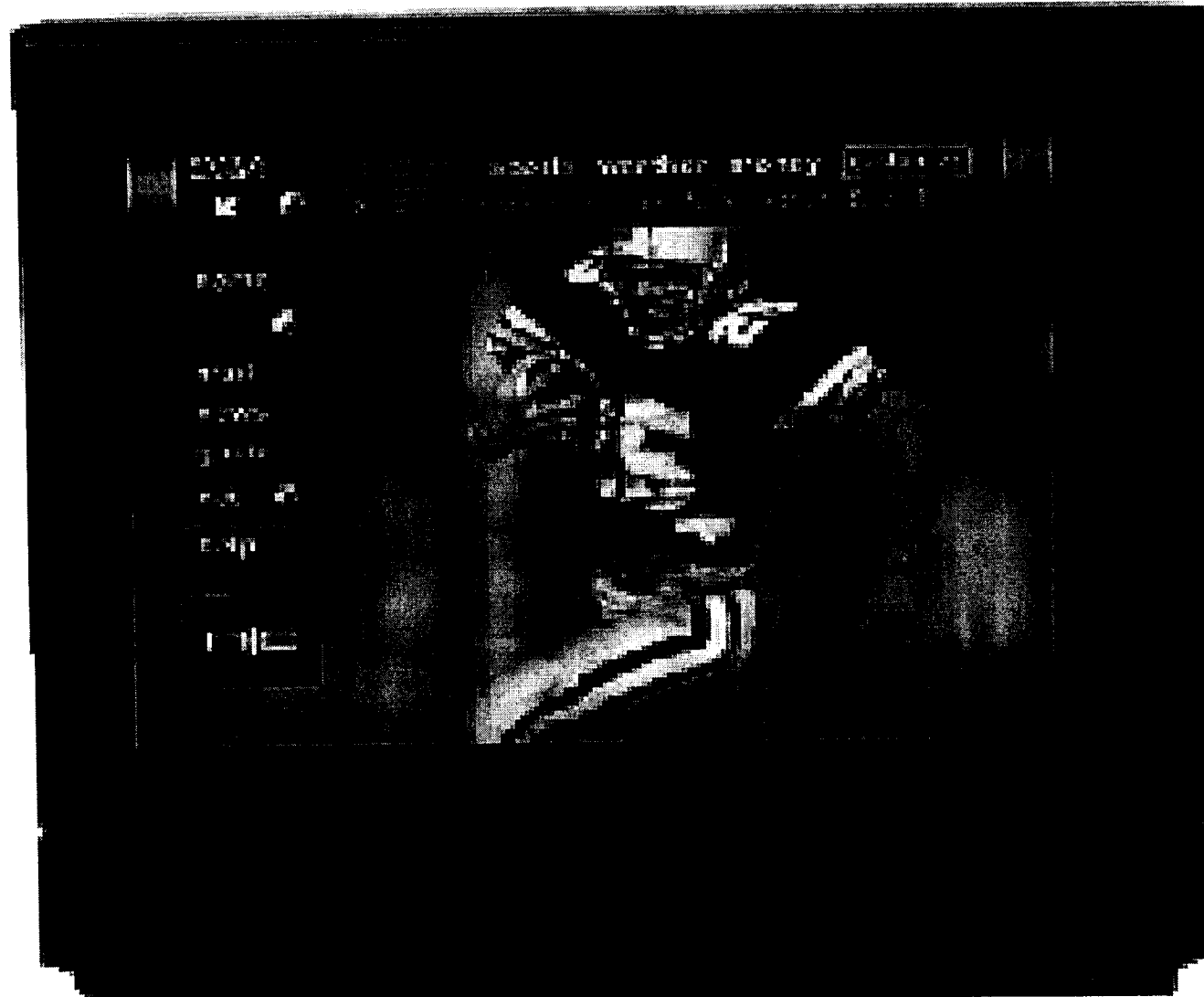


Copper

HFC

AOL

Television enhanced with Data Applications



AOL

Data Services on TV

My Menu **Weather** **TV Newspaper headlines**

Live **Server**

Category selection

Program schedule

E-Mail Interactive



Moving pictures on PC

AOL

http://www.peeps.com/cgi-bin/main.pl

peeps

R E P U B L I C

[ip (on the low) from Jamie Brown's Sister2Sister!..

=artist spotlight= *backstreet boys*

click on the pulldown to view other featured artists:

email

=peeps premieres=

Visit new sites & content: Ba
Boys, Mya, Billy Crawford, B
Spears, Chantay Savage, J
Knight, Naughty By Nature,
Dark and more...

Ai
THE SCHOOLS OF CULINARY ARTS
of The Art Institutes International

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Microsoft

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The Consumer is King

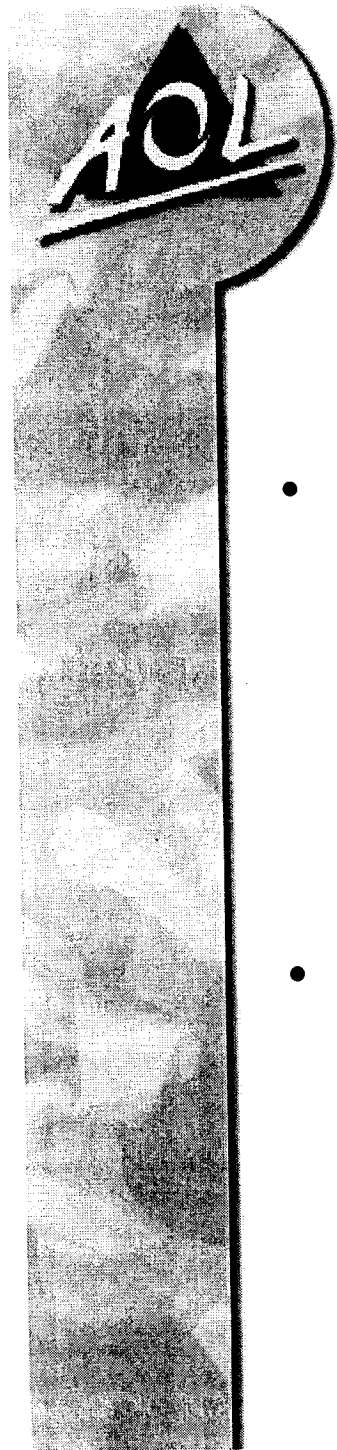
- For millions of Australians, the Internet is revolutionising their daily lives - giving them more **choice** and control in the way they communicate, learn, shop and do business.
- In today's Internet marketplace, openness and **competition** have made the consumer "king". They have the choice of price plans, features and services.
- AOL is the largest Online consumer service in the world, building networks, technologies, content and community for the last 10 years

AOL has always advocated a consumer focus!



The Future is Digital

- We are creating a new medium, which is neither telephone nor TV.
- Australians are proven consumers of new technologies.
- An opportunity exists for Australia to be a global player in spite of its small population and geographic isolation.



Technologies, Platforms and Devices don't create New Media - Consumers Do!

- The assumption that phone companies handle phone calls and Cable Companies distribute television programming is no longer applicable.
- The assumption that everything on TV is Broadcasting no longer holds true either.



What does the Consumer want?

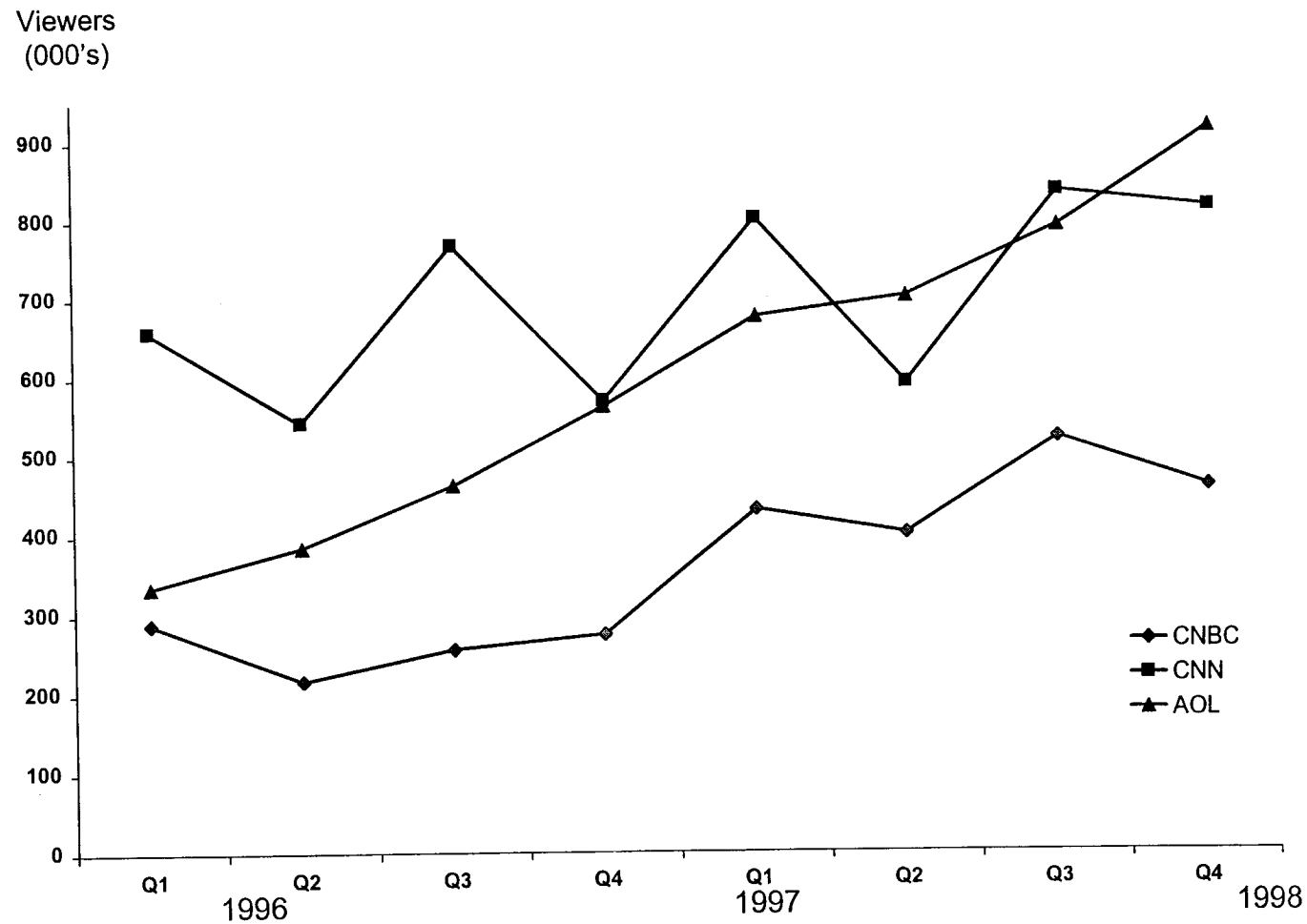
- **To Bundle or to Unbundle:** The consumer wants to choose between a "package" of high-speed Network and Online Services from one supplier or to mix and match e.g. to keep their existing online service, but to pay separately for access.
- Consumers want Online Services on multiple devices and open platforms at a competitive price with the largest possible variety of services.

Low prices and open systems will speed consumer adoption of Broadband Services.



Data Services are as now as important as TV

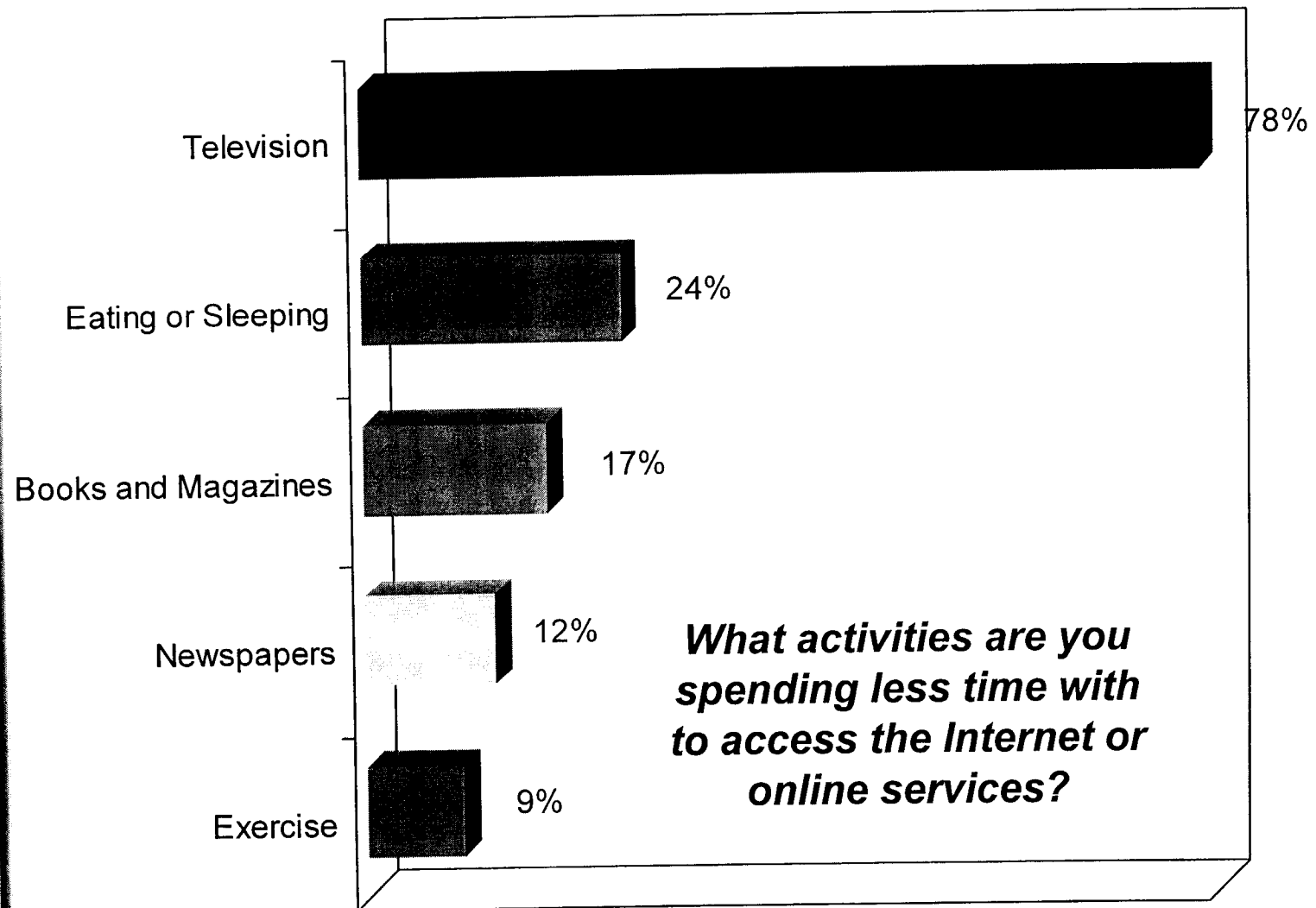
AOL "Viewership" is Now in the League of Mass Market Heavyweights

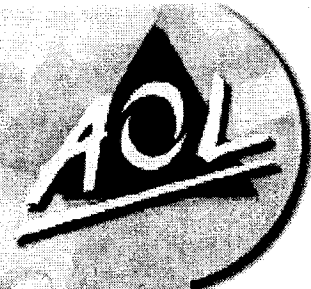


Source: Nielsen, M-Su/Primetime; AOL peak simultaneous users



Online is Powerful Enough to Steal Time From TV Viewing





Three Crucial Questions:

- How can we ensure that consumers obtain high-speed online services from their providers of choice - regardless of which broadband technology they choose?
- How can we ensure that the success of the broadband marketplace will be based on lower prices, better service and the power of an entrepreneur's idea - and not on the ownership of the wire into the homes?
- How do we overcome the fact that narrowband services are open to competition and deregulation where the same services on broadband may not be?

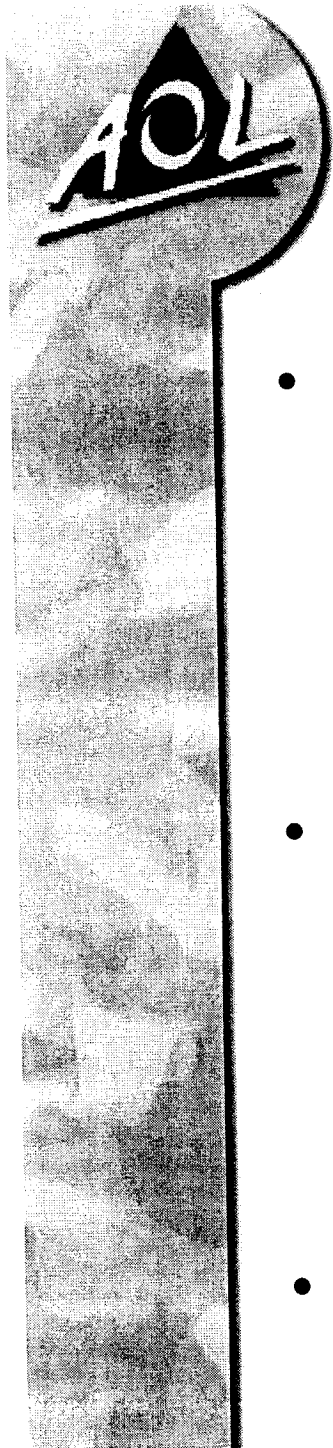


Ability to deliver these services to
consumers is not limited by
existing bandwidth



Australia has an abundance of Spectrum

- Existing analogue copper - owned and paid for by Australians
- new HFC networks - partially owned and paid for by Australians
- Broadcast spectrum - owned by Australians



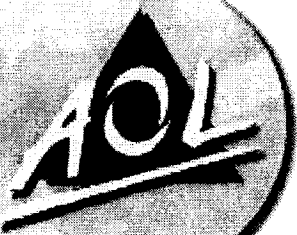
Copper Cable Plant

- Telstra telephone infrastructure is paid for by Australian consumers (directly and indirectly)
- This common resource should be opened for new services and technology on a competitive basis.
- The local loop should be declared.



HFC Cable

- Residential cable systems exist because of public funding or were permitted by public authorities.
- Australians have a right to benefit from some of this infrastructure
- Government should ensure open access to this infrastructure for all Australians



FTA - Unallocated Spectrum

- Government should ensure access to as much spectrum as possible to new public and private data services
- The Allocation process of spectrum should be designed to ensure that services are offered to consumers at a reasonable price.



In Conclusion

- Consumers Choice and Competition - not regulation - determine success in the digital online marketplace.
- The broadband infrastructure on which Online Services rest - whether broadcast, cable, telephone or other - must be open.
- The convergence of media makes it necessary to determine the applicable legislation, license and supervision by function and not by platform. New technologies require new laws, rather than constraining them with existing laws.