PAY-TV IN AUSTRALIA:
Implications for the
Northern Territory

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PAY TV IN AUSTRALIA: Implications for the Northern Territory

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This research paper will discuss the history and current status of pay-TV in Australia. Firstly the main players will be investigated: Foxtel, Optus Vision and Galaxy. The three key individuals Kerry Packer and Rupert Murdoch will be discussed in relationship to their separate and combined interests in gaining control of specific cities and regions through laying cables, introducing digital technology, plans for where pay-TV is to be received and the perceived target audiences. Information available about the planned introduction of pay-TV in the Northern Territory through the Galaxy franchise company Communications Entertainment Television (CETV) is outlined in this paper.

* Please note words or phrases in *Italics* are in the Glossary at the back of the paper.
* Acronyms in **BOLD** are listed at the beginning of the paper on page four.
* Major **companies** and **individuals** in the pay-TV industry appear in **lower case bold**.

2. INTRODUCTION:

This research paper will discuss the history and current status of pay-TV in Australia. Firstly the main players will be investigated: Foxtel, Optus Vision and Galaxy. The three key individuals Kerry Packer and Rupert Murdoch will be discussed in relationship to their separate and combined interests in gaining control of specific cities and regions through laying cables, introducing digital technology, plans for where pay-TV is to be received and the perceived target audiences. Information available about the planned introduction of pay-TV in the Northern Territory through the Galaxy franchise company Communications Entertainment Television (CETV) is outlined in this paper.
3. PAY-TV IN AUSTRALIA: IMPLICATIONS FOR THE NORTHERN TERRITORY

(a) Pay-TV in Australia: An overview

Pay-TV has recently been introduced to a number of major cities in Australia. There are various means of transmitting pay-TV into homes. Digital technology (*Terrestrial Microwave Transmission* or MDS) is being promoted as immediate and cheap for consumers. Steve Cosser (*Broadcom*) concentrated early on MDS and acquired most of the microwave capacity of Sydney and Melbourne whilst the majority of other players were looking at satellite and cable.¹ In December 1992 Bob Collins (Minister for Transport and Communications) announced the last six licences would be auctioned on the January 29, 1993. On January 27, Packer offered $13 million to Cosser (an estimated 10% of future value) for his licences and pay-TV operation. The offer was rejected. On January 28 the auction was stopped, with critics and the Opposition claiming that Keating called it off because Packer was unable to negotiate the Cosser deal.² The group known as PMT (Packer/Murdoch/Telecom) was rumoured in 1994 to be the main player in the pay-TV struggle but in February 1995 Packer left to team with Optus. A rivalry then emerged between Telstra/News Corporation (News Corp., Murdoch), Australis (Galaxy) and the Packer/Optus group. At the beginning of 1995 a very public battle began when Packer was interviewed by Ray Martin on *A Current Affair* (Channel 9), praising John Howard and claiming that Murdoch and Conrad Black were receiving unfair treatment from the government. In return Paul Keating appeared on Nine’s *Sunday* program where he proposed that Packer and Howard had done a deal over cross-media ownership. The following week saw a bitter public divorce of political alliance, with Keating calling Graeme Richardson and Peter Barron

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² Ibid. P.28.
"Packer's Lackeys".  

These events between two media barons and the two leaders of the main political parties have influenced and continue to sway the politics of pay-TV in Australia.

In a recent interview, Chief of News Corp. Ken Cowley, spoke of the future of pay-TV in Australia. He gleefully stated that “we cannot afford two pay-TV services and we certainly can’t afford three”. Cowley concluded that Australia would eventually end up with one pay service.

At present Foxtel is in the process of a take over bid of Australis Media (Galaxy) through gaining a 62% (28.75% each for Telstra & News. Corp) stake in the company. Optus Vision plans to complain to the Trade Practices Commission and this move is also reliant on regulatory conditions. But, it is now clear that the pay-TV battle is down to Optus Vision vs. Foxtel.

This paper also includes a section on Star TV (Murdoch) as it is a powerful network that can be picked up in Darwin through satellite. A number of other international satellite stations are also available but will not be discussed in this paper. Overseas pay-TV channels can be found through contacting satellite service companies in Darwin. Star TV has been included in this paper as it appears it will play major role in the future of telecommunications in the Asia-Pacific region.

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3  Ibid. P. 29-30.
(b) Costs

Table 1 was printed in *The Australian* on September 9, 1995. It shows the breakdown of costs to consumers and various options offered by Galaxy and Optus Vision operators. 

Foxtel's prices were released with its launch, they are an installation fee of $19.95 and a base monthly subscription of $39.95. The World Movie Channel can be purchased for an extra $6.95 per month and an extra decoder box for another TV set is available at $9.95.

TABLE 1.

<table>
<thead>
<tr>
<th>WHAT YOU PAY FOR TV</th>
<th>Per week</th>
<th>Per month</th>
<th>Per year</th>
<th>connection fee</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GALAXY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13 channels</td>
<td>$11.50</td>
<td>$49.95</td>
<td>$599.40</td>
<td>$99.00</td>
</tr>
<tr>
<td><strong>OPTUS VISION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>About 12 channels</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Option 1 (basic)</td>
<td>$5.76</td>
<td>$25.00</td>
<td>$300.00</td>
<td>$29.95</td>
</tr>
<tr>
<td>Option 2 (basic plus movies or sport)</td>
<td>$7.84</td>
<td>$34.00</td>
<td>$408.00</td>
<td></td>
</tr>
<tr>
<td>Option 3 (the lot)</td>
<td>$9.22</td>
<td>$39.95</td>
<td>$479.40</td>
<td></td>
</tr>
</tbody>
</table>

The decoder box that sits on top of the television and looks very similar to a video recorder (VCR) is another cost that consumers should be made aware of. At present the introductory installation deals covers the box unless you want to second access and a nominal fee is charged for the second decoder box (around $10 per month). It is the technological interface between the provider and the customer and contains information regarding which channels you have paid for and are therefore allowed to view. Once interactive technology is made available decoder boxes will become more expensive. There is a range in price like that of the VCR, the cheaper end of the scale being about $300 and the more expensive about $1000 for a digital two-way decoder planned to be used by Galaxy for its satellite services. 6

(c) Channels

Table 2 was published in *The Weekend Australian* on September 2-3, 1995. It clearly shows the variety of programming available to consumers when all stations begin transmitting by the end of October, 1995. The concept of consumer choice is really a falsehood as consumers/households will only be able to access the operator that passes cables by their house or is able to pick up signals in their area through satellite. This situation makes for an inequity in that city dwellers may possibly get a choice in the future but the rural population may have to wait until the next century before they can choose whether to have pay-TV or not. 7

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There are a number of issues relevant to consumers in reference to programs that will be available on pay-TV. Firstly, new movies will not be available on pay-TV until they have been available on video for a year, and secondly, pay-TV offers new movies a year before free-to-air stations. So pay-TV, as far as recent movies are concerned, sits somewhere between the video store and free to air television (FTA). 8

Agreements between powerful players in the pay-TV battle have resulted in the demise of smaller operators. An example of this is the agreement between Packer and Murdoch to create a news channel, which comes soon after both camps co-operated on developing a pay-TV channel for the multi-million dollar racing industry. The news channel Australian

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8 Ibid. P.9.
Information Media (AIM) proposed by the consortium of Fairfax, ABC and Cox Communications (US) was a costly casualty (estimated $100m loss) of the Packer/Murdoch news partnership.

SBS chair Sir Nicholas Shehadie stated that the board decided in 1993 that SBS would enter pay-TV to generate revenue and protect the programming of the channel by jointly buying material with Pan TV. Foxtel has a non-exclusive deal with Pan TV to carry foreign language movies (with English subtitles) on the World Movie Channel. 9

Channel Seven faced mounting pressure for a change of leadership from Rupert Murdoch and Kerry Stokes over the decision by Bob Campbell to join the Optus Vision consortium by negotiating sports rights without the board's consultation. Gary Rice was appointed as the new Managing Director of the Seven Network after Campbell was “let go” in June. 10

Peter Wear points to the lack of proposed programs on all three carriers of the required 10% of their budgets on Australian material. The problems encountered by the ABC is not a good omen for FTA stations who aspire to fit into the pay-TV hierarchy. 11 These problems are exacerbated by Federal Government legislation in relation to currently allowing Foxtel to retransmit FTA signals and programs on pay-TV. Stokes believes economic pressure will alter the current position and that the situation will not be solved quickly or without conflict. 12

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12 Furness, Mark. “Seven Has Eyes on Fox Site”, Australian Financial Review. 4.9.95b. P.3.
(d) Consumers

On September 4, 1995 Optus Vision announced that it would step up its cable laying operations to reach double the number of houses initially planned by the end of 1996. Foxtel immediately announced that it would do the same, aiding the customers being fought over in the Australian pay-TV battle.

Optus is also carrying its telephone connections so that households will have the real option of what telephone company to use as well as pay-TV provider. But until these promises happen, the customer has little say in what operator, if any, they would like to use. Of course, many will elect not to use any of these new services.

Pay-TV operators are working towards certain audiences who have proven in other countries, such as America, to be the main watchers of their transmissions. Audiences are split into two specific groups, Group A being the higher socio-economic group of 25-39 year olds with high incomes, and Group B including 30-49 year olds with children who live at least 20 kilometres outside of the city centre and have income on the lower end of the scale. This group could be seen to fit within the demographic data collected on Palmerston. A spokesperson for Galaxy stated:

It's the cash rich, time poor and the time rich, cash poor who are today's high TV consumers. The proportion of young families now is growing as a portion of our total subscriber base.13

From experience the head of Australis programming Peter Rose can now perceive that it is the time-rich and not so cash-poor who are the main users of pay-TV in Australia. That is, "many lower socio-economic groups are taking it up with more gusto than

richer people. Deborah Brewster (communications critic) names further groups as the C and D demographic, the stay-at-home family market. Of course, gaining a large share of the market is the main target of all the networks; they will not survive otherwise. Galaxy claims it needs over 400 000 subscribers to break even. It has been rumoured that at the time of the Optus Vision takeover Galaxy had reached half a million subscriptions.

4. Star TV (Murdoch)

Star TV (Gary Davey - Chief Executive) is an important pay-TV operator to Australia as it has footprints all over the Asia region. It is available in Darwin through satellite dishes starting at an initial cost of $2000 and over.

Rupert Murdoch's News Corp. bought a majority stake (64%) in Star TV in July 1993 for $US500 million, from Hong Kong based Li Kashing. In July, 1995, Murdoch purchased the remaining 36.4% held by the Li family for around $US300 million. The News Corp. buy-out was valued at $US825 million but it does not include the licence granted by the Hong Kong Government to the Li Family. This leaves an association between the soon to govern Chinese Government and Murdoch, a power struggle which has and continues to be a complicated relationship.

It was predicted that the network was expected to lose up to $30 million in the 1994-95 financial year, to break even in the 1995-96 and finally return a profit in the 1996-97 financial period. These estimates run parallel with projections of initial loss and eventual


15 Brewster, Deborah. "Pay-TV Carriers to Outlay $100m on Marketing", The Australian. 22.8.95c. P.61.

profit of the pay-TV networks in Australia.  

The network gives priority to entertainment and sport placing news as a low priority. The network claims to cover 2.5 billion people who mostly use the service free after installing local satellites and cables. Revenue is largely based on advertising dollars. Murdoch is able to offer Asian countries a news deal that allows governments to censor reports on Star TV channels such as Cable News Network (CNN), through encoding digital transmission so that it can be vetted by censors. This is all part of Murdoch's 

*Glocalisation Plan.*

Star TV currently claims to reach 53 countries, such as Singapore, Hong Kong, Indonesia and Malaysia.

Star TV has advanced on a number of frontiers including being the first international programmer to join Singapore's CableVision to deliver (along with one other foreign company) pay-TV to Japan and has joined Indonesia’s Indovision in 1995.

### 5. MURDOCH -FOXTEL (News Corp./Telstra)

Foxtel is a co-venture between Rupert Murdoch's News Corp. (Ken Cowley - Chairman & Chief Executive Officer) and Telstra (Frank Blount - Telstra's Chief Executive Officer). At the official launch Telstra executives claimed that 3000 new homes were being passed by their cables every day and that this number is to be accelerated to

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17 Ibid. P.64.


19 Ibid. P.54-57.
5000 homes, mostly in Sydney's northern suburbs. This cable network is planned first for Sydney, Melbourne, Brisbane and then the Gold Coast, with connections secondly in Adelaide and Perth. Plans to connect the Northern Territory are not scheduled until 1999. Telstra expects to have passed 600 000 homes by its launch date.

In September, 1995, Optus Vision announced that it would attempt to "leapfrog" Foxtel by doubling its cable rollout to reach 2.3 million homes by the end of 1996. Cousin's claimed that the speeding up process would be achieved by "improving training, production... and doubling the number of workers." An added incentive to reach more homes by 1997 is the start of the deregulated market expected in that year. Cousins believes that spending the $531 million budget for cabling now rather than later will pay off in the long run after initial debts are recovered. Telstra (Foxtel) immediately claimed that they would match the Optus rollout to prevent being overtaken in the race to claim new subscribers.

(a) Technology

Telstra capital expenditure is spent mainly on continuing digitalisation of its phone network and rollout of broadband cables. Telstra is able to invest huge sums after a corporate profit in the 1994-95 financial year of $1.75 billion (net). Telstra's chairman David Hoare said: "Telstra is now in a very advanced stage of transition...from a traditional, simple telephone company to a provider of electronic services and information. That

21 Phelan, Matthew. "Get Ready For Aust Cable TV", NT News. 13.3.95.
23 Brewster, Deborah. "Optus Vows to Leapfrog Foxtel With Cable Rollout", The Australian. 5.9.95d. P.57.
24 Ibid. P.57.
is a very important point".  

Foxtel (Telstra) differs from Optus Vision in that it is splitting its pay-TV and telephone services. Foxtel was initially committed to building a fully digital broadband network but has recently changed to using set-top analogue decoders (like Optus Vision). Digital technology would have given Foxtel the capacity for 120 pay-per-view channels and accelerated the introduction of interactive services such as home banking, shopping, video games, online directories and gambling.

Telstra’s cable strategy was predicted to be a minimum of 80% underground network, through existing underground ducts, but competition from Optus Vision has caused Telstra to “significantly re-weight in favour of more overhead cable”. It is simpler, faster and cheaper to put cables along existing power lines than underground.

Frank Blount predicts that with the inevitable future digital transmission of Foxtel a new era of:

...convergence will occur - the coming together of telecommunications, computing, entertainment, communicating and publishing...This national cable network will be the most advanced of its kind in the world, the first ever to deploy leading-edge digital technology which offers greater channel capacity, greater intelligence and higher picture and sound quality.

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That's the future. In the near future customers are looking at cable TV as the first step in establishing the much awaited interactive services.

6. OPTUS VISION (Optus/Continental Cable Vision /Packer)

Optus Vision is co-owned by Continental Cablevision (USA, 47.5%), Optus (47.5%) and Packer Publishing & Broadcasting Ltd (PBL 5%). Continental Cablevision Australian Executive Director is Martin Hannes. Although Kerry Packer has only a small share in Optus Vision, it is his connections along with his other holdings such as Channel 9 and Fairfax that makes it seem that pay-TV is yet another media struggle between Packer and Murdoch. The network began broadcasting on the launch date of September 20, 1995 - a month ahead of Foxtel.

Chief Executive Geoffrey Cousins forecasts that the company will not post a profit for up to five years, with a complete return of the enormous outlay of capital by ten years. Cousins rejects the idea of a merger with Foxtel, replicating the joining of the United Kingdom's two main players Sky Television and BSB which created the powerful BSkyB. Cousins claims: "we have taken a different tack (to Foxtel). BSkyB got nowhere until it secured the soccer and the movies and we have got both".

(a) Technology

Optus Vision, like Foxtel, is planning to use analog set top decoders for reception. In May 1995 Optus Vision announced it would be offering high-speed Ethernet domestic services by early 1996 which would allow households to access services such as the

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Tours of tourist destinations will also be available in 3D. This kind of technology is marketed as an accessible and simple device that brings the information highway to mums and dads. This plan is currently being altered, but at the rate information, technology and alliances alter in the pay-TV battle it is hard to believe that any one plan will remain intact.

Optus Vision launched twelve pay-TV channels at 7.20pm on the September 20, 1995 by the Minister for Communications Michael Lee at the Sydney Overseas Passenger Terminal in front of about 500 guests. The venue was transformed into a series of early 20th century living rooms for the historical event.

7. GALAXY (Australis Media)

Australis Media (chairman Rod Price) trades as Galaxy with Neil Gamble as Chief Executive Officer, Paul Ridley as Executive Producer and Paul Melville as Programming Chief. Australis Media is associated with US cabler Century Communications & United International Holdings - which program under XYZ Entertainment. Century Communications and East Coast Television (Greg Solomn) own the "A" satellite licence and Australis owns the "B" licence to transmit Galaxy channels on microwave. Galaxy recently moved from temporary offices to the National Customer Sales & Service Centre in Adelaide.

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In December 1994 the government rejected the Packer/Optus package to divide the country into regions which would have allowed either Telstra or Optus to monopolise certain areas. This decision made it possible for a third player to enter the ring.

The Galaxy network advertised that it would began live broadcasting on the first of January 1995 with a sports channel. But it was not until January 26 that it began live transmission with prerecorded programs running during the month of January. At 4pm on January 26, a pretaped Ron Casey (not live as planned) went to air with a 24 hour sports channel Premier Sports Network (PSN).

Galaxy and Foxtel aligned to add 20th Century Fox material to their programming but customers must purchase Galaxy to watch these Foxtel channels in their area. Further down the track options may change.

In April 1995 there were 10 000 Galaxy subscribers. Galaxy plans to spend $30 million in 1995 and $50 million in the 1996 financial year on advertising and marketing. Program guides are produced and distributed through newsagents for a minimal cost as timetables for pay-TV are yet to appear, as in the United States, in the daily papers.

A $122 million loss by Galaxy on the back of a $13 million income for the financial year was as predicted by the markets. By August Galaxy had 31 000 subscribers representing 4% of the 1.5 million available homes since the network was launched in January 1995. Galaxy needs 200 000 (some say 400 000) subscribers to break even and with

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36 "Pay-TV Makes Its Australian Debut", NT News. 11.1.95.
the competition from Foxtel and Optus Vision some critics are sceptical.  

It is currently estimated that Galaxy has reached 50 000 subscribers.

Galaxy is transmitting 8 channels: **Showtime, Quest, Encore, Arena, Max, TV1, Premier Sports and Red.** There are three additional ethnic channels available to customers for an extra $25 per month or an extra $10 per month if Galaxy is already connected to the home. The services include Chinese, Italian and Arabic - with **TeleItalia** and **ALB (Arabic)** sharing a channel. Galaxy is limited to 8 broadcast channels by satellite until deregulation on July 1, 1997 and hope to include two of the ABC's satellite channels into their programming.

(a) Technology

Galaxy has an enormous range from the Eastern seaboard to South Australia and Western Australia. It can be received by satellite dishes that are between 65 and 85cm in diameter. Because of the limitations placed upon it in using satellite services, Galaxy has started using more microwave channels (MDS) thus allowing more channels in capital cities such as Sydney (18), Melbourne (17) and Brisbane (16). [38,43] It is cheaper for the supplier and customers to use MDS as it costs about half the price ($550) to install microwave rather than satellite. The offer of $99 installation is part of the introductory deal to get customers and the company will not be able to keep these prices so low in the long term. (Unless the technology becomes cheaper as in the case of televisions and video recorders).

After being hooked up, a subscriber can run extra cabling from the decoder box to another television or you can choose to invest in another black box costing another

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$100 and $14.95 per month rental. The dedicated remote control can drive the VCR, TV, hi-fi and select Galaxy and FTA channels. Galaxy is debating, as are the other operators, whether to convert from analog to digital microwave when it has the option in 1996. By using digital, Galaxy would be able to offer up to 200 channels. It will obviously be keeping a close eye on competitors.40

(b) Programming

"Galaxy is now supplying twelve streams of programming over eleven channels, 24 hours a day, seven days a week." The following is an outline of each channel. (These will possibly be amongst the channels Darwin residents get to choose from on CETV.)

Mark Collier, a spokesperson for Galaxy, points out that Galaxy has four out of the big five studios on equity deals. This means that they have exclusive rights to movies for the first five years with a ten year option. (Remember the video store gets the movies for a year after the cinemas).

Showtime and Encore: Showtime has 300 recent release movies per year from Paramount, Universal, Colombia TriStar and 20th Century Fox. Encore brings another 300 movies per year from a stock of non recent films such as 'classics', from the above five studios.

Arena: This channel is described as 'first run' entertainment and it includes a number of American, Australian and British genres including: soaps, comedies, mini series, dramas, lifestyle and talk shows.

41 Ibid. P.40.
42 Ibid. P.42.
Quest: This channel deals in natural world documentaries with Australian and American content. Programs include the *National Geographic* series.

Max: Max and Classic Max are family orientated programs, mainly from America with series such as *Get Smart* and *Rocky and Bullwinkle*.

TV1: This channel is advertised as a "general entertainment channel" and includes productions from Paramount, Universal and Colombia Tristar's TV series such as: *I Love Lucy, Rin Tin Tin* and *Major Dad*.

Premier Sports Network: This channel is a 50/50 joint venture between Australis Media and Prime International, an American international sports network. PSN uses live and taped sporting events from around the world with hosts like Dean Jones appearing as commentators.

Red: This is Galaxy's 24 hour music channel, differing from the market leader MTV in that it contains a large percentage of Australian music.

CNBC: This channel is aimed at business people, with a specific interest towards the Asian and American business scene.

On August 28, *The Value Channel* (TVC) was unveiled as the 14th channel for Galaxy. TVC is to be a 24-hour home shopping channel hosted by TV personality Don Lane and will be launched in early November 1995. This type of channel will be well utilised when broadband services enable direct buying and selling through the television.

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43 Ibid. P.40-42.
(c) Franchises

A number of cable TV operators are going against the main players and trying to break the regional markets before Optus Vision, Galaxy or Foxtel get there. Operators include Rowcom Holdings (SE Queensland), Access Cable Television (Northern NSW) and Central Coast Cablevision (Gosford, NSW). 45

Country areas will be served as cables begin to roll out from July 1995 by the following Galaxy franchises:

* East Coast Pay Television (Tasmania, Newcastle, Wollongong and Regional N.S.W.) which owns all the MDS licences in Hobart, Newcastle and Wollongong at a cost of $12 million. Executive Director Greg Solomon believes that small customer centres will be established in each location as well as utilising the services of the National Galaxy office in Adelaide. CETV expects to deliver MDS to most of its subscribers, but will also offer DTH satellites to towns with less than 7000 households. Though satellite will be avoided if possible due to the extra expense to the operator and customer. 46

* STV Pty Ltd which includes areas of South Australia (except Adelaide), all of Victoria (except Melbourne and Geelong) and the rest of N.S.W. west of the Great Dividing Range. 47


46 Ibid. P.1.

8. CETV

Communications Entertainment Television (CETV) Pty Ltd covers the Northern Territory, Northern N.S.W. and all areas in Queensland except Brisbane. "The company owns all but six of the available MDS licences in Cairns, Darwin, Alice Springs and the Gold Coast. These licences were obtained for an outlay of $3.9 million. A quarter of a million homes are planned to be passed by cables from CETV by 1996. Robert McRann Managing Director claims "this is considered to be the most aggressive rollout of MDS anywhere in the world. We're doing 40 sites in the first 12 months." CETV is already available in a number of regions but as yet has been unable to establish itself in the Northern Territory.

Rob Birrell confirmed in January 1995 that pay-TV was on its way to Darwin: "all channels will operate 24-hours and will remain advertising free". Darwin was allocated 19 microwave distribution licences, which were all bought by CETV for $1000 each. The company also bought 17 of a possible 18 Alice Springs licences. Imparja bought the one remaining licence.

Managing Director Robert McRann believes that "regional pay-TV will be profitable relatively quickly...the initial cost is fairly extreme. But very quickly afterwards the upfront costs begins to be depreciated".

48 Ibid. P.44.
50 Ibid. P.1.
51 Allen, Andrea. "Darwin Set For Pay-TV by Mid-Year", Sunday Territorian. 3.1.95b.
52 Ibid.
When the Select Committee into Interactive Television Gaming was introduced into the Northern Territory Legislative Assembly a number of Members commented on CETV plans to start cabling the streets of Darwin in anticipation that it would start to transmit Galaxy programs by the end of 1995. Cables are now not expected to be laid until after the wet season, making the commencement of Pay-TV into Darwin not likely until later in 1996 due to Council investigating the required roadworks needed to lay the underground cables. CETV plans to place a central satellite at Marrara (Moil) and to lay cables amplifying from there to neighbouring streets and suburbs. CETV is a franchise of the joint US-Australia operator (Australis Media and US cabler Century Communications & United International Holdings). Vinatech is the company behind the technical aspects of introducing pay-TV to the Territory and it already has run into problems since plans began in January 1995. Darwin falls under the footprint of the Optus satellite which will be able to transmit after the Federal guidelines allow in 1997.

Barry Coulter (Minister for Racing and Gaming) stated that the Darwin City Council had already conducted discussions with CETV about the cable laying program for Darwin and Palmerston. CETV proposes that it will make 15 channels available - including the entire Galaxy programming listed previously and possibly including the services provided by the Palapa satellite. The demographics of Darwin should allow for a successful introduction of Galaxy channels as the community is made up of a high number of Group C and D members, who are in families with young children. Palmerston in particular should be a high viewing area, as it is made up of a lot of families with young children.

Northern Territory Legislative Assembly. *Hansard (Part A)*. 17.8.95. P.68.
CETV originally planned to introduce Darwin to pay-TV through microwave transmission but found that there were technical problems due to Darwin's flatness. An MDS transmitter needs to be at least 250 to 300 metres high, a structure this size would be a hazard in a cyclone area. CETV has now decided to switch to cable - specifically broadband cable. Whilst the broadband cables may not be fully utilised in the initial stages of carrying pay-TV, in the future these cables could provide Darwin with a number of interactive services, including racing or gaming.

CETV is not intimidated by Optus Vision and Foxtel as they believe that there cables will take many years to reach areas outside of major cities. It is yet to be established in the case of a Foxtel take over what the consequences will be for plans of franchise operators such as CETV, but at this stage plans are remaining the same. Initial costs are as yet not available but Birrell expected that they would be "in the hundreds...this initial fee would be followed by a cost of about $12 a week".

Residents outside of Darwin, including Palmerston, could be in for a longer wait if Darwin is first to receive the cables. It has been estimated that it could take up to 18 months to pass all Darwin households. Some residents may resort to looking towards satellite, not cable, technology. Alice Springs is an exception as the concentration of the population could make it profitable to lay cables or introduce satellite transmission within the next few years.

From the information coming out of Foxtel and Optus Vision, Darwin consumers will have little choice as far as Australian pay-TV services go, as Foxtel forecast that it will not be delivering broadband technology to Darwin until later in 1996.


9. CONCLUSION

The pay-TV battle in Australia is still really in its infancy. As is evident in this paper the major players behind the networks are constantly negotiating with each other and governments. After 1997 “all bets are off” as anyone will be able to set up transmission, assuming deregulation is actively imposed. 59 Max Suich summarised the current situation well in his interview in the June *The Independent Monthly*, Suich concluded:

The truth is that the government’s motive is probably to stop Packer, the new enemy, from using such a structure to park his TV interests while he makes a meal of the rest of Fairfax...The most important issue of the lot, however, is the extraordinary associations and cross holdings that now exist in media, telecommunications and the broadband cable networks. All the major players are now in some sort of association. Optus, Telecom, Microsoft, Murdoch, Fairfax, Packer, Stokes and even the ABC, are in bed with one or other. Add in the major US and British telephone companies, the Hollywood studios and major US cable companies. If, as is perfectly possible, the pay-TV industry faces financial crisis in a couple of years - quite possible if the world goes back into recession in 1996-98 - there will be an appeal from the industry for the government to modify competition and trade practices law and have one single "sensible" telecommunications and media network and a monopoly or regulated duopoly. My guess is that at around the end of 1997, if not before, there will be a much publicised cash crisis in the industry. Over-investment and huge losses will be acknowledged. Hollywood movie rights and football players' salaries will be renegotiated. There will be only one cable laid in most parts of Australia and all cable channels will be available on that. The competition and trade practices rules will be modified or suspended, just as they have been...

in the past to facilitate Murdoch, Packer and other major players. And we will have these incestuous inter-relationships established and virtually no competition or diversity in the traditional media.  

10. ACRONYMS

<table>
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<tr>
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<th>Description</th>
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<tbody>
<tr>
<td>BSkyB</td>
<td>British Sky Broadcasting</td>
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<tr>
<td>CETV</td>
<td>Communications Entertainment Television</td>
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<tr>
<td>CNN</td>
<td>Cable News Network</td>
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<tr>
<td>FTA</td>
<td>Free-To-Air</td>
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<tr>
<td>DTH</td>
<td>Direct-To-Home</td>
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<tr>
<td>HDTV</td>
<td>High Definition Television</td>
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<tr>
<td>MDS</td>
<td>Multiple Distribution Services</td>
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<tr>
<td>PBL</td>
<td>Kerry Packer's Publishing and Broadcasting Limited</td>
</tr>
<tr>
<td>PMT</td>
<td>Packer/Murdoch/Telecom</td>
</tr>
<tr>
<td>PSN</td>
<td>Premier Sports Network</td>
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<tr>
<td>SBS</td>
<td>Special Broadcasting Service</td>
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11. GLOSSARY

*Broadband*: Capacity to carry high frequency signals (images, sound, text and data) and multiple channels.

*Cable*: Optical fibre coaxial cable network.

*Digital*: Quality picture and CD quality sound through binary code form (ones & zeros).

*Ethernet*: Allows fast access to online services such as the Internet and 3D tours by connecting houses through existing power lines.

*Footprints*: Land area covered by satellite.

*Glocalisation Plan*: Murdoch as a key commercial strategy is developing a series of language programming formats within a global marketing and production structure which will allow for many regional production partners.

*High Definition Television*: Approximately double the resolution of current TV.

*Interactive Services*: Allows the user to reply, interact and sometimes control information source.

*Internet*: An international network of networks that allows access to an enormous amount of services, directories and information. Currently available through PC access.

*Microwave*: Part of the radiofrequency spectrum used for distributing TV, audio or data.

*Optical Fibre Cable*: Glass fibre cable which carries laser light as its signal medium.

*Terrestrial Microwave Transmission*: Signals being transmitted over the air such as radio and TV but not satellite services.
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