

#### 4.4 (cont'd)

The report also provides an informed assessment of the structural, regulatory and technological options available for the introduction of pay television in Australia.

The report identifies that there is an important trade-off to be made in Australia between the cost of providing programming material for a number of pay television channels with popular appeal, and the cost of the delivery system to be used.

All relevant delivery systems are examined in the report, namely, UHF, MDS, satellite and cable. Given the expected high cost of quality programme material, particularly Australian made material, the report suggests that a low cost delivery system may be necessary to ensure a viable industry.

Theoretically, the lowest possible cost for delivery of pay television would involve using UHF transmission. However, under DOTAC's UHF spectrum allocation plans, only a single UHF pay television channel is possible in each capital city or regional centre. This option is therefore discounted in the report.

#### 4.5 Possible Outcomes for Pay Television in Australia

About a year ago, it seemed inevitable that the Commonwealth Government would establish a policy for the introduction of pay television and lift the moratorium in 1990. What was not clear was which delivery systems would be permitted, and what structural and regulatory frameworks would apply, except that it seemed likely that Telecom would have a monopoly on the provision of cable systems.

DOTAC's Future Directions report did nothing to clarify the likely policy outcomes. Furthermore, the financial problems of the commercial television operators, and their intense opposition to pay television, suggests the possibility that the Government may come under strong pressure to extend the moratorium from the powerful corporations which own the major networks.

The Strategic Technology Management report provides a basis for rational assessment of structural, regulatory and technological options. To the extent that it is used by DOTAC to formulate policy proposals and by other clients to lobby government, it may influence the policy outcome. On balance, Strategic Technology Management considers that it is likely that the Government will lift the pay television moratorium, with the delivery system adopted being either