

4.1 (cont'd)

In addition, early in 1989, the House of Representatives Standing Committee on Transport, Communications and Infrastructure (commonly the Saunderson Committee) commenced its own inquiry into New Broadcasting-Related Services, including pay television. This inquiry is discussed briefly in Section 6.3.

4.2 The DOTAC Report

The report Future Directions for Pay Television in Australia considered a range of social, economic, technical and industry development issues relating to the possible introduction of pay television in Australia. It postulated two possible models for a pay television industry structure, based on whether or not carriage and content are separated. The two models are:

- * a broadcasting model - under which pay television operators would control both the carriage system (terrestrial transmitters, satellites or cable) and the sources of programs (content) - this is seen to imply a monopoly in the supply of pay television and hence to require a powerful regulatory regime to control the conduct of the operators, to preserve the public interest;
- * a publishing model - under which the carriage system is provided by the national carriers, over which operators would supply competing pay television services - this is seen to require a light regulatory regime, since the structure would ensure that participants have no choice but to act competitively.

Based on these two models, Future Directions proposed a comprehensive range of options for the establishment and regulation of pay television.

Industry response to this report has generally been one of disappointment. Although the Department was not to recommend options, the report provides no basis even for the evaluation of the options presented. It is completely open-ended and provides no analysis of the likely consequences of any particular policy direction.