that optical fibre delivers broadband services and can also be used to carry television signals. There is therefore no case for attributing all the investment costs to pay tv and then drawing conclusions from it. In any event, where investments have a long gestation period it is just not possible to expect anything more than negative returns in the early years and it does not make sense to abandon investment for this reason alone.

4.44 Some months after receipt of the Touche Ross submission Telecom, at the request of the Committee, provided some detailed information on costs. The organisation said if pay tv was to be introduced from September 1990 (the earliest it can be introduced in terms of the moratorium) the cable technology of optical fibre/coaxial would be the only one feasible. The cost (pillar to house) would be about $50,000 per 100 homes passed in metropolitan areas. Telecom provided a more detailed costing for optical fibre based on cost trends saying that the cost per customer would be $900 in 1994, falling to $500 in the year 2000.[27]

4.45 Interestingly, when one introduces channel capacity into the calculations, either for cost per subscriber or total system costs, cable, with a minimum 40 channel capacity, has an enormous comparative advantage as can be seen from the next table:

DELIVERY SYSTEMS: COSTS PER CHANNEL[1]

	UHF	DBS	CABLE
Total System Costs per Channel ($m)	260	315	142.5
Costs per Subscriber per Channel ($)	250	83.3	6.3

[1] Channel capacity of 1(UHF), 6(DBS) and 40(Cable)

Source: Derived from previous table.

4.46 Cable scores extremely well in terms of channel capacity. Its additional capacity gives it a substantial comparative advantage over other delivery systems in relation to program diversity, localism and community programming and the potential for competition between pay tv providers. Capital costs to subscribers are medium, it has the potential to provide diversity of ownership and cable is the only delivery system that has the capacity to provide for new services some of which would be interactive.

[27] Submission no 58.