

3.2 (cont'd)

networks and will carry almost identical programming to the parent network.

The first approved market for aggregation is in Southern New South Wales, covering Canberra, Orange, Dubbo, Wollongong and Wagga. Partial service commenced on 31 March 1989 with two new channels opening in Canberra and Wollongong. The second and third channels will commence operation in the other centres later this year. Another three approved markets are planned to be aggregated progressively over the next three years.

Media industry analysts are predicting serious problems ahead for the aggregating channels, with insufficient advertising revenue to go around to recover the costs of expanding to much larger service areas. Some analysts believe that these problems are likely to slow down, if not completely halt, the aggregation process before it is completed.

3.3 Other Television Services

The Federal Government has defined a class of services which it terms Video and Audio Entertainment and Information Services (VAEIS), which currently may be delivered by satellite or Multipoint Distribution Systems (MDS).

At present, these services are restricted to being delivered to business premises. However, they are seen by many as a forerunner to pay television.

The best known, and longest established VAEIS is Sky Channel, operated by Bond Media Ltd. This delivers video entertainment to hotels, clubs and TABs (ie betting agencies of the Totalisator Agency Board). It should be noted that there were originally three licences issued for satellite delivered services in this category. However these are now all owned by Bond Media, and only a single service is provided.

More recently, services have been licensed to be provided via terrestrial MDS transmission. A limited number of licences have been issued to provide such services which include, for example:

- * tourist information to international hotels;
- * business television services, including a proposed parliamentary channel akin to C-SPAN in the US.