

### 3.2 (cont'd)

AUSSAT satellites. Each service covers a different region of Australia, with the population of each region being in the range 90,000 to 130,000. Since it is difficult to provide a commercially viable service to such a small market, the operators receive subsidies from State and Federal governments.

Two major changes to commercial television have occurred recently.

The first of these has been the establishment of three national commercial networks to serve the five major capital city markets. This was encouraged by changes in ownership rules imposed by the Federal government, which removed the two station limit and allowed a company to own stations to a potential audience limit of 60% of the Australian population. This has enabled three companies to dominate the commercial television business in Australia. These are:

- \* Bond Corporation Pty Ltd (Bond Media Ltd - the 9 network);
- \* Northern Star Holdings Ltd (the X TEN network);
- \* Qintex Ltd (Universal Telecasters Ltd - the 7 network).

However, these companies paid high prices for the stations which they now own, at a time when ownership seemed like a licence to print money. More recently, advertising revenue growth has stalled while operating costs have continued to rise. Qualified industry analysts have suggested that all three networks are facing serious financial problems, and that in practice there may only be room for two such networks to make a profit in the future.

The other major change to commercial television has derived from the Federal government's policy of giving regional viewers the choice of three commercial television stations. This is to be implemented by a process called aggregation. The licensed service area for each regional station will be expanded to include those of its neighbouring stations. New transmitters will be installed to serve the expanded area which will be designated an approved market. Each approved market will then be served by three commercial channels. Prior to aggregation, regional stations have tended to be loosely affiliated with one of the national networks for the purposes of taking non-local news and current affairs, but they mostly have taken the pick of drama programs from all three national networks. Following aggregation, each channel will be closely affiliated with one of the national