



## Pay TV: Screening a galaxy of options?

Galaxy plans to deliver Australia's first publicly available pay TV broadcasting service this month. *ABA Update* speaks with **Jim Hoggett**, general manager corporate affairs, Australis Media Limited.

### **When will Galaxy will be starting pay TV?**

We will commence our services in January starting in Melbourne, and in Sydney very soon after, within a week or so. The roll-out will follow in Adelaide, probably in February, and subsequently in Brisbane, Perth and Canberra. We hope to start all these services in the first quarter of 1995.

We say rolling out services because this is the very beginning. We will be commencing in those areas at those times and rolling out to customers as fast as we can, as fast as our installation teams can work and as fast as the equipment becomes available to us.

### **How will people find out about subscribing?**

We already have newspaper advertisements. Because we can't reach the whole of each city, people will be able to telephone 1800 55 5111

to see if their suburbs are being targeted. They can put their names down as early subscribers and we will get to them as early as we can.

What we are trying to do is to sign up some subscribers before we actually deliver services. Subscribers will know the transmission system works because we know it works. They know the product is available because we have announced the three core channels, and Rodney Price [Australis chairman] has hinted pretty broadly there will be another one.

We will have head contractors to do the installations, who can then subcontract and all of the operators will be fully trained. In fact we have had a training program running for some time, so that they are fully knowledgeable about installation procedures which will involve partly technical and partly environmental considerations.

### **What means of delivery will people sign up for?**

Subscribers will be signing up for MDS and satellite initially. Cable will come later. Although some areas are already cabled up and Telecom is continuing to roll cable out, they haven't actually connected all that many homes. We are talking to Telecom, so we intend to have access to the cable network, when it becomes ready.

Our MDS signal already passes, or reaches, 1.2 million homes (in Sydney and Melbourne) and the satellite beam can reach more than five million homes. It is simply a question of putting in the reception equipment whereas for cable, it will take several years to reach a large number of homes. The MDS transmitters are already in place—in Sydney on Centrepoint Tower, in Melbourne it is on 120 Collins Street. The towers' reach about 50 per cent in Sydney and more than 70 per cent in Melbourne. This is reach I am talking about, not homes that have reception equipment. It is also possible to use repeaters, to reach a larger number of homes. We already have some subscribers for narrowcast services on MDS—three ethnic channels and Newsvision.

Because we are starting with MDS, the number of people with access to pay TV at the moment is limited by the terrain in the cities. In Sydney, it is more limited for microwave than in Melbourne. Even so, we are delighted that we can reach about 50 per cent of Sydney, first off, with line-



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of-sight transmission. We think that is terrific.

### **When is satellite transmission likely to start?**

We have tested our transmission signal so the signal is fine. We had two television monitors set up at our Annual General Meeting, one taking the microwave signal and one taking the satellite digital signal. Both were showing great pictures. So there are no problems with the

parents can control the viewing in the household.

I don't think viewers will care how the signal arrives, and they will probably not be concerned if they are using a dish or an antenna. They will want the universal remote control to be easy to use and to allow them to disable certain programming, or streams of programming, and it does allow them to do that. They will be concerned about the quality of the signal and tests show that it is good. Most of all they will be concerned about the program content, and we have already signed up the core channels, so

they can be assured of that, and that the number of channels will build up. There will be two or three by the end of January, and up to

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actual transmission—it is simply the arrival of the reception equipment and then we can roll-out as fast as the equipment can be delivered.

### **Is there a delay with the delivering the equipment?**

We have had orders for the equipment for some time. The microwave equipment will be arriving in considerable numbers in the next month onward and the satellite equipment should begin to arrive in greater numbers in the second quarter. There is a limit on how fast you can roll out anyway. BSkyB, in the UK, after four years, has 20 per cent of homes as subscribers. If we can get out to 1 million homes in two or three years, then we will be doing quite well so equipment availability will not be a major constraint. At the moment we are talking about MDS having about 60 per cent of the market, satellite 40 per cent. The satellite is very important to us firstly because it will cover areas of the city that MDS does not. Secondly it will reach areas of Australia nobody else will reach—some rural areas will not be reached by any other means.

### **What subscriber base are you hoping for?**

Those figures are part of our business plan and are commercially sensitive, so I cannot discuss them.

### **What do subscribers get when they sign up?**

For MDS they will get: an MDS antenna, which is about one quarter of a square metre in surface area; a down converter; the wiring goes to the decoder, half the size of a video recorder or less; and a universal remote control, which will operate the free-to-air network channel, the pay channels and the video. The remote will also incorporate the PIN number so

eight or more by the end of the quarter.

### **Is the reception quality the same as for free-to-air television?**

No one at our annual general meeting could discern any difference. I think it could be better than the average quality because people position their existing aerials so poorly. It could be better than free-to-air in many parts of Sydney, particularly in valleys.

### **What will the channels be?**

Two will be movies, one will be sport and we will probably have a general entertainment channel fairly quickly.

### **The two movie channels will predominantly be drama channels, and therefore 10 per cent of program expenditure is required to be on new Australian drama. Will you be commissioning some Australian drama?**

Undoubtedly. The 10 per cent requirement may apply to the general entertainment channel too. We have already been talking to local production houses—a number have been beating our door down. Initially, our major concern was to sign up the major studios, but we have also been having preliminary conversations with a number of Australian production houses. They are very keen to work with us, we are very keen to work with them. There are movies, made for television movies, there are drama segments. We want to ensure the quality is good.

### **Is each of the cities likely to receive the same programming?**

We will have the same program streams for most of the principal channels. We are trying to deliver a national service. There are also some complications trying to deliver different

programming in different cities, as for the purposes of the [Broadcasting Services] Act a separate licence is required for each stream of programming. We will try to deliver programs that are reasonably uniform Australia-wide.

**What the programming will be like?**

We are developing a movie service that will have a good Australian look and feel. Let's face it, most movies are made in Hollywood, so the movie content itself will be a mixture of American, European and Australian with a fairly heavy Hollywood content. It was always our intention that the presentation and feel will have a strong Australian tone. Our American partners recognise and understand that. They will not present programs that will not be appreciated here. It will be cinema in the home so we will want it to look and feel like that. We will need to make sure that each channel is distinctive so the movie channel has no advertisements, and no breaks. Similarly with the sport channel—it is not like sport on free-to-air, which for example needs to be carefully adjusted to fit in with prime time, it is a different animal.

**In what way will the sport channel be different from free-to-air broadcasts?**

A thousand different ways. There is very little live sport on television Monday to Friday in Australia. On the weekend, there is quite a bit of live sport, but not in prime time because the prime time shows have more appeal than sport. Galaxy will be a 24-hour channel so you will get a lot of live sport. You can get an immense variety of sport, sports you don't see now and you can get a depth of coverage you don't see now.

Just to take a couple of examples. Kids in Australia are intensely keen on basketball. They are keen on local basketball and they are keen on the American major leagues, and American college basketball, so you can bet we'll see a bit of that live. We can show women's sport—at the moment probably less than five per cent is devoted to women's sport. You can cover training and sports medicine and material like that. You can show the sort of sports that are participated in by hundreds of thousands of people but never see on television, like mountain biking and triathlons.

A sports channel is not a ratings race. It is often niche programming. We are looking at a 24-hour channel, often live, with no advertising breaks, no breaks in the pace of the game.

**What percentage is likely to be Australian?**

At the moment I can't say. We'll probably start off with a lower rate of Australian content than we will finish up with because we want to

develop those mutually beneficial arrangements with the sporting bodies. They are very keen to talk to us as well. They can see opportunities in this, opportunities for sporting coverage to develop games.

**When will the eight channels be running and what will they be?**

There are two movie channels, sport, general entertainment and music. There will no doubt be news, a documentary channel and possibly another general entertainment channel. The general entertainment channel would include all the sorts of general entertainment there is on free-to-air, comedy shows, soap operas, quizzes, games shows, 'infotainment'—really prime time material, in fact the type of material that makes prime time ratings. They should all be working by the end of the first quarter.

**That channel would also be subject to the ten per cent expenditure requirement?**

Possibly, but that's not a problem because Australia produces a lot of this type of material.

**What about the draft codes of practice?**

The Confederation of Australian Subscription Television [CAST] has drafted codes and put them out for public discussion. There is quite an active demand for the codes. There have been about fifty or sixty enquires so far, at this early stage. We expect demand to increase when the ABA's research [into R classified programs in pay TV] becomes public. The codes cover most areas of concern and relate to content, classification, customers service etc. We're trying to reach a good standard so we're hoping the codes will be relatively non-controversial. We are looking for submissions, we will examine them and take them into account when drawing up the final code in agreement with the ABA.

**CAST is in an unusual position, in that the codes are out for public comment but the services have yet to begin. Will there be room for change once the services are fully operational?**

We are proposing to review the codes anyway—within three years. But I think if there are perceived significant deficiencies in the codes that become apparent in the first year or so, the door would always be open for change.

**Are you looking forward to pay TV starting?**

It is a momentous time in terms of the development of pay TV and the first step on the superhighway. This has been a very long time coming. So I feel it is a significant time in the development of the whole of broadcasting. □

**Subscription costs**

There is a one-off installation price of \$299 for either satellite or MDS reception equipment. Both are subsidised, satellite more heavily than MDS. The monthly charge will be \$49.95, which will cover a multi-channel package of eight channels and includes a leasing charge on the hardware. The early bird subscriber in Sydney and Melbourne, who signs up before 31 January, receives the first two months subscription free. No decision on a start up offer has yet been made about the other cities.