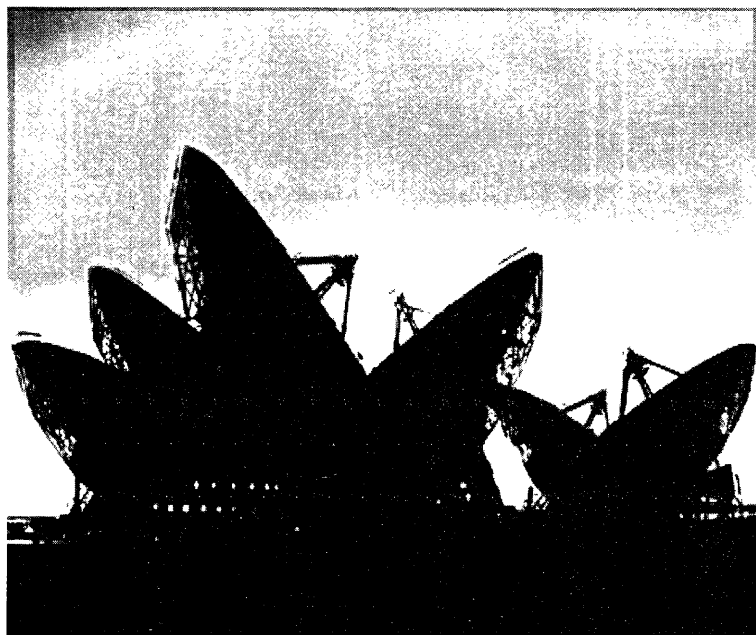


The 1997 Australasian Cable and Satellite Television Conference was held in Sydney at the Convention and Exhibition Centre, Darling Harbour on 4-6 February 1997. ABA chairman, Mr Peter Webb presented a paper on new digital technologies; and ABA Member, Mr Tim O'Keefe discussed regulation and the ABA's inquiry into Australian content on pay TV. Abridged versions of these speeches follow; call (02) 9334 7700 for your copy of the full text of each speech.

# Australasian Cable and Satellite Television Conference



## Broadcasters looking at large investment for digital television

by Peter Webb, ABA Chairman

Digital television will require the most expensive makeover that Australia's television infrastructure is ever likely to have.

The technological makeover of studios and the erection of digital transmitters for metropolitan and larger regional markets in the first two or three years will require a capital investment of some \$210 million from the commercial television industry, plus annual maintenance costs of around \$20 million.

The ABA's Specialist Group on digital terrestrial television broadcasting reported to the ABA in January this year on policy and technology options for implementing digital television in Australia. The Specialist Group recommended that all existing analog broadcasters be provided with a high

definition capable digital channel within the currently available spectrum so they maintain their analog service until most or all viewers have switched to digital.

The suggestion that the commercial television networks should pay some kind of entry fee for access to the channels adjacent to those already in their possession — channels which are virtually useless for any other purpose — misconceives the nature of the ABA Specialist Group's proposal.

They need to change to digital in order to remain relevant and competitive. If they don't their businesses will begin to atrophy sometime well within the next ten years.

In my view, they should be assisted in achieving a technology change which can't be made any other way, but which will be expensive and involve a signifi-

cant preoccupation for management at a time of increasing competition in the television market.

Whatever growth there will be in revenues for the commercial networks will continue to be subject to the broadcasting licence fee arrangements presently in place.

For the financial year 1995-96, the 44 commercial television stations paid \$154 million in licence fees, a 10.9 per cent increase on the previous year. The commercial television business is self-taxing, because annual licence fees are based on gross earnings, not profitability.

So the networks are facing the twin prospects of greatly increased capital and running costs on the one hand and the continued taxation of any revenue increases on the other.

