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perience of the world's most successful existing pay TV systems - all of which are regulated monopolies. This is probably why it has not been advocated by politicians, broadcasting bureaucrats and most existing or aspiring major pay TV operators.

Advantages of Regulated Monopoly

Bob Peters believes the advantages of a regulated monopoly are obvious, and the key factors are:

- access to the highest quality programming at the lowest possible price;
- reaching a critical mass of subscribers as quickly as possible, which is best achieved by charging consumers a low subscription price for a quality service.

Inefficiency and market dominance/ abuse are not necessary outcomes of a regulated monopoly situation in Peters's view. There will be plenty of competition from existing services, cinemas and the video hire industry.

After a suitable period, say five years, consideration could be given to issuing additional licences.

The monopoly licence holder should choose the transmission system that it uses for pay TV, and the most likely eventual outcome will be a mix of MDS, cable and satellite, as suggested by Robert Schmidt.

Community ownership and control concerns could be addressed by requiring that the monopoly licensee is held by a corporate entity with appropriate limitations on dominant and foreign shareholders, and shareholders with other local media interests.

Peters was pessimistic about the chances of a monopoly licence being issued. What was far more likely, he thought, was that multiple licences would be issued and most of the holders of these licences would either go broke or merge. In the meantime,

> *consumers will be confused and perhaps required to pay more for pay TV than they should, many investors probably will lose a lot of money, Australia as a nation will pay much more for foreign-sourced programming than it should, and......we will have lost the opportunity to develop a successful pay TV service like the French have done (through Canal Plus)*.

No Controls on Ownership?

On the issue of ownership and control of pay TV, Martin Cooper, media lawyer, thought there was no case for control of ownership, and that the arguments in favour of control were 'basically emotional'. There is no intellectual justification for it when we do not attempt to limit ownership and control of other forms of media, he said.

Like Bob Peters, he pointed out the anomaly between the strict control proposed for satellite pay TV and the virtually unlimited approach to ownership and control of pay TV using other technologies.

As an illustration of the problems inherent in the proposed arrangements, he said that defining a 'mass market' newspaper by its circulation, as the Act does, is nonsense. By this yardstick, the Fairfax-owned *Financial Review*, a national paper which however sells fewer than 100,000 copies, would meet the criteria for a licence, while a local Gold Coast paper which sells over 200,000, would not.

In response to Peters, Cooper commented that the downside of having a single licensee would be that they would pay low prices for local programs as well as for imported ones. Canal Plus (which is controlled by a non-French owner) has certainly kept the price of programs down, but United States product is being withheld, and Canal Plus has set up a studio in Los Angeles making films (like the current feature *Indochine)* which are ostensibly French but are actually aimed at the US market.

Cooper believed the only monopoly should reside with the common carrier and that there should be a diversity of program operators with an AUSTEL-type regulator if necessary to ensure access. While there are monopoly operators in most US markets, they are obliged to carry network and other programming. He found the prospect that someone already involved in broadcasting could control all pay TV channels 'frightening'.

Cooper said that the requirement for predominantly drama channels to direct 10 per cent of expenditure to Australian content offered 'enormous opportunities for manipulation': for example, could an operator claim the cost of purchasing the world rights to an Australian program as expenditure on local content? ❑

Landmark Appointments

February: **Malcolm Long,** Assistant Managing Director of the ABC and driving force behind the Australia TV International iniative, was appointed the new Managing Director of the Special Broadcasting Service.

March: **Michele Grattan**, longtime Canberra-based political correspondent for *The Age*, was appointed editor of *The Canberra Times* - the first woman to edit a major metropolitan newspaper in Australia. *The Canberra Times* is owned by Kerry Stokes, who said that Grattan was appointed because she was the best person for the job.