



Pay TV Chronology - An Update

With the formal announcement of the Foxtel joint venture on 9 March, the shape of the Australian pay TV industry is becoming clearer. What better time to continue *Communications Update's* renowned pay TV chronology? Our first two instalments in October 1992 and May 1993 left policy makers and then Minister Collins smarting from the sting of a Federal Court injunction to complete the MDS tender process. UCOM and HiVision were the 'winners' of satellite licences A and B with bids of \$117 million and \$212 million. Now read on ...

1993

1 July: Commencement of the Radiocommunications Act and the Spectrum Management Agency.

30 July: UCOM and HiVision both fail to pay for their satellite licences by the due date. The cascading bids period begins, with requirement for 5 per cent deposit now effective.

30 August: Minister Beddall announces UCOM successful bidder for licence A at \$97 million, New World Telecommunications for licence B at \$117 million. Both companies have identical ownership structures.

The Minister also announced the Bureau of Transport and Communications Economics (BTCE)'s Communications Futures Project. Also in August, terms of reference for Broadband Services Expert Group (BSEG) announced.

September: It becomes apparent that the Lenfest Group (US cable company 50 per cent owned by TCI) had paid 5 per cent deposits for both licences.

9 September: Australian Broadcasting Authority (ABA) allocates first cable pay TV licences to Paynet.

18 October: ABA tells UCOM it has 30 days to pay balance for licence A.

17 November: UCOM fails to pay balance for licence A, forfeits Lenfest's \$4.85 million deposit. ABA refers licence B to the Trade Practices Commission (TPC) for statutory report - the clock starts ticking. Lenfest funds Australis Media's purchase of the B licence for \$138 million from UCOM. Australis also has 22 MDS licences.

30 November: Licence A cascades again, as tenderer no.4 (Bulbeck) fails to pay deposit.

4 December: UCOM revealed as successful bidder for licence A, having paid \$3.85 million deposit on its \$77 million tender. Announced 20 per cent investment by US cable operator Century Communications. UCOM's founder Albert Hadid reported to want to supply local drama to the venture.

6 December: Packer-Murdoch-Telecom (PMT) consortium meets to consider options having failed to win satellite licences.

8 December: ABA refers licence A to TPC for statutory report.

Minister Beddall announces BSEG membership.

15 December: TPC approves allocation of licence B to New World (Lenfest-Australis). ABA notifies the company that it will allocate on payment of the balance.

16 December: Australis pays balance for licence B. Report in Australian Financial Review that PMT is talking to the ABC about using its two satellite channels, and waging a disinformation campaign about the viability of satellite pay TV to derail Australis's fundraising.



1993
(Cont.)

23 December: Senator Margaret Reynolds announces public inquiry into R-rated material on pay TV.

24 December: PM Keating reshuffles Cabinet after Dawkins' resignation. Michael Lee given Communications and a seat in Cabinet, Transport separated from Communications.

29 December: Australis buys five more MDS channels, giving it 12 in both Sydney and Melbourne.

28 January: ABA allocates licence A to Continental Century/UCOM. Century Communications (US) 20 per cent, Continental Venture Capital (Aust) 71.5 per cent, Albert Hadid 8.5 per cent. TPC report noted no continuing association with Australis/Lenfest although confirmed that Lenfest had lent the deposit.

30 January: Another ministerial reshuffle adds Arts to Communications.

3 February: Access Cable Television awarded four pay TV licences for cable channels in Lismore and Armidale.

22 February: TPC rejects ABC's proposal to bundle its two pay channels with those of licensees A and B.

25 February: PMT consortium announces Federal Court challenge to ABA's allocation of licences A and B. Action relates to levels of foreign ownership and non-disclosure to ABA. Press release on News letterhead.

1 March: Cable Television Services (CTS) announces plans to deliver ten-channel cable service on Telecom's fibre-coaxial network, starting 1 July. Minister Lee says Telecom has been asked for details on this and its involvement in the court challenge to the satellite licences. [The court action was later discontinued.]

21 April: Packer's Nine Network announces intention to take 15 per cent stake in Optus for over \$300 million, with option to go to 20 per cent.

11 May: Australis reported to be in discussion with the ABC about joint venture with ABC pay channels. Other reports say 'an international media group' is also having similar discussions.

13 May: ABA delivers anti-siphoning options report to Minister Lee.

31 May: Minister Lee publishes sporting events on anti-siphoning list up to 2004. Also announces review of telecommunications policy.

June: controversy about Telecom's relationship with CTS. No tariff yet filed, excess demand from other aspirant cable operators. Telecom reported to believe it is able to allocate channels on a selective commercial basis.

Reports of Cox Cable negotiations with Rowcom, and Continental Cablevision discussions with Optus, for competitive cable rollout in regional areas.

Reports that Australis is setting up franchise arrangements in preparation for MDS auction.

17 June: TPC concludes investigation of claims that TCI and Australis acting anti-competitively re program supply - no action taken.

8 July: Ten Network leaves the PMT consortium, reportedly not interested in stumping up its share of kitty for MDS bids. Ten says it will be a program supplier to PMT. Remaining members are News Corp, Nine and Seven Networks, Telecom.

1994



1994 (Cont.)

15 July: AUSTEL approves Telecom's Visionstream tariff (for pay TV channels on Telecom's cable).

27 July: Optus announces formal plan for broadband joint venture with US Continental Cablevision.

July: Australis secures vast majority of MDS transmitter licences at auctions in Sydney, Melbourne, Hobart, Adelaide, Perth, Brisbane, Cairns, Gold Coast. Multicom (Continental Cablevision) gets nine MDS transmitter licences. Government gets \$90 million in fees.

ABA asks Australis for clarification about when it acquired some sporting rights. Anti-siphoning list gazetted.

28 August: Successful Optus B3 satellite launch.

9 September: Formal dissolution of PMT consortium. Leads to rumours of imminent PMO (Optus), linking Nine and News with the Continental Cablevision venture. Other rumours link News firmly with Telecom. Seven says free-to-air has a good future yet.

21 September: OptusVision announced - Optus(35 per cent), Continental Cablevision(30 per cent), Seven(15 per cent) and Nine(20 per cent). Networks - offering integrated telephony and video on hybrid cable strung along electricity poles, to be operative mid-'95. OptusVision will control access to capacity since it will be owner of the cable, not Optus Communications.

20 October: Reports that Fairfax is talking to the ABC about pay TV joint venture.

3 November: Reports that Minister Lee has asked for official explanation about Telecom's acquisition of CTS.

11 November: Telecom and News Corp 50/50 joint venture in pay TV announced. Telecom owns the cable, News supplies the programming.

14 November: Telecom withdraws Visionstream tariff.

24 November: Minister Lee announces open access rules for broadband, but with limited period of exclusivity for pay TV (to 1997, maybe extended to 1999), to allow builders of cable to share revenues from content. OptusVision issues press release saying it cannot do business on those terms, and will not proceed with its cable plans.

2 December: Packer's PBL (merged Nine Network and Consolidated Press) announces it will not take up its 15 per cent investment in Optus.

7 December: ABA releases research report showing 82 per cent support for option of watching R-rated programs on pay TV, subject to controls.

8 December: ABA issues licence C to the ABC.

12 December: Seven Network leaves OptusVision.

14 December: Bryan Frith details in *The Australian* the Australis movie deal with TCI and the Hollywood studios, and the operating costs of its Galaxy pay TV business (from draft prospectus issued to US investors).

20 December: speculation in *The Australian* about imminent pressure on the foreign ownership and cross-media rules now that Packer is out in the pay TV wilderness. Fairfax press speculates about News/Australis links.

23 December: Department of Communications and the Arts (DOCA) circulates draft cable access rules for comment.



1995

31 December: Expiry of the moratorium on MDS delivery of pay TV. No satellite services in operation, no cable services.

9 January: Anti-siphoning row breaks out re rights to West Indies cricket, which the ABA now believes may have been acquired by Australis before the list was gazetted, and therefore can be used exclusively.

10 January: OptusVision is back, with PBL at 5 per cent, and Continental Cablevision and Optus Communications 47.5 per cent each. Twenty channels, fully integrated phone and entertainment on single fibre/coaxial cable, to 3 million homes in next four years - cost \$3 billion. Says it has set aside capacity for educational and community based multimedia. Says ability to charge commercial variable tariff rather than set interconnect fee is the reason for new confidence.

20 January: Reports that Albert Hadid had sold 8.5 per cent equity in licence A to Century Communications.

26 January: Galaxy first pay TV service in operation, with Premier Sports Network channels using MDS in Sydney and Melbourne. *Australian Financial Review* reports corporate restructuring of licence A which will pass control to East Coast Pay TV, a franchisee of Australis. TPC says too early to know any effects on competition.

1 February: ABA allocates 100 pay TV licences to two Australis franchises, for regional areas.

9 February: Senate Select Committee recommends continuation of ban on R-rated material on pay TV.

11 February: Packer makes clear his intentions to continue share purchases in Fairfax well beyond 15 per cent cross-media benchmark.

16 February: Packer in interview on the Nine Network criticises Telecom/News deal for allowing Murdoch to use the taxpayer's money to buy his own programs for the joint venture. Keating criticises Packer business acumen and Packer/Optus strategies.

22 February: ABC and Fairfax announce three-way joint venture for news and family channels on licence C under company name Australian Information Media, in partnership with Cox Communications. US Turner Corporation and Nickelodeon have substantial minority interests in news and children's channels, respectively. ABC retains 51 per cent overall.

23 February: Senate committee takes evidence on the efficacy of the anti-siphoning list.

1 March: Broadband Services Expert Group final report launched.

6 March: ABA decides Australis did not breach anti-siphoning rules, because it acquired West Indies cricket rights before list gazetted. Ten Network announces deal with Australis for simultaneous transmission, breaking ranks with Nine which had refused similar terms.

9 March: formal announcement of Telstra/News/Australis joint venture under the name Foxtel. Telstra owns the cable, Australis has 10 per cent of joint venture, with option to go to 20 per cent. Telstra and News each take 8.3 per cent of Australis.