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Universal Service in a Broadband Multi-Carrier Era

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Universal service is one of the Federal Government's important policy goals in telecommunications. There are, however, pressures for change on the way universal service is defined and delivered into the 21st century.

This paper discusses in detail the current universal service structure and the issues that face Government policy decision makers in defining and enforcing universal service as Australia's communications needs move into the future.

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The rebounding pay TV merger plan

On 20 October 1995, an *Australian Financial Review* headline declared 'Now there are two in pay TV'.

Reporting the proposed reverse takeover of Australis by Foxtel, the paper said Rupert Murdoch, Telstra and TCI were 'set to dominate pay TV delivery in Australia'. 'Several media lawyers' said 'they could not see serious TPC obstacles to the Australis-Foxtel tie-up'.

Murdoch's *Australian* was not so sure. Its 'legal sources' said 'the merger was not a foregone conclusion. There were some significant issues for the TPC to consider'.

By 7 February, the TPC was gone, but its successor, the Australian Competition and Consumer Commission, had decided the *Australian* was right.

Ex-TPC Chair, now ACCC chair Allan Fels announced that 'the Commission considered that the original merger proposal was likely to breach section 50 of the Trade Practices Act as it would be likely to lead to a substantial lessening of competition'.

The companies had submitted revised proposals, but the ACCC felt these had 'practical difficulties and consequently the ACCC is not satisfied that they would overcome the ACCC's concerns'.

For a merger that so many had thought was a financial and regulatory inevitability, it's a big call. From the new competition agency, it's a real sign that the media merger mania might make good copy but not necessarily good economics.

For Optus Vision, still digesting the Christmas present of a court decision stopping for the time being its cable roll-out in one Melbourne shire,



it was very good news. The colossal competitor they expected to be facing is not able to be quite so colossal, yet.

Earlier this month, Foxtel and Australis put forward a new proposal for the ACCC's consideration. It is understood they propose to put a cap on their ability to secure pay TV customers until after the mid-1997 deregulation.

Meanwhile, Australis announced it had 400,000 viewers of its Galaxy service and 'has short term financing in place and is in discussion with major shareholders to develop a long term financing package in the light of the heavy demand for subscriptions'.

Both Foxtel and Optus Vision are also awaiting another court decision, from Justice James Burchett in the Federal Court, to decide the equality of various aspects of Super League's proposed activities.

As always, the hotter communications policy gets, the more communications lawyers seem to like it.

Jock Given