



25 September 2006

Committee Secretary
Senate Environment, Communications,
Information Technology and the Arts Committee
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600

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Dear Committee Secretary

Inquiry into Broadcasting Services Amendment (Media Ownership) Bill 2006 and related bills

AUSTAR appreciates the opportunity to provide this submission to the Senate Inquiry into Broadcasting Services Amendment (Media Ownership) Bill 2006 and related bills.

AUSTAR is one of Australia's leading subscription television providers, offering primarily digital satellite services to customers in regional and rural Australia. AUSTAR also offers dial-up internet and mobile telephone services to regional and rural Australia, and has commenced a phased rollout of wireless broadband services in those areas. AUSTAR is also soon to deliver new services such as our Personal Digital Recorder with its inbuilt digital FTA tuners.

A fair and stable framework is crucial to the consolidation of, and future investment by, the Subscription Television industry and is also critical to deliver the flow-on effect of AUSTAR continuing its further investment in media and telecommunications services that will benefit regional and rural Australians.

AUSTAR encourages vigorous and open competition amongst the providers of television and media services. However, the competitive framework must be fair to all players and the impact of any reforms needs to be considered in light of the whole of the regulatory environment. It is apparent that some aspects of the media reforms set out in the Broadcasting Services Amendment (Media Ownership) Bill 2006 and related bills, offer additional protections to the free to air networks and once again tilt the playing field in their favour.

The major areas of contention have been articulated by various industry players and by ASTRA and we support the concerns that have been raised.

Of particular concern is the concession given to the free-to-air ('FTA') networks, releasing them from any obligation to apply the Australian content and children's television program standards or captioning requirements to their multichannels.

The Explanatory Memorandum notes these exemptions are designed to ensure that new services are able to emerge and establish operations in the market before the full suite of regulatory obligations are imposed on the licensee. This is clearly inequitable, particularly in light of the fact that no similar concessions were made to the subscription television sector when it first launched.

The FTAs have been guaranteed migration into the digital environment with protection from open competition and an effective subsidy in the form of free spectrum, plus millions of dollars in government funding for digital services. With so much Government support provided to establish digital services, the FTAs should be required to meet obligations on their multichannels which deliver an acknowledged public benefit.

The FTAs have done little in promoting the Government's goals of encouraging digital television take-up. Alternatively, AUSTAR and the subscription television industry have not received any financial assistance or regulatory relief from the Government for our substantial investment in digital television.

AUSTAR has invested around \$1billion to provide services to regional Australians over 10 years and is achieving strong growth and profits. We have been a driver of digital television in regional Australia and have played a significant role in promoting the Government's goals of encouraging digital television take-up with over 90% of subscribers now receiving the benefits of our digital services.

AUSTAR is now looking at building on the success of our subscription operations with exciting new opportunities to reinvest some of that profit into broadband services for regional Australia, as well as new services such as our personal digital recorder with its inbuilt digital free to air tuners. Being able to do this depends on AUSTAR having a fair and reasonable opportunity to build on our core subscription television service in a fair competitive environment. As such, it is important that the media reforms do not exacerbate the imbalance in the current regulatory framework.

AUSTAR would welcome the opportunity to discuss our views further.

Yours sincerely

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John C Porter

Chief Executive Officer