



'yes'
OPTUS

Submission No. 33

Paul Fletcher
Director
Corporate & Regulatory Affairs

8 May 2005

Dr Anna Dacre
Committee Secretary
House of Representatives Standing Committee on Communications,
Information Technology and the Arts
Parliament House
CANBERRA ACT 2600

By facsimile: 02 6277 4601

Dear Ms Dacre,

Optus is pleased to provide comments to the Committee's inquiry into 'The Uptake of Digital Television in Australia'.

Optus endorses the submission made by the Australian Subscription Television Association (ASTRA).

I want to offer some additional comments in two areas:

- (a) to explain Optus' role in providing Digital TV services to Australian consumers;
- (b) to offer some views regarding the important contribution players other than Free-to-Air (FTA) broadcasters have in driving the uptake of Digital TV.

Optus' role in providing Digital TV services to Australian consumers

Since 1995, Optus has provided analogue subscription TV services via our Hybrid Fibre Coaxial (HFC) network that passes 1.4 million homes in Sydney, Melbourne and Brisbane. Optus currently has over 164,000 subscription TV subscribers on our analogue service. Optus has 10% market share of the subscription TV market in Australia, with around 35% market share within our current addressable market.

To date, Optus only provides an analogue service. However, the Optus HFC network is fully digitised and Optus recently announced its intention to enter into the Digital TV market via an agreement with FOXTEL to commence reselling the FOXTEL digital service over the Optus network.

Optus is currently working to implement this agreement. We plan to offer our customers FOXTEL's Digital TV services including over 100 channels of programming, the FOXTEL Digital guide, FOXTELiQ, and the FOXTEL personal digital recorder. Optus TV's entry into the digital market will help increase awareness and drive take up of digital services by Australian consumers and provides Optus with the incentive to significantly grow our customer base.

It will also allow Optus for the first time to sell Digital TV services as part of a bundle of telephony and internet services, outside of our current HFC footprint.

Optus aims to transfer all of our analogue customers to the new digital services, and intends to provide incentives for our customers to make the switch. Optus will invest millions of dollars over the next two to three years to cover the cost of swapping out the analogue set top box, and to cover the cost of a broad sales and marketing campaign.

As well as subscription TV, the Optus HFC network provides consumers with long distance and local telephony services and high-speed internet access.

Digital TV also has an important role to play in encouraging customers to bundle all of their telecommunications needs with Optus. Combined with our current telephony and internet offerings via our HFC network, Digital TV will give consumers even more reasons to bundle all of their telecommunications needs with Optus.

Role of Subscription TV, Internet Service Providers and Telecommunications Carriers in encouraging uptake of Digital TV in Australia

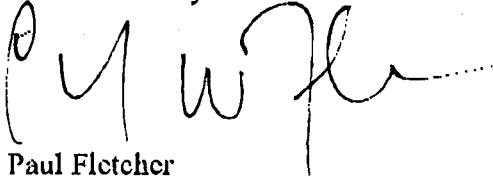
The Committee should recognise the important contribution the subscription TV industry has made and is making to drive the uptake of Digital TV services in Australia. The industry as a whole has been responsible for installing over 1 million digital set top boxes (STB) in homes around Australia since commencing service delivery in 1995.

This issue is particularly relevant should the Committee be considering recommending financial incentives to drive the uptake of Digital TV. It would be critically important for any such scheme to be competitively neutral. It should not exclude the potential that the subscription TV sector, along with internet service providers (ISPs) and telecommunications carriers generally have or may have to encourage the take up of Digital TV services.

For example, ISPs are gaining momentum and beginning to deploy high speed Asynchronous Digital Subscriber Line (ADSL) services, which will allow the existing copper telephone lines to be used to deliver a range of additional services, including Digital TV services.

If the Committee would like further information about Optus' views on the role players other than FTA broadcasters have in encouraging consumer interest in the uptake of digital television, please do not hesitate to contact either myself on (02) 9342 9109 or Michelle Curtis, Manager, Government Relations on (02) 9342 6247.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Paul Fletcher', written in a cursive style.

Paul Fletcher