



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

By email: cita.reps@aph.gov.au

10 June 2005

Dear Dr Dacre

AUSTAR submission to the Inquiry into the Uptake of Digital Television in Australia

Thank you for the opportunity to provide this submission to Committee's Inquiry into the 'Uptake of Digital Television in Australia'.

AUSTAR endorses the submission from the Australian Subscription Television and Radio Association (ASTRA). However, we would also like to take this opportunity to draw your attention to the important contribution AUSTAR has made in driving digital take up in regional Australia, and to inform the Committee of an exciting new development in the AUSTAR service which has only recently been announced and is relevant to the terms of reference of this Inquiry.

I refer to AUSTAR's announcement on 27 May 2005, of its plans to launch a Personal Digital Recorder ('PDR') in the second quarter of 2006 which includes a free-to-air ('FTA') digital tuner. The addition of the FTA tuner will allow AUSTAR subscribers to access FTA digital signals without the cost of purchasing a separate FTA digital tuner, providing a further driver to digital take up as discussed below.

AUSTAR's role in the delivery of digital television

Since launching operations in 1995, Austar has grown to be the leading subscription television provider in regional and rural Australia with over 500,000 subscribers, and the second largest subscription television operator overall behind Foxtel.

AUSTAR's goal is to ensure that consumers in regional and rural Australia have access to the new and sophisticated digital services available in metropolitan areas. Indeed, AUSTAR has been a leader in driving digital television providing Australians with their first taste via our direct-to-home satellite platform over 8 years ago. We were also the first broadcaster in the Asia- Pacific to offer digital interactive television services,

including games, T-Mail, channel enhancements, shopping, interactive advertising and an electronic program guide.

AUSTAR has always provided the best content available on Australian subscription television and has continued to develop the service with new channels and further innovative interactive features. In March 2004, we introduced an enhanced service, New AUSTAR Digital, with over 120 premier channels, a near video-on-demand service, and increased levels of interactivity, such as Sports Active and SKY News Active

The AUSTAR service area comprises approximately 2.4 million homes outside of the capital cities (but including Hobart and Darwin) and represents one-third of Australia's total homes. The company is the sole provider of subscription television services in substantially all of its service area, primarily using digital satellite technology but including a digital cable network in Darwin.

AUSTAR has invested over \$1 billion in order to establish its technology platforms, state-of-the-art customer service centre and to deliver services to regional Australia. The company employs over 800 staff, with the majority based at the company's customer service and operations centre on the Gold Coast.

The contribution of the subscription television industry in driving digital take up in Australia, as outlined in the ASTRA submission, is substantial. AUSTAR's contribution is particularly important in regional areas where the FTA services have traditionally lagged behind their metropolitan counterparts in providing such new services. AUSTAR's significant investment has ensured that the regional community has available to it to most up to date and innovative digital services and our commitment is continuing with the launch of the new PDR.

AUSTAR Personal Digital Recorder

The PDR is the next exciting stage in the development of the AUSTAR service. This relatively new technology represents a logical progression for the subscription television industry, in that it will increase the viewer's ability to watch what they want, when they want: a key characteristic of subscription television.

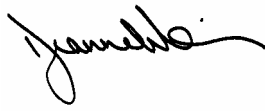
AUSTAR's PDR will be similar to FOXTEL's IQ, but with an important difference in that it will include an FTA tuner as well as the two satellite tuners. This will allow customers to access digital FTA signals via AUSTAR without having to buy a FTA digital tuner. Further, it is anticipated that AUSTAR's Electronic Programme Guide (EPG) will be fully integrated to include the FTA channel guides, so that watching television will become an inclusive experience.

While AUSTAR currently retransmits the state feeds of the ABC, ABC2 and the national feed of the SBS, satellite retransmission of commercial FTA signals is not a realistic proposition in AUSTAR areas due to a number of commercial, regulatory and technical issues. By including the FTA tuner in its PDR, AUSTAR is not only giving existing customers increased convenience but the additional functionality will make FTA digital television more accessible to regional and rural Australians. We believe it will be of major benefit to our subscribers with the additional positive impact of driving the growth of digital television take up in our market.

At this stage, AUSTAR is finalising the product, including the box vendor selection, pricing structure, product name and exact date of release. These details will be available closer to launch.

I would be happy to provide further information as it becomes available. Please do not hesitate to contact me or Jeanette Knowler of this office on (02) 9394 9845, or by email at jknowler@austar.com.au.

Yours sincerely

A handwritten signature in black ink, appearing to read "Jeanette Knowler". The signature is written in a cursive style with a large initial "J".

Deanne Weir
Group Director
Corporate Development and Legal Affairs