

use of capital to build such a wire or fibre system. However, the US is a free country and if private enterprise wants to build such systems on their own dollar without government assistance, then they are and should be free to do so. It is our belief, however, that the government should not try to 'pick a winner' by favouring one system as against another by tax credits, direct subsidies, or by making it possible for two or more monopolies to merge and become one.

As I said, it will take at least two years, in our opinion, before such questions are answered; and I am sure the fight on Capitol Hill will be a long and expensive process. I cannot predict who will be the ultimate winner in Washington; but I feel confident in predicting that whatever happens in Washington, the consumer will be the ultimate winner, and in that process DBS will become a very important distribution system in the US for multichannel programming, data services and, if desired, interactive services. Keep watching - time will tell.

MULTICHANNEL MICROWAVE DISTRIBUTION SYSTEMS - MMDS

MMDS is commonly referred to as wireless cable. The wireless cable operator acquires channel signals the same way a cable operator does. Instead of modulating them onto a cable to everyone's house, the MMDS operator uses a microwave transmitter that broadcasts up to about 20 channels over a limited area to small microwave antennas aimed at the transmitter.

The MMDS operator uses various microwave frequencies that have been allowed by the FCC for this purpose. He is limited to total of about 20 channels. There has been much talk about using compression to increase the total number of channels in MMDS systems, but this is not realistic from an economic and business standpoint.



STAR TV AND THE GROWTH OF SATELLITE TELEVISION IN THE ASIA - PACIFIC REGION

PRESENTED BY JAMES GRIFFITHS, MANAGING DIRECTOR, STAR TELEVISION, AT THE ASIA-PACIFIC CABLE & SATELLITE TELEVISION SUMMIT, 29 NOVEMBER 1993

Ladies and gentlemen, it gives me great pleasure to take part in this conference, not just because STAR is an integral part of satellite broadcasting in Asia, but because it is very timely for a conference such as this to be held in this region.

Appropriate, too, that it is being held in Hong Kong which is uniquely positioned as the gateway to the Asian region and is well on its way to becoming the pre-eminent regional media and information centre.

Professor Wei has just spoken about some of the issues facing the satellite and cable broadcasting industry in this region. Over the next three days you will be discussing a number of others, It promises to be very informative.

For my part, I will confine my remarks to what we see as the role of STAR TV in the region, and how we are responding to the enormous challenges and opportunities that exist.

As most of you know STAR - which is an acronym for Satellite Television Asian Region - was established in April 1991 as a result of visionary thinking by the Li family, who saw the potential in developing a pan-Asian satellite broadcasting company.

It broadcasts on Asia Sat with a footprint covering 53 countries from Japan in the east, to Egypt in the west, the Commonwealth of Independent States in the north, to Indonesia in the south. There are an estimated 2.7 billion people living in the footprint.

As you may know, we currently run five channels: BBC, Chinese Channel, MTV Asia, Prime Sports and Star Plus. We continue to strengthen these channels with new and better programs.

For instance, our Prime Sports channel this month began broadcasting NBA games and in boxing has carried the two most recent world heavy weight championship fights. It also carries live formula one Grand Prix motor racing,

Asian soccer, all the Grand Slam events of professional golf and tennis and the recently completed Hero Cup Cricket from India.

STAR Plus, our entertainment channel, focuses on regional and international events, from the Grammys to the Miss India competition. It will also benefit from new access to major film and television programs which will provide among others, such popular series as 'MASH', 'The Simpsons' and 'LA Law'.

Our Chinese Channel continues to draw on program sources from around the region. For example, drama from Japan is a winner with viewers and the channel produces the region's only comprehensive Asian financial program in Chinese.

Meanwhile, young people in the region turn to MTV Asia for the latest information on music, film entertainment and social issues. Recently we introduced a Chinese Top 20 and Indian Top 20 will be included from early 1994. MTV continues to blend East and West in a way that draws the youth of Asia from all across the footprint.

Similarly, the BBC now provides a Mandarin soundtrack for its main news programs and augments its already extensive international coverage with the Indian Business Report, Asia Today, and Middle East Today.

This, then, is the programming that has taken Asia by storm, and there is more to come ...

As well we have developed and are now providing four new subscription channels - the STAR Asian Movie Channel, the STAR Children's Channel and the Asian News & Business channel - for Wharf Cable here in Hong Kong.

With so many diverse cultures covered by STAR TV's footprint, there is a growing demand for multiple-language broadcasting. Already we provide programming in Mandarin and Hindi and

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by 1994 most of our programs will also have multiple-language soundtracks for non-English speaking viewers. The fact is, with compression and other technological advances, there is no excuse for broadcasters not to respond to demands for multi-language programming.

Like other regions in the world - most notably Britain with British Sky Broadcasting - the fundamental driving force behind satellite broadcasting is choice: the fact that people are being given access to a wider range of quality programming. Here in Asia, as the Li family foresaw, there is a tremendous appetite for expanded choice, as you will see from our growth.

From a standing start in 1991, STAR TV had reached 11.6 million homes by the beginning of this year and we estimate that this figure has risen to more than 18 million now - an estimated audience of 80 million people. We are growing by more than 25 000 new homes every day. We look forward to announcing the full results from our latest validation survey within the next few weeks. We're sure they will create a lot of positive interest in the media and advertising industries.

These figures demonstrate the appetite I spoke of earlier. But they also point to a tremendous stimulation of the entire Asian broadcasting infrastructure. Today there are an estimated 15 000 cable systems in India, around 40 000 SMATV/CATV systems in China and 5.2 million TVROs in the Middle East, much of it being driven by STAR TV. Hardware costing more than \$US one billion has been sold in the region

in the past two years alone. STAR TV's launch has also given fresh growth to existing business in the region — for instance, software production, as well as providing new audiences for marketers and advertisers. So you can see that the satellite broadcasting industry is also a significant source of job creation.

Politicians say the three most important words in the word today are jobs ... jobs ... and jobs. Well, we're doing our best.

We saw at the recent APEC summit meeting in Seattle how important the Asian region has become in the world today. It seems hardly a week goes by without one of the major news publications devoting columns after columns on the economic revolution in Asia. Many people here have been experiencing this revolution for years, but it seems that other parts of the Western world have just discovered the fact that the Asian economies are the most robust in the world.

For years now the economies of Japan, Taiwan, South Korea, Singapore and Hong Kong, to name a few, have been outperforming the rest of the world.

Everybody wants to become part of the growth of Asia and broadcasters are no different. We can all see the potential, but we must also recognise the responsibilities of broadcasting in a region so diverse. Broadcasters who fail to take account of this do so at their peril.

For our part, STAR TV is acutely aware of the cultural imperatives that exist in the countries able to see our programming. I spoke earlier of the

development of multi-language programming. We will do more of this. We will develop, with local partners, fresh programming for specific regions. We will consult

with governments where necessary to ensure a proper cultural balance is maintained.

And we are committed to the concept of educational programming, such as an open university.

STAR TV is proud that we are Asia's largest television network — created in Hong Kong and part of the Asian community. Hong Kong has much to offer our industry in terms of efficient telecommunications and financial infrastructure, and freedom of expression and information, which are protected and respected by law. Added to this is an increasingly progressive regulatory environment administered by responsible and concerned government authorities.

STAR TV has achieved much in its short life, and it is appropriate to talk now about one of the major developments in the future of the company. In July this year, News Corporation acquired two-thirds of STAR TV, with the other third being retained by the Li family and Hutchison Whampoa. News Corporation also purchased 30 per cent of Hutch Vision Hong Kong Ltd, which owns STAR TV's uplink licence.

The move by News Corporation has had a seminal influence on STAR TV and, I would suggest, on broadcasting in the Asia-Pacific region. I do not wish to diminish in any way the pioneering achievements and the vision of the founders of STAR TV, but clearly the involvement of a global media company has changed the landscape.

By any standards, BSkyB is a major satellite success in Britain and there are plans to emulate it in others parts of Europe. News Corporation own 50 per cent and manages BSkyB and there are obvious synergies between that company and STAR.

As well as BSkyB, News Corporation owns or has significant stakes in television companies in the United States, Australia, Spain and Latin America - and, of course, here in Hong Kong. It also owns newspapers and magazines in Britain, the United States, Australia and Europe. The opportunities for a global exchange of skills and resources, and for global advertising, are clear.

It is a global supplier of software through 20th Century Fox, Fox Broad-

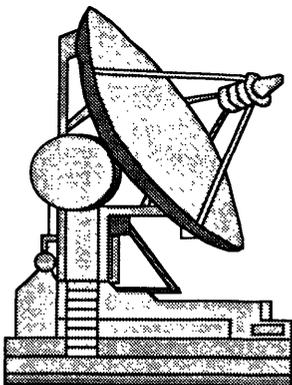
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casting, Fox Television and BSkyB - a huge library of films and television. and on the technology side, it has the world's leading encryption system through News Datacom.

The Asia-Pacific region is a vital component of News Corporation's global strategy. After all, it comprises the world's largest potential television audience which will continue to grow and become more affluent. Together, the pan-Asian experience of STAR TV and the global strength of NewsCorp will provide this audience with the best television information and entertainment our industry has to offer

You have a lot to get through over the next three days with contributions from many distinguished people in broadcasting, so I'll quickly summarise:

- The growth of satellite and cable television in the Asia-Pacific region has been tremendous, and there are no grounds for pessimism for the future. But I emphasise the responsibilities of recognising the diverse cultures in the region.
- We are on the cusp of a technological revolution and if broadcasters provide quality programming and choice, the advantages for the consumer will be enormous.
- Although a number of competitors are now beginning to enter the market, STAR TV continues to be the first satellite broadcaster in the region and we aim to be the best.
- Thank you for inviting me to the conference, it was an honour for STAR TV to be asked and if any of you have any questions I will be delighted to answer them.



REVIEW

A REVIEW OF THE ECONOMICS OF FILM AND TELEVISION IN AUSTRALIA BY SIMON MOLLOY AND BARRY BURGAN, THE SOUTH AUSTRALIAN CENTRE FOR ECONOMIC STUDIES; PUBLISHED BY THE AUSTRALIAN FILM COMMISSION 1993.

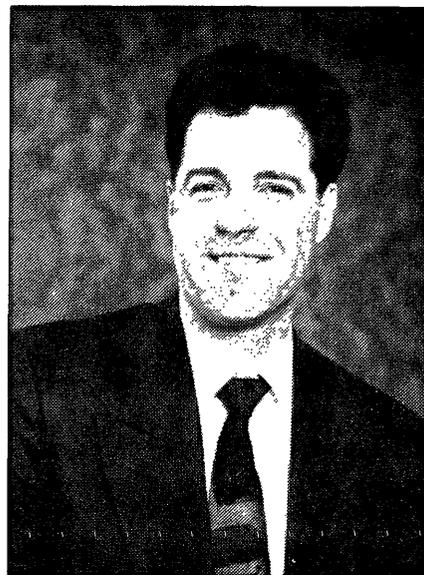
BY PAUL MYERS, HEAD OF INDUSTRY ANALYSIS

This is an extensive and contemporary study that explores the reasons for the current structure of the Australian film industry.

It consists of more than 100 pages of discussion and statistics on production, distribution and exhibition that weaves together an integrated structure of what are often treated as separate fields. The study is intended to raise issues for discussion and does not provide a proposal for where action should be taken.

Chapter one provides an introduction and canvases some of the major issues. It concludes that the film and television industries should be treated as the one industry for the purpose of analysis, that is, the market for their output should be considered a market for audio-visual product. Through this position the study focuses on the substitutability between different forms that has been so important in understanding structural change. It concludes that copyright is pivotal to the operation of markets for audio-visual product because of the low marginal cost associated with producing additional copies of a film or additional screenings after the initial production of the film. New delivery technologies will force rapid structural change on the industry. This is something that is being contemplated with the introduction of pay TV and is being considered by a range of government policy reviews. Finally, it is argued that the dichotomy in policy debate over economic and non-economic arguments for intervention is not sustainable and that most arguments that refer to cultural objectives can be dealt with inside an economic framework.

Chapter two covers the international context. It contains a summary of the local production measures used by the



Paul Myers

US, European countries and Japan. It concludes that there are significant barriers to entry for Australian producers, including limited access to distribution and language and cultural barriers. Co-productions are seen as one way of building strategic alliances that will ensure access to other markets. However there is still a long way to go as the Australian balance of trade shows imports of \$437m compared to exports of \$65m in 1991-92 leaving net imports of \$372m in this area.

An export orientation for film policy is clearly reflected in this chapter. The ongoing need for measures such as content requirements and finance that counter the protectionism of other markets is implicit. Though the conclusion is ambivalent about the effects of removing such measures, the report alludes to the need for the Australian industry to be more competitive with other national industries.

Returning to the domestic market, chapter three briefly discusses the na-

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