

## Superchannel in fight with SMATV pirates

TORONTO — The mushrooming of unlicensed satellite distribution systems pirating American TV signals is severely hampering the growth of Superchannel, the west's movie channel.

Since relaunch last September, Superchannel has grown just over 4% compared to 28% for First Choice. In an interview with Cinema Canada, Luther Haave, Superchannel general manager, said that "unauthorized distribution of foreign services is threatening the basic business of cable operators. Many have seen 400 and 700-suite apartment blocks cancel basic service and install satellite distribution systems to give their residents a full menu of stolen U.S. services." He added that the industry feels a great deal of frustration when "government stands by and does not prosecute these people who operate side-by-side and in competition with licensed operators fulfilling conditions of license." He said cable operators are reluctant to upgrade plant without "knowing what's in store for the future."

A recent survey by the Canadian Cable Television Association shows that in the 18-month period from June 1983 to December 1984, satellite master antenna television (SMATV) operations increased by 300% from 386 to 1,118. The number of suites serviced by SMATVs has gone up 250% from 31,461 to 77,904. By far the greatest growth in SMATV operations occurred in western Canada which saw a 331% jump for the survey period. By contrast Ontario reported only a 22% rise. The CCTA claims that at present growth rates the cable industry could be losing \$104 million in revenue annually.

However, communications consultant Laurie Edwards of Nordicity is skeptical of long-term threats posed by SMATV systems. He told Cinema Canada that, while they are "cream skimmers," there are a number of other problems with SMATV. "You're back to an antenna that needs servicing," he said, noting that American pay is moving to scrambled signals that will limit piracy activities. Finally, he said, SMATVs do not provide the basic local cable channels. When these factors come into play, "the real appeal goes out the window."

SMATVs have only been part of the problem for Superchannel which has been facing an uphill battle for subscriptions. Until recently, premium TV was not available to roughly half of Manitoban subscribers because of a dispute between the cable company and the Manitoba telephone system. The dispute, about ownership of scrambling and descrambling equipment, has just been

resolved with a five-year agreement signed by the Greater Winnipeg Cablevision company and Manitoba Telephone Systems on Jan. 31. Cable subscribers in the GWC region will be able to receive First Choice\*

Superchannel, MuchMusic and The Sports Network beginning March 1.

In other western cities, the cable companies either launched late or are still not ready to offer pay television. In Ed-

monton the three-pack was only launched in December. The same was true in Calgary and an important system just outside Vancouver. The result has been late entry into the market for Superchannel.

The problem is compounded in the west by low-penetration rates for converters. Subscribing to pay therefore involves an

additional outlay by the consumer for the converter.

Haave, however, is confident "that it is a delayed situation" which will sort itself out in the near future.

By the end of December, 1984, Superchannel was up to 160,000 subscribers. Haave said the network needs upwards of 200,000 to break-even.

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