

The Digital Dividend – Now you see it: Now you don't!

By David Harrington

We all know that terrestrial TV broadcasts are to be switched over to digital soon, and that some spectrum in the UHF band will be freed up for "other uses" – don't we? Well, read on.

I attended a free seminar run by City University on 16th May on plans for digital switchover (DSO), beginning in 2008 in the Border area and ending in 2012 for London and the southeast. Details of the seminar are at: <http://www.city.ac.uk/sociology/mediacomm/DigSwitch.html>. It was recorded via webcam at <http://www.city.ac.uk/sociology/mediacomm/Webcam.html> and The Guardian at <http://media.guardian.co.uk/broadcast/story/0,,1776222,00.html>. The presentation to watch is the one given by Bob Horvitz (in the 3rd session).

The focus of the evening was on the impact on the TV industry and so the audience was dominated by luvvies. However, there were enough Doubting Thomases there to turn the event into a mild riot. I went expecting to be bored but was both informed and thoroughly entertained. Chief tormentor of the official line was Bob Horvitz, of the Open Spectrum Foundation (www.openspectrum.info/) who entered a vibrant plea for the freed-up spectrum - the Digital Dividend - to be made available for uses such as ipTV and broadband radio access to places where DSL won't reach. CMA has supported an Open Spectrum press release promoting this view.

The first indication that all was not well came from Catherine Smadja, who is Director of Digital Switchover (DSO) at DCMS and from Ann Pumfrey, who is Director of Strategy and Policy at DigitalUK (an independent, not-for-profit organisation, established by the broadcasting industry to lead the DSO programme and communicate with the public). In somewhat defensive presentations they both claimed that:

- DSO is "essential" if universal Public Service Broadcasting is to be achieved,
- DSO will release 14 frequency channels for re-use,
- The market will not switch unless forced to do so,
- "Consumer Protection" (ie: usability and availability) is at the heart of government strategy,
- Practical help (ie: home visits by technicians) and some financial assistance will be available to the vulnerable and elderly (over 75) and the costs will be met from the BBC licence fee,



- The cost per home is an averaged £130, (based on 2.4 TVs and one VCR). The cost of the DigitalUK campaign is £200M (you will have seen the first salvos on TV, featuring a robot called Digit AI)

The new BBC Charter will include a brand new “responsibility” called “Building digital Britain – making it happen”. This is intended to put the BBC in the forefront of the DSO programme and to give it specific - but not exclusive – responsibility for delivery of DSO. (SwitchCo is charged with the rollout of digital TV region by region to a timetable agreed by the government. It was formed at the government's request by the BBC, ITV, Channel 4, five, Teletext and S4C).

A close second in the presenters' unpopularity stakes was Jim Egan – Strategy Director, Ofcom. He affirmed that Ofcom is approaching the issue from a market-led viewpoint and will consult on that basis. However, he went on to say that “Ofcom will consider the social value of alternative uses” (of any freed-up spectrum) and will decide in the first half of 2007. Damian Tambini, “Head of Programme in Comparative Media Law and Policy at the Centre for Socio-Legal Studies”, Oxford, is consulting into Ofcom on the “non-commercial values that might influence the way that spectrum is packaged for alternative uses”. (For example, WiMax). Egan also let slip that Ofcom would be holding an auction for freed-up spectrum. He also said: “Ofcom has to deliver the government's policy objective on DSO”. (I wish our “independent regulator” had been equally righteous when we were all clamouring for Tony Blair's statements on broadband to be implemented).

The excitement came when all three speakers were subjected to unusually (for this sort of public event) heavy and accurate fire from all quarters (except from David Levy, Head of Public Policy at the BBC, who toed the party line). It was a thrilling ding-dong, knockabout session, with key points from other speakers and from the floor (none of which attracted convincing answers). Some of the highlights were:

- High Definition TV (HDTV) is “the elephant in the room”. If all the operators offering standard TV on free-to-air wish to move to HD they won't be able to do so because of bandwidth constraints. Yet if they don't make progress in HD they won't be able to export their products to the rest of the world.
- Any Dividend is likely to be completely absorbed by the spectrum requirements of HDTV, higher power for mobile TV, expansion of local TV services and supplemental/interactive services from broadcasters;
- The recent parliamentary Select Committee report said: “It remains our view that the benefit side of the cost-benefit analysis is very subjective, and that the narrow economic case for switchover is inconclusive”. (Paragraph 77 of the report)
- The Committee also complained that DCMS had blocked release any of the judgements and assessments on which their predictions are based. “(The independent) audit report (of DCMS figures) appears to be significantly compromised by restricted access to the assumptions underlying much of the input data. On four occasions the report notes: “We are unable to comment on the provenance of these estimates”. (paragraph 78). Ms Smadja was somewhat discomfited at this accusation and said she preferred to discuss the issue outside the meeting.
- The spectral efficiency of digital transmission is about 5-6 times that of

analogue. HDTV requires 5-6 times the bandwidth of standard TV. Where's the saving?

- There is no reliable data on the impact of combined HDTV and digital TV on coverage. Signal strength will be an unknown until the actual moment of switchover. The suspicion is that coverage will be degraded. DigitalUK's best estimate is that 250,000 homes will not get TV at all, even satellite. Stephen Carter, said, in evidence to the Select Cttee, that it would be "a few thousand".
- Should spectrum have been reserved for HDTV on Digital Terrestrial TV (DTT) as part of the spectrum review?
- The projected cost per home of £130 is nonsense. Every TV, every VCR, every set-top box and every DVD player must be replaced or modified. Some 25% of antennas must be modified or replaced. Home visits from installation companies will be necessary in 50% of cases. The recently completed Welsh trial showed an average overall cost of £2,000 per home (presumably that amortises the total cost of the entire programme);
- There are no detailed plans to cope with the (literally) millions of people who will need help over DSO. This figure is based on extrapolation of results from the Welsh trial;
- The £200M given to DigitalUK (90% of which will come from the BBC) is huge compared to the PR cost of two equivalent projects – money decimalisation and conversion to North Sea gas). Why isn't this money coming from DCMS?;
- There is nobody actually in charge of the programme and there will be nobody to blame when it all goes wrong;
- Ofcom seems to have made its mind up already and any public consultation will be a sham – there is to be a Stakeholder meeting at Ofcom in June for spectrum bidders!;
- The "compulsion" aspect of the DSO plan makes many people uneasy – there could be a political backlash in 2012 – around the time of the next General Election and the Olympics when people will see the £130 (probably a lot more) per household as a tax;
- "Could it be, in ten years time, we'll look back on this period as the beginning of the end for the BBC?" (Rationale: the BBC is being used as a battering ram for the political agenda (ie: to stop Sky becoming a de facto monopoly). BBC intrusion into other people's territories – ie: on-line - will accumulate and magnify opposition. The DSO programme is a very heavy financial burden, so where are the internal cuts going to fall? The BBC will be seen as being responsible for the inevitable glitches. The BBC will be seen as untrustworthy by both customers and competitors);
- Will a return path be mandated for ipTV?
- What will the broadband market be like, across the UK, in 2012? Will the 21CN and "fourplay" make DTT seem anachronistic to far too many customers?

The ITU's RRC-06 month-long conference has just opened in Geneva. It is a broadcasters-only event and is unable to even discuss non-broadcasting issues, such as

the use of freed-up spectrum for WiMax. It is a government, not an industry body, and it will set the agenda for years to come. It aims to “produce a digital plan which is optimised for broadcasting”. In other words, it will have stitched up the broadcasting spectrum across the world (certainly in Europe). So even if HMG’s estimate that 112 MHz in the UHF band will become free after DSO is correct, this probably won’t be harmonised across the EU, because nations inflate their bids to gain surplus spectrum that they hope to sell off. Regulators have encouraged broadcasters to go digital expecting they would free up spectrum for other uses. But unless there is a Dividend, DSO might not be cost-effective. Broadcasters are pre-empting the new opportunities and the fox is in charge of the henhouse.

So the general consensus was that there will be tears before bedtime. I got a clear impression that even if there is any freed-up spectrum in the UHF band in the UK:

- We won’t know for sure how much, and where, until 2012;
- It will be auctioned and there will be none for “alternative use”;
- The broadband scene in the UK in 2012 will have altered to such an extent that there could be no “alternative use” worthy of consideration;

And we now learn that the European Parliament is to hold a hearing on the Digital Dividend. Committee member Catherine Trautmann says gaining access to unused or under-used bands can be very difficult but access to digital dividend frequencies would be an important boost for plans to implement partial spectrum liberalisation by 2010. She is very supportive of the approach to the digital dividend taken by the European Commission, which wants member states to be flexible in their planning of the broadcast frequencies to allow space for the development of new services like mobile TV. The Commission is also calling for a co-ordinated approach, which will allow for pan-European services and nurture the growth of the new technologies by enabling economies of scale. Trautmann also argues that more research is necessary to predict the likely evolution of TV services and plan spectrum usage accordingly. These hearings usually involve the MEPs questioning invited experts and industry representatives. The Committee then produces a written report. The date for this hearing has not yet been confirmed but it seems unlikely to be held before the autumn. Meanwhile, the EU has set a target of 2012 for Union-wide implementation of DSO.

One thing’s for sure: I’m not going to change any of my TVs. VCRs, set top boxes and the like before 2012 – unless I’m forced to do so!

All in all, a hugely informative and enjoyable seminar!

References for the Enthusiast:

The official government site - <http://www.digitaltelevision.gov.uk/>
Report from the DCMS Select Committee -
<http://www.publications.parliament.uk/pa/cm200506/cmselect/cmcomeds/650/650i.pdf>
Informal Summary of the Select Committee report -
<http://www.dtg.org.uk/news/news.php?id=1568>
DigitalUK - www.digitaluk.co.uk
Some agnostic or antagonistic views –
<http://www.thedigitalswitchover.co.uk/>
<http://www.ofcomwatch.co.uk/2005/11/digital-switchover-seminar>
<http://www.digitalspy.co.uk/article/ds32010.html>

<http://www.publictechnology.net/modules.php?op=modload&name=News&file=article&sid=818>

BBC DSO report -

http://www.culture.gov.uk/global/publications/archive_2004/bbc_report_on_digital_switchover.htm

BBC DSO site - <http://www.bbc.co.uk/digital/questions/switchover.shtml>

SwitchCo - <http://news.bbc.co.uk/1/hi/technology/4441079.stm>

Ofcom's planning options -

<http://www.ofcom.org.uk/consult/condocs/pods1/main/statement/>

FAQs from Freeview - <http://www.freeview.co.uk/faq/view.php?/56>

BSkyB's roadshow - <http://www.skyhomes.co.uk/newsItem.aspx?pageId=44>