

## HDforAll briefing paper – the Ofcom Digital Dividend Review

### The HDforAll campaign

a.. The HDforAll campaign seeks to pave the way for High Definition (HD) television to be made available on all platforms, including free-to-air digital terrestrial television (DTT), commonly known as Freeview.

a.. HD is the new global standard for television and such services are already available to subscribers via cable and satellite in the UK.

a.. The HDforAll campaign is urging Ofcom to ensure that, as an outcome of the Digital Dividend Review (DDR), adequate spectrum is reserved for public service broadcasting in HD to ensure that the social value of universal digital terrestrial television is not lost and the public interest is protected.

a.. The campaign is supported by the Public Service Broadcasters (PSBs) – BBC, ITV, Channel 4 and Five – manufacturers and retailers of 'HD Ready' televisions including Sony, Samsung, Toshiba, Comet and DSGI (the high street electricals group behind Dixons, Currys and PC World).

### The Digital Dividend Review (DDR)

a.. Ofcom is currently consulting on proposals for the use of the 'digital dividend' - the radio (analogue) spectrum released by digital switchover.

a.. In relation to the potential uses of the spectrum, Ofcom has concluded:

1.. That the 'market' can best decide the most valuable and efficient uses for the spectrum.

2.. That little demand exists for HD television services on DTT (Freeview).

3.. That HD television services have low social value.

4.. That facilitating HD television services on the DTT platform merits no intervention.

a.. As a result Ofcom has indicated that it plans an open auction to sell off parcels of spectrum to the highest bidder(s). The potential outcome is that DTT will be the only major UK television platform unable to offer viewers HD television.

### The case for intervention

a.. PSBs and consumers have and will invest heavily in the digital terrestrial platform, to give everyone the option of free-to-air television through an aerial, when analogue services are removed at switchover.

a.. In the past, the free-to-air broadcasting that so many UK viewers value has always been allowed to develop in line with technological advances like colour, widescreen and stereo sound – making these features universally available to all. HD television is the next such advance.

a.. The costs of transmitting television channels in HD are substantial and will require high levels of investment by the PSBs. At the same time, free-to-air transmission offers no corresponding revenue stream to pay for that investment. This will put PSBs at an economic disadvantage when bidding in a competitive auction against commercial operators of subscription services.

a.. Without intervention there is the risk that a viable PSB HD offering on DTT will not be possible for the next generation of consumers, resulting in a second class television service for millions of viewers who have already invested in both the digital terrestrial platform and 'HD Ready' TVs in time for digital switchover.

a.. Ofcom asserts that the PSBs could broadcast up to five HD channels, without sacrificing other services, within their existing capacity. This is simply not possible - it cannot be achieved without either removing substantial numbers of existing Standard Definition services, and/or adversely affecting their quality.

Even taking account of improvements in compression technologies and other technical developments, HD within the current capacity restraints would be unlikely to offer a viable number of channels.

Without the intervention, the move to a more spectrum efficient technology (MPEG4) is unlikely to happen. An allocation of spectrum now to HD will allow very significant spectrum efficiency gains in the future and is therefore a "spend now to save later" strategy.

The HDforAll group believes that Ofcom needs to rethink the current proposals before embarking on an irreversible break-up of the spectrum, and that Government has a role to play in preventing some viewers becoming second class citizens in the provision of HD TV.

This is a matter of such concern because:

a.. Universal access to DTT is a key part of the Government's plans for achieving full digital switchover by 2012;

a.. Every household in the UK is paying for the digital switchover by investing in digital TV and it is this consumer investment that will allow the spectrum to be freed;

a.. A DTT platform without HD will be less competitive against cable and satellite and risks undermining the platform - the most popular free-to-air option;

a.. There is clear citizen value in universal free-to-air DTT. The 2006 Digital Terrestrial Trial of HD television, undertaken jointly by the PSBs, indicated an overwhelming demand for HD on DTT with 85% of respondents indicating that they believed the availability of HD on DTT was "very important";

a.. HD is one of the biggest changes since the introduction of colour in the 1960s and is of major importance to the future of the DTT platform. 'HD Ready' televisions have been available for two years;

a.. In July 2005 sales of 'HD Ready' sets overtook non-HD sets and nearly three million have been sold to date. These figures prove consumer demand has been strong and expectations are growing. Universal availability of HD programming must therefore be allowed to evolve in line with those expectations;

a.. Since the launch of Freeview in 2002, DTT has proven itself as the platform of choice for millions of consumers throughout the UK. To date it is estimated that more than 9.3 million homes have invested in the platform;

a.. The spectrum which Ofcom proposes to auction is the only available spectrum that can be used for HD. There are, however, additional spectrums available which could be used for other uses, such as mobile television and wireless broadband services.

The HDforAll campaign calls for responsible intervention now to make specific provision for HD services on DTT to preserve the social value of British television and prevent the creation of a second class television service for licence fee payers.