

# Broadcasting

Communications services are becoming increasingly converged.

Convergence means that consumers can receive the same services over a number of different delivery networks.

For example, being able to access the Internet through a traditional PC, a digital TV or a mobile phone.

OfTel has become increasingly involved in areas of work that lie at the boundary of traditional telecommunications and broadcasting. This has become more important as OFCOM approaches, as the new communications regulator will regulate electronic communications in the UK.

Current responsibilities lie with several bodies: the Independent Television Commission (ITC), the Broadcasting Standards Commission (BSC) and the Office of Fair Trading (OFT), which deals with competition issues.

However, OfTel has regulatory responsibilities for certain broadcasting services, including the terrestrial broadcasting transmission network and certain technical services relating to digital broadcasting, namely conditional access and access control.

The digital broadcasting market continued to grow during 2001. By the end of the year, 33 per cent of UK households

had digital TV, a growth of almost ten per cent from the previous year (see figure 18).

## Conditional access

Conditional access is the technology by which access to digital television services is controlled so that only those viewers who are authorised to receive such services do so. This technology includes, for example, the scrambling of signals for digital television services.

OfTel's responsibility for the regulation of conditional access derives from the Advanced Television Services Directive. The key concept behind the Directive is that providers of conditional access should not be able to restrict competition in the broadcasting market by refusing a broadcaster supply of conditional access services. This is done by placing obligations on conditional access providers to supply such services to third parties (ie broadcasters) on a fair, reasonable and non-discriminatory basis.



Oftel originally provided guidance on its interpretation of these obligations in 1999. In October 2001, Oftel launched a consultation to establish whether these guidelines should be amended in light of developments since the launch of digital services in the UK.

The consultation covered the way in which Oftel regulates conditional access, discussed tariff structures and looked at whether special consideration should be given to public service broadcasters, such as the BBC, in the negotiation of conditional access charges.

The final statement, published in May 2002, concluded that future conditional access charges should take into account the retail revenue broadcasters receive through subscription and advertising rather than a flat rate paid by each broadcaster.

Companies negotiate their own prices with BSkyB, but can refer the matter to Oftel if they cannot reach agreement.

If Oftel is asked to adjudicate, broadcasters offering channels or packages at a lower retail price will be likely to pay lower conditional access charges, making it easier to launch a single channel in competition with channels offered as part of a package.

Oftel confirmed that public service channels will not automatically get a special deal for access to digital TV

platforms. however, the nature of many public service channels is likely to justify reductions from the levels paid by others.

During 2001, Oftel also received a complaint under the conditional access class licence on the terms offered by Sky Subscribers Services Limited (SSSL) for conditional access to ITV. This is scheduled to be resolved in the first quarter of the year 2002-03.

Oftel also provided advice to the OFT on its approach to conditional access regulation to help with the OFT's inquiry into BSkyB.

### Electronic programme guides

Oftel and the ITC continued to work closely together to develop a joint regulatory approach on electronic programme guides (EPGs).

The two organisations have jointly met with a number of broadcasters and EPG providers to consider the framework of EPG regulation and are working to produce guidance on this issue. The two organisations will continue to discuss any issues arising from their relative regulatory regimes to ensure that there is a common approach.

### Access control

Oftel also has powers to regulate the provision of access control services under

the terms and conditions of the Access Control Class Licence.

These are services, other than conditional access, which control the supply of other digital services to end users, for example, broadcast interactive services such as shopping and banking.

Sky Subscribers Services Limited is currently the only supplier designated as a regulated supplier of access control services. Oftel continues to monitor the development of this regime to ensure that these services are offered fairly and on a non-discriminatory basis.

### The future

Oftel continues to be involved in discussions across Government on the future rollout of digital television services through membership of the Government Digital Television Group.

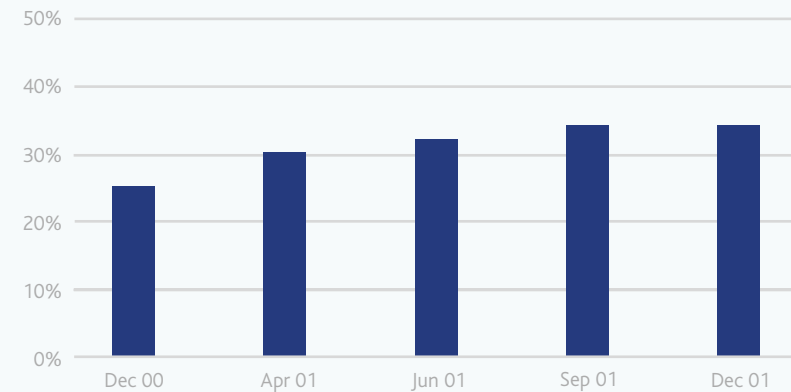
Oftel also contributes to discussions at a European level over the drafting of the broadcasting aspects of the new communications Directives and relevant discussions over the monitoring of the conditional access regime and other aspects of broadcasting regulation.

Oftel will continue to work closely with other regulatory bodies, in particular the ITC, to adopt a coherent and consistent approach to broadcasting regulation that can be taken forward into OFCOM.



“Oftel has become increasingly involved in areas of work that lie at the boundary of traditional telecoms and broadcasting.”

**Figure 18:** Percentage of UK homes with digital TV



Source: Continental Research Digital TV report, January 2002  
 Base: All (approx. 12,000 per quarter)

“By the end of 2001, 33 per cent of UK households had digital TV.”