

Maximising the benefits of 700 MHz clearance

Response from the Commercial Broadcasters Association to Ofcom

May 2016



A VOICE FOR COMMERCIAL BROADCASTERS IN THE UK

Introduction

1. The Commercial Broadcasters Association (COBA) is the UK industry body for multichannel broadcasters in the digital, cable and satellite television sector and on-demand services.
2. COBA members are critical to the success of the UK broadcasting sector and its “mixed ecology” of public and private investors. As arguably the fastest growing part of the UK television industry, they are increasing their investment in jobs, content and infrastructure:
 - **Scale:** In the last decade, the sector has increased its turnover by 30% to more than £5 billion a year. This is rapidly approaching half of the UK broadcasting sector’s total annual turnover, and has helped establish the UK as a leading global television hub.¹
 - **Employment:** As part of this growth, the multichannel sector has doubled direct employment over the last decade.²
 - **UK production:** In addition, the sector has increased investment in UK television content to a record £725m per annum, up nearly 50% on 2009 levels.³
3. For further information please contact Anna Missouri, COBA’s Policy and Communications Executive, at anamaria@coba.org.uk or 0203 327 4054

¹ Ofcom International Broadcasting Market Report 2013

² Skillset, Television Sector – Labour Market Intelligence Profile

³ COBA 2014 Census, Oliver & Ohlbaum Associates for COBA

Response to consultation

1. Non PSB channels make a significant contribution to the success of the DTT platform. Firstly, they are crucial to providing audience choice. More than half of the channels on the DTT platform are non PSB services (even excluding the portfolio channels of PSBs, nearly half of DTT channels are non PSB). These channels offer a wide range of content, from news, to entertainment, through to children's, adding greatly to the diversity of viewpoints and choice available to DTT audiences. This is unlikely to be replaced by PSB channels, who inevitably serve more mass market audiences than niche and specialist channels.
2. Without such non PSB channels, DTT would in our view be unable to provide meaningful competition to other platforms. We agree with Communications Chambers' view that any diminishment of the range of channels available via DTT could have a disproportionate impact on the value of DTT, "since the range of channels is a vital element of consumer choice."⁴
3. In addition to providing audience choice, as some of the fastest growing broadcasters in the UK, they have invested heavily in securing EPG positions, promoting their channels, acquiring and commissioning content, and the wider infrastructure needed to build their businesses. This investment has helped drive the success of the platform, as well as the UK broadcasting sector as a whole.
4. For example, in 2012 QVC moved to a new, £33.6m, purpose-built Media and Commerce Centre at Chiswick Park in West London. The new building houses more than 500 people, with state of the art studios, from where QVC creates and broadcasts 17 hours of live TV content a day, or 6,000 hours a day.
5. The DTT platform is hugely important for many of these non PSB channels in terms of reaching greater audiences, and of course free-to-air audiences. Access to these audiences incentivises these channels to invest in content, jobs and infrastructure in order to grow their businesses, and is an important factor in their ability to be competitive.
6. COBA agrees with the principle that, as a public asset, spectrum should be used efficiently. To this end, we have previously suggested Ofcom look to mitigate risks by considering how it can incentivise and support the adoption of new technological standards that would allow the platform to evolve and for

⁴ The value of Digital Terrestrial Television in an era of increasing demand for spectrum, January 2014, Communications Chambers for Digital UK

further efficiencies to be made. This could include more widespread adoption of the existing transmission standard of DVB-T2 MPEG 4, or the introduction of new video compression standards such as HEVC.

7. However, our primary concern with Ofcom's proposal to bring forward 700MHz clearance is that smaller channels should be able to continue to operate on the DTT platform on a reasonable basis. We are concerned that particularly those channels that are currently available on the so-called interim multiplexes (COM7 and COM8) may not be able to secure capacity or full coverage unless the use of the so-called centre gap is safeguarded for the DTT platform, at least on a temporary basis while upgrades and more efficient ways to use spectrum are implemented.
8. Failing to do this, will create a significant risk for those channels, in return for benefits that are themselves uncertain – we do not see strong evidence for SDL use up in the period to 2020 and would support a longer transitional period to end of 2022. This would allow more time to enable the upgrade to DVB-T2, allowing for a more efficient use of spectrum and so a greater potential range of channels and HD services.
9. More broadly, beyond just the interim multiplexes, any disproportionate charges resulting from the proposal could represent a significant threat, not just to the ability of smaller channels on the DTT platform to invest in UK content, but their very business models. As we have previously stated, we therefore believe that winning licencees should fund any costs from the transition. If this is not possible then Government should consider intervening.
10. Crucially, ensuring non PSBs can remain on the DTT platform on a reasonable basis is in line with Ofcom's statutory duties to promote plurality in the provision of broadcast services and a wide range of TV services. In this particular case, Ofcom's stated intention is to ensure there was a revised frequency plan allows for "a broad range of services on six national DTT multiplexes with coverage broadly matching that achieved today."⁵ We therefore ask the regulator to be mindful of the market impact when considering the proposed change of use.

⁵ Consultation on future use of the 700MHz band, Ofcom, 2014