

ARQIVA RESPONSE

The general proposal

Arqiva strongly supports the proposals which hold out the promise of maintaining inter-platform competition and consumer choice as television makes the transition from SD to HD. We recognise that such radical proposals hold out the only practical hope for HDTV services to launch on DTT in time for the 2012 Olympics (far in advance of any 7th multiplex) and that, without a considerable degree of intervention, would be highly unlikely to otherwise occur.

We strongly support Ofcom the necessary changes to the technical standards to permit the use by multiplex operators of DVB-T2 and MPEG-4 (AVC).

However the implementation of such radical changes, especially while the UK is undergoing DSO (with the need to maintain consumer confidence in both that process and the DTT platform for those who have chosen it, or expect to do so) raises some issues which will need to be addressed.

HDTV launch timetable

Ofcom is proposing that new services could be made available in time for DSO in the Granada region, and that those new services would be made available in Border and West Country shortly after DSO in those regions, probably in late 2009 or 2010.

Arqiva shares the desire to launch HDTV services as soon as possible, both to maintain confidence in the platform which delivers DSO and to encourage the earliest possible adoption of DVB-T2 AVC decoders to bring forward the time when a second multiplex could undergo technology refresh, enabling the launch of even more services and lowering the barriers to entry to the platform. However Arqiva has concerns that it may prove logistically impractical to retro-fit DVB-T2 compatibility into the DSO infrastructure currently being installed (2 years in advance for each region), while simultaneously fitting DVB T2-ready infrastructure in areas still being planned. This could mean that universal availability of HDTV on the Freeview platform may not be possible until after completion of the planned DSO work. A launch of HDTV in 2010 may be a more realistic goal than Granada in 2009.

Arqiva will work with Ofcom and the broadcasters to resolve such issues.

Allocating freed-up capacity

Under the proposals Ofcom is proposing that it allocate cleared multiplex B bandwidth via a series of beauty contests. Arqiva has concerns with this approach:

1. If the BBC is no longer to have any control over the service line-up for that multiplex (which is a poor reward for the risks which the BBC undertook in applying for that licence and investing so heavily in the launch of Freeview), then why would they retain the licence and its obligations?;
2. it is inconsistent for Ofcom to believe that it is the best candidate to determine which services should be accommodated in the cleared multiplex B, while simultaneously it is

unable to determine the most appropriate mix of technologies and services for the use of cleared spectrum (and hence the need for the auction process to determine that allocation).

Given this, entrusting the BBC (acting in accordance with new, specific obligations either inserted into the licence or imposed on the BBC by DCMS) to allocate bandwidth to the other PSBs on multiplex B may be the best option. While we recognise that the BBC has not so far provided bandwidth on that multiplex to 3rd party service providers, Ofcom had previously been willing to leave the BBC as "landlord" for Five and S4C, with a right of appeal for those broadcasters over terms offered where, if anything, carriage of those SDTV services would have been far more important for many years than carriage of the new 3rd party services envisaged now for multiplex B.

In addition, the proposal for Ofcom to facilitate only short-term carriage contracts until 2014, with no automatic right of renewal, would hardly encourage the broadcasters selected in the first beauty contest to make the necessary significant investment in launching the new services which would be awarded bandwidth on multiplex B - especially so given the likelihood that free-to-air HDTV services would lose money for many years. Arqiva recommends that, no matter whether it is Ofcom or the BBC which allocates the freed-up bandwidth, that carriage contracts for HDTV services be offered for up to 10 years.