



NEWS RELEASE

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TV warriors in licence battle

CORK, November 8, 2001 — Cork's warriors of the airwaves are riding into battle once more. Sixteen years after first beginning to rebroadcast British TV programmes to homes in Cork, parts of Kerry and west Waterford, Southcoast Community Television faces its biggest challenge yet: digital TV.

The TV company wants to introduce a digital TV service, but so far its licence application to the Office of the Director of Telecommunications Regulation has not been granted. Already, cable and MMDS companies like Chorus and NTL are gearing up to supply digital services, bolstered by the award of further 15-year licences by the ODTR which will allow a seamless transition from analogue to digital signals as digital TV services become available. Southcoast, which battled for years to get a licence to rebroadcast British channels, has yet to receive a decision from the Regulator, Eoin Doyle.

Southcoast was finally awarded a licence in 1999. But the landscape had already changed, with national digital television in prospect and the cable companies already laying plans and cable to cater for the public in the new age. Thus, in October 1999 Southcoast announced its own digital plans, using advanced French technology which allows transmission of high quality signals in the 11.75-12.5 gigahertz band of the electromagnetic spectrum.

Southcoast's research suggested an investment of £8 million (€10.2m) would allow it to supply a full range of TV and radio, including its long heralded community TV channel, together with internet access and, in the near future, video on demand. Plans for a basic package of 20 TV channels, including Irish and British terrestrial channels and some satellite channels, plus a selection of 12 more satellite channels as premium services, and a range of stereo radio channels, were announced.

The basic package will cost £11.99 per month, or €15 (euro). Subscriber equipment consists of an inexpensive set-top box and a receiver antenna much smaller than a small satellite dish (the so-called mini-dish), plus a PC interface unit for internet access.

But Southcoast's plans have been put on hold by the regulator. Instead of granting the broadcast company a licence, the ODTR stated that it first wanted to establish if any other companies or groups wished to use the 12.5Ghz band, until now unused, for any purpose. Later, last August, it announced publication of a consultation document to allow interested parties to consider the issues, and set a period of six weeks for responses and submissions.

This was shortly after receiving notice of legal action from Southcoast's solicitors. That action is now in abeyance.

Following consideration of the submissions, said the ODTR, and depending on the level of interest in broadcasting in the 12.5Ghz band, it might then be necessary to have a competitive licensing round in which applicants would bid for licences all this if it were agreed that the 12.5Ghz band could be used for digital broadcasting. Southcoast says it can, having successfully tested its system under ODTR licence, and that both International Telecommunications Union and European Radio Communications rules specify broadcasting as one of the uses for the band.

Southcoast believes the ODTR is taking a different attitude to its licence application, and to its position, than it did to that of the cable/MMDS companies. The latter received digital licences without any competitive process, for a further 15 years on top of their existing 10-year licences. Southcoast executives fear that a delay in granting them a licence will damage the prospects of introducing a digital service, or their likely revenue stream from subscribers, as satellite and other services make further inroads into the market.

With the delay in introducing national digital TV, the existing UHF licence has been extended to end-2003. But Southcoast's original timetable for digital TV envisaged that installing the necessary infrastructure of transmitters would already be completed, with customer installation taking place before the end of this year. Service would then be provided as a mix of analogue and digital, with a wider choice of channels, moving seamlessly to an all digital service as more broadcasters switch over. And providing service in this way would have placed Southcoast in a similar position to its competitors, supplying similar services and ready to go fully digital at any time.

After considering the submissions she receives, if the Regulator accepts that the 12.5Ghz band can be used for local and regional digital broadcasting, she may then ask the Minister to make regulations, a process which could be lengthy, before throwing open the licensing process, which in turn could be long drawn out.

In its own area of operations Southcoast provides the only competition to MMDS operator Chorus and satellite operator BSkyB. Chorus, secure with an additional 15 years on its licence period, can implement its rather slow-moving plans for digital services, while Southcoast waits for official decisions. Its executives are extremely disappointed that the regulator has treated Southcoast in a completely different way, and then failed to respond in a timely manner to its digital licence application, taking almost nine months from receipt of the application to announcing the consultation process.

If it takes nine months to get this far, how long will it take to decide usage of the 12.5Ghz band, conduct a licensing round, award licences, make regulations, have them approved, and finally allow operations to commence?" asked John Hurley, chairman of Southcoast. "It's not a level playing field, and we are being hobbled even though our proposals are for a full, high quality service using the most exciting and advanced technology available."

Looking back at SCTV's history, it's hard to avoid the suspicion that big business has been favoured by regulatory authorities over the maverick small operator. Leaving aside the company's epic court battles to stay on the air and to try and compel various ministers for telecommunications to properly consider its licence applications, on the face of it Eitan Doyle's office has been discriminatory in its attitude.

In January 1998, Mr Justice Paul Carney's high court judgment directed the ODTR to consider the application. Twenty months on, no decision had been made, and at the end of September 1999 the company's solicitor informed the ODTR of possible legal action in the absence of a decision.

Oddly enough, a UHF licence was granted, for one year, just seven weeks later. And while other community TV groups were licensed under a general scheme introduced by the ODTR, Doyle introduced a special, unique set of regulations applying to Southcoast, the Wireless Telegraphy (Carrigaline UHF Television Programmes Retransmission) Regulations, 1999.

In November 1999, before receiving its long delayed UHF licence, Southcoast had applied for a test licence to evaluate its new digital system. Again the difficulties began. Three months passed without a reply; the firm asked for one; the ODTR requested more information; this was supplied, with a request for a speedy decision. In April 2000, with no response from the regulator, Southcoast's solicitors again threatened judicial review proceedings unless an answer was received within two weeks; but it still took another 14 weeks for an answer to arrive from the ODTR, granting the test licence.

When Southcoast lodged its digital licence application in November 2000, after successful trials of the French MDS system, another long and wearying round of correspondence with the ODTR ensued, with Southcoast stressing the need for matters to be expedited, pointing out that its ability to compete in the market place would be compromised by delay.

But delay is exactly what the ODTR delivered, even though in July this year Southcoast proposed an interim licence be granted, subject to its compliance with any regulatory regime which might follow the consultation process. The idea of an interim licence, say Southcoast executives, was to allow the consultation process to go ahead while protecting the firm's established commercial position and its ability to compete in the digital environment.

The answer was a letter postponing the public consultation to end-August, and saying the ODTR was not prepared to respond to the matters raised by Southcoast in its July letter.

The organisation now has a UHF licence until 2003. With this, it can rebroadcast both BBC channels, ITV, and S4C. But it cannot invest a cent in its digital service, with 20 channels minimum, until it knows whether it has a licence. In the meantime, the big operators are shielded from competition with their geographic monopolies and can safely prepare for digital delivery.

Ironically, Southcoast's proposed system is far less expensive to build. The company proposes to spend £8 million for a comprehensive digital service covering an area in which over 200,000 people live, more than 70,000 households. NTL's plans for its existing customer base of 400,000 were cancelled when it found that upgrading its cable network would cost £450 million, more than double the projected £200 million. On this basis, NTL's capital cost per customer would have been £1,125, compared to Southcoast's £114 per household - one tenth of NTL's!

Even if Southcoast's capital cost is calculated in relation to its existing paying customers, the cost is half of NTL's, and ignores the fact that about 11,000 households receiving Southcoast's signals pay nothing, as the service is free to air via the same UHF antenna that pulls in RTE's broadcasts. Market research indicates that many of these would opt for Southcoast's digital service once it went on air.

Southcoast's proposed system was licensed in Iceland last August, with the regulatory authority granting a licence for terrestrial digital TV broadcast to Icelandmiddel. Ironically, Icelandmiddel executives visited Southcoast's HQ in

Carrigaline last year to view the technology, evaluate SCTV's test results, and seek advice. The Iceland company, satisfied with what it found, then applied for its licence and got it, while Southcoast, which advised Icelandmiddel, continues to face long and unreasonable delays.

And the Icelandic regulator did not see the terms of the European Radiocommunications Committee rules as any obstacle, as Iceland has already ratified the ERC Decision which causes such concern to the ODTR.

Says SCTV chairman John Hurley: "Iceland's ERC ratification has not prevented its regulator granting a licence in the 11.75-12.5Ghz band. In the consultation document issued by the Irish regulator, Etain Doyle, doubts were expressed that granting a digital licence in this band might affect Ireland's future ratification of the ERC. The issue of a licence by Iceland, to operate at the same frequency, using the same system proposed by Southcoast, should allay any doubts the ODTR might have."

And in the US, the Federal Communications Commission has authorised provision of terrestrial digital TV and data services using the same band. Tests conducted for the commission showed such broadcasts did not interfere with digital satellite broadcasts, removing another worry for the ODTR and confirming the results of Southcoast's tests.

With the technical doubts shown to be baseless, the question now is: will the regulator free this waveband for a relatively cheap digital broadcast technology, one which can be easily replicated throughout the country? The advantages would be lower costs for the customer, competition where none now exists, and the possibility of finally giving the ideal of local community television a chance to become reality.

The disadvantages? It's hard to see any.

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