

**European Platform of Regulatory Authorities Meeting
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Regulatory Challenges of the Digital Future

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Ladies and Gentlemen,

Many thanks for inviting me here to speak to you today to give you the public service broadcasters' view on the regulatory challenges of the Digital Future.

I plan to:

- introduce you to the European Broadcasting Union (EBU)
- explore three crucial questions in relation to the Telecoms package
- look at the direction which the Commission proposal is likely to take
- present the EBU's key messages in relation on the Telecoms package
- explore how we can work together to meet the challenges we are facing

INTRODUCTION

Today and every day the EBU is working for the digital future. Our association of 75, mostly public service broadcasters, has played a key role in the development of new radio and TV systems, such as Digital Audio Broadcasting (DAB), Digital Video Broadcasting (DVB) and high-definition TV. We promote open technical standards and interoperability and work to produce content for new digital platforms.

We work to ensure that audiences can access the content they want, on all platforms. Every week our members deliver content to 650 million viewers and listeners.

We can get the content and technology right, but without the appropriate legal and policy framework we will not be able to reach our audience.

We need to ensure that in the future Europe's public service broadcasters will continue to serve their audiences

This is our key challenge.

We believe that an appropriate revision of the TELECOM PACKAGE could be an important step towards meeting this challenge.

Now that European content regulation has been successfully updated to take account of new digital developments we hope that European infrastructure regulation will follow suit. And, important links between content and infrastructure regulation must continue to be recognised. Must-carry and access rules, for example, remain important in this respect.

TELECOM PACKAGE

Our biggest concern regarding the Telecom Package is the new approach to spectrum management.

All the proposals that the European Commission will make, of course, have to be seen against the background of the digital dividend.

I would like you, right now, to imagine a delicious chocolate cake with a cherry on top .

This cake represents the entire radio spectrum.

This is your cake, a national resource which is managed for the benefit of all. You decide how it should be consumed, by whom, for what purpose.

Now, let's imagine that the digital dividend is a slice of your cake.

To legislate appropriately for this slice of cake we need answers to a few basic questions

QUESTIONS

1. How big is the slice of cake?
2. Who wants it?
3. Why?

1. DIGITAL DIVIDEND - SIZE

We don't know yet.

Digital compression will free up some spectrum now used for analogue transmission BUT the amount of spectrum released will depend on national circumstances, such as the topography of a country, the penetration of satellite and or cable services, the requirements for regional services and the spectrum usage in adjacent countries

As to when the released spectrum will be available for other uses?

In some countries soon, in many others not until after 2015.

It is important to underline that without the success of digital terrestrial television, analogue switch-off would not be possible, and there would be no digital dividend. And public service broadcasters have been driving forces of the switchover. They have been heavily investing in digital radio and television technology and digital programming.

The next major question

2. WHO WANTS IT?

Everyone!

Yes it's true, the broadcasting bands are wanted by everyone, broadcasters, telcos, new media players ???

3. WHY?

Because,

These bands are ideally suited for many uses. Returning to our cake metaphor, these bands are the "sweet spot" - useable for

- more digital TV
- digital TV for mobile devices
- HDTV

as well as many non-broadcasting services, such as mobile phones, wireless broadband

So everyone wants to make good use of the spectrum.

But what's the ultimate goal of the various players?

- Many of the players simply want to make more money - nothing wrong with that

We, the broadcasters, want to continue to serve our public in the digital world

We have a role to play in ensuring that cultural, social and political needs of individual Member States can be met.

- We have to be able to deliver digital terrestrial television - DTT is the fastest-growing digital TV platform in Europe.
- **You may not know it yet but HDTV is the future of television** - Already now, it is virtually impossible to buy a TV set which is not 'HD-ready'. In just five to six years time, standard definition television will begin to disappear in some markets as High Definition becomes a consumer expectation. In ten years HD will be everywhere.
- HD requires more bandwidth than standard Digital Terrestrial Television and consequently requires significantly more spectrum.
- Public service broadcasters and many commercial broadcasters have coverage obligations, around 98% of the territory. Only a mix of platforms, including terrestrial, can deliver this **universal access** to broadcasting. In the digital environment Digital Terrestrial Television plays a particularly important role in the delivery of free-to-air services.

Therefore to serve our audiences, broadcasters must have access to this spectrum

As regulators, we realise that you are faced with a difficult dilemma.

What can help guide your decisions, as you face competing and conflicting demands.

Will the new proposal from the European Commission help you?

TELECOM PACKAGE PROPOSAL

Today, I would just like to review three aspects:

- market based approach
- application of technology and service neutrality

and

- re-planning the Geneva ITU plan

We understand the European Commission wants to propose a market-based approach to spectrum management, including measures such as secondary trading.

If a "**Let the market decide**" approach were adopted, it could make the regulators' job easier - they would just have to count the money.

But is this the best solution?

From our point of view it is not.

- Telcoms companies are much richer than other users of spectrum.
- We would be unable to compete in bidding for spectrum against them.
- If all spectrum were allocated to the highest bidder, how could you the regulators satisfy other broader policy objectives, such as cultural, social and political needs of individual Member States?
- Telecom companies are economically strong players but they do not invest in content. European broadcasters invested well over 20 billion Euros in 2006 in commissioned TV programming. Public service broadcasters alone invest in excess of 12 billion Euros every year in original television and radio programmes. The higher the price is broadcasters would have to pay for spectrum the less they could invest in programming.

Another new element which we believe that the Commission may advocate, is the application of principles of **technological neutrality and service neutrality**, in order to open up spectrum to flexible use. The practical application of these principles should mean that it would be possible to provide any kind of service using any kind of technology in any frequency band.

If a Member State wants to make an exception to the principle of service neutrality and allocate certain frequency bands to one particular use, for example, broadcasting, a European check would be required. An exception would be possible if, for example, motivated by the promotion of media pluralism and cultural diversity.

However, the scope of this exception, i.e. the application of the principles of media pluralism and cultural diversity, would be harmonised on the European level and the European Commission, not the Member States would have the last word.

We firmly believe that in the interests of EU citizens, Member States should continue to have sole jurisdiction on questions of media pluralism and cultural diversity.

EBU VIEW

If the Commission proposals are as we expect, they represent radical changes to the current system.

Would they make spectrum management more efficient?

We're not convinced.

We have serious doubts about the winner take all approach, especially when combined with service and technological neutrality.

Furthermore, we know that interference is the crucial issue which seriously reduces the concept of service neutrality.

Why?

Interference to analogue TV services typically appears as obtrusive patterns on the picture, it's obvious to you as a viewer that something's wrong.

Digital TV services react in a different way. One minute you are watching your favourite programme, the next you are sitting with a blank screen.

As a viewer it is difficult, or impossible to identify and remedy the problem when it happens.

Would you be happy that, after investing in digital equipment in order to enjoy better sound and picture quality, you cannot be sure of stable reception of programmes?

Would you accept that your legitimate expectations could not be guaranteed?

The answer to both these questions is "no", I think.

Interference problems can easily arise when a number of services are deployed in the same frequency bands. This is because services have different needs. Broadcasting, for instance, is a one-way communication: the transmitter sends a signal to the receiver. Mobile communication or WiFi services, on the other hand, need a return channel, so they need frequencies to enable the two-way communication to take place. Sharing between two-way mobile services and broadcasting would be possible only if the frequencies were well-separated, by so-called guard bands, i.e. unused frequencies.

Rather than increasing efficiency, this would in fact result in the waste of valuable spectrum.

That is why it is now proposed to re-plan the European part of the international Geneva agreement, in order to tidy up the spectrum of the digital dividend. The proposed mechanism is the harmonisation of certain sub-bands for the use of specific services, for example mobile services. Would that be a feasible and efficient solution to the interference problem?

In theory, an "EU Frequency plan" seems a plausible solution. However, in reality, such an undertaking runs the risk of being unworkable and above all inefficient and too costly.

The recent experience of the work of the CEPT regarding the sub-band harmonisation for mobile services proves that it would be extremely cumbersome if not impossible to conduct such a harmonisation. In fact, as signals carried over radio frequencies cannot be limited by political borders, the decision to harmonise any sub-band would need to be agreed by all neighbouring countries - not only by the EU Member States.

At the CEEP, the Russian Federation, for example, has already stated its reservation regarding such a move! This effectively means coming back to further long-lasting multilateral and bilateral negotiations with an uncertain outcome.

Re-planning the Geneva plan for the EU territory would unduly burden regulators as well as the industry to invest once again in frequency changes. Many countries have already embarked on very expensive projects to create digital TV services using the results of the Geneva plan. In many cases, it is certainly too late to change these plans.

In short it seems that, in order to ensure high earnings from the digital dividend for certain industry players, governments and regulators and even some parts of industry, would have to pick up a large bill.

Working together

We believe that increased cooperation between the Member States on spectrum management could certainly lead to a more efficient use of spectrum.

The European Commission could play a useful role in coordinating the 27 Member States' policies, in particular with regard to pan-European services, if they will emerge. In that respect the current system of coordination which is based on the Radio Spectrum Decision of the Telecom Framework works well. The Commission carries out its coordinating role with the help of a number of advisory groups. There is the Radio Spectrum Policy Group, the Radio Spectrum Committee, the European Regulators Group, the COCOM and the CEPT.

We are however convinced that because of each country's specific situation spectrum management should remain within the responsibilities of the Member States.

To conclude,

- I would like to stress again that European cooperation on spectrum policy is welcome as it can lead to more flexibility and efficiency, if certain principles are respected.
- It needs to be recognised that interference is not a trivial problem, and that it seriously reduces the potential of service neutrality.
- Re-planning the European part of the Geneva plan cannot be the solution because it would be inefficient and too costly.
- Member States must have the possibility to make exceptions to the market based approach. Such exceptions motivated by the promotion of media pluralism and cultural and linguistic diversity would reflect the specificity of each Member State. They could not be harmonised on the European level.

Radio spectrum is your cake, a national resource which you manage for the benefit of all.

It's up to you to decide how it should be consumed, by whom, for what purpose, for the greater benefit of all.

Thank you