



Office of the Director of  
**Telecommunications  
Regulation**

## **PRESS RELEASE**

*FOR IMMEDIATE RELEASE*  
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### **REGULATOR PROPOSES SHORT-TERM LICENSING SCHEME FOR DEFLECTORS**

Tackling a long standing issue in television transmission delivery the Telecommunications Regulator today issued a consultation paper on a short-term licensing framework for UHF retransmission systems. The paper aims to facilitate consumers availing of multichannel television services while preparations for Digital Terrestrial Television (DTT) are being completed.

The Regulator is currently working on the licensing of DTT, which will provide leading edge quality and range of services for Irish consumers. DTT will provide a universal service but it will take time before it is operational. In the meantime, the Regulator recognises that in certain areas a significant number of households rely on deflectors for access to UK television services.

The Director proposes a very simple scheme for the deflector operators based on up to four frequency channels per location. The requirement to designate spectrum for DTT means deflector licences will necessarily be of short duration. Deflector operations will compete with DTT for spectrum and these licences will terminate on the introduction of DTT.

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The Regulator strongly believes that consumers should have a choice of competing, leading-edge, quality television services. Competing digital cable/MMDS and DTT platforms should service this demand. “The Irish consumer has sophisticated viewing habits and expectations having long been exposed to a choice of Irish, UK and satellite stations through cable and MMDS. Just as black and white TV moved from being a luxury to a necessity, and was followed along this path by colour and multichannel TV, the range and quality of digital services may be expected to become the norm demanded by Irish consumers. It is essential to provide for the next wave of TV development, particularly as it can provide access to the Information Society” she said.

“The issue here is ensuring the delivery of a range of high quality television services to all of the 3.6million people in Ireland, including the some 100,000 homes that currently receive programme services through deflector operations” said the Director. “The digital revolution will offer a completely new way of viewing, new choices, with the consumer firmly in the driving seat. Spectrum is finite and clearly a decision has to be made that is consumer focused and will cater for viewing needs both now and into the future.

“Deflector operators showed initiative in bringing multi-channel viewing to parts of Ireland. I recognise the useful role they have played in the past and in this transition period. There should be no doubt though, in any quarter, that this transition period is short and the viability and use of deflector operators after the introduction of DTT is uncertain”.

In line with licence fees payable by other television rebroadcasters, it is proposed that a fee of 3.5% of revenue arising from the proposed service shall be payable (although this is insufficient to cover all of the costs involved). A returnable security bond is proposed to ensure a smooth transition at the end of the scheme. Licensees shall also be required to ensure that non-ionising radiation emissions arising from the operation of the retransmission station are within the limits specified by the guidelines published by the International Commission for Non-Ionising Radiation Protection (ICNIRP). As for other licensees it will be up to individual licensees to obtain any other approvals or permissions needed for their operations. (E.g. planning permission, copyright etc...)

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“Television distribution has been a very emotive issue in this country,” said the Regulator. “I am anxious that anyone who has a view on any of the proposals being put forward would respond to this paper in order to help shape the final position on the issues involved”.

The paper **ODTR 99/32 – “Consultation Paper on Deflector Licensing ”** can be viewed on the ODTR web-site (<http://www.odtr.ie>). The consultation period concludes on June 17 1999.

**ENDS**

### **BACKGROUND INFORMATION**

- Demand for access to multichannel television has traditionally been driven by demand for access to UK television services. For a number of years, UK services were receivable off air only in the border counties and along the East Coast. In the early **1970's** the emergence of cable television systems removed the necessity of households to use an external aerial to receive these television services. Cable systems first developed in areas where off-air reception was also possible and subsequently developed into other areas through the erection of suitable receiving means.
- In **1974** Regulations were put in place which provided a framework for licensing cable systems and today approximately 470,000 households receive television services from licensed cable companies. The programme services available for relay to cable operators originally were limited to 1 National service and 3 UK services.
- At this stage (**1999**), most cable systems provide a minimum package of 12 programme services as their basic service including the 4 national services and 4 UK terrestrial services. In addition to basic services as described, premium services (films and sport) are also available.
- In many (mainly rural) areas it was not considered economically feasible to install cable systems because of relatively low housing density. There was nevertheless a demand for access to UK channels in those areas and in many cases deflector operations commenced to meet it. Typically, deflectors re-broadcast the UK terrestrial channels only. National services are not normally carried.
- In **1989**, the Minister for Communications provided for the licensed retransmission of television services through Multipoint Microwave Distribution System (MMDS) with licences being issued at various dates between **1991** and **1994**. The deployment of MMDS networks was planned to provide television services in non-cabled areas. MMDS typically provides 12 programme services. At this stage in its development, coverage is not complete and a number of reasons why this is the case have been advanced, including the kind of competition represented by unlicensed deflectors.
- The NERA/Smith Report published by the ODTR in **March 1998** (Document No. ODTR 98/06) pointed out that DTT offers the possibility of universal provision of free-to-air

national services and retransmission of UK services at a relatively low cost. The benefits of DTT also include:

- ❖ transmission of a greater number of programme services
  - ❖ improved sound and picture quality
  - ❖ a transmission infrastructure which could in principle compete with digital cable and digital MMDS for pay TV services
  - ❖ the opportunity to release broadcasting spectrum for alternative use when analogue transmission ends.
- In **July 1998** the Minister for Arts, Heritage, Gaeltacht and the Islands announced that the Government had decided to accept her proposals that Digital Terrestrial Television (DTT) services be introduced as early as possible.
  - It is envisaged that DTT will compete with digital cable and digital MMDS, providing competition and bringing the benefits to consumers which arise from competition. Deflector operators on the other hand cannot provide a universal service being, locally based. Furthermore, because of a lack of available spectrum they cannot provide a comparable range of services.
  - Deflector operators are currently unlicensed and building a profile of this sector of the market is difficult. A limited survey was conducted on behalf of the ODTR by Indecon Economic Consultants in **March 1999**. Information provided by 42 deflector operators who responded was collated by Indecon and the following features of deflector operations emerged:
    - ❖ The majority (75%) of deflector systems surveyed described themselves as “community organisations”.
    - ❖ The majority (87%) stated that they had commenced operations prior to 1989.
    - ❖ 62% of those responding stated that MMDS was not available in their operational area. Of those operating in areas where MMDS was stated to be unavailable, the majority stated that they served less than 150 households.
    - ❖ Based on data supplied the average user base among those surveyed was estimated as 999 households while the average paying customer/subscriber/membership base was 427. Because of the distorting effect of a small number of large operators, a more representative result was derived by calculating the median numbers which were 280 and 190 respectively.
    - ❖ Based on 39 operators who currently provide a service or have done so in the past, BBC1 and ITV were offered by all 39; BBC2 was offered by 38, Channel 4/S4C by 37 and Channel 5 by 1 operator. Eurosport was carried by 3 and Sky News and Cartoon Network/TNT were carried by 2. National services RTE1, Network 2, TnaG and TV3 were also carried in some cases and 2 operators provided “Community Television Services”.
    - ❖ The average annual charge was stated to be £17 with 40% charging between £20 and £30 and 11% charging between £30 and £45. No operator indicated that it charges more than £45.
    - ❖ 60% of operators indicated that they have less than £2,000 annual income. 23% had between £2,000 and £10,000 while 15% had income in excess of £10,000.
    - ❖ 55% of deflector systems stated that they received the TV signals directly off air while the remainder received the signals from another deflector.
  - The consultants did not have access to detailed financial information. The above key points were identified by Indecon from information supplied and the source data has not been independently verified.