



Office of the Director of
**Telecommunications
Regulation**

PRESS RELEASE

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SHORT-TERM LICENSING SCHEME FOR DEFLECTORS CONFIRMED

The Telecoms Regulator today confirmed that she intends to proceed with a short-term licensing scheme for UHF retransmission systems. The move will see the first ever licensing scheme for deflectors and will facilitate consumers availing of their multichannel television services while preparations for Digital Terrestrial Television (DTT) are being completed.

DTT will offer leading edge quality and range of services for Irish consumers and will provide effective competition to the cable/MMDS networks that are also being upgraded to digital standard. DTT is most suited to providing a fully universal service throughout the country, but it will be some 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.

23 responses were received in response to the consultation, from licensed and other operators, their representatives and from private individuals. These have been reviewed carefully, and it has been decided to implement a very simple scheme, as proposed in the consultation, for the short period involved in the run up to DTT. A number of useful comments were submitted by the respondents and some of these are reflected in the final report. In particular, changes have been made to the level of the security bond and the licence fee. The feasibility of encryption was considered it has been concluded that it is impracticable in the circumstances.

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The scheme will be based on up to four frequency channels per location. DTT will require the spectrum currently utilised by defectors and it is intended therefore that deflector licences will terminate on the introduction of DTT. The ODTR has now begun to formulate regulations for this new licensing regime. When completed these will be passed to the Minister for Public Enterprise for consent.

The Regulator restated her belief 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 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”.

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In line with licence fees payable by other television rebroadcasters, a fee of 3.5% of revenue arising from the deflector service shall be payable (although this is insufficient to cover all of the costs involved). A refundable security bond will be required 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 relevant international bodies. In line with the licences issued for other platforms deflector operators will be required to obtain any other approvals or permissions needed for their operations. (e.g. planning permission, copyright etc...)

The paper **ODTR 99/55 – “Television Deflector Licensing - Report on the Consultation”** can be viewed on the ODTR web-site (<http://www.odtr.ie>).

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.
- In **May 1999**, the ODTR launched a consultation paper on deflector licensing, proposing a short-term scheme which would cease on the introduction of DTT. (Document No. ODTR 99/32)