



Lauren Cleverley
Television Broadcast Licensing
Ofcom
Riverside House
2A Southwark Bridge Road
London
SE1 9HA

27 September 2006

SCBG RESPONSE: SWITCHOVER CHANGES

Dear Ms Cleverley,

Thank you for giving the Satellite and Cable Broadcasters' Group the opportunity to respond to the consultation on Switchover-related Changes to DTT Licences.

The SCBG is the trade association for independent satellite and cable programme providers. Its members are responsible for over 100 channels in the UK and in addition broadcast many more services from the UK to continental Europe and beyond. Satellite and cable broadcasters operate in an extremely competitive and volatile environment, without privileged access to scarce Government-controlled spectrum or to the must-carry status afforded to terrestrial networks. They are therefore unable to attract mass advertising revenues, and do not benefit from public funding. Together they have a combined audience share approaching 20% of all UK television viewing.

SCBG members recognise the importance of transparency and cooperation in the digital switchover process, and understand that Ofcom has a number of obligations that it must fulfill. They are however extremely concerned at the possible financial and administrative burden resulting from the proposed DTSP requirements set out in Annex B.

The present draft requirement under Annex B 1 for DTSP licence holders to "co-operate in all respects" with a set of specified and unspecified parties, including the Government, "in the administration, organisation or implementation of digital switchover" is too vague, and too far-reaching. It could mean, for example, that

DSPS licence holders would be required by Government to finance part of its DSO arrangements; or that their services could be taken out of transmission for a period without compensation, in order to facilitate the switchover process.

Annex B 2 provides the only concrete example of the effect of draft Annex B on DTSP licensees, requiring them to inform viewers of actions they may have to take as a result of frequency changes. It has failed, however, to describe how DTSP licensees will be required to inform viewers, and the intensity and duration of such an information campaign.

In SCBG's view, the DTSP licences should not be amended until a thorough cost benefit analysis has been undertaken on specific and detailed requirements, and these have been shown to be proportionate and reasonable. The general obligation to "co-operate in all respects" carries with it too many financial risks to be an acceptable addition to licensees' obligations.

Ofcom should also consider a clause limiting the financial burden of any new requirement on DTSP licence holders. Such a clause could, for example, require the holders of multiplex licences or, if appropriate, DRL licences to bear all the costs of any co-operation required from DTSP licence holders under Annex B – including compensation for any period in which the licensed service is not transmitted as a result of DSO arrangements.

Finally, we would like to raise our concern about being subject to direct instruction by Digital UK and other licence holders absent any sort of filtering from Ofcom. We propose that Ofcom should filter requests and test them for "reasonableness" as well as compliance with relevant competition rules/obligations for platform neutrality.

DTSP licence holders have real concerns at the possible effect of Ofcom's very general wording in the draft amendments, and SCBG would therefore appreciate the opportunity to discuss these issues in person.

Yours sincerely,

Petra Wikström
Executive Director
Tel. 0789 420 65 15
Email: director@scbg.org.uk
Web: www.scbg.org.uk