

Radio Spectrum Changes Mean No Non-Commercial TV for 20 Years

Concern

The Digital Switch Over (DSO) will be completed at the end of November 2013. The MBIE is currently in negotiations for new 20 year licenses for all TV frequencies.

Despite an expansion in digital frequencies there has been no allocation made for non-commercial television on a national or regional level. Unless changes are made to the allocation or another solution is found, all future non-commercial broadcasters will be seriously hindered by expensive broadcast costs.

Background

Prior to DSO, there were less than a dozen VHF and UHF frequencies available to TV broadcasters: TVNZ had 2, TV3 had 2, Maori TV had 1, the Racing Board had one, SKY had one for Prime plus one or two others which were unused, and Kordia managed one which is free-of-charge for regional broadcasters.

In 2006 the MED initiated the DSO which would, among other things, open up spectrum for many more TV channels – roughly nine times more. In order to continue the status quo, each existing broadcaster was given a multiplex (nine channels) for its one existing analogue channel. Unfortunately the non-commercial regional broadcasters were not included in this frequency bonanza. Not only were the regional non-commercial broadcasters not offered nine channels for their one, but that one frequency they have is to be removed as well.

When DSO is complete on 1 December 2013, no digital television spectrum will be reserved for non-commercial broadcasters. They will be expected to buy spectrum access and transmission services from commercial licence holders at commercial rates.

When the first digital licences were issued in 2006 for the period running through to the DSO, it was under the terms of a Crown Agreement to be administered by MCH. The Crown Agreement with state-owned transmission company Kordia, required it to prioritise non-commercial regional broadcasters when allocating spectrum after first meeting the needs of existing national broadcasters. MCH failed to enforce that requirement and no frequencies were allocated for non-commercial regional or national television.

This situation is about to become more permanent. Once DSO is complete, each broadcaster's temporary license will be renewed with 20 year broadcast licenses. All the spectrum will be licensed for commercial use.

The Crown Agreement also required Kordia to call for expressions of interest in any unused capacity it was offering. Again MCH failed to enforce this requirement. The result was that Kordia didn't offer spectrum and transmission services to the country's

largest non-commercial regional TV broadcaster, Triangle TV. Instead Kordia leased its only digital television spectrum in Auckland to a new commercial broadcaster, TV33 which screens Chinese language programmes often produced by the Chinese government.

This action has been noted for investigation in MCH reports but results have not been released. The Broadcasting Unit within MCH is answerable to the Minister of Broadcasting rather than the Minister of Arts and Heritage. After DSO Kordia will no longer be required to offer frequencies to non-commercial regional broadcasters.

In the meantime, Kordia has been moving to acquire additional television spectrum. Last year the NZ Racing Board (NZRB) sold its multiplex license to WorldTV, a commercial Asian broadcaster in Auckland, who then offered access to these frequencies to potential broadcasters for hundreds of thousands of dollars annually. The only buyer is understood to be Kordia who took the lot and can be expected to on-sell these to the highest bidder.

Commercial rates for access to the spectrum are proving to be unaffordable for non-commercial broadcasters. TriangleTV, for example, with their non-commercial regional license disappearing after the allocation, has had to move to SKY under the new name of FaceTV. Being behind a paywall means it can only be viewed by half of Auckland and no longer qualifies for NZ on Air funding.

Regional television broadcasters elsewhere in New Zealand have advised MCH and MBIE that they are concerned about “excessive costs” demanded by Kordia for spectrum access and transmission service. As far as we can ascertain, no action has been taken by MCH or MBIE to investigate or address this complaint.

Recently the Radio Spectrum Management Unit of MBIE called for submissions on its draft 5 Year Digital Spectrum Outlook – effectively its spectrum management strategy for the next 5 years. Several non-commercial broadcasters and supporters submitted to this but were largely ignored by MBIE whose primary focus is promoting business. As they point out in the summary of the submissions, our concerns are a matter for MCH rather than MBIE. MCH failed to make any submission to the 5 Year draft spectrum strategy.

Impact

After DSO there will be no frequency spectrum available to existing non-commercial regional broadcasters such as TriangleTV, except at commercial rates that will be prohibitively expensive.

After DSO there will be no frequencies available free-of-charge to any future non-commercial television broadcasters for the next 20 years.

No spectrum has been set aside for any changes in technology or changes in government policy towards funding non-commercial television.

Solution

It is essential that the MCH steps in on behalf of existing and future non-commercial television broadcasters and audiences to ensure healthy provision in the radio

spectrum for non-commercial use, especially in the larger metropolitan areas with more diverse populations.

Unfortunately the allocation of frequencies has been set and might be impossible to change. Kordia have been stockpiling frequencies and a solution could be to require them to give or sell these to MCH for non-commercial broadcasters' use.

Further Info - Online Options

Online is an easy method to distribute television programmes but it has some serious limitations. It is estimated around 20% of New Zealanders cannot access broadband because of the costs associated with broadband and computer ownership. The viewing experience on a computer/tablet/phone is different to on a TV and is less conducive to regular communal television viewing.

Further Info - Freeview

Freeview is the logical transmission method for non-commercial broadcasters after DSO. Freeview has two forms of transmission – Satellite and DTT (aka HD and UHF).

Freeview Satellite requires a dish to receive and 46% of households have purchased this Freeview option. Satellite has the advantage of reaching the whole country but has limited bandwidth (number of channels) on the satellite. Currently there is no space available for new channels on Freeview Satellite.

Freeview DTT (digital terrestrial television) is branded Freeview HD and requires a UHF antenna to receive. Like old UHF it is broadcast from towers around the country and is therefore regional. Unfortunately only 25% of households have opted for this option so although Freeview DTT is the obvious choice for non-commercial regional broadcasters it has limited penetration into homes.

For future non-commercial national broadcasters, Freeview Satellite is already taken by other broadcasters and Freeview DTT has limited penetration. Perhaps this penetration would increase with better channel availability on Freeview DTT but it is yet another hurdle in establishing any future non-commercial television channel.

Further Info – SKY, TVNZ and Mediaworks' Unused Frequencies

The main broadcasters have two years from the end of DSO to make use of their new frequencies, after which time any spectrum not being used will be retained by the Crown. It is likely that commercial broadcasters will avoid letting go of spectrum by creating HD and more time-shifted versions of existing channels. In this way they can effectively hoard spectrum and limit competition.

Further Info – Maori Television

Use of the multiplex allocated to Maori Television is currently under negotiation with new channels from MTS and other Maori broadcasters such as individual Iwi.

SOURCES:

- 2006 Crown Agreement with BCL (Kordia) for Free-to-Air Digital Television
- 2009 Crown Agreements with Kordia, TVNZ and MediaWorks
- Conversations and correspondence with WorldTV
- Ministry of Culture & Heritage Broadcasting Unit briefing paper 24 February 2012, for the Minister of Broadcasting for a meeting with the Chair of the Regional Television Broadcasters Association.
- Cabinet Policy Committee report “Digital Switchover: Transmission Options for Regional Broadcasters”.
- Ministry of Culture & Heritage, “Regional Broadcasting Update” 16 August 2012 for the Minister of Broadcasting
- 2013 “5 year Digital Spectrum Outlook” Radio Spectrum Management Unit, MBIE
- Correspondence from Minister for Communications and Information, Hon Amy Adams.

Further information

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Note – the Coalition for Better Broadcasting (CBB) will officially be launched later this year.