

Switchover to Digital Broadcasting

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INTRO

EU countries have progressed in their implementation of digital networks and switch-off of analogue broadcasting. Most of them have now switched 100% to digital broadcasting, excluding Greece, which has established 2015 as the deadline for switching off.

Regarding Central and Eastern Europe region, its countries are currently in the process of transition from analogue to digital broadcasting. Most of these countries have drafted the strategies for the process, have adapted the legal framework and have designed Action Plan for implementing digital networks and the closure of analogue broadcasting.

Albania finds itself in a key moment of the decision-making process to digital broadcasting.

Although the law no. 9742, date 28.5.2007 “On Digital Broadcasting in the Republic of Albania” established 31.12.2012 as the date for switching off analogue broadcasting, the Strategy of Switchover to Digital Broadcasting and the law 97/2013 “On audiovisual media in the Republic of Albania” postponed the switch-off to the final deadline of June 17, 2015.

Albania is in the early stages of transition from analogue to digital broadcasting and after several years of discussions, the necessary legal framework that will determine the paths of this process has just been approved. The two basic documents that constitute the foundation of this legal framework are: *Strategy of switchover from analogue to digital broadcasting* and Law 97/2013 “On audiovisual media in the Republic of Albania.”

Strategy

In early May 2012 the Council of Ministers approved the *Strategy of switchover from analogue to digital broadcasting*.¹ This Strategy has also an Action Plan for Implementation of the Strategy, which includes concrete measures (institutions, deadlines, and financing) for carrying on the full switchover until June 2015.

The Albanian Strategy to digital switchover provides solutions for the main problems that guarantee a stable system of electronic media, such as: financing the switchover from analogue to digital broadcasting and the facilities for operators and users, securing efficient Public Broadcasting Service, treatment of national and local operators, organization of competitions for providing licenses, schemes of licensing/authorization, network technology and system of compression, organizing public information campaign during the transition period, etc.

Licensing

¹ Decision of Council of Ministers no.292, date 2.5.2012.

One of the key problems in the approved strategy is determining the way the networks and audiovisual services will be licensed/ authorized, a problem tackled in the new audiovisual media law, too.

Licensing national private operators

Digital broadcasting is a reality for more than eight years in Albania. Digitalb, Supersport, as well as TRING, are present in the whole country territory, through programs supported in digital terrestrial or satellite networks.

In this context, the most appropriate solution for digitizing terrestrial broadcasting has been deemed licensing the existing operators based on criteria set by the law and regulations determined by regulator KKRT (beauty contest).

According to the Strategy and the dispositions of the new law on audiovisual media, the historical national operators and the appropriate operators with experience and credibility in digital broadcasting will be identified and urged to carry out a swift transition to digital broadcasting. The criteria of determining “historical channels” will be the period of existence of the program, the coverage through the years, the quality of broadcast programs, audience, application of new technologies, etc.

Based on the capacities of the National Plan of Digital Broadcasting, the existing situation and the market demands, as well as by calculating the perspective, the number of national commercial networks will be three in the first stage.

The license that will be issued to national private operators will also include the specific criteria they will need to meet. The main conditions will include the following:

1. Existing operators will free up the arbitrarily occupied frequencies and will migrate in the pre-established frequencies as in the Digital Plan (GE 06), according to the specifications of KKRT, within a period determined in the license, which will be harmonized with the realization of “digital islands”;
2. Each existing operator will be licensed for one national digital network. This means that in order to improve spectrum efficiency and broadcast the largest part of the programs available today in some networks, the compression system applied will be MPEG-4, instead of currently applied MPEG-2. The license will determine the time allowed for this transition;
3. The license terms will include obligations for allowing access to local operators (facility sharing);
4. The license will have terms for securing equal access, lack of discrimination, and transparency;
5. The license will also include terms for standardizing the systems of conditional access, protection from harmful programs to the minors, etc;
6. The license will also set terms for applying new and interactive services (DVB-H, DVB-T2 HD, etj.)

The subject that will earn the right to establish and use a digital terrestrial commercial network will present all needed financial guarantees for securing the establishment of a quality network, in accordance with the criteria set in the law and in KKRT specifications. In this prism, the strategy aims to develop models that offer the establishment of these networks and minimize financial costs.

KKRT, having in mind the development of the market of television broadcasting, will determine the national historic operators, as well as the appropriate operators that enjoy credibility, based on the experience of development of digital broadcasting and will make this evaluation public.

KKRT will invite these operators to participate in the competition for licenses of digital broadcasting upon completion of the criteria determined in the Strategy and in the law. Upon receiving applications, KKRT will evaluate the applications that make the best use of frequencies. At the end of the process KKRT will issue up to three licenses for establishment of national digital networks for private operators.

In the case of the lack of interest from historical operators, or operators appropriate to receive a national license, KKRT will see the possibility of carrying out this immediate objective through use of free capacities of frequencies, according to the definitions made in the digital plan, with regional licenses, aiming to guarantee maximum coverage.

Digitalization of networks of local private operators

Existing local operators, with a few exceptions, do not possess the necessary technical skills to build and maintain the terrestrial digital networks. They are not willing to switch off analogue broadcasting on their own until 2015, as they seek to obtain maximal gains from the investments made for establishing the network.

On the other hand, switchover to digital broadcasting must be carried out without upsetting the existing structure of media market that works as a market of free to air programs, financed by advertising revenue. The preservation of the market structure means that the existing analogue programs that will be supported in the digital platforms *will continue to be free to air and be financed through advertising revenue.*

Local private operators, being closer to local communities, represent the values of pluralism of opinion, programs, minorities, etc., values that must be preserved and promoted. Creating opportunities for supporting their programs in digital platforms without significant economic investment, would serve the aim of preserving current market structure, where users are used to receive free-to-air programs.

The combination of building a network of the public operator and building networks of local operators can be a way to reduce the general costs of switchover to digital broadcasting. This will guarantee the support of all existing local operators in the digital platform of the public broadcaster, allowing the latter a minimum number of programs in order to fulfil its mission. In this case, the process of transforming the existing analogue programs is considered as detached from the process of licensing of new local digital broadcasting networks, which can take place at a later stage, after completing the main objective, namely switching off analogue broadcasting.

This solution does not exclude other choices. In order to promote and speed up the digitalization process, the local private operators will have the following alternatives:

1. Support in the network of the public operator;
2. Joint funding of the existing operators that make up an allotment to build a digital network and jointly use free capacities (legal support is required.)
3. Organizing the competition for building a local digital network (if the first two alternatives fail.)

The Strategy determines that digitalization will be implemented one allotment after another, following the method of “digital islands.” If we consider mid 2015 as the final deadline, it is clear that the time left to start the process in Albania is drawing closer.

Use of capacities of the Digital Plan

According to the Strategy, use of national capacities of the Plan of Digital Frequencies of Albania, following the Agreement GE 06 (ratified by the Parliament of Albania), will be in the following way:

- a. 2 national frequencies for the public broadcaster;
- b. 3 national frequencies for national private operators;
- c. 11 local networks for local private operators;
- d. 2 national frequencies that will be left alone at the moment.

Technical characteristics

An important novelty of the Strategy is the definition of technical characteristics that operators must implement, both for the broadcasting system and for the compression standards.

Broadcasting system

Having in mind the technological developments, the opportunities of economic gain and the efficient use of the frequency spectrum they offer, the developments in other countries and the freeing up of the DD spectrum, the Strategy states that Albania should adopt the more advanced **DVB-T2** broadcasting system.

Compression standards

The terrestrial digital networks will apply the compression system **MPEG-4**, which will allow for a more efficient use of the spectrum, as well as the HD programs. *Since the existing (unlicensed) operators of terrestrial digital networks apply the MPEG-2 standard, a transition period will be in force, (no longer than 2 years).*

Receiver specifications

The receivers will meet all legal requirements as specified by the European Union and the relevant national authorities. In our country there are new rules in the area of standardization, based on the EU Directives² and in accordance with these rules, the authorized representative of the producer, importer, or the person responsible for introducing such equipment in the market, must notify the Authority of Electronic and Postal Communications regarding their conformity before importing them, only for the equipment that works on unharmonized frequency bands. Audiovisual receivers are excluded from this process and so far there are no plans to introduce audiovisual receivers in the process of standardization.

- Another issue addressed in the Strategy is the Digital Dividend.

In Europe the transition from analogue to digital terrestrial broadcasting has freed up a significant part of the spectrum, as a result of the greater efficiency of the digital technology. This spectrum is referred to as “digital dividend.”³

² Directive 1999/5/EC, including Directive 73/23/EEC and Directive EMC 89/336/EEC.

³ Digital dividend is considered as a unique opportunity to meet the increasing demand for wireless communication services. It opens up sufficient spectrum for broadcasters to expand their services, while guaranteeing other social and economic uses, such as broadband applications.

In Albania, in the band allotted to Digital Dividend there is currently analogue broadcasting, digital broadcasting, and channels planned for digital broadcasting according to the Plan approved by ITU⁴ in the Geneva Agreement of 2006 (Plan GE 06).

The main problem is re-planning the digital broadcasters in lower frequency bands, so as not to decrease the broadcasting capacities obtained by Plan GE 06. For this purpose the Strategy aims to plan and coordinate with neighbors and registering in GE 06 about 13 % of the total frequency allowances planned in GE 06. Only after the migration of these frequencies to lower bands is completed, can the use of the Digital Dividend for broadband take place, which is beneficial to the economy. Hence, the earlier the full switchover to digital broadcasting is completed and the re-planning to lower bands is done, the sooner the spectrum for the Digital Dividend will be freed.

The Strategy does not foresee the coverage of costs by the state for the operators that are forced to migrate from existing frequencies.

- Bodies responsible for implementing the Strategy:

In order to implement the strategy and follow the whole process until the full switchover to digital broadcasting the Strategy foresees the establishment of a *Inter-Institutional Committee for Implementation of the Strategy*. This Committee will be responsible for coordinating the activities related to the implementation of the strategy, until the switch-off of analogue broadcasting, as well as for the proposal of necessary decision-making for the timely completion of these process by relevant bodies. The committee will be supported by the *Technical Secretariat*.

- Costs of digitalization

The Strategy includes a partial forecast of the cost of the digitalization process, admitting that: *“Reference prices are estimated from the market and are not necessarily accurate. ... Estimations are only supposed to serve as orientation.”* The accurate value will be determined by the procurement process, which will be realized based on technical specifications described in the technical project.

So, regarding the building of the two networks of *TVSH*, the planned cost is about *26 million Euro* (an investment extended over a three-year period.)

- Subsidies for decoders

In order to complete the full transition to digital broadcasting, apart from building networks there must also be a plan for equipping the households with digital receivers or decoders, which enable the use of existing analogue receivers for digital signal reception. The decoders must be of compression system MPEG 4. However, for years the decoders MPEG-2 have been used for receiving signal of existing private operators.

According to the Strategy the plan for the decoder needs must include also the possibility of providing decoders to 100% of households, gaving in mind that the number of households is 985,643. Planning of the needs for decoders will be made in accordance with the building of “digital islands,” which means that the investment will be made accordingly.

⁴ International Telecommunication Unit.

Considering that not all families are able to obtain a decoder within the deadlines of the “digital islands,” the Strategy demands that subsidies are planned for a part (or the whole) population.

The Strategy also provides some orientation⁵ on the necessary expenses for some subsidy schemes, as the following:

- 100% subsidy = 29.569.286 Euro
- 50% subsidy = 14.784.643 Euro
- 7%⁶ subsidy = 2.069.880 Euro

The cost of public awareness on digitalization is planned to be about 1,348,168 Euro (public polls are not planned in the needs for funding.)

Finally, it is important to stress that the costs for implementing the Strategy have been estimated to be 57.000.000 ALL for the first year and about 40.000.000 ALL for the next years (until June 2015). However, the 2013 budget has not planned on this aspect.

Cooperation of media operators

Regarding the obligations that stem from the Strategy, KKRT in October 2012 has addressed all television operators in the country, notifying them on the above-mentioned obligations, but the operators have not been interested (only two of them have replied.) This memo of KKRT has not been the only one, as in the drafting process of the Strategy, which lasted for about four years, about 10 meetings with operators in the whole country have been organized.

New law “On audiovisual media”:

The environment of digital broadcasting and the process of switchover to digital broadcasting must contain the needed guarantees for public interest, access to information and copyright protection. Such a legal basis is provided from law no. 97/2013 “On audiovisual media,” approved in the parliament on March 4, 2013.

The new aspects of this law focus mainly on the issue of licenses, determining their kinds, the provision of authorization, the regulation of ownership in the area of audiovisual broadcasting, the validity of existing licenses, etc.

More specifically, the new law stipulates:

On licensing:

Licenses are classified into:

- Licenses of audio broadcasting and of audiovisual broadcasting;
- Licenses of audio and/or audiovisual service;
- Licenses of community audio broadcasting
- Licensing of audio broadcasting for temporary and institutional aims

⁵ The average household composition has been estimated of four persons. The price of decoders has been estimated at 30 €

⁶ Percentage of households in need has been determined by the number of households that receive social assistance, currently at 99,000 (= 7%), spread all over Albania.

The above licenses are issued through public competition, since offering these services demands use of radio-television frequencies, which are limited public resource.

The law plans providing authorizations without competition for:

- Satellite audio and/or audiovisual service
- Cable audio and/or audiovisual service
- Online service when service is supported through Internet
- Service provider, including conditional access service.

Validity of existing licenses

The new law regulates the following:

- Licenses for television broadcasting, issued according to law no. 8410, date 30.09.1998, are replaced with licenses for audiovisual broadcasting;
- If analogue operators do not apply any of the alternatives planned for the switchover to digital broadcasting, the replacement of licenses will take place six months from entry into force of this law, valid until analogue switch-off;
- Licenses for cable and satellite broadcasting will be replaced with authorization for audio programs service and/or with service of audiovisual programs issued by AMA and with the respective authorization, according to the definition in the law no. 9918, date 19.5.2008 “On electronic communications in the Republic of Albania,” upon notification of AKEP. The replacements will take place six months from entry into force of this law.

Switchover to digital broadcasting of existing operators

The Authority of Audiovisual Media, three months from entry into force of the law will determine:

- The number of national, regional, or local licenses of digital broadcasting for private broadcasters;
- Historical national commercial operators, as well as existing digital operators, who will participate in the selection procedure, according to *beauty contest*.

The law determines that local analogue operators, three months after entry into force of the law, must notify AMA on their decision on one of the following alternatives:

- Supporting their programs in the digital network of the public television or other digital networks;
- Applying jointly for a local digital network license within a planned zone to be covered by a SFN network, according to the digital frequency plan;
- Participating in the competition organized by AMA for license for local digital network.

Regulation of ownership in audiovisual broadcasting

The novelty the new law in the area of ownership regulation brings is the following:

- A subject that has shares in a company that possesses an audio or audiovisual national broadcasting license cannot have more than 2 % of the general capital in a second company that possesses a national audio or audiovisual license. Participation up to 10 percent in a third national company is allowed for analogue audio broadcasting;
- A subject that has shares in another subject that owns a local or regional audio broadcasting license cannot own more than 40 % of the general capital in a second company, which owns a local or regional audio broadcasting license;

- A subject that has shares in another subject that owns a local or regional audiovisual broadcasting license cannot have more than 40 percent of the general capital in a second company that owns a local or regional audiovisual broadcasting license;
- The legal requirements on ownership limitations are also valid for national licenses of audio and/or audiovisual program service or legal subjects authorized for offering services of audio program and authorizations of service of audiovisual program supported in satellite networks.