

June 2, 2015

Discussion with local broadcasters on digital networks

The Audiovisual Media Authority (AMA) organized a meeting on June 1 with local analogue broadcasters regarding the existing options of their broadcasting in the framework of digital switchover. Based on the Strategy of Digital Switchover, the regulator explained to local operators the three options for them to broadcast in specific networks that will be available:

1. With the first option, the local broadcasters will be available through the platform that is being built by public broadcaster RTSH;
2. Another option is for local broadcasters to come together and apply to build a local platform of their own, but 70% of the local operators in the area have to agree in order to apply;
3. If none of the first two options work, the regulator opens the race to build a network that local operators will use.

The Strategy defines these three particular options, but states that other options are by no means excluded. In fact, as the meeting highlighted, another option might be for local broadcasters to make use of the networks built by the other commercial operators, namely the existing multiplexes and the two national commercial televisions that have applied to receive a national license for building a platform.

In this respect, a key factor will be the fee applied to use the network that the public broadcaster is building. According to the Strategy, the fee calculated in 2012 is estimated to be 2,885 Euro per month for each operator that will use the network of the public broadcaster. Representatives of the regulator claimed that there is no sufficient transparency in the Strategy on how this fee was estimated and it seems rather high. They also invited the representatives of public broadcaster to revisit the fee and to be more active in discussing these matters openly with the broadcaster and with the regulator. In addition, the regulator urged the local operators to also be more active in providing

necessary information on their broadcasting costs, which would allow for a more realistic estimation of the expenses they incur.

The regulator focused on the balance that has to be found on the fee to be paid, which has to be affordable for local broadcasters, but also has to cover the expenses of RTSH, which has to pay back the loan that covers the building of the two networks. Apart from a realistic calculation of the fee, the regulator presented options that might relieve the financial burden of operators. RTSH representatives agreed that it is necessary to revisit the fee and expressed their commitment to do so.

According to regulator estimations of the annual revenue of local broadcasters, currently about 50-55% of the broadcasters can afford paying such a monthly fee for using the network. One of the suggestions was to use a coefficient that would distinguish some areas of broadcasting as more profitable, while others as significantly less profitable for broadcasters, and adjust the fee to be paid accordingly. For example, operators in the Tirana and Durres allotment can afford to pay double the fee, while other operators working in poor and isolated areas can pay 0.5 of the fee. Another suggestion was to pay only half of the fee for the first year or pay reduced fees for the first three years.

The local operators expressed their disagreement with the monthly fee determined in the Strategy, considering it overblown and unaffordable. They demanded that the process in determining the realistic fee is transparent. The operators also expressed their concern on the investment some of them had already made regarding digital broadcasting and the future of such investment in the framework of broadcasting through other networks. They insisted that the fee cannot be calculated in a way that will cover the total investment sum of RTSH to build the networks, as RTSH receives funding from taxpayers for that purpose and this would be unfair on local operators. In addition, it was discussed whether a distinction should be made between building HD and SD networks, as not all operators in all areas needed to broadcast in HD and that changes the costs and the availability of frequencies.

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