

Digital television switchover plans in Hungary

Preamble

Pursuant to the Action Plan eEurope 2005, most of the “old” EU Member States informed by the end of 2003 the European Commission on their intentions regarding a possible switchover to digital television broadcasting. The Directorate-General Information Society processed the information collected from the Member States, and gave account on its initial observations in the working document CBISS04-05. One of the conclusions was that “Info from Accession Countries would support transparency”.

Based on the above, the Ministry of Informatics and Communications of the Republic of Hungary has prepared the present information document.

This document follows the checklist of items given in Annex 2 of the Commission’s communication on the transition from analogue to digital broadcasting (COM (2003) 541 final).

1. Strategic plan for switchover, relevant regulation

Among the various platforms of television broadcasting, state organs in Hungary deal with the digital switchover of the terrestrial platform with high priority. The main reason for this is that the digital transition of this platform equally raises questions of frequency management, public services and social issues. The Ministry of Informatics and Communications has prepared a **Proposal** for government decision on the strategic objectives and the priority government tasks in relation with the transition to the terrestrial digital television broadcasting. The draft **Proposal**, discussed in several rounds by the professional organizations and state organs concerned, deals with the following:

- importance of digital TV broadcasting;
- position of the digital TV broadcasting in the community policy of the EU;
- situation related to the digital TV broadcasting in Europe and in Hungary;
- necessity of the transition to the digital terrestrial TV broadcasting in Hungary, the main strategic objectives;
- governmental and media authority tasks connected with the terrestrial digital switchover;
- providing the frequencies required to the terrestrial digital switchover;
- regulatory preconditions of the terrestrial digital switchover;
- the issue of the digital transition of the households;
- tentative calendar of the digital transition;
- governmental tasks by the end of 2005.

The **Proposal** shall be submitted to the Government for decision making in the first quarter of 2005¹.

¹ Updating information: The Government accepted the Proposal in its Resolution 1021/2005. (III. 10.).

Primary regulation relevant to the terrestrial TV broadcasting is provided in the following two acts:

- Act No. I of 1996 on radio and TV broadcasting (“broadcasting act”): this act has regulated the licensing procedures and the preconditions of broadcasting as content supply. The National Radio and Television Body as media authority issues the entitlement to use terrestrial broadcasting frequencies in a procedure under this act. The act is „technology neutral” i.e. its provisions disregard whether the transmission technology is analogue or digital. The act adopted in the era of analogue broadcasting, nevertheless, does not facilitate the efficient introduction of digital broadcasting, therefore the amendment of the act is inevitable.
- Act No. C of 2003 on electronic communications: this act, in compliance with the community regulation related to electronic communications networks and services, provides for the preconditions of the operation of broadcasting transmission networks and for certain issues related to digital broadcasting. Switching over to the terrestrial digital TV broadcasting does not require the amendment of this act.

2. Political objectives of the digital transition

Priority political objectives of the transition are:

- effective management of the frequencies as a limited source;
- expansion of the service infrastructure related to the information society by a broadband transmission tool generally used in the country apart from geographical and social situation.

3. Spectrum management policy choices and scenarios

Spectrum management activity related to the digital switchover has currently two primary objectives. One of these objectives is to provide frequencies for the transition (simulcast) period, and the other is the proper preparation of the ITU-level frequency planning for the fully digital scenario.

Frequency sets for three national DVB-T multiplexes have been planned for the transition period partly by the conversion of channels allocated in the Stockholm Plan but not utilized, and partly by new channels. Each frequency assignment has to be coordinated with ten countries. As a result of the coordination that started several years ago it can be expected that in most of the densely populated regions of the country at least two channels soon will be available. Using these channels, the introduction of DVB-T will start in islands of the densely populated geographical regions.

As preparation of the frequency planning for the fully digital scenario, the specification of the requirements of the Hungarian administration (number of multiplexes, modes of reception etc.) is in progress now. The use of the digital dividend for purposes other than broadcasting is not included in the potential aspects.

4. Implementation choices

In order to fulfil the political objectives, the conditions should be provided for setting up successful business models of the transition to the digital terrestrial television broadcasting, and for the acceptance of the new technology by the customers. This requires adequate frequencies and favourable regulatory environment.

For the transition, the digital simulcasting of analogue programs should be ensured and the new digital program services should be launched simultaneously as soon as possible in order to motivate customers to purchase a set-top-box or a digital receiver. It is inevitable in motivating customers that a part of the new programs at least can be received free of charge.

5. Tentative calendar

- 2004** – Starting one multiplex as Pilot Project in Budapest and on another “island”
 - Preparing governmental decision
 - Preparation for the ITU frequency planning
 - Frequency coordination negotiations
- 2005** – Governmental decision
 - Law level regulation (amendment of the “broadcasting act”)
 - Regulation on the level of electronic communication decrees
 - Preparing the first DVB-T tender
- 2006** – Tender for the first two or three multiplexes
 - Examination of multimedia and interactive services
- 2007** – Starting the first two or three multiplexes on “islands”
 - Completion of the national frequency plans on the basis of the results of RRC-06
 - Extension of the networks
 - Development of multimedia end interactive services
 - Examination of subsidy possibilities
- from** – Extension of the multiplex networks
- 2008** – Development of multimedia end interactive services
 - Tender for new multiplexes
- from** – Gradual switchoff of the analogue transmitters by 31 December 2012
- 2010** – Decision on new multiplexes

6. Stakeholder’s involvement in the switchover strategy design and implementation

For the sake of a successful transition, proper collaboration between the state organs concerned (Ministry of Informatics and Communications, the Ministry of National Cultural Heritage competent in audio-visual issues, the National Radio and Television Board, the National Communications Authority, etc.), program providers, network operators as well as customer representatives is inevitable in the course of planning and implementation of the transition strategy.

In the first phase of drawing up the transition strategy, the stakeholders (including the state organs concerned) made comments on the *Proposal* on the strategic objectives and the primary governmental tasks. Their comments have been considerably taken into account.

The *Proposal* identifies the strategic objectives and primary governmental tasks for the transition, and it does not deal with several important strategic details (like the issue of a possible state support). These issues will be discussed in a later phase in the framework of a strategic rolling schedule.

For the time being, the composition of a consultative committee starts to take shape, the task of which will be the development of the strategic rolling schedule with the involvement of the stakeholders and with due regard to the market situation, and the elaboration of topical proposals for the Government.

7. *Criteria for achievement of the political objectives*

- Political agreement concerning the revision of the “broadcasting act”
- The availability of the frequencies assigned (allocated) to in the Plan accepted by the RRC-06 (successful coordination with the neighbouring countries)
- Cheap base-line set-top-boxes
- Attractive programs offered in the first multiplexes, inciting the interest of customers
- Interactive services offered in the multiplexes.

8. *Market assessment*

A profound market analyses of the transition period has not taken place due to the fact that there is much uncertainty in the transition schedule, on the one hand, and the transition should primarily be a market-driven process where public funds can play a role to the minimum extent inevitably needed, on the other hand.

As state support, the financing of the simulcast of the public broadcasting services have been suggested. Funds for this support should be included in the current state budgets, following the extension of the coverage area.

9. *Policy obligations and incentives*

Some of them have been mentioned in the above paragraphs. Their full-scope elaboration will be included in the strategic planning process in the next phase.

10. *Areas for possible EU- coordinated action*

- Aggregate evaluation and publication of the transition experience of Member States,
- Collection and disclosure of state support options of the Member States not violating the competition rules, with special regard to the objections of cable TV operators.