

The Media Association Jamaica Limited wishes to make clearly known its position on the country's move to have broadcast media operating in a digital format as against the present analogue format.

More than six years ago several media and production facilities in Jamaica started to acquire and utilize components of digital media editing, production, transportation and processing. This was well in advance of any formal policy discourse on setting a timetable to arrive at decisions on Digital Switch Over (DSO). This underlines the fact that media in general have long embraced the need to develop digital capabilities. Media entities and the MAJ are clear supporters of the switch to the use of digital technologies in production and broadcast operations.

We see the benefits of Digital Switch Over in four clear areas:

1. The use of digital technologies improves the efficiency of several of our production and distribution (transportation) operations;
2. The digital technology produces a better quality audio and audio-visual product for broadcast or other media dissemination;
3. Digital technologies enhance the viewer/consumer experience, including the enhancement of interactivity, access to a significant amount of additional information and the ability to share information;
4. From a public planning and usage perspective a digital spectrum is also more efficiently managed as it can accommodate many additional players to provide several additional services and in so doing it makes additional spectrum available for commercial exploitation of the "freed up" spectrum by the state.

ISSUES

a. Given a delay on deciding policy direction regarding which digital standard to adopt, there has been strong debate over whether or not the Advanced Television Systems Committee (ATSC) loosely called the US standard or the Digital Video Broadcasting (DVB), loosely called the European standard should be adopted for Jamaica. (Note that there are other standards that have received far less global support). Broadcasters who have invested in digital assets have largely done so in the ATSC standard. Our major trading partners (in North America) operate in this standard; if programmes made in Jamaica are to have easy access in that market, it would be best; manufacturers or their distributors are located close by; technical support for equipment purchased and training of our staff would be easier from our North American neighbours. Further, the technical and quality advantages of DVB are negligible to the consumer/viewer. The MAJ therefore supports the adoption of the ATSC standard for Jamaica.

b. While broadcasters do not distribute set top boxes to customers to receive our transmissions at present, we appreciate that media operators in the subscriber television sector of the media industry find the DVB format more reliable and more cost effective. However, interoperability of this equipment with other equipment, including in the ATSC standard is understood to be seamless.

c. As we understand it the National Steering Committee on DSO has set a target date of 2015 for Jamaica. The MAJ believes this is too rushed and will create financial harm for broadcasters from a number of standpoints:

i. Some broadcasters have made recent investment in the development of their infrastructure. An aggressive DSO timetable will accelerate obsolescence of that equipment. The delay in establishing policy direction and the resulting shorter lead-time for switchover will negatively impact the broadcaster. There is no market for broadcasters to on-sell obsolete analogue equipment and accelerated depreciation of equipment in order to meet an aggressive DSO timeframe will increase losses by broadcasters as they are forced to write down the value of these assets.

ii. It is our view that there is little to expect from the government by way of concessions to achieve DSO. It is clear from our national picture that the government can contribute neither to broadcasters nor consumers cash, vouchers or credits as enticements to switch over. The government just does not have the means.

iii. It is also clear that with Internet penetration still low in the country (below 30%) and, with players in the telecommunications sector contracting (and they will certainly take some time to build up again), accelerated growth in the telecommunications sector is unrealistic. Therefore, the promise of sharing the proceeds (digital dividends) of the re-sale of the reclaimed spectrum (that was heavily consumed using analogue technology) will not be at brisk pace. Broadcasters therefore do not anticipate that their heavy capital outlay for digital transmission roll out will get much benefit through digital dividends.

iv. Television has been earmarked for the first phase of switchover. Most television broadcasters already secure benefits, if they have Motion Picture Exemption status which allows them tax concessions in the purchase of equipment. In our view expecting additional concessions is impractical.

v. For consumers, there would be a need to discard all television sets that do not have digital receivers. Television retailers estimate that this could be more than 90% of the television sets in Jamaica at this time. Again, it is unlikely that the Jamaican government could (like the US and Canadian governments) afford to give vouchers to consumers to purchase or go towards purchasing replacement TV sets. In that case, consumers are also at risk of losing TV sets, being forced to dump assets before they are obsolete or do without TV because they cannot afford a new TV with a digital receiver.

Recommendation

The Media Association Jamaica Limited having re-stated its position in support of Digital Switch Over therefore suggests the following approach to the process:

1. Establish a 100% DSO timeline of 2020 for Jamaica.
2. Policymakers should determine the standard being adopted by Jamaica no later than June 30 2012;
3. Between now and 2020 policymakers and regulators should allow for all Digital Standards to be used in Jamaica, with the understanding that there should be service interoperability irrespective of which standard is chosen by a broadcaster/cable operator;
4. Broadcasters will have an eight year period to plan and phase out analogue equipment and replace with digital or digital-ready equipment, as a regular part of their business operations;

5. Retailers would be required/mandated to source and offer for sale to consumers in the last four years before switchover, only digital ready TV (receiver)sets, with interoperable units if necessary;
6. Where broadcasters can accelerate the deployment of digital transmitters, they should be allowed to do so and to operate a dual network up to the point of switchover, with the digital spectrum used being located in the desired band to which broadcast services will be migrated at full switchover.

It is the view of the MAJ that this proposal strikes a balance between standing still in the analogue world, moving forward without jeopardizing the existing media business, and getting to DSO in a reasonable timeframe (eight years).

We remind all that the following countries have set the following timelines for full DSO:

1. Peru 2020
2. Venezuela 2020
3. Thailand 2020
4. El Salvador 2019
5. Argentina 2019
6. Indonesia 2018
7. Costa Rica 2018
8. Chile 2017
9. Columbia 2017
10. Brazil 2016

Please note that in all the cases above, they have already decided on the digital standard they will adopt, they gave more than five years notice to the media sector, they have vastly more resources than Jamaica and have economies that are in better condition to give support than in Jamaica at this time.