

Digital Dividend Review and Switchover – Where are we now?

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After Whitehaven – Next Steps for the Digital Dividend Review

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The Digital Dividend Review - background

- ❑ June 2005 Ofcom published Spectrum Framework Review Statement
 - ❑ Set out plans to release more spectrum on the market, liberalise use and enable spectrum trading
- ❑ September 2005 Government announced analogue switch off region by region between 2008 and 2012
 - ❑ The *digital dividend* (112MHz) could be released for other uses (mobile broadband, mobile TV, more DTT, intelligent wireless services, etc.)
- ❑ November 2005 Ofcom announced the beginning of the *Digital Dividend Review* (DDR)
 - ❑ How spectrum should be awarded and for what uses

The Digital Dividend Review - background

- ❑❑❑ December 2006 Ofcom published consultation document on the proposed approach to the award of the digital dividend spectrum (lying in range 470-862MHz)
 - ❑❑ Emphasised maximising benefits to society as a whole
 - ❑❑ Achieved by allowing users flexibility of use and awarding spectrum via market mechanisms on a technological and service neutral basis
- ❑❑❑ Over 750 responses
 - ❑❑ Many support market led approach, others called for regulatory intervention to support specific services e.g. subscription free HD DTT

The Digital Dividend Review - background

- ❑ April 2007 Ofcom published “Annual Plan 2007/8: Regulating for Convergence”
 - ❑ Increasing importance of wireless platforms and services recognised
- ❑ December 2007 Ofcom published statement on approach to awarding the digital dividend spectrum
 - ❑ Market led approach preferred – by auction (with the exception of interleaved spectrum used by PMSE (programme making and special events))
 - ❑ Intervention in the form of reserved bands for specific uses regarded as inefficient
 - ❑ Implicit subsidy via spectrum less transparent and inefficient compared with direct explicit subsidy

The Digital Dividend Review – next steps

- ❑❑❑ The details of the award process and licence terms to be determined
- ❑❑❑ Award process will aim to
 - ❑❑ Promote competition;
 - ❑❑ Encourage innovation;
 - ❑❑ Enable the entry of new players; and
 - ❑❑ Guard against the risk of anti-competitive behaviour
- ❑❑❑ Ofcom states “If spectrum auctions are well designed, they can be powerful tools for creating a more competitive landscape”

The Digital Dividend Review – the award process

- ❑ Spectrum auctions have generally performed well when well-designed
- ❑ Little international experience of large scale valuable spectrum being awarded on a technological and service neutral basis in the presence of considerable demand uncertainty
- ❑ Despite recognising the increasing importance of mobile applications, the spectrum is substantially attractive for private HD DTT services
 - ❑ If the released spectrum ends up used mainly for DTT this need not be inconsistent with Ofcom's objectives – though there will be a need to guard against anti-competitive positions

Concluding remarks

- ❑ The DDR is probably Ofcom's most important initiative to date
- ❑ The released spectrum has considerable value, estimated at between £5-10bn (net present value) over the next 20 years
- ❑ Ofcom's next step is to consult on the detailed award process
 - ❑ A crucial part of the DDR
- ❑ Auctions are expected to take place from this year onwards
 - ❑ Including interleaved spectrum