



“Institute for Development of Freedom of Information”

Migration of the local broadcasters to the digital transmission platform – Challenges and Analysis of the Situation

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1. Introduction

2013-2014 years was a crucial period to determine the strategy for transition to the digital broadcasting. Despite the opposing views of the European experts¹, who had repeatedly indicated the importance of effective use of frequency spectrum, local and regional media interests were represented in the state strategy². In the above mentioned period NPLE IDFI has conducted number of sufficient researches³ concerning the transition process to digital broadcasting in Georgia and came up to the relevant recommendations, which were successfully reflected in the strategy. Hence, during migration to the new technological platform, local and regional analogue broadcasters were the most vulnerable to risks of withdrawing from the market, because of the financial and other problems. IDFI was actively involved in the process to prevent such issues and achieved positive results.

On August 30, 2013, NPLE IDFI suggested the Georgian Ministry of Economy and Sustainable Development the draft strategy⁴ of transition of the regional and local broadcasters to the digital terrestrial broadcasting.

The strategy suggested by IDFI was based on the experience of USA and Ukraine and presented the recommendations in compliance with the Georgian media market. The Ministry of Economy and Sustainable Development of Georgia considered presented recommendations and the model of digitalization of US regional media was reflected in the Georgian strategy of transition to digital broadcasting. According to the regulation defined in the strategy, Georgian National Communications Commission (GNCC) was authorized to give away licenses for free (according to certain formal conditions) to the local broadcasters, willing to get the right to build digital terrestrial network and suitably license for frequency instead of existing analogue license.

IDFI proposed to the Ministry of Economy and Sustainable Development of Georgia the following conditions to support regional and local analogue broadcasters:

- Allocation the digital frequency for the narrow area corresponding to the activity zone to build own digital low power terrestrial broadcasting network and broadcast;
- Lower standards than DVB-T2 and MPEG 4 compression standards were defined as a minimum⁵, which was stipulated with the low price to build a network and lack of local

¹ Note: hereby, experts refer to the representatives of the EBRD as well as DIGITA, involved in Georgian digital switchover process and supporting Ministry of Economy and Sustainable Development of Georgia with relevant recommendations.

² Georgian government affirmed the government's strategy for the digital switchover process by the decision of February 7th, 2014; visit to see the strategy: < <http://economy.ge/ge/media/news/cifrul-miwiszeda-satelevizio-mauwyeblobaze-gadasvlis-samoqmedo-gegma-da-rekomendaciebi>>.

³ See at: <<https://idfi.ge/ge/category/researches/media>>.

⁴ See at <<https://idfi.ge/ge/research-41>>.

⁵ Note: indicated standard is defined as a minimum parameter for national digital terrestrial broadcasters multiplex platform operators.

programs. The strategy, endorsed by the Georgian government, allowed the local Multiplex platforms to operate within the DVB-T standard and MPG 4 compression parameters.

The strategy suggested by the organization, defined the obligations of the local multiplex operators, while granting the license to operate. Accordingly, they would be assigned to access the free resource of their networks with cost-oriented tariffs and non-discriminative conditions.

Georgian government endorsed the strategy approved by the Ministry of Economy and Sustainable Development of Georgia on February 7, 2014. The strategy included switchover action plan of analogue terrestrial broadcasting to the digital terrestrial broadcasting⁶ and corresponding recommendations. The main objectives of the state DSO strategy are the following:

- Supporting freedom of expression and media pluralism;
- Promoting Georgian broadcasting market and locally produced content;
- Minimizing barriers for entering the Free-To-Air (FTA) broadcasting market;
- Supporting highly effective use of the limited natural resources, i.e. radio frequencies;
- Creating a competitive environment by introducing alternative Free-to-Air digital terrestrial multiplex platforms;
- Insuring access of end users to diverse Free-To-Air broadcasting content;
- Developing informational society in Georgia and promotion of the field to attract investments;

The state goal identified in the strategy, is maximum consideration of the interests of the local Free-to-Air broadcasters during transition to the FTA digital terrestrial TV broadcasting. Correspondingly, this would promote the further development of the local TV broadcasting market.

2. Frequency Resources Distribution Problems

One of the main problems of solving the regional multiplex platform issue was to allocate the frequency resource for the regional media. Based on the above, first of all we have to refer distribution of frequency resource and dates of the process. According to the decision of the Ministry of Economy and Sustainable Development of Georgia, on June 17, 2015, after shut down of analogue broadcasting, VHF III, particularly the existing resource in 174-230 MHz frequency range, was allocated to form local (DVB-T or T2 standard) low-power Multiplex platforms.

The recommendations of the Ministry of Economy and Sustainable Development of Georgia, considered the interests of local broadcasters and offered to existed local FTA broadcasters, operating in the narrow broadcasting zone, existing radio frequency resource within VHF III frequency range to form local (DVB-T or T2 standard) multiplex platforms. In case the available frequencies of relevant digital FTA zone within the VHF III range will not be sufficient to form optimal local

⁶ ID. FN. 2.

multiplex platforms and there is free UHF resource in the digital FTA zone, additionally existing relevant resource of the 470-694 MHz range can be used, as well as other TV channels can be used in VHF III range, not considered by Geneva-06 plan.

According to the recommendations, granting the frequency resource to the local broadcasters of this category would be implemented for free, which will be available after shut down of analogue broadcasting.

On June 11, 2014, the GNCC published⁷ the list of the free frequency resources, which could be used by local broadcasters in the digitalization process, in case they would want to construct multiplex platform. Notably, according to the 26 analogue zones, the document only reflects VHF channels. **The commission does not indicate about free UHF resource that can be used in accordance with strategy.** Supposedly, the frequency list⁸ of indicated category will be available as soon as the tender of national coverage commercial multiplex operator will be over.

On June 10, 2014, IDFI addressed GNCC with the letter N20140603. According to the action plan and recommendations about transition from analogue terrestrial FTA broadcasting to digital terrestrial TV broadcasting, approved by the Ministry of Economy and Sustainable Development of Georgia on February 7, 2014, the GNCC should provide necessary frequency resources for local digital terrestrial broadcasting network/multiplex platform, in case the regional and local broadcasters present corresponding application by May 2014. The GNCC should provide this service free of charge and without open competition.

The number of objective reasons, and firstly the lack of information about frequency resources,⁹ made applying impossible. Due to the limited time for the activity, defined by the Ministry of Economy and Sustainable Development of Georgia, regional broadcasters could not access the information about the allocated frequencies for local FTA digital multiplex platforms. Additionally, other necessary information exchange between broadcasters and regulatory commission failed.

Based on above mentioned, during the meeting at the regulatory commission, interested parties got the promise from the commission to extend the term to the reasonable period of time. Moreover, interested parties would have possibility to apply for licenses and settle other related issues.

The term (May, 2014) determined by the action plan and corresponding recommendations about transition from analogue terrestrial FTA broadcasting to digital terrestrial TV broadcasting, approved by the Ministry of Economy and Sustainable Development of Georgia on February 7, 2014, should be extended to December 31, 2014.

⁷ See at: <http://www.gncc.ge/index.php?lang_id=GEO&sec_id=50712&info_id=115453>; last seen on Jun 14, 2014.

⁸ See the announced list at <http://www.gncc.ge/index.php?lang_id=GEO&sec_id=50712&info_id=115453>.

⁹ Note: The information about frequencies became available on GNCC webpage only on June 11, 2014.

The strategy document of transition to the digital FTA broadcasting envisages various possibilities for the local FTA broadcasters, particularly:

- Local broadcaster only maintains the right of broadcasting (to create and aggregate content). Broadcasting content produced by local broadcasters is spread in the open air with digital terrestrial FTA broadcasting multiplex platform operator, after payment of relevant fee (**first category**).
- The local broadcasters build their own local multiplex platform by maintaining defined area according to the analogue license, in order to disseminate their broadcasting content in the open air (**second category**).

The policy document, approved by the government of Georgia, envisages granting the radio frequency resource for free to form local digital terrestrial broadcasting network/multiplex platform for the second category broadcasters with the following conditions:

- If one local FTA broadcaster is functioning in one and the same local zone, the commission (GNCC) provides free of charge frequency resource without necessary for the local digital terrestrial broadcasting network/Multiplex platform formation, after presenting the relevant application.
- In case more than one local FTA broadcasters willing to form local multiplex platform, commission will assign radio frequency resource(s) free of charge and without an open contest to the existing voluntary union of local broadcasters, after the union applies to the commission.

According to the document, published by the GNCC,¹⁰ there are 26 such local zones: Batumi, Ozurgeti, Tbilisi, Zestaponi, Samtredia, Sachkhere, Kutaisi, Chiatura, Khoni, Gurjaani, Telavi, Lagodekhi, Sagarejo, Zugdidi, Senaki, Poti, Chkhorotskhu, Tsalenjikha, Akhaltsikhe, Borjomi, Bolnisi, Manglisi, Marneuli, Rustavi, Gori and Khashuri.

Only 5 out of 26 zones contain more than one broadcaster. The consortium should apply in the following cities:

1. Batumi: Ltd “Channel 25”, NPLE “Civil Education Foundation” (Tabula)
2. Tbilisi: Ltd “Iberia”, Ltd broadcasting company “Rustavi 2”, Ltd “Studio Maestro”, Ltd “Kavkasia”, NPLE “Civil Education Foundation” (Tabula), Ltd “TV company PIK”, Ltd “GDS TV”, Ltd “TV company Obiektivi 2”, Ltd TV company “Tbilisi”;
3. Kutaisi: Ltd TV-radio company “Rioni”, NPLE “Civil Education Foundation” (Tabula);
4. Senaki: Ltd independent TV company “Egrisi”, NPLE “Civil Education Foundation” (Tabula);
5. Gori: Ltd TV-radio company “Trialeti”, NPLE “Civil Education Foundation” (Tabula);

¹⁰See at <http://www.gncc.ge/index.php?lang_id=GEO&sec_id=50712&info_id=115453>; last seen on June 14

There are 9 TV channels operating in Tbilisi local zone. The building of DVB-T2 standard multiplex platform in this digital zone has no alternative while DVB-T standard network is sufficient in the rest of the cities. However, it is desirable to conduct the consultations with broadcasters located in Tbilisi to exchange content or allocate capacity to regional Multiplex platform.

The information about demands of local channels is vital for establishing multiplex platform operators' business model of denoted category and finding sufficient network solutions. Particularly, number of channels and extent of broadcasting network capacity constructed by them. Such decision depends on the comparison of prices offered by Ltd "MUX" and regional broadcasters.

Among these broadcasters, the second one outside Tbilisi zone is NPLE "Civil Education Foundation" within the license of which TV channel "Tabula" is broadcasting. Nowadays, the signal of this channel covers most of the Georgian territory. Accordingly, it will not necessarily be interested to invest in the local multiplex platforms and further manage them. But it can use national coverage multiplex platform for signal dissemination.

After formation of local union of broadcasters and expiry of the deadline for submission of relevant application during two months, the commission will assign necessary radio frequency resource to ensure local digital terrestrial broadcasting networks.

In case of formation of local Multiplex platform, local broadcaster/or the union, will be obliged to get Effective Radiated Power (ERP) working on digital technology in line with radio frequency planning technical features, presented by the regulatory commission. Unfortunately, the commission has not yet published the plan of assigning **necessary capacity** to the regional multiplex platforms that will have undesirable impact on deteriorate technical planning of regional channels' transition to digital broadcasting. Publishing this information in a timely manner by the GNCC is highly desirable.

In case of formation more than one local union in one local zone (and/or any of the local FTA broadcasters were not able to join the relevant local broadcasters union despite their willingness to do so) the GNCC will ensure the radio frequency resource allocation based on the open contest, necessary to form local digital terrestrial broadcasting network/multiplex platform.

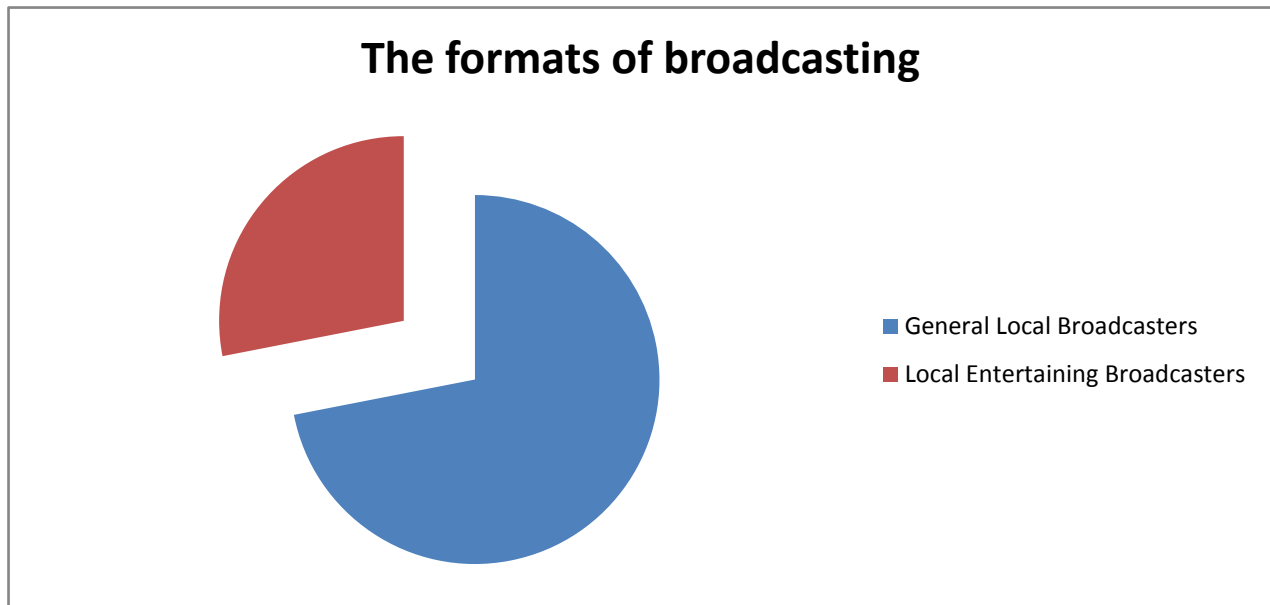
Unfortunately, neither the strategy for transition to digital broadcasting, nor the documents published by the commission (GNCC) concern the regions, where local channels don't operate at all. These are mainly mountainous regions of Georgia: Racha-Lechkhumi, Khevsureti, and Upper Svaneti, where the existence of having volunteers for local broadcasting is not excluded. Moreover, in accordance with the ongoing decentralization process in the country, when e.g. Ambrolauri is a self-governing city with the elected Mayer. We believe it is reasonable that the state should offer part of the broadcasting frequency to volunteers.

The state vision on so-called “Shadow Broadcasting Zones” is also very important, regarding those villages and towns, which were covered by the analogue broadcasting zones, but were unable to reach the service. Companies operating in relevant zones should have transmitted and relay frequencies to cover the zones, in case they decide to arrange their own infrastructure.

It is important that on February 20, 2014, the Georgian Law on Electronic Communications was amended, to stimulate the transition process to digital broadcasting. According to the 1st part of Article 50¹ of this law¹¹, to ensure digital terrestrial TV network, the license for using radio frequency spectrum is issued in case of existence free radio frequency resource. The license is issued with the initiative of the commission or on the basis of interested person’s application and as a result of revealing the winner of the contest. The provision does not envisage conducting the procedure free of charge. It is necessary to make amendments towards this direction.

It is noteworthy, that the law about broadcasting does not clearly separate national and regional broadcasters and this only refers to the interpretation of national communications commission.

Broadcasting channels outside Tbilisi, presented in the document, can be divided into two types according to their formats.



According to the strategy, after formation of union of local broadcasters and expiry of the deadline for submitting relevant application, during two months the commission will assign necessary radio frequency resource to ensure local digital terrestrial broadcasting networks.

¹¹ Article 50¹ the basis of receiving license to use the radio frequency spectrum for ensuring digital terrestrial TV network.

The GNCC extended decision-making deadline to all local channels whether they are willing to establish own regional multiplex platforms (deadline was May 1, 2014). However, the document regarding the decision has not yet been published and there is no specific deadline.

3. Mandatory Access Regulations

According to the state strategy, dissemination of TV programs of authorized broadcasters in Georgia should be conducted by local broadcaster/ union of broadcasters within the digital terrestrial broadcasting network/multiplex platform and only via open air and/or free code format for end users.

The local broadcaster/the Union of local broadcasters owning the radio frequency resource in case of demand will be responsible to ensure non-discriminatory access of the broadcasters (authorized in Georgia) to free resource of the multiplex platform. However, there is certain discrimination in this context. Displaying the paid TV content in the regional multiplexor should be accessible for free transmission broadcasters of national coverage as well as local FTA broadcasters. This will be the case, if there is no demand from free transmission channels to access free recourses of their multiplexors.

The unused capacity of the local Multiplex platforms, in case the paid service will not be offered to the end-users, violates obligation of ITU frequency effective usage . Additionally, existing approach is a reason of the economic instability of regional broadcasters' multiplexors business model.

The DVB-T standard and either MPEG2 or MPEG4 data compression technology can be used during the formation of the local digital broadcasting network/multiplex platforms, if the local terrestrial digital broadcasting network constructed by the given standard provides the opportunity to disseminate TV programs of all broadcasters (united in the union of local broadcasters) in Standard Definition (SD) format. According to the note, in those local broadcasting zones where three or more local content broadcasters operate should be created the multiplex platform of adequate standard and power to disseminate Standard Definition content (SD).

According to the Georgian government regulation, holders of all broadcasting licenses, who will not receive the right to use radiofrequency resource free of charge or via contest to form digital terrestrial broadcasting network/multiplex platform, is assigned to so called “must carry”– mandatory assumption or the right of signal distribution.

Despite these regulations, there are several issues to clarify. First of all, must carry right of the local broadcasters should be defined by the national Multiplex operators. The possible problems are

reflected in the question, the answers for which were published on May 20 by the national communication commission.¹²

***On the question:** if the volume of digital terrestrial TV network is full of TV programs of national FTA broadcasters and local broadcaster expressed the desire to access the network, will MUX A license holder have an obligation to launch a signal of local broadcaster in the network?*

If № MUXA license holder was addressed by the national FTA broadcaster and local broadcaster simultaneously, to get access to the digital terrestrial TV network, however, the volume of digital terrestrial TV network is limited to disseminate only one content, is the license holder obliged to prefer the local broadcaster?

***The answer of the regulatory authority was the following:** As you know, on February 20, 2014, amendments were made in Georgian Law on Electronic Communications to ensure migration to digital terrestrial TV broadcasting. The amendments define the rules of issuing radio frequency resource to ensure digital terrestrial TV network and general rights and obligations of license holders.*

However, due to specificity of digital terrestrial broadcasting, legislative amendments concerning several subjects should be rehashed: processing the issue of broadcasters authorization, access to digital terrestrial FTA TV network (as well as must carry), prohibition of concentration and obligatory transit issues. This will enable adequate regulation of subjects related to broadcasting market and access to digital terrestrial broadcasting network after June 17, 2015.

Based on above mentioned, it is planned to form a joint working group of the representatives of Ministry of Economy and Sustainable Development of Georgia and GNCC, which will take into consideration above discussed issues and with the participation of interested parties will prepare relevant documents, will hold public consultations and implement joint vision regarding problematic topics.

*All the issues (which include rules/conditions of broadcasters **access to open FTA network** determination of those broadcasters whose **must carry** and open air (non coded form) dissemination should be ensured firstly by the relevant digital terrestrial network operator, as well as remained free resource management issue) will be regulated in the nearest future (after the public consultations) by the Georgian Law of Broadcasting and the license holder will be obliged to meet the legislative obligations.*

¹² See at

http://www.gncc.ge/files/2100_115141_247252_%E1%83%9E%E1%83%90%E1%83%A1%E1%83%A3%E1%83%AE%E1%83%94%E1%83%91%E1%83%98%20%E1%83%99%E1%83%98%E1%83%97%E1%83%AE%E1%83%95%E1%83%94%E1%83%91%E1%83%96%E1%83%94%20_%E1%83%99%E1%83%9D%E1%83%9C%E1%83%99%E1%83%A3%E1%83%A0%E1%83%A1%E1%83%98_%20_4_.pdf –last seen on June 14, 2014.

Unfortunately, the joint commission is not yet created which will work to update the regulations of must carry obligations. The ambiguity of the issues prevents the determination of regional TV business model.

It is important to consider the recommendations set out in the research of IDFI concerning “Migration strategy of regional broadcasters to digital broadcasting”:

“The framework in terms of business model planned in Georgia, Italian model is the best. According to Italian model, 40% quota of multiplexor power is distinguished to private broadcasters and the standards which the broadcaster should meet are also listed. It is necessary to satisfy at least two criteria, in order to place the channel in the multiplexor:

- Producing of newscast and debate format programs;
- Entertaining – live broadcasting of sport, social, cultural programs etc.;
- Intellectual – historical, cultural, scientific, musical etc.;
- Fictional programs – movies and children and youth-oriented programs.

The broadcaster whose programs will meet above mentioned requirements should be prioritized”.

4. The Problems Connected to Simulcast

According to the strategy of Georgian government, the radio frequency resource holder local broadcaster/union of local broadcasters is obliged to ensure formation of local terrestrial broadcasting network/multiplex platform until March 1, 2016. Assigned frequency resource can be used only after switch off the analogue broadcasting.

Despite the fact that local broadcaster/union of local broadcasters will have the right to use the frequency resource only after switch off the analogue TV broadcasting, in case of timely activities they will be able to complete the preliminary works for network provisioning by June 17, 2015, and launch the local multiplex platform within the shortest time possible after switch off the analogue broadcasting.

According the state strategy, simulcast period must comprise no less than three months, starting from March 17, 2015 to June 17. The public multiplex platform, which has the opportunity to disseminate the same TV broadcasting content on a national level, during the simulcast period, before formation of alternative digital terrestrial broadcasting network, ensures dissemination of TV programs produced by local FTA broadcasters, who wants to maintain only broadcasting activities and refuses the right of the usage of frequency resource to build local multiplex platform. The TV programs produced by those local broadcasters will be disseminated in the parallel broadcasting period free of charge in Georgia.

It is considerable that the three month period is very short term for simulcast and does not comply with the practice of different countries. Also, the successful transmission of the local broadcasters' digital signal on the national level does not protect local broadcaster from public broadcaster multiplex platform.

It is noteworthy, that the GNCC decided that multiplex A license holder operator should launch the network until June 17, 2015. The placement of the broadcasters willing to access must be over no later than June 30, 2015. By June 17, 2015, Ltd "Georgian TV-radio center" should distribute broadcasting content within 42 main transmitting networks. Construction of additional sites and coverage of shadow zones to cover inhabited territory must finish by January 1, 2016.

The audience of the broadcaster, who will choose the alternative distribution of multiplex A network operator, may remain without the local content until January 1, 2016, in case the shadow zones will cover the local TV distribution area.

In the context that MUX A contest was not conducted, realization of this plan is under threat and correspondingly regional media representatives will be obliged to stop broadcasting for 6 months, if the network construction does not finish on time.

This can create so called "digital gap" in the process of switchover from analogue to digital broadcasting of local channels. To avoid leaving local population without local broadcasting in this case, broadcasters existing in the border zones should be granted the right to continue analogue broadcasting until the complete switch off the digital platform.

While broadcasting in simulcast period, the above mentioned broadcasters having the right to place in the digital terrestrial broadcasting network, will be obliged to deliver Standard Definition TV signal (not modulated and limited) with their own expenses to the "Head end" of digital terrestrial broadcaster network, as well as electronic program guideline (EPG) in the XML format of the program.

Georgian National Communications Commission should not repeat the practice in the part of signal delivery obligations, introduced in the conditions of obligatory transit regulations. The practice established technical specifications to deliver signal and several operators could not switch on the broadcasters.

5. Tariffs and Fees

Most of the existed FTA broadcasters owning the licenses, the expiry dates of which go beyond June 17, 2015 (deadline of switch off the analogue broadcasting). Most of license holders have their license fee partially or fully paid to the Georgian budget (fee covers the period after June 17, 2015). Bearing in mind the above mentioned conditions, according to the decision №206 of February 10th, 2014 of

the Georgian Government regarding the transition to the digital broadcasting transition,¹³ government recommends to refund partial fee to analogue FTA TV broadcasting license holders from the state budget proportional to the period from switch off the analogue broadcasting to their license expiry date.

Despite this decision, it is still unclear when and how will the state allocate money from the budget. Moreover, according to the information of member companies of “Georgian Regional Broadcasters Association”, the GNCC warns those broadcasters, who has not yet paid license fee after 2017, about possible sanctions.

According to the GNCC decision of March 31, 2014 N176/10 decision regarding regional access, 4 weeks before launching regional access Multiplex A network, no later than May 17, 2015, and an operator should make announcement for offert on its official webpage; the announcement would also be introduced to the GNCC.

Proclaimed invitation on the offert should include the following minimum conditions:

- In all local broadcasting subzones monthly tariff should be assigned for TV content 1Mb/s distribution to deliver FTA and free coded TV content (which includes a 24-hour non-stop service delivery of broadcast content distribution) all the expenses during a month, except the tariff of signal delivery from broadcaster studio to the Head-end of the network;
- TV signal delivery coordinates in each local broadcasting subzone;
- TV program delivery technical parameters for TV signal and electronic program guide (EPG).

Unfortunately, the GNCC did not make mandatory to determine the TV content distribution tariff for local broadcasting subzones in the contest proposal for multiplex A operators. Despite, without such calculation, the contestant would not be able to calculate total fee. The commission responded to this question as follows:

Question – Is the №MUX-A license holder obliged to define TV content distribution tariffs for the local broadcasting subzones, in the contest proposal, or is it possible to ascertain them after getting the license?

Answer– №MUX-A license seeker within the contest is obliged to set 1Mb/s distribution maximal monthly tariff without VAT in GEL of the TV content **only on the national level** in the multiplex platform (jointly in every local subzones) via open air (as well for end users by crypto-coded form); concerning the TV content distribution tariffs for **the local broadcasting subzones**, №MUX-A license holder is obliged to make an announcement for offer to the commission and publish it on its official

¹³ See the decision №206 -

<https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=2250672&lang=ge>;

webpage four weeks before network launching. The offer will determine TV content 1Mb/s distribution monthly tariff in every local broadcasting subzone (separately)¹⁴.

Two companies “Stereo+” and company Ltd ”Mux”, founded by TV company “Rustavi 2”, participated in the announced contest to construct a network ensuring transition to digital broadcasting.

According to the documentation presented for the contest by “Stereo+” dissemination of application on A+B+2 will be free on multiplex A.¹⁵ According to the contest conditions of ltd “Mux” the monthly price for spreading 1mb/s is 18 000 GEL, which is roughly 900 Gel for spreading 1 mb/s without VAT distributed among 20 head-end. To spread TV content with 2 mb/s power, that is 1 800 GEL monthly with the standard definition and 21 600 GEL annually without VAT.

We face a vague difference between the presented tariffs of two contestants. We also face the problem of expensive distribution rates, considering that the transmission of analogue signals of the regional channels in their own broadcasting zones, does not reach 2000 GEL. It is also important that the annual turnover of some regional channels is not 21 600 GEL.

6. The Problem of Public Readiness

By the January 27, 2014 resolution of Georgian government¹⁶, NPLE Digital Broadcasting Agency was created under the command of the Ministry of Economy and Sustainable Development of Georgia. The agency aims to coordinate the working process through the switchover to digital broadcasting, to raise public awareness and to provide the socially insecure families with optimal subsidies in order to enable them conducting the contest for receivers and to announce the winner company.

Despite the fact that much time is not left before the switchover to digital broadcasting and the agency has been functioning for almost five months, public awareness process is not yet started. The agency does not obtain its own webpage and publishes information about its activities on the webpage of the Ministry of Economy.

On May 8, the agency started the simplified procedure to purchase Set top boxes¹⁷ for socially insecure population. According to the strategy asserted by the government, the state should deliver the Set top boxes to the socially insecure families with the 70 000 or less rating points by June 17, 2015. The issue is particularly problematic because most of the socially insecure population lives in the regions.

¹⁴ See at <http://www.gncc.ge/index.php?lang_id=GEO&sec_id=2100&info_id=115332>.

¹⁵ See at <http://gncc.ge/index.php?lang_id=GEO&sec_id=2100&info_id=115401>.

¹⁶ See at <https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=2224327&lang=ge>.

¹⁷ Set Top Box – additional device, which is plugged with TV to transmit broadcasting signal as a digital and get the image.

According to the relevant directive¹⁸ of the agency, it is planning to purchase the receivers having DVB-T/T2 standard and MPEG2/MPEG4 format. This means that the agency considered realization of the right of regional broadcasters – to broadcast with MPEG2/MPEG4 formats. However, above cited note of the directive does not guarantee that the Set top boxes, purchased by state subsidies, will automatically receive and reflect digital signals coming from regional multiplex platforms on the screen. The instruction does not reveal if the agency has the priority to buy such Set top boxes, which can get and memorize signals coming from all the multiplex platforms and show the image after shut down and restart.

According to the state strategy, it is defined to set up technologically neutral Set top boxes in the families¹⁹; however, the strategy does not determine the level (receiving, memorizing and reflecting) of technological neutrality. Also, there is a difference among Set top boxes demanded by the agency, they can get all kinds of DVB-T/T2 standard and DVB-T/T2 format signals from the receivers of different Multiplex platforms (distance among Multiplex platforms will be discussed below). However, some Set top boxes cannot memorize all the received signals automatically and in case of turn off and turn on all the signals coming from other Multiplex platforms should be searched again, which requires some sort of technical education from the end-users. This will complicate accessibility of audience to the regional media content.

Presumably, the priority of the agency is not purchasing technologically fully neutral Set top boxes, as, according to the order, maximum price for Set top boxes is 50 GEL. It also indicates that low price will be priority to announce the winner.

Regarding this issue, we have to keep in mind that during the installation time of Set top boxes (period before June 17, 2015) regional multiplex platforms would not yet exist. So after activation of regional multiplex platform, installed Set top boxes automatically should be reprogrammed and the action plan of the agency must reflect this.

According to the agency directive, companies could present their proposals to the commission by June 5. The agency should have published the list of companies that passed to the second phase by June 12²⁰; however, the information has not been published by June 24. In addition, big part of purchasing documentation is prepared only in English that prevents the possibility of getting the information.

The conditions of contest of national multiplexes announced by GNCC are obscure about Set top boxes. In the published “Q&A”, we read: question - according to the contest conditions “T” sub-part, part 1 of chapter 4, in case of import of the set top boxes or their delivery to the end users, they should meet the certain specifications.

¹⁸ See at <<http://economy.ge/ge/projects/saqartvelosi-cifrul-mauwyeblobaze-gadasvla>> - Last seen on June 22.

¹⁹ See at <http://gncc.ge/index.php?lang_id=GEO&sec_id=50712&info_id=115380>.

²⁰ See at <http://gncc.ge/index.php?lang_id=GEO&sec_id=50712&info_id=115380>.

On the questions to the regulatory commission, A) is it necessary to get the special license or permission to provide Set Top Boxes? B) Has the license holder, who uses radio frequency spectrum to ensure digital terrestrial TV network, right to provide Set Top Boxes and/or to supply end-users without additional licenses and permissions? The answer was the following – So called “Set Top Boxes” do not need any additional license or permission, thus any person, including the license holder, who uses radio frequency spectrum to ensure digital terrestrial TV network, has the right to provide import of “Set Top Boxes” and supply end-users. Regarding additional information, we kindly ask you to address Lepl – “Digital Broadcasting Agency”²¹ established within the framework of Georgian Ministry of Economy and Sustainable Development.

Placement of towers may cause additional problems for broadcasters and population. According to the approved strategy, the multiplex of public broadcaster will be placed on the towers of Ltd “TV-radio center”,²² belonged to the state.

Nowadays, only some regional channels use the service of “TV-radio center”. Others migrated from the towers of “TV-radio center” in the process of analogue broadcasting, which is mostly caused of high service fees and unequal conditions for broadcasters established by state enterprise.²³ The fact that “TV-radio center” was constantly used as broadcast media leverage by various governments was confirmed by parliament investigation commission.²⁴ Investigation commission studied activities of the National Communications Commission.

The negative practice of TV-Radio Center functioning creates real threat of being used as one of the influencing tools on media. Especially, if the infrastructure of TV-Radio Center, besides public broadcaster will be used by private, both national and regional multiplex platforms’ operators. Unfortunately, neither national nor regional multiplex operators have much choice, as the receiving of digital signals from various companies’ transmitting signals, territorial proximity of digital transmitting stations is necessary, as opposed to analogue broadcasters.²⁵

The transparency of information regarding conducted activities by TV center for preparing digital platform is concerning circumstance, as budgetary finances are consumed. Without sufficient controlling mechanism there is a risk of so called “inflated” expenses. This will automatically raise the prices of service of operators and broadcasters, who will decide to use towers of TV center in the future.²⁶

²¹ See the directive at <http://www.gncc.ge/index.php?lang_id=GEO&sec_id=2100&info_id=115332>.

²² The object was built in 1995 and was possessed by people, state. This is a military-strategic object and it includes 36 transmission lines and 91 building-constructions. It also includes TV tower of Tbilisi, where 35 TV and 34 radio channels are turned on.

²³ See at <http://for.ge/view.php?for_id=17706&cat=3>.

²⁴ See at <<http://gyla.ge/geo/news?info=549>>.

²⁵ Visit to see at <<https://www.youtube.com/watch?v=nwzP7A7yTY8>>.

At the same time, according to the member companies of Georgian regional Association, Ltd “Georgian TV center” started measurement activities of necessary plots for towers in the regions of Georgia. During the land measurement process, the locations of some transmission stations of regional TVs were included.

Alternative for tower infrastructure of state-owned Ltd “Georgian TV-radio center” should exist for market diversification, avoiding the monopoly and supporting media pluralism. The opportunity of creating alternative tower infrastructures of Ltd “Georgian TV-radio center” is the formation of regional multiplex platforms.

7. Main Findings

- Regional broadcasters have not opportunity to timely form technical project of switchover to the digital broadcasting, as the power of regional multiplex platforms is not known and information about free frequency resource is not fully available.
- The current legislation does not comply with the state strategy, including defined objectives for supporting regional broadcasters. It refers to the transferring the frequency resource for free, definition of regional broadcaster, “must carry” regulations and other issues. The formation of interagency commission working on legal issues is delayed, as well.
- The state policy regarding the so called “shadow broadcasting zones” (mountainous region and occupied zones) is clear neither from government strategy nor from the decisions of GNCC.
- Due to the mutual compatibility of population readiness and Multiplex platforms, issues are emerged regarding the procedures and conditions of procurement of so called Set Top Boxes by digital broadcasting agencies. At this point, the limited access to transparency of the conducted activities by state-owned company Ltd “Georgian TV center” may cause the negative impact on the formation of digital broadcasting platform.

8. Recommendations

- **After free tender for commercial multiplex operators GNCC should publish VHF free frequencies in line with alternative UHF frequencies for regional multiplex platforms**, so that regional broadcasters could form, elaborate and realize timely optimal technical project.
- **It is technically important for radio frequency planning to publish the plan of power assigning to the regional multiplex platforms**, so that regional channels could timely form acceptable model, elaborate and realize technical project.

- It is necessary to publish official information of extending the deadline to set local multiplex platforms for regional broadcasters, which will define the deadline.
- Interagency commission working on legal issues should involve field operators and non-governmental sector working on this subject.
- **Explanation of the term “regional broadcaster” should be specified in the law of broadcasting.** Nowadays, the law of broadcasting does not differentiate the national and regional broadcasters and it depends only on the interpretations of GNCC.
- **GNCC should make regional multiplex platforms accessible everywhere, even where the local broadcasters do not exist.** Such places are Georgian mountainous regions: Racha-Lechkhumi, Khevsureti and Upper Svaneti, where the existence of having volunteers for local broadcasting is not excluded.
- The state vision on so-called “Shadow Broadcasting Zones” is also very important, regarding those villages and towns, which were covered by the analogue broadcasting zones, but were unable to reach the service. Companies operating in relevant zones should transmit and relay frequencies to cover the zones, in case they decide to arrange their own infrastructure.
- **Georgian law of “Electronic communication” should permit the opportunity of assigning the license to use radio frequency spectrum free of charge to ensure digital terrestrial TV network.** Otherwise, assigning frequencies without fee to the regional channels, which is guaranteed by the government strategy, will be against the law.
- **Regional multiplex operators to be allowed to offer paid service to the end-users.** Otherwise, the approach makes the business model of regional broadcasters multiplexor economically unsustainable and existing frequency resources will be used ineffectively.
- It is desirable to assign the right to existing broadcasters in the non-bordered zones, to provide broadcasting with **analogue platform** before full switch off the digital platform.
- It is also desirable that, the GNCC not to repeat implemented practice in the conditions of mandatory transit regulation in the part of signal delivery obligations. Repeating of implemented practice **makes signal transferring access conditions vague and hardens technical specifications**, which prevents switching on the broadcasters by several operators.
- **The joint commission of the interested parties and representatives of the Ministry of Economy and Sustainable Development of Georgia and GNCC should be immediately established**, which will update mandatory transmit obligation regulations and general broadcasting regulatory laws.
- **It is important to issue legal act to refund regional broadcasters with analogue broadcasting license fee from the state budget.**
- **It is noteworthy, the GNCC to oblige multiplex A contestants to publish TV content dissemination fee of local broadcasting subzones during the presentation of contest conditions.**

- In the process of purchasing receivers **digital broadcasting agency should prefer the technical specifications of the device, instead of the price, and prioritize receivers** which can get, memorize and repeatedly reflect signals coming from different multiplex platforms.
- To make the most acceptable, qualitative and the cheapest technical decision we consider creating broadcasters union **as a community or any other form**, to purchase necessary equipment for multiplex platforms and their installing activities. This union will announce the joint contest; as a result an integrator company will have a possibility to present more extensive and cheaper proposal and solve compatibility and integration problems of these networks. Regional technical offices of broadcasters unions will have possibility to concentrate on technical issues only, because of the interests of all the involved local Multiplex operators.
- **The Ministry of Economy of Georgia** should immediately define the policy of necessary lands privatization for setting the tower infrastructure, so that the formation of other private broadcasting infrastructure would be possible near the state-owned tower.