

# **DIGITAL TELEVISION IN EUROPE**

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## DTV in Malta

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### Introduction: situation outline

Malta is the smallest member state of the European Union but one of the most densely populated countries in the world. Approximately 400,000 inhabitants live on the island of Malta and the smaller islands of Gozo and Comino which together have a surface-area of 316 square km. The service industries, especially tourism, financial services and IT, are among the biggest employers on the Island. The religion of the overwhelming majority of the population is Catholicism. Two parties are represented in Parliament: the *Partit Nazzjonalista* (a member of the European People's Party) and the Malta Labour Party (a member of the Socialist European Party). There is also a very small Green Party and a small right wing party called Azzjoni Nazzjonali.

Malta is a bilingual country. While Maltese is the national language, English is the second official language. Maltese is a synthesis of the Semitic and the Romance languages. This language hails from the period when Malta was dominated by the Arabs and reflects the chequered history of Malta which saw the presence of many occupying European countries.

### Short description of TV market

Malta is one of the most media rich countries having a nationwide television and radio station for every 16 square km and a daily or weekly newspaper for every 27,000 persons. Over 99% of the households has at least one TV set and most houses now have two sets. More than half of the houses have an Internet connection and broadband subscriptions are rapidly increasing. In spite of its small size Malta rates among the best countries in the EU for e-government services.

The Maltese started receiving TV signals in the late fifties following RAI's strengthening of its signal in neighbouring Sicily. Then, in 1962, a Maltese station run by the British company Rediffusion Ltd. started transmitting. Colour TV had to wait for the late seventies and TV pluralism for the middle of the nineties. In September 2008 there were eight TV stations and a number of pending applications for other stations. The Maltese also receive terrestrially many TV stations

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transmitting from Italy, besides many satellite stations and others available on cable which is widely diffused on the Island.

The station with the largest audience is TVM which is owned by PBS Ltd. One TV, run by the Malta Labour Party, has the second largest audience while Net TV, run by the *Partit Nazzjonalista*, occupies the third position. The political stations broadcast a full schedule of varied programmes though with a large a dose of political content. A small commercial station called Smash TV specialises in selling its airtime to different individuals and organisations that want a voice on the airwaves. UTV that went on the air towards the end of 2007 is a very small station that mainly broadcasts socio-religious programmes. The latest addition, Family TV, started its broadcasts in April 2008 and its main fare so far is the retransmission of Maltese drama. There is also a tele-shopping station.

The Maltese spend an average of 1.16 hours daily watching TV (Broadcasting Authority, 2008).

### **The digital platform providers**

In February 2005, Melita Cable who had been providing the only cable television service since 1992, became the first digital TV provider in Malta. Maltacom PLC and Multiplus Ltd were interested in investing in this sector which had been liberalised. Following their application, on May 11, 2005, the Malta Communications Authority assigned them eight channels on lease for eight years, with the possibility of an extension for another eight years for the development and implementation of digital terrestrial Television transmission networks.

The granting of these licences meant that the digital TV sector was now truly liberalised: the Maltese can choose between different service providers and between different systems.

### ***From Multiplus to Maltacom to GO***

Since Multiplus Ltd was to provide its services terrestrially, it had to conduct test transmissions to help configuring its network in the best possible way. The typography of the country as well as transmissions received from neighbouring Sicily, which tend to contaminate some Maltese frequencies, mandate such tests. These trial test transmissions were conducted in the third and fourth quarter of 2004 from the company's tower in St Julians. Test households had been selected from different parts of the island and Multiplus was covering over 70% of households. Multiplus started a commercial DVB-T DTT service on July 1, 2005

and supplied both the set-topbox and an installation try-out using the existing antenna.

Multiplus opted for this technology to compete with the cable technology that was being offered by Melita Cable. The new operator had limited success in its attempt to penetrate the market. At the same time Maltacom p.l.c. (now GO p.l.c) made some trials but without ever deploying network. Instead in October 2006 Multiplus joined forces with Maltacom p.l.c. and created a joint offer including the services of both organisations i.e. fixed and mobile telephony, broadband and digital TV. A few months later - February 2007 - Maltacom bought 100% of the shares in Multiplus Ltd. Following this acquisition the Malta Communications Authority made the necessary re-assignment of the frequencies that were to be allocated to GO.

Maltacom became the first quadruple play operator as a result of this take over. Maltacom was re-branded as GO plc. The main shareholder – 60% – of GO is Dubai Holding LLC, the parent company of Emirates International Telecommunications Malta Ltd (EIT itself is a joint venture between TECOM Investments and Dubai Investment Group). The remaining 40% lies with private shareholders.

In October 2007 GO completed a €2.3m, major upgrade of its DTT network and extended coverage to 95% of the households. GO also announced that it would also like to launch HD services and use IPTV to provide interactive services.

GO had selected Tandberg as the strategic provider of multi-platform video processing solutions for its new live and on-demand digital TV services. Tanberg is helping to enhance the service offered by GO and support the introduction of new services such as mobile TV and IPTV delivery.

### *Melita Cable plc*

Melita Cable Plc is a joint venture between GMT Communications Partners, MC Venture Partners and the locally based Gasan Group after the Gasan Group and Liberty Global Inc sold their stakes in a leveraged buy-out in July 2007. GMT Communications Partners is a European independent private equity group that focuses exclusively on the communications sector, having actively invested in the European marketplace for the past 15 years. MC Venture Partners is a venture capital firm that focuses exclusively on the communications, media, and information technology sectors. The Gasan Group was set up in 1928 as an importer and seller of cars, but the Group expanded its portfolio of activities. This now includes the automotive business, the insurance market, the development of

residential and commercial property and engineering and information technology sectors.

Melita Cable Plc had launched its Cable TV services in June 1992. It was the first and only provider of cable TV in Malta. Its rate of penetration was very big. By 2004, 76% of Maltese households was connected to Melita.

Melita Cable made trials on digital cable in the third and fourth quarter of 2004. A number of customers were selected to test the quality of the service. In February 2005, Melita was the first digital TV provider on the Island. Melita thus expanded its services and is providing broadband services through their provider, Onvol, and a competing fixed-line telephony service under the brand name Hello. Melita had started testing its High-Definition service in August 2007 with an array of soccer games. Melita Cable is also planning to have its very own submarine cable linking Malta to Sicily. This means that Malta would have no less than four submarine cables to cater for the ever increasing communications needs with the outside world, especially for fast Internet and data access.

Melita also agreed with 3G Telecommunications Ltd, the holder of a 3G mobile network licence, to roll out Malta's third 3G network. Melita is planning to become a quadruple player. The company is indeed already licensed by the Malta Communications Authority to provide mobile telephony and in August 2008 it promised to do so in the coming months.

### **Services offered by platform providers**

There is intense competition between the providers. Aggressive advertising campaigns comparing prices, number of stations offered and free set-topboxes regularly target the public. The bundling together of different services is an important part of the marketing plan of the providers.

### ***The package of Melita Cable***

Melita Cable offers five different packages on its digital platform: *Melita Active*, *Melita Connect*, *Melita World*, *Melita Sports* and *Melita Movies*. Melita Cable charges a connection fee of €86.19 for the installation of service and STB. The connection fee is not refundable.

*Melita Active* is their basic package. They offer 55 digital TV channels and 61 radio stations for the fee of €16.20 per month for one outlet. An extra €4.50 is paid per month for an additional outlet. It includes seven of the eight Maltese TV

stations together with Italian, English, Spanish, French, Arabic and American stations. It also provides an electronic programme guide.

*Melita Connect* offers 96 digital TV stations and 61 radio stations for €29.12 monthly and €4.50 for an additional outlet. This service provides several niche stations over those offered by *Melita Active*. Among the most popular are six TV channels run by Italian, Spanish and English soccer clubs. It also provides an electronic programme guide.

*Melita World* provides 106 digital TV stations and 61 radio stations for €55 per month with an extra €11.49 per month for an additional outlet. Over and above the stations provided by *Melita Connect* it has an extra eight sports channels and two movie channels.

*Melita Sports 1* provides live and exclusive sporting events for an extra fee of €12 a month. For €19 a month the sports enthusiast can enjoy *Melita SportsXtra*. It includes all the services of *Melita Sports1* plus the broadcast of other sporting events.

*Melita Movies* provides films and TV series free from commercial breaks for €9.32 a month.

Melita Cable also offers two analogue TV packages: reception and value. The former provides the subscriber with seventeen channels for a fee of €7.76 a month while the latter provides 30 channels for €11.65 a month. Reception provides all local channels and an array of terrestrial Italian channels plus Melita's weather and information channel.

### ***The package of GO***

GO offers 3 main digital terrestrial packages: *Free+*, *Silver+*, *Gold+* and a premium Sports package.

*Free+* offers 17 TV channels for €2.33 monthly. GO marketing campaigns compare this package to the Melita Reception tier on analogue arguing that they provide the same number of channels for less money. GO stations include 6 Maltese stations and 8 Italian ones.

*Silver+* offers 36 channels including 6 Maltese channels, Italian, English and American stations as well as two movie channels and two sports channels. The subscription fee is €11.65 per month (in addition to a €2.33 network access fee). A subscriber can have more than one outlet at home, as long as he uses a GO Watch decoder and pays the network access fee for each outlet.

*Gold+* offers 50 channels. Besides the package enjoyed under *Silver+* the subscriber can choose from more satellite and niche stations. The subscription fee is €20.96 per month (in addition to the €2.33 network access fee and the same conditions as *Silver+* for extra outlets).

### Reception of digital TV

Though sometimes the Maltese are late adopters of certain technologies once adopted, their use spreads very rapidly. This is also what happened with digital TV.

Sources close to the Malta Communications Authority informed us that at the end of the first quarter of 2008 the number of subscribers to digital TV (cable and terrestrial) was approximately 62,300, which showed an increase of 10% in the number of subscribers counted at the end of 2007. The subscriptions were divided between the GO platform (24,000 subscribers) and the Melita Cable (38,500 subscribers). The figures of the MCA are based on figures supplied by the industry.

The research of the Broadcasting Authority gives us indications based on a telephone survey which is subject to a margin of error. These figures based on the survey of the Broadcasting Authority represent household reception only. If one were to include institutions then most probably the use would be greater.

The Broadcasting Authority figures, like those of the Malta Communications Authority, also indicate a sharp increase in the take up of the digital services. As can be seen from Table 1 the number of households subscribed to a digital TV platform increased from 1.6% in the last quarter of 2006 to 30.8% in the second quarter of 2008. This increase is accompanied by a sharp decrease in the number of subscribers to cable (analogue) and terrestrial (analogue) TV. Though a number of Maltese TV programmes are streamed live on the Internet there are no IPTV stations. This perhaps explains the very low use of the Internet to receive TV stations.

**Table 1: TV reception platforms**

	Last quarter 2006	Second quarter 2008
Satellite reception	6.3%	7.2%
Terrestrial (analogue)	24.3%	17.5%
Cable (analogue)	66.8%	43.9%
Digital Terrestrial/Cable	1.6%	30.8%
Internet	0.1%	0.3%

(Based on Table 3.15. Broadcasting Authority, 2008)



## **Government policy**

There are three stages in the formulation of Government policy in the area. These are the policy and implementation strategy adopted in 2005; developments since that time and the consultation document about general interest objective stations published in 2007.

### ***Policy and strategy regarding DTTV***

On February 23, 2005 the Ministry for Competitiveness and Communication together with the Malta Communications Authority (MCA) published a document entitled *Policy and Implementation Strategy regarding DTTV, 3G and BWA*.

It was decided that two blocks of 8 channels each would be issued for assignment to network operators via the beauty contest procedure for an 8-year lease that is renewable subject to review. Those granted the licence were expected to do the required rollout and national coverage obligations within 18 months. It was further decided that three channels would be reserved for local broadcasters fulfilling the characteristics of a general interest broadcasting station (GIO). For this reason the Broadcasting Authority (BA) in conjunction with the MCA were asked to review existing must-carry obligations.

As the analogue turn-off date was set on December 31, 2010 it was decided that no further licences for analogue transmission would be issued. While all spectrum would be priced no subsidies on set-top boxes or integrated DTV sets would be given.

The transmission standard adopted was DVB-T and those proposing a system of indoor / portable reception features would be preferred. The system had to be such that consumers would not need to change the set-top box if they would opt to change service provider and that the STB enables maximum service mobility for consumers. The preferred standard was DVB-MHP.

### ***Developments on spectrum availability since 2005***

At the time of the publication of the 2005 policy document Malta had nineteen coordinated frequencies available, fifteen of which had been fully coordinated with neighboring countries. This is no longer the case.

The ITU Regional Radiocommunication Conference, which took place during May-June 2006 (RRC-06), resulted in a negative impact on Malta's newly acquired spectrum capacity. Following RRC-06, nine coordinated frequencies were immediately made available for DTT broadcasting as opposed to the original

nineteen held by Malta. As a result of this conference the Chester Agreement of 1991 which had stipulated the right of individual states to convert their analogue channel assignments into digital ones without the need to resort to cross-border coordination, was no longer applicable. Italy, however, chose not to re-confirm the coordination agreements that it had concluded with Malta some time before and is now being extremely slow in negotiations with Malta.

Another development happened on the local level after GO took over Multiplus and relinquished its license, together with the eight channels that had been assigned to it. But until spectrum use is once more coordinated with neighboring countries, especially Italy, no fresh call for expressions of interest for a second commercial DTTV network operator can be released.

### *Consultation on stations meeting General Interest Objectives*

In September 2007 the Broadcasting Authority and the Malta Communications Authority launched a consultation document entitled: *Making Digital Broadcasting Accessible to All. A Consultation Document relative to: A Policy and Strategy for Digital Broadcasting that meets General Interest Objectives.*

The document supports these objectives:

i. Current analogue broadcasting will continue to be available till the analogues turn of date, giving the public enough time to make the arrangement to change to digital. ii. Notwithstanding the competitiveness of the market, audiences should continue to have access to free-to-air and consequently free-to-view quality broadcasts that address the social, cultural and educational needs of the nation. The importance of public service broadcasting is highlighted.

iii. Government policy should not stifle the market but should provide a framework where both free-to-air and subscription broadcasts can be licensed under the Broadcasting Act.

The document also proposes a number of characteristics of content that qualifies for a station to be designated as a General Interest Objectives station. These include the promotion of culture, educational programming, and objectively informing the public. This attitude should guarantee pluralism.

The preferred option in the BA and MCA document is a scenario where a number of privately owned stations, in addition to the publicly owned stations, play a significant role in the delivery of general interest objectives. A duopoly exists in this scenario. Public service broadcasting stations will be expected to deliver the full range of GIOs programming while private stations can qualify for as GIOs if

they provide aspects of such content. Another option for private broadcasters is a fully commercial format. The consultation document thus proposes three types of broadcasting licenses: a public service broadcasting license; a broadcasting license that is issued to private stations that broadcast a quantum of general interest content and a broadcast license of a purely commercial nature.

At the time of writing the process of consultation has been finalized. Broadcasters were opposed to the idea that the GIO platform is run by one particular commercial operator. It was proposed that the broadcasters team up together to form a company which runs the platform. This idea fell through. The government is expected to publish its final decision in the very near future. Indications suggest that the GIO platform will be operated by PBS Ltd using either one or two frequencies.

The Broadcasting Authority will also publish the detailed criteria that a station has to fulfill in order to qualify for a GIO license. The indications are that all the TV-stations presently broadcasting— with the exception of the tele-shopping channel – prefer to be classified as a GIO. This will mean that they will be accessible to all viewers, which gives them an edge when trying to sell advertising.

Up till now the promotion of the change over to digital has been made by the commercial companies who would like to sell subscriptions to their service. But it is also expected that some government entity will launch a communications campaign in the coming months to prepare the people for the digital switchover in December 2010.

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Regulators:

Broadcasting Authority -<http://www.ba-malta.org>

Malta Communications Authority- <http://www.mca.org.mt>

Digital carriers

Melita Cable PLC -<http://www.melitacable.com/>

GO PLC -<http://www.go.com.mt>

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