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Submission made on behalf of Infinity Broadband Ltd. t/a c3

**Re: The Future of Local Television Broadcast**

Infinity Broadband Ltd. was granted a license in 2004 for various ICT's. Below you will find details of the license and obligations stipulated in the abovementioned agreement:

Licensed ICT Services

- Internet Telephone (Type 5)
- Public Service Television (Type 6)
- Subscription Television (Type 7)
- Internet Service Provider (Type 9)

Obligations as outline in Annex 1

- a) Provide Public Television service
- b) Program content shall be at a minimum, 30% local content
- c) Public Television shall provide service 24 hours a day/ 7 days a week
- d) Construct a studio for its local content programming at a cost no less than CI\$400,000.00

We have outlined the licenses and the obligations attached so that the ICTA and the general public can compare c3's obligations to the other licenses as it relates to public service television. No other licensee is require to provide 30% local content (c3 is the only licensee obligated to provide 30% local content whilst all other licensees are only required 20% or ZERO). It should also be noted that no other licensee

is obligated to spend at least CI\$400,000 on their studios for the production of local content programming. Furthermore, c3 is the only 100% locally owned and operated licensee licensed to provide the aforementioned ICT services on the island. With this in mind we ask that the public along with the ICTA consider these obligations as they read our comments on the various questions raised in the Input Paper.

Below are C3's comments on the questions outlined in the Input Paper on **"the Future of Local Television Broadcasting"**:

**Q: Should each Television Service Licensee be obligated to provide Local Television Service?**

*C. c3 believes that each licensee should be required to provide local broadcast on its own network. However, we don't agree that each of the licensee's should be obliged to erect their own local television stations. The ad revenue market and the subscription fees that would be required to ensure the local station provides an acceptable standard of broadcasts and content can barely support CITN much less 3 or 4 others in the market. Additionally, a television station requires far more resources, including but not limited to human capital, and this is before factoring in additional equipment costs for producing audio and video content suitable for distribution.*

**Q. How should local content be defined?**

*C. Local content should be defined as any production that is produced locally- including commercial. (see further comments on local content in question xx)*

**Q. 3a. Should there be quality standards as to the Local Content produced?**

*C. Quality standards should be monitored by the said operators of the over the air channel. If the content is deemed suitable and meets their quality standards and they decide to air it, it is their decision. In turn, the local businesses will ultimately have an indirect say regarding the quality based on the uptake in advertising sales. If the show/content does not meet their standards they will not purchase advertising space and without that revenue the show will not survive. As the decision on mandating a local channel for each licensee is made there will be an increase in persons wanting to produce and sell local content for the channel to air. However as time goes on these stations will struggle to find locally produced content worth airing, and that meets quality standards, being produced from outside their own production facilities.*

**Q. 3b. In relation to 3a, if there should, what should that quality standard be?**

*C. 3b. See comment for 3a*

**Q. 3c. Which body is best placed to assess whether Local Content meets that quality standard and how should that body be funded?**

*C. 3c. See comment for 3a.*

**Q. 4a. How many hours of Local Content per day should each Licensee provide?**

*C. Currently, each licensee or free to air channel must have at least 20% of their content each day dedicated to Local Content. To ensure a free to air channel meets these requirements all free to air channels should be considered "MUST CARRIES" on all subscription TV licenses and the ICTA should have in regards to sub fees that the station(s) must be paid. For example a set fee of \$1.00 per sub per month max if that station meets the agreed local content criteria. If the station fails to meet the criteria then they would receive a prorated portion of that monthly sub fee. If they fall below a defined threshold they would lose that funding completely for the month(s) they don't meet the prescribed minimum.*

**Q 4b. When should Local Content be shown?**

*C. Again I think this decision should be left to the operator(s). For instance if a show is aimed at morning viewership why would the station then be required to show it at 9pm at night? If a show proves popular, and the demand is there, the operator should have the freedom to schedule the program at the best time to drive ad revenue.*

**Q. 4c. How much of the Local Content should be original?**

*C. Again this will be dictated by the advertiser, if the station chose to air old content, which is not current and relevant, the viewership will not be there and the advertiser will not place commercials on the show or with the station in general if all they choose to air is old content.*

**Q. 5. How should the production and provision of Local Television be funded?**

*C. Local Television should be funded by two sources. The first and primary revenue stream should be from local advertising revenue generated by their sales department. The second should be from subscription fees paid by each local subscriber of subscription TV including companies that subscribe to Direct TV or Dish Network through locally operated companies. When determine the subscription fee to be paid that fee should be used to offset certain operations cost such as electricity to run the over the air transmitter, rental fee for the tower and ongoing maintenance of the transmitter and antenna. Subscribers of Direct TV or Dish Network should have to pay higher subscription fees since they are not paying any Royalty fees to the ICTA. The ICTA cannot continue to condone these illegal subscriptions and in turn expect the legally licensed operators to pay Royalty and ICTA fees while simultaneously operating a free to air channel and not uphold the same standards across the board.*

**Q. 6. Should Licensees be obligated to commission a certain percentage of their Local Content from local Producers?**

*C. The operator, within reason, should be required to outsource a defined percentage of their Local Content to local Producers. With that said, the local producers expectations as to what they can charge the operators for the content must be defined. Otherwise local content providers could charge extortive rates to operators further driving up their operational cost and potentially landing the operators in financial difficulty.*

**Q. 7. How should Local Television be provided to customers?**

*C. Local Television should be provided by both Free Over the Air and by being classified as a MUST CARRY on all ICTA licensed Subscription TV service providers.*

**Q. 8. Do you have any other inputs on this topic?**

*C. The ICTA need to keep in mind that the quality of Local Television should be the focal point as the decision is being made on the matter. Clearly the local community would like to have as many Free Over the Air TV stations as possible, but what will the quality of these consist of? The public would be better served by one or two stations providing a higher standard of content compared to more channels with less than satisfactory, lack luster free TV. In the end if the decision is made to mandate local stations for each licensee it will be the consumer who suffers because of the inability financially to provide quality programming with funds which would have been used to acquire more content providers being used to fund a free over the air stations. The ICTA is here to promote healthy competition amongst providers and ensure the Cayman Islands has a viable vibrant TV Market and we trust the ICTA will take all of the above into consideration when making a decision which will have a huge impact on the Telecommunications industry in the Cayman Islands.*

*C3 is locally owned and operated and as such are prepared to implement whatever decision are made by the ICTA as it relates to Local Televisions.*

Kind regards,

Randy Merren  
Director