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Response to the second round of public consultation on the Draft Digital Terrestrial Television (DTT) Regulations

Cape Town TV, July 2012

1. Introduction

- a. This is a response by Cape Town TV (CTV), a licensed community television broadcaster operating under a class community television license, to the second round of public comment on the Draft Digital Terrestrial Television Regulations 2011. CTV has already given a response to the first round of public consultation on these regulations, in which we made specific recommendations for the sustainability of the community television sector.
- b. Since the introduction of long-term (12 month and more) community TV licenses by ICASA in 2004, there has been an explosion of interest in this sector and there are now five licensed geographic community television stations on air¹, and more applications that have not yet been green-lighted. This indicates that there is much growth potential for the community television sector, but we are concerned that ICASA is still tending to ‘ghettoize’ this sector by not allocating sufficient bandwidth for it in the DTT arena.

2. Bandwidth allocation for community television channels

- a. Section 4.4 of the Regulations currently allocates only 10% of Multiplex 1 to community broadcasters, but this may not be sufficient bandwidth to provide a

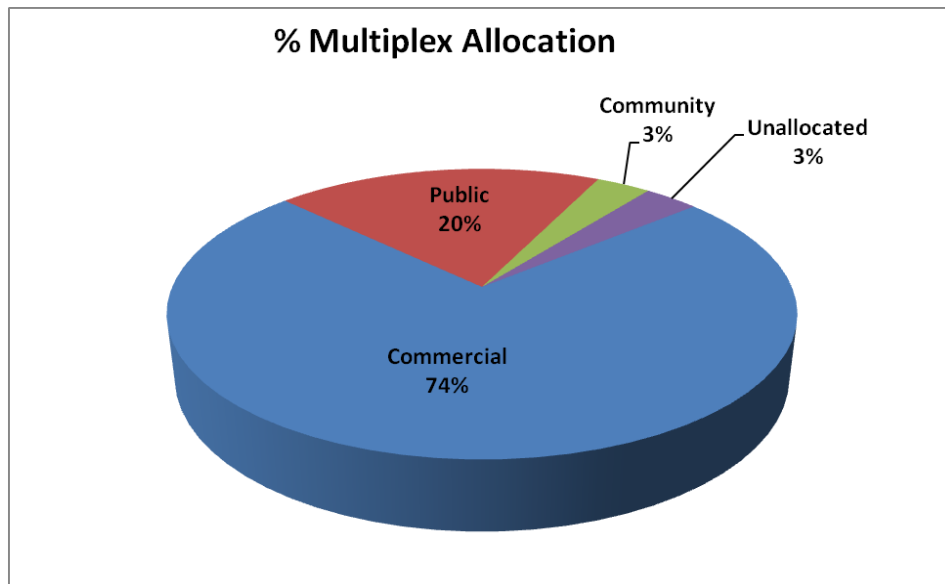
¹ We do not include the “grandfathered” licence of TBN because the nature and needs of this channel are markedly different to those of the geographically licensed community channels. We have previously submitted that the TBN licence fits more appropriately into a commercial licensing framework.

good quality channel (i.e. one that is free of picture break-up, sound distortion and can carry fast-moving action such as sport). The current multiplex bandwidth stands at around 33Mbps, so 10% of this capacity is only 3.3Mbps. This is not sufficient bandwidth to provide enough bandwidth for two community channels in one area, unless they are forced to offer a poor quality signal, which will disadvantage both the channels and the viewers.

- b. In view of the above, CTV suggests that minimum bandwidth requirements be published to guarantee community channels sufficient bandwidth to provide good quality signals to viewers, and if necessary that the bandwidth allocation to community TV channels be increased accordingly on Multiplex 1.
- c. We propose that not more than one community TV channel be licensed in any local area. This will eliminate competition for scarce resources between the community channels as well as providing them with sufficient bandwidth.

3. Commercialization of the airwaves and marginalization of community channels

- a. The proposed allocation of Multiplex 3 to commercial subscription and free-to-air channels means that, when viewed overall, there is a preponderance of commercial channels and a corresponding reduction in the spread of public service and community channels.
- b. An analysis of the multiplex allocations shows that the draft ICASA regulation proposes giving 74% of the airwaves for commercial use compared to only 3% for community use and 20% for public use (see graph below). This seems to be a disproportionate allocation for commercial broadcasters, particularly bearing in mind that some of these broadcasters will be offering regional and/or local services which will compete with community TV for advertising spend from both the business and government sectors.



- c. In view of the minimal allocation of multiplex bandwidth to community TV channels, we submit that it should be possible to allocate at least 10% of Multiplex 2 to new community channels (bearing in mind the problem set out in Section 2(a) of this document).
- d. At least 20% of the overall multiplex bandwidth (i.e. across all three multiplexes) should be allocated to community television and 30% to the public service channels of the SABC, which will ensure that at least 50% of bandwidth is reserved for non-commercial use.
- e. We note that there is no provision for community sound broadcasters in any multiplex, and we submit that this omission should be rectified.

4. Timing of the new multiplex

- a. A major factor in the development of commercial channels will be the uptake of STBs, because a commercial entity would be taking considerable risk in entering the market before there is a large enough audience that can be reached on the DTT platform. There are significant barriers to entry in the television sector, as can be seen by the failure of Telkom Media and WOW TV to get off the ground, so there is a strong likelihood that new commercial services will only be viable after the analogue switch-off.

- b. Furthermore the inception of two new commercial channels will have an impact on the overall television adspend market, and may inhibit the ability of SABC and other players to roll out their new channels because of budgetary constraints.
- c. Community TV channels are still struggling to achieve financial sustainability in an adverse economic climate and with no means of legislated financial support, such as a public service broadcasting content fund (as mooted in the last PSB Bill). The introduction of new commercial players into the market would heighten competition for viewers, further fragmenting the market during this crucial stage in the evolution of community channels, so further disadvantaging them.
- d. In the light of the above factors, we do not believe it would be a good idea to introduce a third, commercial TV multiplex during the dual illumination period.

5. Further recommendations

- a. The split between public broadcasting services and public commercial services of the SABC should be eliminated and the PCBS channel assigned as a PBS channel, which will mean that public broadcasting is assigned just over 30% of total bandwidth.
 - b. The Authority should limit the number of high definition (HD) channels because HD uses a lot of bandwidth, so if broadcasters decide to broadcast in HD, diversity will be reduced. Also, few people can afford HD-enabled television sets, so to deprive the country of many channels simply to allow a few to enjoy better picture quality will not support development.
6. We thank the Authority for availing the opportunity of making further submissions on the DTT rollout.