COMMERCIAL RADIO AUSTRALIA

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ICASA submission

Commercial Radio Australia (**CRA**) welcomes this opportunity to respond to the ICASA consultation on South Africa's planning for digital sound broadcasting.

CRA is the peak industry body representing the interests of 99% of the Australian commercial radio industry and has enjoyed a long and close association with the South African regulator, ICASA, broadcaster and industry group SADIBA and transmission service provider SENTEC.

CRA has completed the roll out of DAB+ digital radio to the five mainland capital cities covering 64% of the Australian population and continues to work with the regulator and the Federal Government on planning digital radio for the remaining 218 broadcasters operating in regional Australia.

Australia helped to develop the greener, more spectrum efficient DAB+ standard in 2007 and was the second country in the world to adopt DAB+; our submission is intended to share some of our insights and learnings, to help South Africa move forward with its own planning for digital radio.

We would welcome the opportunity to host a joint South African regulator/broadcaster study tour to Australia should that be considered a useful part of the planning process.

Question 1:

Is there a need for the introduction of DSB technologies in South Africa? Motivate your answer?

Yes, there is a need for South Africa to introduce permanent digital sound broadcasting services.

All aspects of society are moving to digital platforms and radio is no different.

Around the world analogue short wave, AM and FM platforms are being phased out, to be replaced by greener and more spectrum efficient digital technology.

Radio plays such a unique part of our everyday lives, informing, entertaining, educating and engaging audiences of all ages. No other medium is as accessible or affordable, so it is

worth planning for the digital future of radio to allow it to remain relevant and continue to connect and engage our communities.

Question 2

Do you think the list of technical standards to which the DSB equipment must confirm are exhaustive? Motivate your response and suggest other equipment technical standards?

There are a limited number of digital radio standards available for consideration. Australia investigated the suitability of all of them and decided that DAB+ was most appropriate:

- Licence free and ETSI specified open standard
- Shared infrastructure costs make it an affordable solution for broadcasters
- Greener and more spectrum efficient than analogue radio and other digital platforms
- Capacity for incumbent/existing broadcasters to simulcast their analogue services and offer audiences more choice to encourage them to upgrade to a digital receiver
- Chips, modules and receiver availability

Other digital radio technologies either did not have the above advantages, or did not fit existing channel spacing, nor offer an equal opportunity for a digital future for the 48% of radio broadcast on AM.

We are confident that Australia's decision to adopt DAB+ was the right one, as it is now the most advanced, digital radio platform, adopted by most of Europe, Arab States, Australia and parts of Asia Pacific.

CRA will review the technology solutions for rural coverage in 7-10 years, once DAB+ is rolled out to the remaining 98 regional licence areas.

Question 3

In the absence of a policy directive for providing standard for DSB, should the Authority provide licences for other DSB technologies? Please motivate your answer

In CRA's view, licencing multiple digital radio technologies can actually be counter-productive as vehicle and device manufacturers cannot possibly support all the available technologies. It also sends a confusing message to retailers about what receivers to range, and to audiences, who would need to buy multiple different digital receivers to listen to their favourite stations. The listening experience would also differ, with different scanning, selection and sound experiences depending on the digital platform they tuned into.

In Australia, the broadcasters made recommendation to the Minister and the regulator ACMA that the majority view of the public, commercial and community sector was to adopt DAB+, and once that roll out was complete, we would review the most suitable platform for remote coverage. Industry remains committed to that view.

Question 4

South Africa through its international agreements at ITU and SADC level agreed on DAB+ and DRM systems. Please indicate which other sound broadcasting technology(ies) if any should be considered for South Africa? Please motivate

No, for the reasons set out in responses to Questions 2 & 3 above.

Question 5

To use the spectrum efficiently, the digital sound broadcasting network can be planned on a Single Frequency Network. Do you think that it would be applicable for purposes of digital sound broadcasting? Please motivate.

Use of Single Frequency Networks are common in DAB+ for both local and national services. CRA can share the Australian planning principles which industry and the regulator jointly developed to show how these SFNs can be planned and interference protected.

https://www.acma.gov.au/Industry/Broadcast/Spectrum-for-broadcasting/Spectrum-digital-radio/planning-principles

Question 6

6.1 Should the Authority consider one or more mux operator(s) for DSB? Please motivate.

In Australia, it was the broadcasters' view that to control costs, the broadcasters in any given licence area were given the first opportunity to form a joint venture company to own and operate the mux. This removed the opportunity for profiteering from an external third party, but it did not prevent the broadcasters' JV from using the transmission sites and services of the existing transmission service providers. If some/all the broadcasters in the licence area did not wish to join the JVs, they were given the right to access the multiplex, under an access agreement approved by the competition regulator ACCC. This removes the potential for profiteering and allows all eligible broadcasters to invest in their digital future at a reasonable cost.

To see the detail of the ACCC access agreement process click on the links section of this page: https://www.acma.gov.au/Industry/Broadcast/Spectrum-for-broadcasting/Broadcast-planning/digital-radio-spectrum-for-broadcasters-acma-1

6.2 Would you propose a total switch – off of the traditional analogue AM and FM sound broadcasting? Please motivate.

At this early stage, it is CRA's view that South Africa should not propose a total analogue radio switch off. It takes considerable time and coordination to transition audiences to a new

digital audio platform and replace their existing radios in homes, vehicles and workplaces with new digital radios.

Whilst some European countries have already switched off analogue (Norway) or have set digital switch over (DSO) criterion or dates (Switzerland, UK, Denmark, Slovenia) and countries like Germany are starting to discuss DSO, Australia has a much larger landmass to cover so the process will take longer.

Both industry and Government consider DAB+ a complimentary technology at this point, giving audiences time to purchase new DAB+ receivers and sample the new content. It also gives broadcasters time to trial new digital only formats and see how niche audiences and advertisers respond. However, we are mindful that there will be a limit to the length that broadcasters will be able and willing to pay dual transmission costs, so inevitably there will have to be a DSO discussion in Australia as is happening across Europe.

Question 7

Should the Authority adopt the strategy used in other international markets of licensing DSB services in the primary markets first and then a nationwide rollout? Pls motivate.

For a big country like South Africa it makes sense to, where possible, make licences available in the largest population centres initially, providing more people the ability to access digital radio services. Once roll out in these markets is underway, a second and potentially third phase of planning can occur for the next tier of markets where channel allotments can be made. Frequency and channel coordination with neighbouring countries can also be done in these secondary phases.

Question 8

Can the current sound broadcasting market afford new DSB licensees in community, commercial and public service? In you answer, explain your reasons and/or choice for any of your submission.

With competition coming from well funded national and global digital streaming services radio needs to invest in its own digital future if it is to continue to be the most accessible, open and local form of communication.

In Australia, the incumbent broadcasters were given a modest allocation of free spectrum and a six year “no new entrants” clause to incentivise them to invest in digital. They were also allowed to bid for any spare spectrum up to a cap and to use that spectrum without format restriction. This motivated them to offer their audiences new, niche formats and over time to build these new stations so they have more inventory to sell to advertisers.

The key to the affordability, is to ensure

- free/low cost access to digital spectrum for eligible broadcasters and

- costs are shared amongst as many broadcasters as are in the local area. For example, costs are shared by 20 simulcast and new DAB+ only services on an average metropolitan mux in Australia.
- An access agreement sanctioned by the competition regulator prevents profiteering by the transmission service provider or mux licence holder.
- Shared capital investment in digital infrastructure (transmitters, antennas, combiners)
- Shared transmission costs and other opex
- Fair access fees for community broadcasters who are entitled to share 2/9th of the capacity of a commercial multiplex

The Australian radio industry

There are 260 commercial radio stations across Australia, and these are licenced to operate in distinct Licence Area Plans (LAPs) to serve local audiences. None of these stations are national, they are all licenced to cover a single licence area to which they provide significant local content.

GfK audience research throughout 2017 was another strong year with 95% of Australians listening to radio services from the commercial, public and community broadcasters. There were increases across key demographics, particularly younger audiences. Throughout 2017, 81.1% of all radio listeners aged 10+ listened to commercial radio.

More Australians tuned into live and local commercial radio in the cities in 2017 than ever before, with an average cumulative audience of nearly 10.5 million people listening each week in metropolitan areas, growing the urban audience by more than 200,000 people.

Commercial radio's reach of 18-24s has also increased from 76% in 2016, and is at a four-year high with 79% of 18-24-year-olds tuning in every week. With a strong on-air talent line-up and more choice of content and platforms, listening via DAB+ digital radio, station apps

The industry creates, produces and broadcasts an enormous amount of high quality local content that is transmitted daily by Australian radio stations. This content spans a range of formats, including news, talk, sport, entertainment and music.

DAB+ in Australia

DAB+ was officially launched in the five mainland capital cities of Australia in August 2009.

Listening

- Official GfK radio ratings show 4.014 million people in the five metropolitan markets, or 29% of the available audience, listened to DAB+ each week in 2017.
- In the five major capitals of Sydney, Melbourne, Brisbane, Adelaide and Perth. DAB+ listening continues to grow with 43% of listeners now having access to DAB+ digital radio at home, work or in the car.
- This is nearly double the number of people that listen via DAB+ than listened to radio via streaming. Without the data fees and battery life issues, the DAB+ listeners listened for around 3 hours (45%) longer per week than those streaming.

DAB+ devices in the market:

- 3.8m DAB+ devices in market at 31 Dec 2017 (up 24%), inc 1.42m in vehicles)
- 560,000 new vehicles sold with DAB+ in calendar year 2017
- DAB+ in 47% of new cars (vs 34% at Sept 2016)
- Current annual value of DAB+ receiver sales across 5 mainland capitals is $12m and this will increase with regional rollout to large regional markets.

Regional Roll out

- Digital radio frequency allotments have now been allocated for all of the 92 regional licence areas.
- Digital Radio Channel Plans are now being prepared for the first tranche of regional broadcasters wishing to move to permanent DAB+ licences.
- Trial services in Canberra and Darwin will finalise their transition to permanent in March 2019
- DAB+ services launched in Hobart on 19 March with national services ABC & SBS offering 13 DAB+ only stations. Commercial stations will follow in second half of 2018

Digital content

- Australian radio is filled with Australian voices and content; multi-channeling via DAB+ has allowed even more niche formats to be heard by audiences.
- There are more than 30 DAB+ only channels available in each of the five capital city markets.
- Stations are using DAB+ to extend their existing mainstream brands – for example the SCA network has extended the Triple M network to now offer 5 associated DAB+ only stations– Triple M Country, Triple M Classic Rock, Triple M Modern Rock, Triple M Greatest Hits Digital as well as the simulcast Triple M.
- SBS Radio offer cultural formats SBS PopAsia, SBS PopDesi and a refresh of SBS Radio 3 with BBC and a dedicated SBS FIFA channel for the soccer world cup.
- ABC had a dedicated Commonwealth Games channel Grandstand Digital DAB+ - which broadcast during the games 24 hours a day, seven days a week. They have also recently launched ABC Kids.