



Presentation on ICASA's Discussion Document into Digital Sound Broadcasting
13 July 2018

Can SA Commercial Radio DAB?



Kagiso Media

Overview

- Introduction
- Lay of the Land
- Policy Considerations
- Commercial Considerations
- Technical- Key Insights
- Conclusion

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Introduction

Kagiso Media is a black owned and controlled media group of companies with interests in substantial media assets through its subsidiaries, joint ventures and associates.



Our brands

These brands are owned, represented or partners of the Kagiso Media Group.

These brands fall to namely 6 sectors:
Radio | Television | Digital Media |
Content | Sales | Information and
Insights.





In the new world,
it is not the big fish
which eats the
small fish, it's the
fast fish which
eats the **slow fish**

Klaus Schwab
Founder and Executive Chairman
World Economic Forum



Overview of radio broadcasting and Key Insights

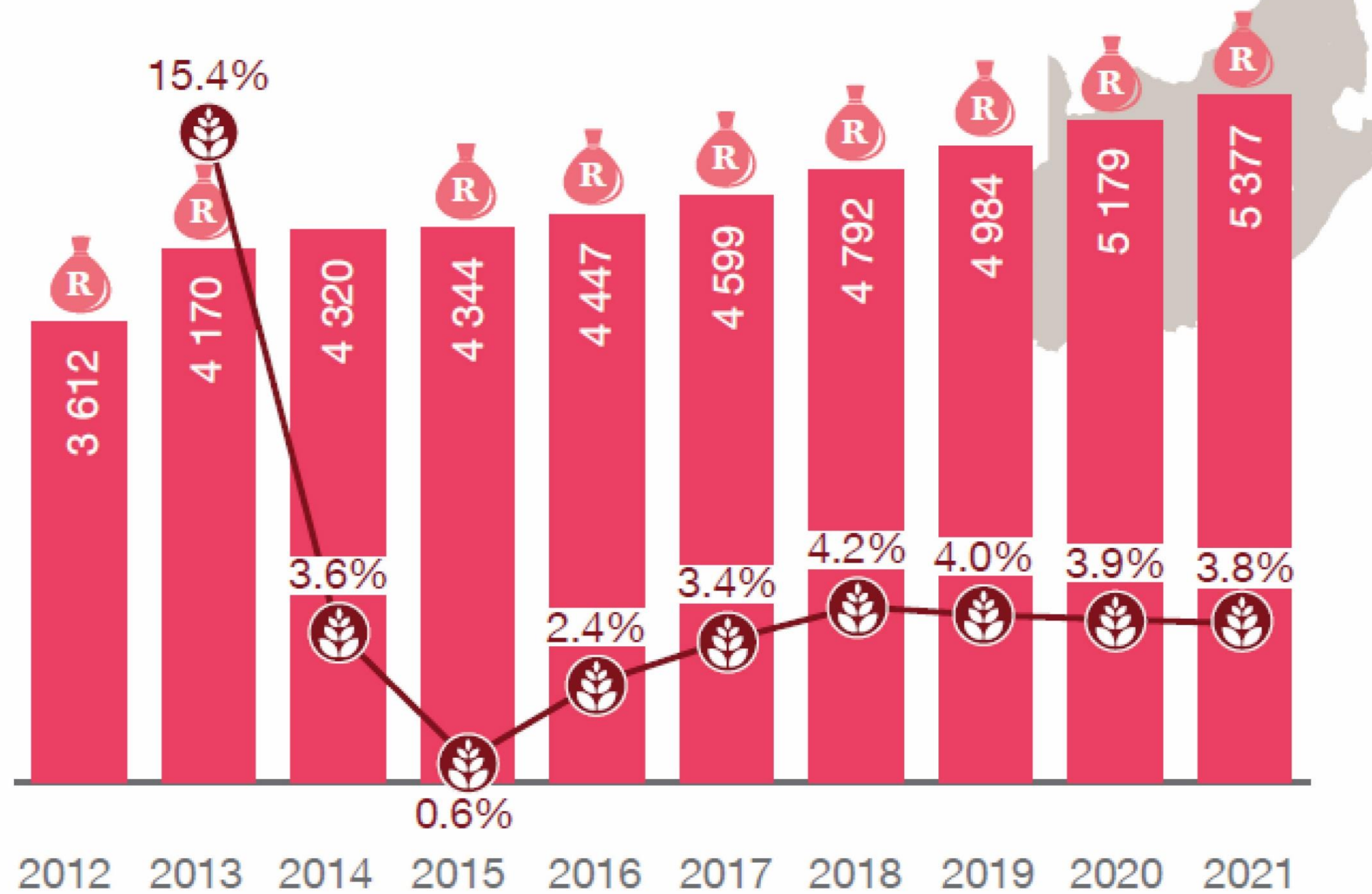
Radio broadcasting has grown exponentially from 34 radio stations before 1994 to about 300 currently, reaching 98% of the population.

The primary markets of Gauteng, KwaZulu Natal and the Western Cape have run out of FM frequencies for commercial radio stations.

The reality is that the radio broadcasting sector is operating in challenging economic times faced by disruption.

RSA has dropped 14 places to 61st in the Global Competitiveness Rankings and our Gini coefficient points to a Country with an unequal society.

Radio – steady growth forecast



Total radio revenue



YOY growth (%)



Commercial Considerations

- Challenging Investment Climate –
- GDP has shrunk 2.2% in the 1st quarter of 2018
- Dual Illumination will require significant additional investments in:
 1. Content;
 2. Coverage;
 3. Cars;
 4. Consumer receivers;
 5. Communication



Policy Considerations

- Disjuncture in Policy Development Cycle
- A policy framework is fundamental to DSB and should address:
 1. Industry Participation;
 2. Uptake & Switch-off;
 3. Communication & Awareness raising
 4. Accessibility & Affordability;



Policy Considerations

- DSB Receivers should be subsidized for poor households.

Section 88(1)(a) (as amended) of the ECA provides that “The money in the Universal Service and Access Fund must be utilized exclusively for the payment of subsidies for the assistance of needy persons towards the cost of the provision to, or the use by, them of **broadcasting, electronic communications network services and electronic communications services**”. In terms of section 88(4) of the ECA (as amended) the Minister is to determine by notice in the Gazette and after recommendations made by the USAASA for the purposes of payments to be made in terms of s 88(1)(a):

Types of needy persons to whom assistance may be given;

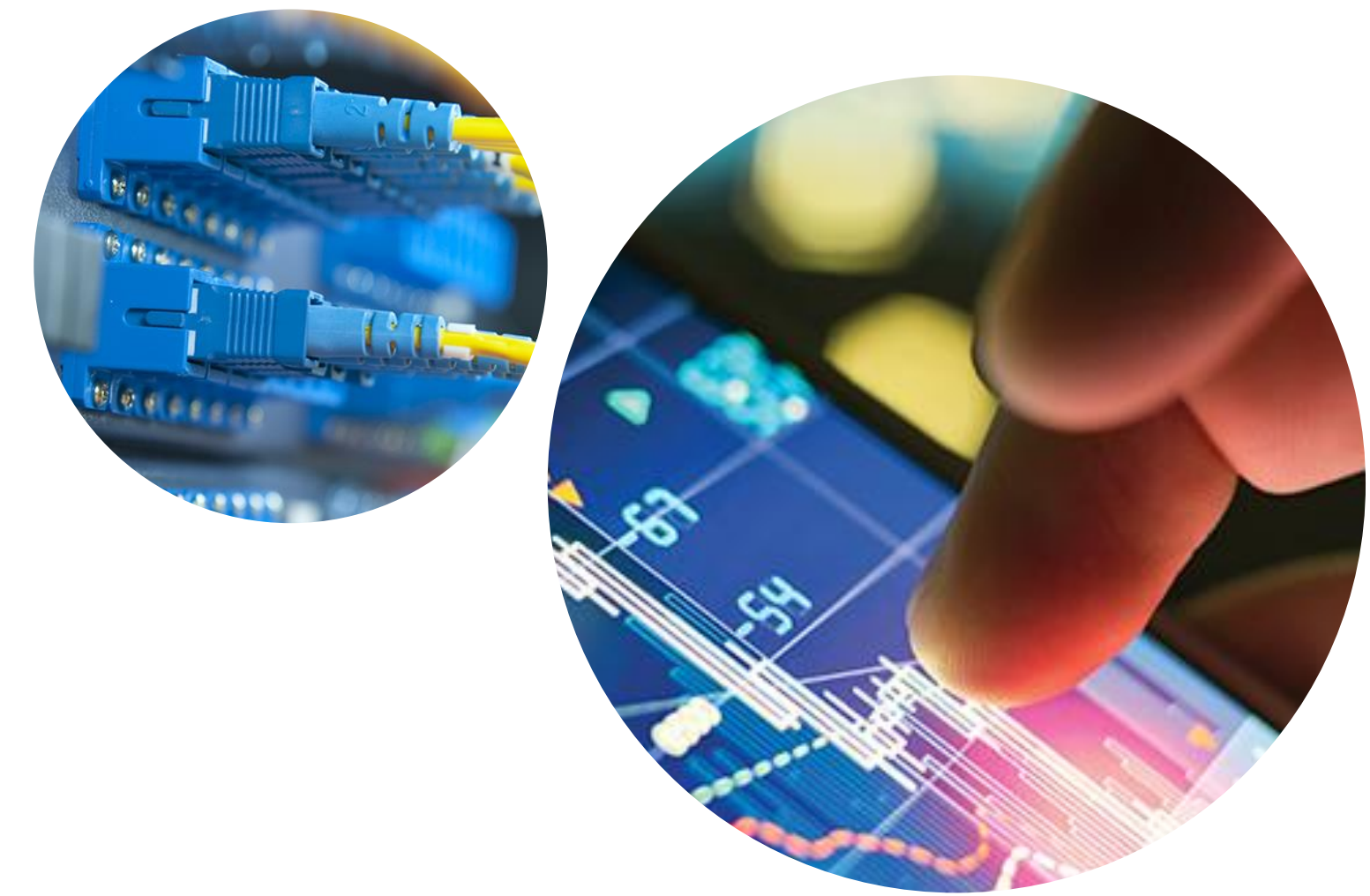
The persons who must apply for assistance;

Persons to whom subsidies may be paid.



Regulatory Framework

- **Licensing:**
- Authority must adopt a transitional strategy that prioritises current radio broadcasters and facilitates their migration to digital broadcasting;
- in the interim commence the licensing of DSB on the frequency band currently used for the trials
- licensing DSB services in primary markets first may be prudent owing to the saturation of frequencies for analogue broadcasting in these areas
- Place a moratorium on new commercial sound broadcasting licences for a period of time. E.g. Australia model



Regulatory Framework cont..

- **Infrastructure Sharing**

- Radio broadcasters can leverage on the existing passive elements of the communication infrastructure such as masts, transmitter houses, back-up generators and others.

- **Multiplex Ownership**

- a Single Frequency Network (SFN) that is adopted as the most suitable network then multiple different radio stations will transmit on the same frequency using the same transmitter
- The commercial multiplex (for commercial broadcasters) should be owned by the commercial operators but operated by a third-party service provider
- allow broadcasters to share the infrastructure and the costs of that single transmission.

Technical Key Insights

- DAB+ which is many times better is a new preferred standard.
- Rather than stipulating a specific technology government should allow broadcasters to adopt a technology prevailing at the time of migration
- the Authority will have to set guidelines on channel composition on the SFN frequency
- A complete switch off of analogue transmission is not necessary.



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Conclusion

- If the licensing process of DAB+ is delayed, there is a real threat of South African consumers leap frogging DAB+ to Internet radio;
- Whilst there is already a preferred technology, our position is that licensing must follow a clearly laid out policy framework;
- Protect and incentivise incumbents for successful investments & roll-out of DSB;
- Authority should take into account the change in consumer behaviour & ensure Regulatory models are not left behind.



Thank you

