



DRAFT DTT REGULATIONS



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TEAM



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INTRODUCTION



- M-Net thankful for the opportunity to comment
- We have consistently supported a swift migration to digital broadcasting and the finalisation of the regulatory framework is critical
- Regulations address fundamental issues which affect planning for DTT (capacity, local content requirements, roll out targets) – no business plans for launch can be concluded until the regulations are finalised
- Analogue broadcasters are being called to report on their readiness to launch, but launch is dependent on having a regulatory framework in place

PROCEDURAL MATTERS

- Right to fair administrative action requires adequate notice and a reasonable opportunity to make representations
- Draft regulations gazetted on 10 July 2012 for comment by 30 July 2012 – only 14 working days to comment
- Notice of hearings gazetted on 10 August 2012 – only 6 working days notice of hearings
- Authority's conduct is not only procedurally unfair, but places entire process at risk

OUTLINE OF PRESENTATION

- Mux allocation
- Bandwidth usage
- Digital incentive channel authorisation
- Local content
- Conclusion

MULTIPLEX ALLOCATION

WHY MIGRATE?



TO RECLAIM LICENSED SPECTRUM FROM EXISTING ANALOGUE BROADCASTERS FOR RE-ALLOCATION TO NEW SERVICES

- SABC, e-tv and M-Net will collectively return at least 72 MHz of spectrum which has been licensed to them – this is the reason they are prioritised for spectrum allocation in this process
- The failure to clearly articulate this principle has resulted in ongoing debates about the fairness of spectrum allocation to migrating analogue broadcasters

SPECTRUM AS COMPENSATION



- DTT spectrum is awarded to analogue broadcasters:
 - To permit dual illumination and allow consumers time to switch to DTT
 - As compensation for the costs of migration
 - As compensation for the expropriation of their rights to licensed spectrum
- Analogue broadcasters will return in excess of 72 MHz of licensed spectrum – but allocated only a portion of an 8 MHz multiplex
- Allocation of a portion of an 8MHz multiplex is not adequate compensation for amount of spectrum reclaimed from analogue broadcasters
- Issue of further allocations to analogue broadcasters must be addressed in the near future

BANDWIDTH USAGE



- Using DVB-T2 and MPEG 4, a mux can deliver 32.5 MB/s
- This is the available bandwidth on each multiplex
- How many channels can be offered? Depends largely on the content offered e.g. sport requires more bandwidth than other content
- Consider the 40% allocation to M-Net:
 - 40% of 32.5 MB/s = 13MB/s
 - Then deduct 1.55 MB/s for services like EPG, 8 day guide, decoder downloads etc. ($13 - 1.55 = 11.45$)
 - This leaves only 11.45MB/s for dual illumination of M-Net and CSN and for digital incentive channels

MB
megabyte

BANDWIDTH USAGE



- We analysed actual on-air bit rates for DVB-T2, HD services in the UK
- A single HD channel (not sport) will require at least 7 MB/s

WHAT DOES THIS MEAN?

- 40% of a multiplex will not allow M-Net to even dual illuminate its existing channels in HD
- M-Net is the only migrating broadcaster which has not been allocated sufficient spectrum to dual illuminate their existing services in HD
- No capacity for digital incentive channels – which is the key driver for consumer take up of DTT
- M-Net migration hampered from the start

PROPOSED ALLOCATIONS



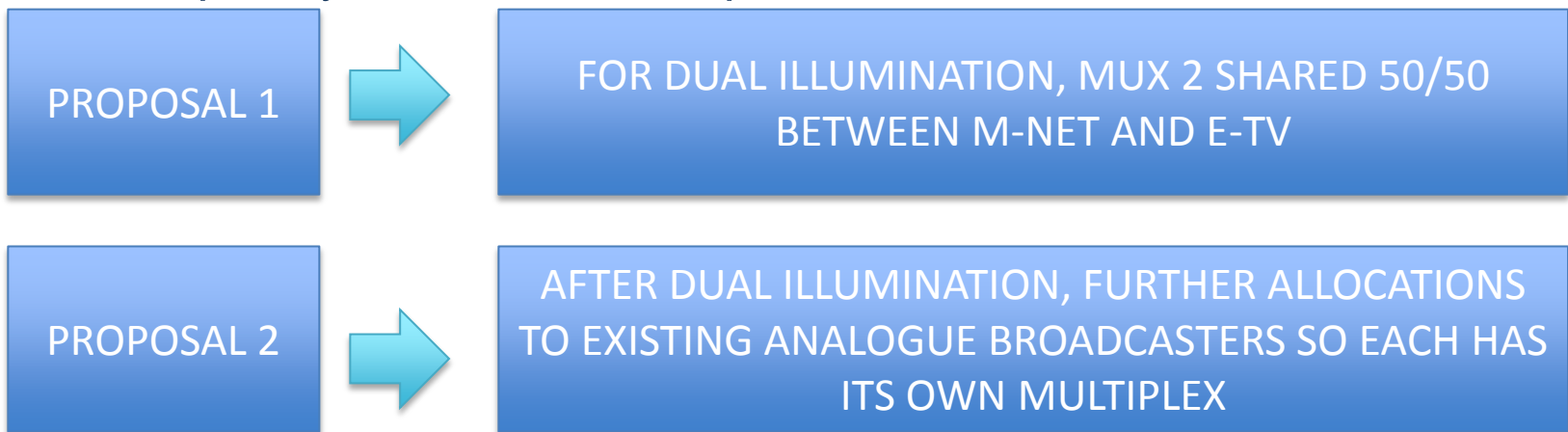
- Reservation of 10% of the capacity on MUX 2 for an unspecified use at an undefined future time is wasteful, particularly when the Authority has proposed the creation of a 3rd multiplex
- Allocate this 10% to M-Net – this will mean 50% of MUX 2 or 16.25 MB/s

GREAT, PROBLEM SOLVED?

- Not quite, 50% of MUX 2 will only allow for the dual illumination of M-Net and CSN in HD – still no digital incentive channels

FURTHER ALLOCATIONS

- Existing analogue broadcasters have not been adequately compensated for the dividend which they will return
- Further allocations must be addressed
- Digital Migration Working Group report recommended that each of the existing national terrestrial broadcasters should be assigned sufficient radio frequency to create a multiplex



CHANNEL AUTHORISATION

- Subscription Broadcasting Regulations are technology neutral and set out a channel authorisation process which has been operating effectively since 2006
- Unnecessary and contrary to principle of tech neutrality to devise a new channel authorisation process for DTT
- Require all subscription broadcasting services to adhere to the process in the Subscription Broadcasting Regulations
- Draft regulations need only provide a process for FTA

PROPOSAL 3



SUBSCRIPTION BROADCASTERS TO ADHERE TO EXISTING
CHANNEL AUTHORISATION PROCEDURE – REGULATIONS
SHOULD PROVIDE ONLY FOR FTA

LOCAL CONTENT

- Interim solution proposed in the draft regulations creates a number of challenges
- Term “original television content” is critical, but it is not defined
- Serious compliance issues, because the proposals are not designed for implementation in a multi-channel environment
- Compliance required on each channel - local content compliance in a multi-channel environment should be measured across the bouquet to allow flexibility
- Measured daily – no flexibility, current regulations measure compliance over a year

PROPOSAL 4



DRAFTING PROPOSALS ON LOCAL
CONTENT IN WRITTEN SUBMISSION

CONCLUSION



- Analogue broadcasters are critical to achieving a successful migration
- ONLY analogue broadcasters are returning spectrum to the Authority- they will release the digital dividend which is the purpose of the entire migration process
- Spectrum allocations serve as compensation for the expropriation of rights to licensed spectrum – but these allocations have never been adequate
- M-Net penalised in multiplex allocation – the only analogue broadcaster who will not have enough spectrum to even dual illuminate in HD
- FOUR proposals for consideration by the Authority

SUMMARY OF PROPOSALS

PROPOSAL 1



WASTEFUL TO RESERVE 10% OF MUX 2 - FOR DUAL ILLUMINATION, MUX 2 SHARED 50/50 BETWEEN M-NET AND E-TV

PROPOSAL 2



AFTER DUAL ILLUMINATION, FURTHER ALLOCATIONS TO EXISTING ANALOGUE BROADCASTERS SO EACH HAS ITS OWN MULTIPLEX

PROPOSAL 3



SUBSCRIPTION BROADCASTERS TO ADHERE TO EXISTING CHANNEL AUTHORISATION PROCEDURE – REGULATIONS SHOULD PROVIDE ONLY FOR FTA

PROPOSAL 4



DRAFTING PROPOSALS ON LOCAL CONTENT IN WRITTEN SUBMISSION



THANK YOU