



POTGIETER & HOWELL

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BROADCASTING
SERVICES (ICASA
HEARING)

ABOUT US

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Both members of the Board of the International Telecommunications Society; extensive experience in commercial and academic research in information economics, telecommunications, competition and governance.

IS THERE A NEED FOR
THE INTRODUCTION OF
DAB TECHNOLOGIES IN
SOUTH AFRICA?

NO – REASON 1 (FEW GAINS)

- ▶ Gains are minimal and would be realised only many years into the future.
- ▶ SA has ample unused medium wave spectrum that can be used for education, community and news broadcasting.

NO – REASON 2 (DIGITAL IS ONLINE)

- ▶ South Africa has many vibrant emerging online digital audio businesses that offer real competition to the established broadcasters.
- ▶ If consumers are switching to online media anyway, an expensive digital radio migration would be a fruitless exercise.

NO – REASON 3 (TECHNICAL DIFFICULTIES)

- ▶ There are many technical difficulties with DAB(+), including
 - ▶ quality that is not necessarily better than stereo FM and
 - ▶ users report frequent loss of signal while driving which would be a big problem in SA where a great deal of commercial value lies in the commuter audience.

NO – REASON 4 (ANTI-POOR)

- ▶ Digital radio sets are really much more expensive than analogue sets.
- ▶ Even with a subsidy (highly problematic in the case of digital television), a forced migration to digital broadcasting would be anti-poor.

NO – REASON 5 (ANTI-COMPETITIVE)

- ▶ The migration process is complex and tended, in other countries, to concentrate the market in the hands of a small number of broadcasters who have the technical ability to execute it.
- ▶ This means the process is likely to reduce competition in the market.

NO – REASON 6 (PEOPLE PREFER FM)

- ▶ In an advanced and rich country like Norway, the switchover to digital audio broadcasting has resulted in very large numbers of people in border areas simply tuning in to FM stations from neighbouring countries.
- ▶ Where people have the choice therefore, they continue to listen to analogue broadcasts.

NO – REASON 7 (DISTRIBUTION DIFFICULTIES)

- ▶ The state-owned signal operator, Sentech who would likely have to manage much of the migration, is very under-resourced.
- ▶ As stated by auditors in its 2016/17 annual report "the public entity's major customer is experiencing financial challenges which could pose a risk to the going concern".



THANK
YOU FOR
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