

ICASA's Public Hearings:

**SABC's Submissions to the Draft
Regulations on Signal Distribution
Services Regulations.**

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Everywhere for Everyone, Always



Team

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Executive Summary

- ❖ The **SABC** would like to thank the Regulator once again for granting us this opportunity to make submissions on this critical issue of Signal Distribution Services in South Africa
- ❖ As the only public broadcaster within the Republic of South Africa, the fulfilment of our mandate requires extensive use of signal distribution services in order to provide radio and television programming to the masses throughout the country.
- ❖ The SABC has over the years and to date depended on Sentech as the only signal distributor that owns **critical infrastructure** such as **high-sites** and transmitters to reach its audiences to fulfil its universal public service mandate
- ❖ However, the tariffs charged to the SABC are just too **high, unsustainable, anti-competitive, monopolistic**, and **unregulated**
 - ✓ This is the second (02nd) biggest cost at the SABC, even ahead of Content, which is the SABC's core business
 - ✓ The SABC will always need a 'Sentech'....for ATV, Analogue Radio (FM), and DTT



Executive Summary

- ❖ In our **multi-pronged** approach on this matter – the SABC has:
 - ✓ Written to **ICASA** – in 28th Oct 2020 and the SABC's COO wrote to ICASA in May 2021
 - ✓ Performed **Transmitter Audit** in 2021 and Radio Frequency **Optimisation**
 - ✓ Referral to the Competition Commission – April 2021 – now at the Competition Tribunal
 - ✓ Presentation in August 2022 to ICASA
 - ✓ Mediation led by the DCDT – for now not yielded the results
- ❖ SABC **Recommendations**
 - ✓ Regulatory involvement is key for us ensuring that there's transparency in the tariffs.

Overview of this presentation consists of three main parts: - Dr Vuyo Nyembezi

- ❖ **Part A – Previous SABC submissions.** Context to the hearings of the SABC submissions made to date.
- ❖ **Part B – ICASA's findings and Draft Regulations.** ICASA's conclusions after written submissions and presentations by stakeholders in the Signal Distribution Services Market.
- ❖ **Part C – The SABC's Recommendations to the Draft Regulations.** Focus on SABC's specific issues and contained in the Draft Regulations.

Introduction

- The **South African Broadcasting Corporation SOC Ltd** (the “**SABC**”) is the nation’s public broadcaster, mandated to serve the public interest through content diversity, language representation, and public service programming.
- **Operating under statutory obligations**, the SABC faces structural and regulatory constraints **in fulfilling our mandate** which requires extensive use of signal distribution services in order to provide radio and television programming to the masses throughout the country.
- This presentation sets out the SABC’s submissions in respect of the Draft Signal Distribution Services Regulations 2025 published by ICASA on 8 May 2025 (the “**Draft Regulations**”) and particularly in respect of the findings set out therein.
- In doing so, it draws on:
 - The **SABC’s previous written submissions and presentations at public hearings**, highlighting Sentech’s monopoly in the Signal Distribution Services Market and how the market is unregulated and anti-competitive.
 - The Authority’s findings and remedies as captured in **The Draft Signal Distribution Services Regulations, addresses the concerns that The SABC had previously raised.**



PART A: Previous SABC Submissions

Signal Distribution Market

Predominantly one Signal Distributer for all Broadcasters

- The **SABC has over the years and to date depended on Sentech as the only signal distributor** that owns critical infrastructure such as high sites and transmitters to reach its audiences to fulfil its universal public service mandate.
- The relationship between the SABC and Sentech is **regulated through a Master Transmission Agreement** (“MTA”).
- **Sentech’s fees are The SABC’s second largest operational costs and are unsustainable.**
- Sentech has a **monopoly in the Signal Distribution Market particularly for Analogue and Terrestrial Broadcast Services.**
- Community Broadcasters have reported difficulties in being profitable and staying in business due to high **Signal Transmission fees charged by Sentech.**



SABC's Multi-Pronged approach

SABC explored a number of initiatives to seek remedy to the disparities in the Signal Market

- Transmitter Audit (March 2021) that targeted 30% of HP (57 of 199 ATV sites) – **Audit findings found coverage overlaps and coverage duplications in certain sites.**
- Radio Frequency Optimisation – **33 transmitter sites recommended for switch-off.**
- **SABC wrote** to ICASA, 28th Oct 2020 – asking for **Signal Distribution Tariff Regulation.**
- **SABC COO wrote** to ICASA in May 2021 for the Regulator to note our **complaint to the Competition Commission with regards to Signal Distribution tariffs.**
- Complaint later self-referred to the Competition Tribunal – **arbitration processes still ongoing.**

The SABC's views

Sentech is the primary provider of broadcasting services in South Africa

- There are **no substitutes for Sentech network** built over the years across the country.
- Due to **no regulations of the signal distribution services, signal distribution tariffs are not transparent**, and broadcasters might even be charged differently for the same transmitter power level and services.
- **Analogue Switch-off (ASO) will not cripple Sentech's monopoly** as they will continue their dominance in the ATV, DTT, and FM Radio spaces.
- Most of Sentech's transmission sites are built on high sites. A **competitor will find it difficult to find high sites to build its masts and replicate Sentech's network** built over years.
- A complete move from DTT to DTH might bring about more competition but mostly from international satellite services providers.
- Satellite geographic market is far wider than the terrestrial market due to the nature that satellite technology provides.

PART B: Findings in the Draft Regulations

Summary of key findings

Findings of Market Enquiry

Market Definition and Effectiveness of Competition

- Markets are categorised according to the type of service provided.
- Sentech has significant market power and that there is ineffective competition in the following markets:
 - a) The market for the provision of terrestrial signal distribution services for television,
 - b) The market for the provision of terrestrial signal distribution services for FM radio; and
 - c) The market for the provision of terrestrial signal distribution services for AM radio.
- **The Authority has determined that competition in the terrestrial signal distribution** for television broadcasting services market, the terrestrial signal distribution for the FM sound broadcasting services market and the terrestrial signal distribution for the AM sound broadcasting services market as defined in regulation 3, **are ineffectively competitive.**

Finding of Market Enquiry cont...

Significant Market Power and Market Failure

- **The Authority has determined that Sentech is dominant** in the following markets:
 - a) **Terrestrial signal distribution** for the television broadcasting services market.
 - b) Terrestrial signal distribution for the FM sound broadcasting services market.
 - c) Terrestrial signal distribution for AM sound broadcasting services market.
- **The Authority has determined that the following market failures exist:**
 - a) **Natural Monopoly:** Barriers to entry (such as high sunk costs of infrastructure) limit potential entry and therefore, competition on price and quality of service. With a near-monopoly provider, prices and quality of service are unlikely to be maintained at a competitive level without regulatory intervention.
 - b) **Lack of transparency:** Broadcasting service licensees are unable to obtain sufficient information on whether the prices and the quality provided bear relation to a competitive environment.

Remedial Actions

Pro-competitive terms and conditions

- **Sentech must ensure that all tariffs for terrestrial signal distribution services are reasonably derived from the costs of provision**, allowing for:
 - (i) the recovery of direct costs;
 - (ii) an appropriate share of common costs related to the product;
 - (iii) a return on capital employed that is commensurate with the risk taken; and
 - (iv) costs related to other services and products provided by the SMP operator (such as satellite) should not be included in the cost base for the determination of terrestrial signal distribution tariffs.
- **Sentech must submit a Reference Offer** ("RO") in relation to network access and provision of terrestrial signal distribution services **for approval by the Authority**.
- **Sentech must publish the approved RO** on its website within fourteen (14) days from the date of receipt of the approval.

PART C: SABC's Recommendations

The Submissions

In general, **the draft regulations addresses the concerns that the SABC previously raised** in its submissions and oral presentations to the Authority in the related processes that took place. We would like to highlight these specific issues as presented in the Draft Regulations:

1) Protection of Sensitive Information in Agreements

The SABC calls for a provisions for the **confidentiality of sensitive information** which may form part of the agreements Reference Offer of Tariffs to be published and submitted to the Authority

2) The monitoring and investigation aspect by ICASA

The SABC welcomes the proposed transparency with respect to the publishing of Sentech's tariffs, however, equally begs **the Authority to specify timelines for the monitoring and investigation process to avert delays** in finalizing contracts and agreements between Sentech and its clients

Conclusion

- **The SABC is of the view that Sentech's conduct contravenes section 62(3)(b) of the ECA**, which provides that in determining its tariffs, Sentech must duly take into account the nature and technical parameters of the service provided to each broadcasting licensee with a view to ensure that the different tariffs are appropriate to and commensurate with the various broadcasting services to which they relate.
- **Sentech's conduct is unfair against the SABC and is anti-competitive.**
- We are pleased that The Authority considered and addressed concerns that we **previously raised on Sentech's anti-competitive behavior and lack of transparency on signal distribution costs.** The Authority's attempts at addressing these concerns is highly commended and appreciated.