# SABC SUBMISSION TO THE INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA ON DRAFT DIGITAL SOUND BROADCASTING SERVICES REGULATIONS

## 1. INTRODUCTION

1.1. The SABC would like to thank the Independent Communications Authority of South Africa ("the Authority") for the opportunity to make a submission to the Draft Regulations on Digital Sound Broadcasting ("the draft Regulation"). The SABC supports the Authority's intention to introduce Digital Sound Broadcasting "DSB" services in South Africa. The SABC welcomes and appreciates the Authority's invitation to submit representations and contribute to the intended implementation of DSB services in the country.

1.2. The SABC will nevertheless largely confine its submission on this draft Regulations to areas which are of concern to its business as the public broadcaster and will further substantiate this initial submission through oral hearing should the Authority decides to hold one.

1.3. As the only public broadcaster within the Republic of South Africa charged with specific mandate set out in Chapter IV of the Broadcasting Act No. 4 of 1999 to provide radio and television programming that informs, educates and entertains; but further states that these are to be made available throughout the Republic. Currently, the SABC provides 7 TV Channels and 18 Radio Stations.

## 2. COMMENTS ON SPEFIC ISSUES OF THE DRAFT REGULATIONS

### 2.1. Clarity on the capacity needed for DSB service

It is clear that each channel for a DSB service will require a different capacity on the Multiplex (Mux). For example, a predominantly music station such as Metro FM will require a capacity of about 80 kbps (depending on the type of encoding) whereas a predominantly talk station such as SAFM will require a capacity of say 48 kbps. It seems from the draft Regulations that the capacity requirement on the Mux for a DSB service is left for the Broadcaster and the Multi-channel distributor to haggle it out in a commercial playing field. The balance of the bargain is not always in favour of the Broadcaster.

Section 33 (1) of the Broadcasting Act of 1999 (as amended) provides that: "The Authority must conduct an inquiry to determine the licence conditions, obligations, and tariff structure for signal distribution including the regulatory regime for multi-channel distribution services and

convergence". At the moment, no such tariff structure has been developed either for DSB, AM/FM or for any broadcasting services. It is likely that this situation can be subjected to abuse by one party against the other.

### 2.2. DSB standards

All the standards for DSB are supported including:

- DRM 30 operating in the 535.5 - 1606.5 kHz band
- DRM+ operating in the band 87.5 – 108 MHz and
- DAB+ operating in the band 214 - 240 MHz.

The advantages of the propagation characteristics of DRM 30 will be an advantage to serve the rural communities of the Country. With regard to DRM+, its concurrent usage of FM and DRM+ in the FM band should be carefully monitored. Its possibility to cause harmful interference to FM services has not been conclusive especially at high transmitter power.

### 2.3. Clarity on moratorium of new entrants

It seems that current sound broadcasters will be given two years during wherein there will be a freeze in new applications for DSB services. The Authority is to be commended for recognizing that the existing broadcasters will be spending more during the dual illumination period in signal distribution cost to develop the DSB market. However, the two years' period seems to be an arbitrary figure.. The Corporation recommended during the discussion document phase of the public process that the Authority should first licence DSB services to existing broadcasters and then after market research has been conducted and the sustainability of the market and the financial viability of new entrants has been confirmed, then licences can be opened up to new entrants. However, a market research is required to determine the license-freeze period.

### 2.4. Clarity on Primary versus Secondary markets

The draft Regulations defines the Primary markets as the "geographical markets of Gauteng and the metropolitan areas of and around Cape Town and Durban". Secondary markets are defined as geographical markets that fall outside Primary markets. The draft Regulations

defines these terms in the context of the phases of introduction of DSB services. The Regulations seeks to introduce DSB in the Primary markets followed by Secondary markets. At the same time, the Regulations also seeks to introduce DSB to existing broadcasters first for two years and then the market will be opened to all the other new entrants.

The draft Regulations seems to suggest that for existing sound broadcasters, licences will be granted to provide DSB services in the Primary markets for two years and thereafter, licenses will be issued to new entrants to provide services in the Secondary markets. Clarity is needed in this regard. A consideration should be given to the mandate of the Public Broadcaster in respect of universal service and its coverage goes beyond the defined Primary and Secondary markets.

Considering that in the digital age, the signal can be distributed over the internet, DTT/ DTH and DSTV platforms, is the Primary and Secondary markets still relevant? What needs to be considered is the readiness of the market through market research as indicated afore.

### 2.5. Channel Authorisation

Section 6 (5) of the Digital Migration Regulations of 2012 put forth a comprehensive Channel Authorisation procedure. This Regulation says that within sixty (60) days of receipt of an application made for a channel to be authorised, the Authority shall issue a certificate authorising the channel or refusal thereof unless the Authority has opted to hold a public hearing on the application. Section 6 (6) of the Regulations also adds that if at the expiry of the 60 days of the period contemplated in sub-regulation 5 above and the Authority has not issued the certificate of approval or indicated its intention to hold public hearings in that regard, the application will be deemed to be authorised. It is proposed that the same procedure of the Digital Migration Regulation be adopted for inclusion in the DSB Regulations.

### 2.6. Analogue Switch-Off (ASO)

It is noted from the draft Regulations that the Minister will determine the switch-off date of the analogue radio services. The UK government has determined that the impact of switching off analogue sound broadcasting services is more complex and comes with costs to some

consumers. The government reports add that the economic case is currently unclear on the best point in time to switch-off analogue services.

It is highly discouraged to switch off traditional analogue FM transmitters. At the moment a typical DSB receiver cost about R1,000. The economies of scale presuppose that many indigent members of the society will not be able to afford the cost of a radio set estimated at R1,000 at this stage in the Country. This implies that the switch-off of analogue services should be determined by the adoption of the digital receivers by the consumers.

Moreover, unlike DTT, there are no international pressures either from the ITU or from the neighbouring states, to switch-off the analogue sound broadcasting services. Hence, analogue sound broadcasting services must be left to continue alongside digital services. Market forces should determine the switch-off date of analogue services. The two (2) major market forces which underpins the switch off date of analogue services are the cost of receivers which will drive adoption of DSB services and the cost of signal distribution which will motivate broadcasters to switch-off analogue services and adopt DSB services.

It is therefore submitted that there should not be any set cut-off date for the switching off of analogue sound broadcasting services.

### 2.7. Mux Allocation

As the public Broadcaster the SABC currently has 18 radio stations in order to fulfil its universal service mandate among other things. A Mux on average has a capacity of about 1.5 Mbps. This capacity takes about 20 radio stations on average. It is also to be noted that if an analogue radio station just transmits the same program on DSB, there will be no compelling reason to migrate or adopt DSB receiver sets. A radio station must have about 2 or 3 digital channels with different programs in order to make a sound business case to adopt DSB services. This means that the SABC will require a minimum of 2 (two) Muxes. It is also to be noted that the SABC is a holder of an ECNS licence. The frequency plan of 2013 should therefore be reviewed and based on a mixture of SFN (single frequency network) and MFN (multiple frequency network), the plan needs to be reworked and more frequency should be reserved for Mux operations.

## 3. CONCLUSION

The SABC is more concerned with the licencing regime of DSB services. The dual illumination costs as well as research and development costs needs to be recovered by the current Broadcasters for developing the market. The time period of recovery is most probably more than 2 years. There is a strong need for market research to be conducted in order to be well informed by all the stakeholders to determine the appropriate freeze period to accept new entrants into the market.

It is also important for the pricing structure for Multi-channel distribution to be developed as required by the Broadcasting Act.

The DAB+ frequency allotment plan needs to be relooked. The provision of 2 frequency channels per province seems inadequate. Based on a mixture of SFN and MFN the frequency plan needs to be reworked and more frequencies should be reserved for Mux operations.