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**SABC'S WRITTEN SUBMISSION TO THE DEPARTMENT OF  
COMMUNICATIONS AND DIGITAL TECHNOLOGIES AND THE  
INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH  
AFRICA ON A REQUEST TO AMEND THE BROADCAST DIGITAL  
MIGRATION POLICY AND THE DIGITAL MIGRATION  
REGULATIONS WITH RESPECT TO SABC'S OBLIGATIONS**

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**South African Broadcasting Corporation SOC Limited:** Registration Number: 2003/023915/30

**Non-Executive Directors:** Mr B E Makhathini (Chairperson); Ms M Mohlala-Mulaudzi (Deputy Chairperson); Prof S Cooper; Adv M B B Lekalakala; Mr D M Maimela; Mr M G Markovitz; Mr D K Mohuba; Ms B Muthien; Ms J Patel; Mr J H Phalane; Ms M B Papayya; Dr M Socikwa

**Executive Directors:** Mr M T Mxakwe (Group Chief Executive Officer); Mr I C Plaatjes; Ms Y van Biljon (Chief Financial Officer); **Company Secretary:** Ms L V Bayi

## **1 Introduction**

- 1.1 The SABC is mandated to deliver a public value proposition of educating, informing and entertaining all South Africans in all official languages in line with the Broadcasting Act of 1999, as amended.
- 1.2 The Corporation delivers on its mandate through 18 radio stations and 7 television channels.
- 1.3 The Corporation is in the process of migrating its analogue television services to digital terrestrial television (DTT) transmissions. This will give back a good amount of continuous block of frequency band to the Authority. The analogue switch-off process has already commenced.
- 1.4 The stipulations in the Broadcast Digital Migration (BDM) Policy (“the Policy”) and the Digital Migration Regulation (“the Regulations”) have led to a large number of DTT transmitters which translates into high signal distribution cost for the SABC.
- 1.5 The Policy and the Regulations needs be reviewed in the face of evolving technologies that will help to achieve the same objectives but at an optimised cost.
- 1.6 The purpose of this submission is to request the Department of Communication and Digital Technologies (DCDT) and the Independent Communications Authority of South Africa (ICASA) to assist in reviewing the Policy and the Regulations with regard to the SABC’s obligations.

## **2 Excessive number of DTT transmitters**

- 2.1 Section 7.2 of the Broadcast Digital Migration policy of 2008 (“the Policy”) as amended states that “the transmission facilities of Mux 1, or any Multiplex allocated to the Public Broadcaster, shall aim to achieve 84% population coverage by 31st March 2014. The remaining 16% shall be covered by the DTH satellite network which shall have a footprint covering the entire geography of South Africa”.
- 2.2 Section 10(1)(a)(b) of the Regulations also demands that “An electronic communications network service licensees appointed to provide signal distribution services to the SABC must ensure that the digital broadcast signal for the SABC’s DTT services reaches: -

- (a) seventy-four per cent (74%) of the population of the Republic, within six (6) months after the commencement of the dual illumination period; and
- (b) ninety-five per cent (95%) of the population of the Republic by the end of the dual illumination period”.

- 2.3 In an attempt to meet the requirements of the Policy and the Regulations, the number of SABC’s DTT transmitters had to be increased to 182 in the country which translate into a population coverage of 87%. The Policy requirements have been achieved, but at a very high and unsustainable operational cost to the Corporation and it will also be impractical to achieve the 95% stipulations in the Regulations.
- 2.4 The current DTT charges for signal distribution is R387m per annum. The Corporation cannot sustain this high operational costs.
- 2.5 The Regulations also implies that if a resource either in a Multiplex or Spectrum is not used within a certain period, the Corporation will forfeit the use of the resource under the use it or lose it principle.

### **3 Regulatory Penalties**

Section 15(1) of the Regulations further says that the Authority will levy a R500 000 penalty for each day that the SABC’s DTT services do not reach 95% at the end of the Performance period.

The key players of the implementation of the BDM process are the DCDT and the Universal Service and Access Agency of South Africa (USAASA). The DTT Project Management Office (PMO) and the Digital Migration Advisory Council (DMAC) are hosted and controlled by the DCDT The installation of the government STBs are managed by the USAASA. The SABC’s influence on the BDM process are limited to being representatives on the PMO and the DMAC committees. The Corporation has little control on the BDM process. However, the Regulations is saying that if there is a delay in the implementation of the BDM process, then the SABC will be charged a penalty of R0.5m per day. This does not sound fair. The SABC will find it extremely difficult economically and otherwise to meet the Regulations stipulated target.

## **4 Technology Neutrality**

Section 2 of the Electronic Communications Act (ECA) of 2005 as amended provides that “The primary object of this Act is to provide for the regulation of electronic communications in the Republic in the public interest and for that purpose to—

- (a) promote and facilitate the convergence of telecommunications, broadcasting, information technologies and other services contemplated in this Act;
- (b) promote and facilitate the development of interoperable and interconnected electronic networks, the provision of the services contemplated in the Act and to create a technologically neutral licencing framework”.

The ECA noting that the in the converged environment there shall be speedy advances in technology to the extent that policies and regulations may outdate current technologies. In view of this, the ECA requires the creation of technologically neutral licencing framework.

The discussions on the Policy and the Regulations afore mentioned indicate that technology stipulations found its way into the DTT licencing framework.

## **5 The Request**

- 5.1 In the light of the above discussions, the SABC will like to request the DCDT and the Authority to review and amend the Policy and the Regulations respectively with regard to the DTT-DTH network split and other aspects highlighted.
- 5.2 Not only does the SABC wants to be everywhere and every time but also on every device or terminal equipment. This goes beyond the issue of achieving 100% coverage but also enriching the coverage with convenience and comfort. In order to achieve this, it will necessitate the use of multiple technologies.
- 5.3 The stipulations on the DTT-DTH split in the Policy and the Regulations go against the network neutrality as enshrined in the ECA. To the extent that the SABC accepts that it should reach 100% of the population with its digital television services, it does not agree that the technology to be used to achieve this should be “coded” into policy and

regulations. The Corporation strongly believes that the network split should be a commercial decision that should be decided upon by the SABC and its signal distributor.

## **6 Transitional Arrangements with Sentech**

6.1 It is acknowledged that based on the current Policy and Regulations, Sentech has implemented 182 DTT transmitters as mentioned. This request if granted will mean that the SABC may migrate some of its television services to DTH. However, in order to safeguard Sentech's financial viability, the SABC will adopt a stepwise migration to DTH over a period of time. When the request is approved, the SABC will like to implement a 60% DTT and 40% DTH network split immediately and will further migrate gradually up to a level which is technically and economically feasible. For example, DTH will not work well in a built up area meaning that a certain percentage DTT network will remain.

6.2 With the immediate closure of 82 sites, there are some Viewers who already have DTT STBs and will be negatively affected by this closure. It is important to determine the number of Viewers who will be affected. The number of households in the 82 sites is estimated as 1m. The cost of DTH STB together with the installation is about R2000. Assuming everyone has a DTT STBs within the 82 sites. It will require funding of R2b. We have proposed that the sale of the digital dividend bands can be ring-fenced and be used to aid this aspect of the BDM process.

## **7 The Benefits**

7.1 The SABC is competing with other broadcasters for viewers. Closing down the 82 additional transmitters will result in a cost savings of R130m per annum to the SABC. (The DTH transmissions will not cost anything extra). The Corporation will utilise these savings to create more content-rich channels. This will also be protecting the viability of the public broadcasting services as enshrined in section 2(t) of the ECA. Creating content rich programs is SABC's core business and this will help facilitate the increased adoption of digital television services by the general public.

7.2 The DTH network has close to 100% signal availability whereas the DTT network has never achieved target in a single month.

7.3 DTH will mean immediate release of the digital dividend bands and the other terrestrial frequency spectrum to the Authority for use in the International Mobile Telecommunications and for national economic progress.

## **8 Conclusion**

8.1 It is almost impractical, uneconomical and inefficient for the SABC to achieve the Policy and the Regulations requirements of 84% and 95% population coverage respectively by the end of the Dual Illumination period.

8.2 The penalties for none achievement of the Regulatory stipulations of R500 000 for each day the SABC is in contravention of the Regulations will lead to the ultimate collapse of the Public Broadcaster and Public Broadcasting services. At the same time the SABC has limited control on the speed of implementation of the BDM process even though it is expected to implement the BDM process.

8.3 The ECA makes it clear that there should be technologically neutral approach to licensing. This is not the case with the BDM Policy and the Regulations. It is therefore requested that the DCDT and the Authority consider to review and amend the Policy and the Regulations.

8.4 It is also important to note that the closure of terrestrial transmitters will result in increased dividends to the Authority. It will also fast track the release of the digital dividend bands.

8.5 The Corporation further request the opportunity to make an oral presentation in order to substantiate these claims and requests.

Once again the SABC will like to express its heartfelt appreciation for the DCDT's and ICASA's indulgence in this matter.

Addressed to:

- The Department of Communications and Digital technologies
- The Independent Communications Authority of South Africa