



# NAB INPUTS INTO THE 2014–2019 ICASA STRATEGY

Presented by:

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Bakubung Bush Lodge,

Pilanesberg National Park

# Questions Posed to the NAB

1. Trends in broadcasting in the next 5–10 yrs
2. Economics of Digital Broadcasting
3. Interventions to ensure earlier switch on for DTT
4. Incentives for digital migration and digital TV
5. What should the regulator do and look like in 5–10 yrs

# Who is the NAB

Industry Association, established in 1993 - all three tiers of broadcasting

Established the **BCCSA** -Code of Conduct for Broadcasters as recognised in legislation

## Current NAB Members:

- The three television services and 19 radio services of the **SABC**
- Licensed commercial radio broadcasters (includes: **Primedia, Kagiso Media, Tsiya Group, AME, MSG Afrika, Classic FM, and YFM**)
- All licensed commercial television broadcasters ( **e.tv, Multichoice, M-Net, ODM**)
- A host of **community radio** broadcasters and one **community television** broadcaster
- Both the licensed broadcast signal distributor and the selective and preferential broadcast signal distributor's, **Sentech** and **Orbicom**

# NAB Mandate

The NAB is a voluntary association that is funded solely by its members and is non-profit, established to:

- Ensure a broadcasting system that provides choice and diversity for audiences
- Create a favourable climate for broadcasters to operate within
- Ensure a broadcasting industry grounded in the principles of democracy, diversity and freedom of expression
- Ensure broadcasters adhere to a Code of Conduct

# Background and context

- ▶ The NAB welcomes the opportunity to make its presentation to the Authority, and prior engagements the ICASA CEO had with the NAB executive committee
- ▶ We hope our inputs will add value and help shape the Authority's 5 year strategy
- ▶ 3 television broadcasters are directly affected by digital migration: SABC, etv and M-Net
- ▶ Analogue Terrestrial Television currently provides TV services to over 41 million South Africans
- ▶ Terrestrial TV is a mass medium, and of these 41 million South African television viewers, terrestrial FTA television is the sole source of education, information and entertainment for over 26 million South Africans
- ▶ Approach to spectrum allocation as a result of digital migration and the digital dividend must take into account the importance of Terrestrial Television in SA
- ▶ Spectrum is directly linked to the future viability of Terrestrial Television and serving the needs of citizens

# Background and Context: Broadcasting Policy Landscape

- ▶ 1993- IBA
- ▶ 1999- Broadcasting Act
- ▶ 2005- EC Act



# Background and Context: Broadcasting landscape – TV

- ▶ 3 Public Service Broadcasting TV services
- ▶ 1 Free to Air Broadcasting Service
- ▶ 1 Free to Air Satellite TV Service
- ▶ 1 Terrestrial Subscription service
- ▶ 2 Satellite Subscription TV services
- ▶ 6 Community TV broadcasting services

**Television saw a growth from 2.8bn to 16.2bn**

**Subscription saw a growth from 1bn to 15.2bn ('99-'12)**

# Background and Context: Broadcasting Landscape– Radio

- ▶ 16 Sound Public Service Broadcasting Services
- ▶ 3 Commercial Sound PBS
- ▶ ±16 Commercial Sound Broadcasters
- ▶ ± 193 Community sound broadcasting services

**Radio saw a growth from R916mil to R5.2bn ('99- '12)**



# Census 2011 – Stats SA

- ▶ 74.5% TV households
- ▶ 67.5% Radio
  
- ▶ 88% cell phones
- ▶ 14% landline
  
- ▶ 65% of the population does not have access to the internet

# Trends in Broadcasting in the next 5–10 years

- ▶ Worldwide trends show that broadcasting still a premier source of information and entertainment
- ▶ In South Africa, broadcasting is a primary source of information, entertainment and education
- ▶ Alternative content platforms and online/internet services are NOT accessible to the majority of SA citizens
- ▶ Even in jurisdictions where online services are widely available, the number of hours spent watching television and listening to the radio have not declined (see EU)
- ▶ Radio will continue to provide universal access to the majority of audiences/citizenry in SA, this is a trend across Africa

# Trends continued...

- ▶ PwC research (Media Outlook 2013) suggests continued growth in broadcasting services - Internet and Online services enhance traditional TV and Radio
- ▶ Digital Audio Broadcasting (DAB) will develop and provide an opportunity to expand/increase radio services
- ▶ Traditional broadcasting will continue to serve majority audiences/citizens
- ▶ Universal Access to audiovisual content will be provided on terrestrial television and not online (see EU examples)

# Even in Europe, Traditional TV is NOT taken over by online/on-demand services...TV viewing time dominates

- Viewing figures and delivery models.

Type of content	% of viewing time	% delivered by Broadcast	% delivered by The Internet
Linear	98%	>96%	<4%
On-demand	2%	<4%	>99%



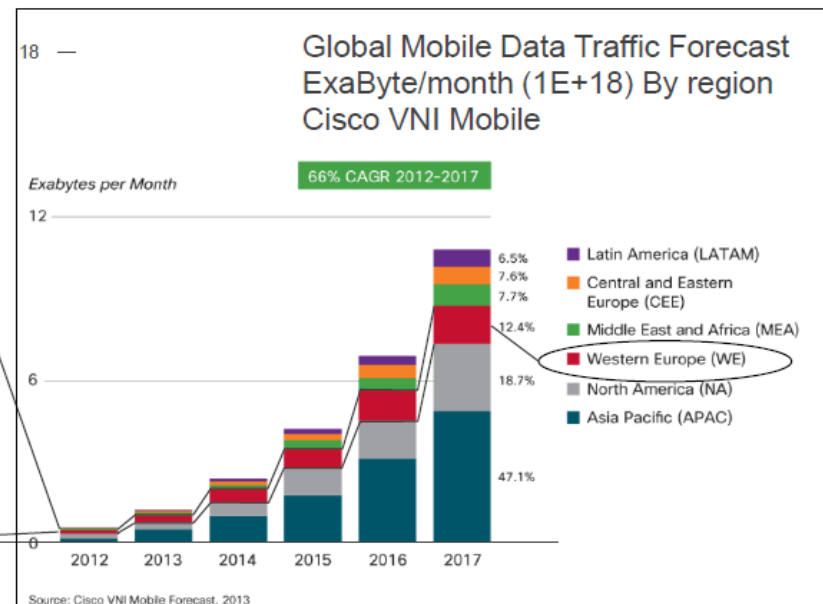
# Mobile Networks will never be used for wireless delivery of TV to large screens (BNE 2013)

Data Traffic Consumed 2013 from DTT Networks for ONE standard Definition Television channel across EU27.

120 mio households  
4 hours per day.  
(A conservative estimate)

The conclusion is that the mobile networks will never be used for wireless delivery of linear television to large screens.

19,4 EB/month



# Digital Migration Defined

**Digital migration** refers to the switch from an analogue broadcasting system to a **digital** broadcasting system. This has been a world-wide move and has been driven by the International Telecommunications Union (ITU).

# The Future of Digital Broadcasting

- ▶ Availability of spectrum is pivotal to the provision of any enhanced broadcasting services
- ▶ Allocations in the frequency band 694-790 MHz (DD2) must be made on **co-primary** basis with other services to which this band is allocated on a primary basis
- ▶ In the next 5- 10 years the NAB envisages the introduction of enhanced broadcasting services such as HD, 3D TV, Ultra HD, interactive services and catch-up TV/push –VOD, etc)
- ▶ Digital Dividend can be used to improve the coverage of the DTT platform and mobile broadcasting (DVB-H) to meet Universal service and Universal Access obligations.
- ▶ TV white space should be earmarked for broadcasting
- ▶ DAB+ and DRM radio services will offer opportunities to diversify radio access and increase services and choice

# Economics of Digital Broadcasting

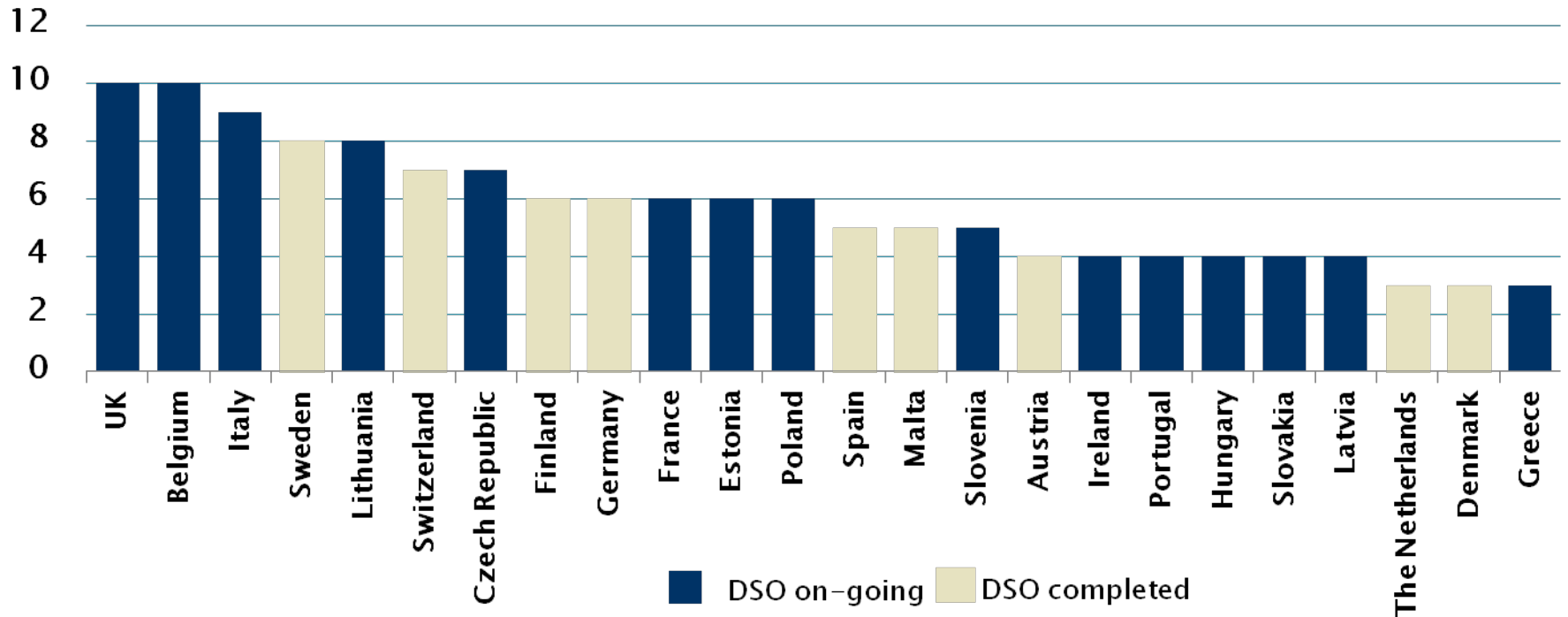
- ▶ Currently SA government funding is narrowly targeted and drawn solely from the National Fiscus- signal distribution
- ▶ Broadcasters fund the bulk of the migration and there include:
  - Recruitment and training and re-skilling costs
  - Digital to digital migration costs
  - Dual illumination costs, and this translates into:
    - Ad spent not increasing
    - Number of audiences not increasing
    - Regulatory obligations remains the same i.e. licence fees, MDDA, USAF
  - Digitisation of analogue archive content
  - Cost of commissioning content- local and international...the list goes on.

**The longer it takes to migrate, the more costly it becomes**



# Timelines for the Migration

Source: Farncombe



Digital migration processes take on average 6 years to complete but many of those countries already completed had low FTA terrestrial share – unlike South Africa with a relatively high rate of reliance on terrestrial television

# Timelines for the Migration in SA

- ▶ SA has already experienced multiple delays in migrating:
  - 2 years to finalise regulations and frequency plan
  - 18 months to finalise STB specification
  - Debate on standards caused a delay of more than a year
  - Delay in the publishing of the performance period (still not concluded)
- ▶ Impact of delays:
  - Project lost momentum
  - DTT platform credibility was damaged, and
  - Some investment wasted

# Interventions & Incentives to ensure early Switch Over : Policy level

- ▶ Policy to make pronouncement on the digital switch on date
- ▶ Policy to encourage a phased- in regional switch-off depending on up-take
- ▶ The speedy roll out of STB subsidies to deserving households - USAASA

# Interventions & Incentives to Ensure Early Switch over: Funding

How other jurisdictions have funded their migration process



- Funding from spectrum auctions
- Direct subsidies to households, No “eligibility” criteria, user Coupons could cover up to 90% of the STB price, but consumers had to pay state and local sales tax on the coupon amount, which in effect reduced its value by US\$3.



- Subsidies for digital decoders & antennas targeting border areas where simulcast was impossible. Households already digital excluded, all types of decoders eligible
- Subsidies for digital decoders and antennas targeting the whole country. Only households with limited income eligible. All types of decoders eligible

Also government / public funding in UK, Italy, Germany, Austria

# Interventions & Incentives to Ensure Early Switch Over: Funding

## United Kingdom

### Funding

- 1.26 We will put funding in place to ensure that existing authorised and planned DTT users of channels 61 and 62 and PMSE users of channel 69 do not bear the extra costs that must reasonably be incurred to clear the spectrum. The Government indicated in the Digital Britain Final Report, published on 16 June 2009, that it will meet these costs.<sup>3</sup> We are currently in discussion with HM Treasury on the most appropriate disbursement mechanisms for the funds, which we believe are essential to such a major programme of work. We believe the direct cost of clearing the 800 MHz band in the UK, although modest in comparison to the benefits, will amount to about £115-250m (NPV).

Source: *Digital dividend: Clearing the 800 MHz band*, OFCOM, 30 June 2009, available on-line on 26 June 2013 at

<http://stakeholders.ofcom.org.uk/binaries/consultations/800mhz/statement/clearing.pdf>

•PMSE – Programme Making and Special Events

# Interventions & Incentives to Ensure Early Switch over: Funding

- ▶ Based on international best practice, the NAB believes adequate funding is required which should be drawn from digital dividend proceeds
- ▶ The NAB proposes that government funds the migration from the proceeds of spectrum
- ▶ The costs attributed to digital to digital migration should also be funded by government
- ▶ The NAB calls for licence fee concessions

# Toward Effective Migration

- ▶ Broadcasting provides core education, information and entertainment services to citizens across the country
- ▶ The timeline for the migration should be realistic as it is not entirely dependent on broadcasters or signal distributors but also depends on effective take-up by the general public/consumers
- ▶ Migrating broadcasters must be given additional incentives for the migration to speed up the process

# ICASA in 5 years?

- ▶ ICASA is a creature of statute and its roles and responsibilities are couched in legislation
- ▶ NAB made solid recommendations on the future look of ICASA in the integrated ICT policy review
- ▶ NAB supports the continued independence of ICASA
- ▶ Enabling (not inhibiting) sector growth and innovation
- ▶ Administrative excellence – administrative fairness
- ▶ Efficient, effective and competent staff
- ▶ Understanding of sectors being regulated – value chain
- ▶ Operating in a transparent, forward looking and consultative manner
- ▶ Conducting regular regulatory impact assessments
- ▶ Policy and regulation making that is informed by credible evidence based research



# ICASA in 5 years?

- ▶ Focus is B'casting, telecoms postal
  - ▶ Skills and expertise lacking
  - ▶ Administrative functions lacking
  - ▶ Research capacity questionable
- ▶ Focus should be on infrastructure, spectrum content
  - ▶ Attract and retain best skills
  - ▶ Administrative excellence
  - ▶ Regular impact assessments
  - ▶ Authority on ICT sector
  - ▶ Research, evidence based

2014

2019

The NAB welcomes the opportunity to make its inputs to ICASA's strategy session, and we look forward to further robust engagements on key issues affecting the broadcasting industry

**Thank You**

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