

Submission on the Draft White Paper on Audio and Audio-Visual Content Services

CTV

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1. Introduction

- 1.1 Cape Town TV submits this document in response to the invitation by the Department of Communications for public comments on the Draft White Paper on Audio and Audio-Visual Content Services.
- 1.2 Cape Town TV is a licensed community television broadcaster which serves the greater Cape Town metropolitan area. The station began broadcasting in September 2008 and currently operates in terms of a seven-year license granted by ICASA.
- 1.3 We welcome the many positive developments in the White Paper which indicate a fresh approach to the licensing and funding of public service content in the converged digital environment.

2. Funding of public service content

- 2.1 We note the intention of the White Paper to ensure that public service broadcasting programming of local significance will be the responsibility of community broadcasting licensees. It is important to include community broadcasters in any funding mechanism which is established to support public benefit content. This includes the Television Licence Fee system, which hitherto has been the sole preserve of the SABC.
- 2.2 Such inclusion should be done through a Public Benefit Content Fund which is independent of the SABC in order to ensure fairness and unbiased distribution of content funding. The fund would support content creation by both the SABC and community broadcasters.
- 2.3 There should be a must-carry, must-pay obligation on DStv to carry the community channels because of its market dominance in the television sector. Currently community TV channels are on DStv at the sole discretion of MultiChoice, but without their presence on DStv they would not be sustainable in terms of their audience numbers.

3. Licensing

- 3.1 We welcome the White Paper's emphasis on retaining the local flavour of community television by retaining local broadcast footprints rather than forcing community channels to broadcast provincially. Legislation must clarify the criteria for granting local, regional and provincial television broadcasting licences, and whether or not community broadcasting licences will be restricted to local areas only.
- 3.2 There appears to be a lack of alignment between the above provision for the localisation of community television services and the frequency plan for Mux 1 which operates as a single frequency network and does not allow for local insertion and distribution.
- 3.3 It is notable that the original DTT migration plan was drawn up in 2008 and only considered the presence of Trinity Broadcast Network as the sole community TV licence holder at the time; subsequently the DTT regulations were amended in 2012 to make provision for local community channels, but the architecture of the multiplex system was already in place and this was not designed for local broadcasting.

- 3.3 We welcome the provision of localised community television services on Mux 7 however it will be some time until Mux 7 comes about and community TV stations are *currently* accommodated on Mux 1. Since community TV is *licensed as a local service* we therefore propose that community TV broadcasters be allowed to broadcast on Mux 1 without incurring any additional signal distribution costs until such time as community TV can be accommodated on Mux 7. Government must continue to subsidize the broadcast costs of community broadcasters on Mux 1 for this period.
- 3.4 We have noted with concern a push for the “provincialization” of community TV on DTT and in particular the active role played by government in these initiatives. We believe community TV is, by its very nature, local and it is this local nature that allows for community participation, access and control. Should the government decide to introduce provincial public or even commercial TV then a new policy and regulatory framework should be created for this.
- 3.5 The draft white paper proposes amending the current regulatory licensing framework to allow non-profit organisations to provide public service programming channels that focus specifically on education or health matters to hold AAVCS licences. CTV supports the proposal that these NGOs be precluded from deriving advertising income.
- 3.6 With regard to “the granting of provincial/regional public, commercial or non-profit NGO free-to-air licenses”, it will be vital to ensure that non-profit organisations are not forced to compete with one another for funding. We question the decision to allow such channels to be restricted to non-national broadcast footprints, since this is very likely to lead to them competing with local channels for funding. Instead we suggest that such channels be operated in partnership with the SABC and utilize bandwidth on Mux 1 that is not used by the SABC, which is very unlikely to be in a position to use its full allocated capacity for a long time to come.
- 3.4 Television licence fees should subsidize community television broadcasters as well as the SABC. This should be done through a Public Benefit Content Fund which is independent of the SABC in order to ensure fairness and unbiased distribution of content funding.
- 3.5 Concerning the collection of TV licence fees, there has been considerable controversy around the SABC’s suggestion that the definition of a TV set be expanded to include any device capable of receiving a television broadcast in the digital environment, i.e. to include cell-phones, tablets and computers. This has attracted much negative comment and is likely to be problematic to implement, not least because people resent paying for services that they don’t use. It is worth noting that in the digital environment it is quite possible to impose an obligation to pay TV licence fees only on those who make use of SABC content services. This can be achieved relatively easily because users of digital devices (other than television sets) have to access content through online portals, which can be configured in such a way as to require the user to be in possession of a valid licence number in order to access the content.
- 3.7 This solution would require the SABC or another entity tasked with licence monitoring/collection to maintain a database of current licence holders, which database would then be accessed by content portals to verify the licence credentials of the individual applying to access their content. This system is similar to the current systems for online transactions, e.g. credit card payments, so it would be very feasible to implement.

3.8 If we accept that the public must pay in some way or other for public service television in the digital environment, then some other way of extracting this income must be found. A possible position could be that:

- a) Only users of streaming content pay a licence fee. This can be managed at the point of connection (online portal) where users must enter a licence number in order to register. These portals are connected to a database of licensed users, who have to pay the fee in order for their licence to be valid.
- b) The income from the licence should be used only to support the production of public benefit content. This includes documentaries, news, current affairs, education, sport and actuality shows with public benefit objectives.
- c) Public benefit content can be produced by the SABC and community TV channels, so the money should be divided equitably between these producers.
- d) Only large-scale streaming providers would require licensed registrations, i.e. those which hold individual or class broadcast licences.
- e) The licence fees collection department of the SABC should become a separate organisation (like Sentech) so that it is no longer a cost to the SABC or under SABC control. It would then disburse funds for developing public benefit content to both the SABC and community television broadcasters on an equitable and unbiased basis.
- f) If the emphasis is shifted away from licensing devices in the online space to licensing reception through the mechanism outlined above, this same principle could be applied in the broadcast space. So instead of licensing reception devices in the form of TV sets, there should be an aerial licence for all households that have TV aerials. The fee is payable for both satellite and terrestrial aerials. No more fees on retail TV sets.
- g) The aerial fee could be payable to a national collecting agency which has regional branches that maintain a database of households registered as aerial households. This registry would be achieved by annual ground surveys where every household is assessed for aerial installation and aerial installers are obliged to report on the aerials that are installed. While such a survey may miss certain aerial households, particularly those with indoor aerials, the fact that internet access is expanding rapidly in South Africa means that more and more TV licence fee income will come from online households which register for online content providers that serve SABC content, and it is ultimately this population that will provide the greater proportion of licence fees.

3.9 The concept of television licence fees is very unpopular in South Africa, with less than half of television households actually paying the fee. The imposition of any additional tax on the population, whether by licensing devices or a general tax on the population will also be very unpopular, particularly because so many South Africans do not watch the SABC or community channels and resent having to pay to support them without themselves deriving any benefit from them. Instead this scenario should be avoided and a licensing regime put in place whereby people only pay for what they use, which will result in a system which is both fair and which is able to raise the finance necessary to support public benefit content.

4. Skills development

- 4.1 The White Paper emphasizes the development and promotion of digital skills systems “geared towards supporting the digital media economy and the Fourth Industrial Revolution (4IR)”. From the perspective of community television this is a welcome sentiment, not least because skills development is part of the mandate of community media.
- 4.2 The White Paper proposes that the government needs to “further investigate measures around digital skills interventions, including a multimedia digital skills institute”. In this regard we note that the government has previously established Nemisa to train specifically black talent in the field of television. However Nemisa has no capacity to provide training services to community TV channels, so it is left up to these organisations to provide training and mentorship for new entrants into the field, which effort is often hampered by a lack of capacity in terms of available personnel, staff skills levels and the demands of producing content and running the channel.
- 4.3 At the same time, training NGOs such as the Big Fish School of Filmmaking have been forced to close due to lack of funding, which diminishes the national capacity for training in production skills. There are also few training opportunities in the field of media management. Consequently we call for funding to be made available to both community TV channels and non-profit providers for skills training.
- 4.4 Responsibility for the funding for training in television production should be assigned to the MICT-SETA, although the MICT-Seta funding is only for learnerships and internships. It is notable that the MDDA doesn't fund training.
- 4.5 One option to address training needs would be to set up a skills fund that could finance effective training programmes at community channels, or this money could be channeled to stations through the MDDA.

5. Conclusion

- 5.1 We thank the Department for its timely initiative in generating this draft policy document and we appreciate its intent to deal with long-outstanding policy matters in the broadcast sector.
- 5.2 We believe that thorough consideration must be given to the protection of community TV broadcasters in the digital environment. They are set to suffer the effects of increasing competition in the digital content environment, coupled with audience fragmentation and much higher transmission costs. These factors pose both existential threats to existing community channels and significant barriers to entry to organisations entering this field. Community broadcasters are economically fragile and a foundational principle of broadcasting legislation must be the protection of this vulnerable sector in the expanded digital environment.
- 5.3 The phenomena of digitization and convergence open up new possibilities for innovation, which must be allowed for in the legislative environment. This includes technologies such as datacasting, whereby broadcast signals can be used for the delivery of data services and enhanced television services. Provision should be made for such new technologies in considering bandwidth allocation on the broadcast multiplexes.