



**MINISTRY
OF COMMUNICATIONS AND DIGITAL TECHNOLOGIES
REPUBLIC OF SOUTH AFRICA**

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Mr BE Makhathini
Chairperson: SABC Board
Private Bag X1
Auckland Park
2006

24 March 2022

Dear Chairperson,

**RE: BROADCASTING DIGITAL MIGRATION PROGRAMME - ANALOGUE SWITCH OFF
PLAN**

1. Your letter dated 7 March 2022 regarding the above subject matter has reference.
2. I have noted with disappointment that the SABC Board is opting to focus on outdated business, instead of focusing on larger benefits the corporation will derive from the opportunities afforded by digital migration.
3. I have also noted that your letter makes allegations that are not supported by facts and I will address these in this letter.

NOT ACTING IN THE BEST INTERESTS OF THE SABC

4. Your letter insinuates that the Minister is not acting in the best commercial interests of the SABC and thus the Board are the only ones with the best interests of the SABC.
5. Without casting aspersions on the bonafides of the Board, I would like to set the record straight:
 - (a) Since my joining this Department, I have taken measures to support the SABC. It is under my leadership that SABC received its PFMA exemption since the history of the corporation. In the

same breathe, I am persuading my colleague, the Minister of Finance to favourably consider the SABC request for License Fees Waiver. I have actively supported this because I understand the need for the SABC to be competitive for it to be able to generate revenues.

- (b) Specific to the implementation of the Broadcast Digital Migration programme, the Project Steering contracted the SABC to lead the Awareness Campaign to the value of R30 million. Therefore, if there was no sufficient awareness about the BDM resulting in higher registrations, it is the SABC who must account for it. In this regard, we have used the SABC platforms (radio and TV) to communicate updates on the BDM programme. Despite the SABC being the appointed service provider for awareness, the Department has continued with its own awareness campaign.
- (c) As early as the 5th October 2021, the SABC and all South Africans were aware that the Department had committed to connect all South Africans who qualify and apply for support prior to 31 October 2021 and applicants post that date will be connected 3 – 6 months after the switch-off. As the party responsible for awareness, it was within the mandate of the SABC to ensure increased numbers of registration for support. The Board must note that the analogue switch off does not translate to closing date for applications for support. Therefore, the SABC can still ensure the households that it purports will be excluded apply for support even after the ASO. **I must reiterate that households that applied after 31 October 2021 will only be connected 3 – 6 months after the ASO.**
- (d) Prior to my tenure as Minister responsible for the portfolio, the SABC agreed with SENTECH on the STB installation threshold that must be reached before an analogue signaling site is switched off. This agreement dates back to the gazetting of the dual illumination period. Therefore, the insinuation that this Minister is bullying the SABC to switch-off its analogue sites does not hold water. I have the assurance of SENTECH that all the sites that were switched off from analogue even prior my joining the portfolio, had reached the agreed-to thresholds and accordingly the thresholds were confirmed by the SABC. It is therefore disingenuous and a breach of agreement on the part of the SABC Board to seek to renege on the terms of that agreement and it will not be accepted. I, therefore, expect the SABC to fulfill its part of the said agreement without further delays. I do not wish the SABC to experience an unmanaged switch-off by the Regulator, with the analogue frequency withdrawal at the end of dual illumination.
- (e) In your letter, you make an allegation that since we started to switch off Provinces, the SABC has experienced viewership loss which translated to loss of advertising revenue. I must remind the SABC Board, the Department receives reports on the implementation of the Turnaround Strategy and the Corporate Plan. According to these reports, the SABC started to lose advertising revenue way before any Province was switched off. The advertising revenue for Quarter 4 of 20/21 was R253 638 million less of quarter 3 of that financial year. with a slight improvement in December

2021. Q1 (21/22) = R10 767 million less previous quarter. Q2 (21/22) = R56 776 million less the previous quarter. The switch-offs started in Q3, which period the SABC experienced an increase in advertising revenue. Therefore, the SABC cannot blame ASO for its advertising revenue loss.

- (f) I must also indicate that in the interest of the SABC, we intentionally delayed using satellite broadcasting capacity to increase our installation rate. This was done to ensure that majority/ if not all installations are for the SABC. In addition, we have pursued my colleague the Minister of Trade, Industry and Competition to agree to the prohibit of Analogue TV importation, this will allow TV viewers to buy digital TV sets thus benefiting the SABC in terms of those who are dropping pay TV. In the meantime, we have compiled a list of digital TV sets to inform households that they can view DTT without set top boxes. This information was made available since October 2021 and we continue to rely on the SABC to create the necessary awareness, even though we also run awareness campaigns to bolster that of the SABC.
- (g) I wish to also remind the SABC that the analogue switch-off date was announced by the President in his 2021 State of the Nation Address and as a Minister my responsibility is to give effect to the President's pronouncement after considering Policy and Regulatory requirements. In this regard, all the BDM policy and the ICASA Regulations requirements were met. I must again remind the SABC that the Policy does not provide for households assistance to access set top boxes. This was a **request** of Cabinet in its posture of a caring government.

OPPORTUNITIES OF DIGITAL MIGRATION FOR THE SABC

- 6. It is a pity that the SABC has completely disregarded the benefits it will enjoy on digital television, and the pace of accessing these benefits is solely dependent on the decisions of the SABC.
 - (a) The SABC will save R130 million per annum on signal distribution fees.
 - (b) To date, the SABC has not introduced the Education channel that guarantees it no less than 5 million viewers, if that content is agreed with the Department of Basic Education. I, therefore request that the Board submits its plan for launching the Education within the next 3 months. The plan must include how the channel will be monetised.
 - (c) The SABC seem not to have plans to monetise the Sports channel on DTT platform. I request that I be furnished with those plans.
 - (d) I recently announced that we are going to increase the number of channels on the DTT platform through the introduction of an additional multiplex. I request an indication of the additional number of channels the SABC would require, the board deem that additional channels will benefit the SABC. The additional channels have the potential to increase SABC viewership through a children/ kiddies channel and additional news channel that will broadcast news in indigenous

languages that to date have to alternate days. They will also provide SABC increased channels for local content and thus contribute to the development and growth of the local creative industry.

(e) Through DTT, the SABC has an opportunity to be an integrator for community media and other emerging commercial broadcasters in the space, the same way MultiChoice is currently integrating them on their platform. I hope to receive feedback on this opportunity so that we can facilitate the necessary support where necessary.

7. On your request to postpone the ASO date to June 2022, I don't believe the delay will change anything as I have already explained above. However, I would urge the SABC to await the court outcome until then, I am expecting the SABC's full cooperation in the programme as per previous agreements on switch-offs.

Yours in Service,

A handwritten signature in black ink, appearing to read 'Khumbudzo Ntshavheni', is written over a horizontal line.

Khumbudzo Ntshavheni, MP
Minister of Communications & Digital Technologies