



By **DUNCAN MCLEOD** 19 November 2013 0 Comments



The stage is set for a final showdown in the protracted war between broadcasters and set-top box manufacturers over the use of encryption based on conditional access (CA) in the set-top boxes that South African consumers will need to buy to continue receiving terrestrial television broadcasts.

Cabinet is set to decide the issue once and for all at a meeting in the first week in December at which communications minister **Yunus Carrim** will set out the available options and their implications.

Ahead of that meeting, industry players are lobbying hard in the hopes of swinging the decision in a direction that will favour them. Whatever decision cabinet makes will have long-lasting implications for South Africa's broadcasting industry.



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The National Association of Manufacturers in Electronic Components (Namec) and the Black Business Council on Tuesday raised the stakes ahead of the cabinet meeting, warning that introducing CA could destroy any chance that emerging, black-owned set-top box manufacturers have of taking on local manufacturing incumbents Altech and Reunert.

The industry remains highly polarised on the issue, with **e.tv** lobbying hard for the CA system, saying it is necessary to allow free-to-air broadcasters to break the dominance of pay-TV incumbent **MultiChoice**, which owns **DStv**, and MultiChoice arguing that introducing CA would amount to unfair competition as it would allow e.tv and others to launch pay TV without the huge costs of deploying set-top boxes into people's homes.

The e.tv position enjoys the support of the South African Communications Forum, while Namec shares the same position on the matter as MultiChoice. Government has already said it will subsidise set-top boxes for as many as 5m South African homes and is therefore a crucial player in the battle between the broadcasters.

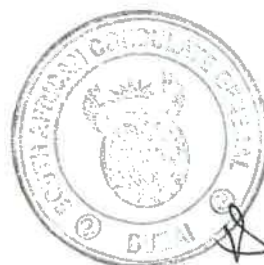
E.tv's position, however, is looking increasingly isolated after the **SABC** said recently that it would not support CA for free-to-air television.

At a colloquium in Sandton on Tuesday, Namec president Keith Thabo warned that CA would "increase the barrier to entry into this market for many emerging black manufacturers as they will need to be accredited by a CA vendor first before they can manufacture the set-top boxes".

"Not only is this a costly exercise, but it can also take up to two years before a manufacturer is accredited. By that time, they would have missed out on an opportunity to participate in this project and contribute to job creation, development and poverty alleviation," Thabo said.

Vijay Panday, chairman of Namec's electronics manufacturing division, said the best approach would be to "kill" the idea of mandating CA in South African set-top boxes.

"CA will increase the total cost of ownership of the set-top box by at least US\$43," Panday told colloquium. "If you look at the card reader, at the cost of the card, the downloads that will be required, the head-ends that will have to be put in, the management systems that



have to be put in to manage conditional access... When you look at total cost of ownership in conditional access, you're going to pay, and this is taxpayers' money.

"There is no African CA. There is no black CA. These CA players all come in from the outside, so you're going to be controlled by those people. They will rule your life. They will tell you when to switch on, when not to switch on, how to switch on, and they'll make sure they get their \$3 or \$4 a month from you," Panday said.

"We are BEE manufacturers. We are not certified for conditional access. You know what a job we all have to go through to be certified? The minimum cost is \$250 000 just to get those fellows to our factories to do one round of certification. This whole CA story will suck you dry."

He continued: "CA will destroy us. It will set us back another four to five years, and the previously advantaged guys, who are rooting for CA, they know they are the only ones who can do this. Our recommendation is to kill set-top box control. Remove it, it makes our lives so much easier, makes the boxes so much cheaper and makes it easier for us to enter the ICT space." — (c) 2013 NewsCentral Media



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