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30 May 2010

To whom it may concern

Re: Television broadcast standards for Digital Terrestrial Transmission

Tellumat has been involved with the Set Top Box (STB) roll-out with the Department of Communication (DOC) for the past three years. Our involvement included our participation in numerous manufacturing strategy workshops and participating on the STB Digital Terrestrial Transmission (DTT) technical specification working committee.

Tellumat has invested heavily in the technology standard, DVB-T, as this was the technical path chosen for delivering the STB into the South African market.

We considered this to be a sound decision based on a number of factors as listed below:

1. The spectrum efficiency of the technology is leading edge technology and has been adopted as a transmission standard by a number of countries around the world who are currently switching over to digital transmission technology.
2. The pricing breakpoints presented to industry by the DOC meant that a commonly accepted standard which would drive down component costs had to be adopted.
3. The ability to support obsolescence issues with electronic components meant that the technology needed to be supported by an internationally accepted common electronic component base of significant volume. This would allow the components to be supported over a technology lifespan of at least 15 years.

Considering all of the above, it has come as a huge surprise to Tellumat that the DOC is contemplating changing the transmission standard considering what has gone before. The impact of meeting delivery deadlines may also be affected from both a development and component sourcing perspective.

The subsidy of STBs for the poor will be dealt a body blow as the base cost of the product delivered at the manufacturing gate would be increased significantly. This would require Treasury to increase their subsidy budget to meet the new cost base.

This will be due to an increase in the packaging size therefore packaging cost, component cost and recovered development costs.

A number of technical arguments could be made for the one standard over the other and this could be compared with the VHS and BETA standards debate used for video recordings in the 1980s. At the end of the day, the volume argument, and therefore pricing, will always dictate the winner.

Yours faithfully
For Tellumat (Pty) Limited



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