

**APPLICATION FOR AMENDMENT OF SABC LICENCES IN  
TERMS OF SECTION 22 OF THE BROADCASTING ACT  
NUMBER 4 OF 1999**

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*"For South Africa's new democracy to take root and flourish, people will need the information to participate in the processes and decisions that affect their daily lives. People require information and education to understand and influence the changes taking place around them and to be empowered to exploit economic and other opportunities that arise. For the mass of the population, the only way this will be achieved is through the mobilisation of the public broadcasting services". (Triple Inquiry Report)*

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## **1. INTRODUCTION**

The SABC is South Africa's national public broadcaster. Over the past decade the SABC has transformed itself from a State controlled broadcaster to a popular public broadcaster serving the needs of this country's young democracy.

A fundamental departure point for the SABC in establishing itself as an authentic public broadcaster was the Triple Inquiry Report.

Subsequent to the Triple Inquiry Report, another significant development in the evolution of South African broadcasting policy was the White Paper on Broadcasting Policy. This was followed by the Broadcasting Act, introduced in 1999, "so as to establish a new broadcasting policy for the Republic". A fundamental change brought about in this legislation is the introduction of a Charter for the SABC.

### **SABC Charter**

The Charter sets out, *inter alia*, the objectives of the SABC and requires reorganization of the SABC into two divisions: a public service and a commercial service.

In setting a Charter for the SABC, the legislature signalled that the public broadcaster is different and distinct from other broadcasters in the South African environment. The public broadcaster has a set of wide and complex obligations on which it has to deliver. In doing this, it must be guided by editorial policies and a Code of Practice set by its Board. No equivalent provisions are to be found in other categories of broadcasting licences.

## **Regulating public broadcasting**

Further, in fulfilling its obligations the public broadcaster is granted the right to journalistic, programming and editorial independence, which gives its Board the ultimate responsibility for setting programming goals. Thus, the relationship between the public broadcaster and the regulator is a very different one from that which exists between the regulator and other categories of broadcasting licensees.

## **Nature of application**

The SABC is submitting this amendment application in terms of Section 22 of the Broadcasting Act, as amended.

The application will demonstrate to ICASA the unique nature of the SABC in the South African broadcasting environment, and its approach to the licence amendments that are required to reflect the reorganization of the SABC into a public service division and a commercial service division.

To this end, the application will detail the following:

- A background to the SABC's public service delivery to date, showing that the SABC has made significant strides in transforming itself into an authentic public broadcaster
- The legal context in terms of which the application is made
- How reorganization has been effected in the SABC, as well as
- The financial context in which the SABC is operating
- The market conditions that influence the SABC's performance
- The proposed amendments required to reflect reorganization and the Corporation's related obligations

The application will show that the rationale for the licence amendments as provided for in Section 22 is to properly reflect the reorganization in the broadcasting licences held by the SABC. The application will demonstrate the measures that have been put in place to effect reorganization, and will propose the amendments required to reflect in licence conditions the reorganization and the Corporation's related obligations. These proposals will clarify the accountability mechanisms for the Corporation.

## **2. THE SABC'S PUBLIC SERVICE DELIVERY TO DATE**

The challenge of converting the SABC from a state broadcaster to a public broadcaster has been an immense one. As articulated in the editorial policies, for the SABC this transformation is rooted in the objectives of the Constitution and means playing a part in healing divisions of the past, promoting respect for democratic values and human rights, supplying information that allows citizens to exercise their rights, and reflecting the rich diversity of a united South Africa.

As the Authority is aware, transformation of the SABC into an authentic public broadcaster has been a tumultuous process impacted by frequent changes of leadership at the broadcaster, funding difficulties, internal restructuring, and refinements in national policy. The SABC today, in 2004, is a very different creature from what it was 10 years ago. Among the key achievements during this time have been:

- Enshrined legislative editorial independence
- Improved and increased variety of content offerings, including news delivery in all the official languages, expanded provision of local content and increased levels of African language programming
- Increased contribution to nation building and national identity in programme offering
- Local and international recognition through awards and prizes
- Development of editorial policies
- Appointment of a stable executive team
- Increased representation of women and black South Africans in the Corporation and on the executive team
- Strong governance procedures
- Redesigned performance management system
- Development of a technology strategy
- Expansion of access by more than 5 million people

- SABC in Top 10 of “Most Loved Brands”<sup>1</sup>

In this transformation, one of the key achievements has been the introduction of sound business practices, including improved financial and governance procedures, synergized sales strategies, and better strategic decision making. For a public broadcaster that is largely self-funded, and which must balance public policy and business objectives and serve its audience as both citizens and consumers, the importance of these achievements cannot be overstated. It is through the introduction of sound business practices that the SABC has been able to stabilize itself and create a sustainable platform for the delivery of the public service mandate.

A brief look at examples of public interest delivery by the SABC over the past few years affirms that the SABC has made significant strides in transforming itself into an authentic public broadcaster.

## **2.1. Delivery of Local Content**

Maintaining high levels of local content is not only at the core of the SABC’s mandate and laid down in regulations, but has been pursued as a vital part of radio and television programming strategy. Given the neglect and degradation of many aspects of South African cultural expression in the past, local content on the public broadcaster helps to restore a sense of pride and dignity in local music, performance, film and the arts.

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<sup>1</sup> Markinor

This, in turn, assists in furthering important public interest goals such as nation-building and reconciliation. Local programmes are consistently among the most popular on all the SABC's television channels, rating continually in the top 20, and therefore pursued as a sound business principle – although revenue does not always follow audience, nor does it always match the costs. Consequently, the SABC has invested heavily in the local production industry, with a view to boosting the quality of local programming, significantly increasing the capacity of the local production industry, and developing local talent.

The impact of complying with the local content quotas for television has been significant. In the case of PBS channels, the overall quota governs more than half of the schedule – nearly twice as much as for the SABC's private free to air competitor.

## **2.2. Local Programmes on Television**

- Between 1999 and 2003 the SABC invested more than R1bn in the local production industry by commissioning more than 5530 hours of original programming.
- The greater portion of the SABC's television programme budget, some 60%, is spent on local programmes. These are notably soaps and dramas, but include news, current affairs, education, children's programmes, music and variety shows, magazines, reality TV and documentaries.
- The SABC currently invests close to R313m (including production costs) a year on sports programming, making the sport properties a key cost driver in the organisation.

- In 2002/2003, 227 productions (excluding those for News) were commissioned to independent production companies at a combined cost of R376m.
- In the same period, a further amount of R1.14m was spent on dubbing and subtitling.
- SABC television's particular strength has been the significant contribution it has made in the field of prime time local drama. In spite of the prohibitive costs, which means that it takes on average between 3 to 5 transmissions of the same programme before a positive return on investment can be realised, the SABC has been able to consistently deliver quality and ground-breaking local drama.

### **2.3. Local Programmes on Radio**

- On the radio side, the 15 stations in the SABC's public service portfolio attract a combined, country-wide audience of 17.3 million adults, which equates to 74% of South Africa's adult population<sup>2</sup>. The SABC is committed to supporting local music and encouraging local talent, and its PBS radio stations are the ideal vehicles for achieving this. The stations in this portfolio have generally exceeded the regulator's quota for local music on public service radio stations. In some cases the local content actually reaches as high as 80%.
- All the stations have been supporting local content and local artists still further by devoting large parts of their schedules to special events such as the annual South African Music Week, and choral festivals. Air time is given to interviews with performers and composers, and joint ventures to develop local talent are organised regularly.

- In accordance with its mandate to inform, educate and entertain, the daily fare offered by PBS Radio includes news and current affairs, religion, sport, drama, music, talk shows, documentaries, and special-interest programming such as women's magazines.
- In a move to reposition the stations in the PBS portfolio, rekindle interest, and realise their full potential, the SABC has initiated a 'Rebuilding Radio' project with international radio practitioners. The strategy entails realigning, and reinvesting in, the PBS stations, with the aim of building up practicable target audiences through programming-excellence interventions.
- The first phase of the project saw the introduction of a news/talk format on SAfm during the day, while the station continued to concentrate on PBS mandate requirements. The roll-out plan for the other stations is under way, but in accordance with strategic imperatives this is being introduced gradually.

#### **2.4. News and information programming**

SABC is the largest news medium in the country, with universal accessibility, extensive reach into the rural areas, and day-in-day-out hourly news updates in all the official languages.

The sheer size of Radio News is impressive: Reports totalling almost a million words a day are channelled through 10 newsrooms and 15 bulletin desks in bureaux throughout the country; compiled into 1250 bulletins a week; broadcast in 13 languages across 15 PBS and 3 CBS radio stations 365 days a year.

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<sup>2</sup> AMPS 2003B

Every weekday, Radio News also produces 27 current affairs shows that equate to 34 hours of programming – again in 13 languages – for the PBS stations.

The last eighteen months has seen important developments in the delivery of news on SABC Television. On the PBS television services, news bulletins in the previously marginalised languages (isiNdebele and siSwati on SABC1; XiTsonga and TshiVenda on SABC2) were instituted. Beginning this year, and for the first time in South African history, the SABC television services deliver news bulletins in all the official languages. In all, 17 news bulletins are delivered daily, in eleven languages. To support these bulletins, the SABC runs one of the biggest television news departments in the world.

In response to viewer requests and following analysis of viewing trends, a weekly, interactive African language current affairs programme has been introduced on SABC1, and dedicated business programmes added to the SABC3 schedule.

Internationally, SABC News undertakes to promote South Africa (and Africa in general) to the rest of the world through news and current affairs programmes built around African value systems. This is done by providing programming for the pay-TV channel SABC Africa, and through ongoing initiatives to create new media products to disseminate news and information (such as an online news service on the Internet, and news on hand-held devices). Special TV features on African issues, as part of the SABC's African Information Initiative, were also produced for a number of networks in America. This initiative has been winning growing support as a way of giving North Americans a better understanding of the African continent.

The SABC has diversified its sources of news and has secured agreements with a range of international news organizations including *Al Jazeera*, *Reuters*, and the *BBC*.

Regular crossings to Parliament to bring parliamentary debates live to the nation form part of civic education, which is an integral part of news and current affairs delivery. SABC News has also covered numerous events of national importance such as the World Summit on Sustainable Development, the opening of the AU, the homecoming of Sarah Baartman on Women's Day, and The Moral Regeneration Summit, amongst others.

## **2.5. Education**

The SABC has made great strides in its delivery of educational programmes and has become not only a local but a global leader in this field, as evidenced by the numerous awards received.

Recognition has been received from the Parliamentary Portfolio for Education, the National Ministry of Education, and the National Ministry of Arts, Culture, Science & Technology. Our products have been endorsed by Deputy President Zuma, Minister Kader Asmal, the UN Secretary General Kofi Annan, President Clinton, actress Whoopi Goldberg, and Archbishop Desmond Tutu. Recognition has been received through many national and international prizes being awarded, including the Erasmus Bridge Award at the Rotterdam Market Contest in April 2000. In October 2002, SABC Education won the Prix Télévision Jeunesse Awards, and was the recipient of the first prize, the Grand Télévision Jeunesse, for the quality of educational, training and cultural policies; concern for innovation in production, as well as creation and broadcasting of programmes for young audiences.

The SABC's educational broadcasting content and services address the identified national priorities and needs; support the achievement of outcomes-based education through the new curriculum; support lifelong learning, and the development of educational skills, knowledge and attitudes that contribute to enhanced life experiences.

The SABC's educational programming is produced by SABC Education, which establishes strategic partnerships and relationships, enabling it to provide an effective educational broadcasting service. Through strategic partnerships it produces and supplies programmes, concepts and content to the radio stations and television channels. SABC Education needs to ensure alignment of its programmes with national initiatives, so it is actively involved in strategic partnerships with government departments and educational institutions, non-governmental organisations, community organisations, and key sponsors and donors. A vital element of the approach to educational programming is the importance of research in the value chain. An estimated 5-10% of programme budgets are spent researching concepts and impact.

Educational programming on radio and television has also been aimed at other audiences that have special needs. For instance, Correctional Services has officially adopted *School TV* as a learning resource for prisoners, and the service now forms part of correctional training programmes, particularly in facilities for women and juveniles. This increases the potential for ventures to develop rehabilitation content.

*School TV* and *School Radio* have also been engaged in identifying further niche audiences such as those in hospitals, orphanages and HIV/Aids homes.

SABC Education also initiated processes in 2003 to address new areas of broadcasting, which include programming for people with disabilities, closed captioning, and audio description.

## **2.6. Religion**

The SABC broadcasts religious programmes and religious material that is representative of South Africa's diverse faiths. The SABC is committed to offering meaningful and sufficient religious programming on radio and television, with the aim of reflecting a mix of the country's major religions: Christianity, African Religion, Islam, Hinduism and Judaism. To date, both faith-specific and multifaith programmes have been offered – the latter aimed at promoting religious dialogue, respect and understanding among all the religious groupings in South Africa. The formats have ranged from devotional worship services and music to documentaries, magazines, and actuality – and the SABC's approach to religious programming has been informed by advice from the Religious Broadcasting Panel, a body appointed by the SABC Board and representative of the country's religious community.

Radio serves the individual denominations in a focused, language-specific way to the respective communities. Christianity, being the dominant faith in South Africa, naturally dominates the religious air time through services and devotional inserts reflecting the various denominations. Other faiths are also catered for, as prescribed by the Religious Broadcasting Panel. For instance, SAfm carries a large part of programming for Judaism through broadcasts of Jewish festival services for Pesach, Shavuoth, Rosh Hashanah and Hanukkah; RSG includes Muslim elements in its religious broadcasts; and the African language stations embrace African Religion, Judaism, Islam, Hinduism and the Bahai faith.

Apart from services and devotions, all the PBS radio stations have multifaith magazine and discussion programmes in which different faiths can share ideas on topical issues facing South African society, such as HIV/Aids, morality, war and famine.

The mix of religious programming on television celebrates unity, uniqueness and diversity, and contributes to moral regeneration in South Africa. Nguni and Sotho content across the religious portfolio has been increased, exploring exciting new formats that meet the PBS mandate while attracting audiences. One of the innovative programmes in 2003 was *Gospel Gold* – a competition similar in concept to *PopStars* – as part of the *Crux* slot, in search of young gospel singers, the prize being a recording contract worth R200 000. Other new concepts in this genre have included the *Sunday Morning Breakfast Show* and youth talk shows on morality and ethics from a religious perspective, such as *Reality Check*, *You Make the Difference* and *For Goodness Sake*.

## **2.7. Programmes for the Deaf**

The SABC is aware that many physically disadvantaged citizens depend on its services as their sole source of information. It has therefore opened up the world for South Africa's more than 300 000 deaf citizens with the signing of daily television news bulletins, as well as weekly signed programmes produced specially for deaf viewers by hearing impaired crews.

SABC Education has embarked on programming initiatives that incorporate Sign Language, and in 2003 produced a total of 1039 minutes of material for deaf viewers. This was in support of the call by the Minister of Education for development of material for deaf schoolchildren. It was also in compliance with the SA Schools Act, in terms of which South African Sign Language (SASL) should be considered a language equal in status to the 11 official languages, and that deaf learners should be taught through the medium of SASL.

## **2.8. Environmental Programmes**

The SABC has always been the prime mover in promoting protection and preservation of the environment in this country through local radio and television programmes and the best of international documentaries and wild-life series.

In addition to carrying prominent series such as *The African Game*, SABC TV is the home of *50/50*. This weekly programme, with its spin-offs *Bush Buzz*, *Veld Focus* and *Semaka* as well as books and other publications, is considered by scientists in the field and conservationists to be the most important means of influencing environmental policy. Now in its 20<sup>th</sup> year, *50/50* has presented the successes and disasters of conservation to South Africa's people; it has stirred the public against environmental injustice, and helped to create greater awareness of conservation and environmental issues.

## **2.9. Broadcasting to support Community and Social Investment**

The SABC regards social development and investment as cardinal in its function as a public broadcaster; as its fundamental contribution to upliftment of South African society and development of its communities. The SABC has met these social responsibilities through initiatives in programming on radio and television, in projects beyond broadcasting, and in business. The following are examples of social investment projects that were run over the past five years and are ongoing.

*National Public Service Announcements (NPSA):* Through this scheme, community organisations were given the opportunity to make public announcements free of charge on radio and television. The NPSA Committee received innumerable requests for free air time from a wide variety of organisations, and devoted time and energy to ensuring that they met the criteria to qualify for this benefit, and that allocation was consistent and equitable. Last year organisations ranging from health and welfare to road safety and animal welfare benefited from this service: radio spots to the value of R20.7m and television spots to the value of R39.7m were flighted.

*Public Health:* The SABC committed itself to continual on-air campaigns to provide the public with information that assisted in promoting a healthy environment for communities, and raising awareness of diseases such as HIV/Aids, STIs, tuberculosis, cancer and malaria. The SABC has constantly been aware of the vital part it has to play in supporting efforts to stem the tide of these pandemics through ongoing programmes, awareness initiatives, and involvement in related community projects. For example:

- In a world first, an HIV positive puppet was introduced into the children's programme *Takalani Sesame* (the South African version of the world famous *Sesame Street*) in an effort to extend anti-Aids messaging through television.
- SABC 2's documentary series *Positive* was one of the first television programmes in South Africa to profile HIV positive people and destigmatise the disease.
- SABC1 began a new series called *Gaz'Lam*, focusing on love, sex and relationships in the context of the HIV/Aids pandemic.
- PBS radio station Munghana Lonene FM organised concerts to raise fund for Aids orphans.

- Ukhozi FM partnered other organisations in a four-day ‘abstinence walk’ from Port Shepstone to Pietermaritzburg to encourage young people to abstain from sexual activities as a way of combating HIV/Aids.
- SABC Radio and TV partnered the Department of Health in the ‘Khomanani’ (‘Care Enough to Act’) campaign

*In Support of Moral Regeneration:* The SABC has continued to espouse the government-backed plan to restore moral values in South African society. All the TV channels and PBS radio stations have developed programmes and activities focused on features of moral regeneration: for example, prevention and eradication of violence against women, children and the elderly, and crime in general. Prime examples of these initiatives are the successful *Police File* and *Missing Kids* television programmes, run in partnership with the South African Police Service. (More than 80% of the children featured on *Missing Kids* are found.) Other examples of programmes assisting in moral regeneration include television’s *Who’s the Judge* and *The Big Question* both of which encourage debate and discussion on pertinent moral and ethical issues.

*Support for Nation Building:* The SABC has consistently supported and publicised events that help to build, and heal, the nation. The TV channels, particularly through flagship programmes such as *Morning Live*, furthered the aim of developing South Africa’s people by acknowledging the efforts of men and women who made a valuable contribution to reconstruction and development of this country. These efforts have included SABC TV’s annual *Women of the Year* and *Community Builder of the Year* projects.

*Support for Community Projects:* Many of the SABC’s radio stations raise funds annually for charities, welfare organisations, and community projects. For example, in the past year:

- Motsweding FM helped raise funds to save the George Stegman Hospital in Moralung from closing down
- Munghana Lonene FM helped build a house for a destitute family
- Phalaphala FM donated R10 000 to the Tshilidzini special school, and R15 000 to the Dilondeni Aids Awareness Project
- Umhlobo Wenene FM collected clothing for victims of the snow disaster in the Eastern Cape
- RSG collected books for distribution to schools in underprivileged areas

*The African Connection:* As an African broadcaster, the SABC strives to maintain and develop sound relations with other African broadcasters. Accordingly, the SABC is an active member of several broadcasting bodies, including the Union of National Radio and Television Organisations in Africa (URTNA) and the Southern African Broadcasting Association (SABA). Through these bodies, the SABC advocates continent-wide information and communication technology goals as articulated in the New Partnership for Africa's Development (NEPAD).

In addition, through these memberships the SABC builds partnerships with a view to extending common understanding of modern public broadcasting and the challenges that face it. It also prioritises the development of partnerships in rights acquisition, such as sport and co-productions, to develop cross-national and cross-cultural understanding; establishes technology standards and protocols in order to improve regional and continental connectivity; exchanges expertise and information; and offers training in order to improve broadcasting services.

In furtherance of NEPAD, the SABC is screening an informative television series titled *NEPAD Focus* to unpack the concepts of the developmental partnership for South Africans.

## **2.10. Support for Black Economic Empowerment**

To date, the SABC has honoured its commitment to Black Economic Empowerment.

- In 2002/3 the greater part of TV programme commissions - some 60%, valued at over R240 million - were awarded to Black Economic Empowerment companies.

The number of BEE companies that were awarded commissions are as follows:

- In 2001/2002: 59 black companies were commissioned out of a total of 138 productions, including SABC productions
- In 2002/2003: 60 black companies were commissioned out of a total of 136, including SABC productions
- In 2003/2004: 75 black companies were commissioned out of a total of 138, including SABC productions

The SABC as is typical of most broadcasters uses imported technologies and systems to produce and deliver broadcast content nationally. Despite this the SABC Technology Division has created opportunities for the local market to partner with international giants in both the development and implementation of the Technology strategy. SAFIKA and arivia.kom who in turn partner with smaller BEE technology companies were the local partners in the development and implementation of the SABC's Technology Strategy.

On the non-broadcast engineering side, SABC Technology is channelling procurement of solutions and services through BEE consulting engineers and architects.

It is also important to note that whereas in 2001/2 only two of the top ten earners among external production houses were BEE companies, within a year the position had reversed, and for the past two years eight of the top ten earners have been BEE companies.

- 73% of the value of the independent commissions was supplied by Black or Mixed companies.
- 55% of independent commissions by number were supplied by Black or Mixed companies.
- In FY02/03 48% of expenditure on General Goods and Services was spent on companies with a majority black ownership.

## **2.11. Investment in Local Talent**

A core function of all the SABC services has been to invest in South African talent, including initiatives to train people in every facet of production. The SABC offers platforms such as talent shows on radio and television, and enters into co-ventures aimed at training people in behind the scenes production skills, and in this way widens horizons for emerging talent.

The constant demand for new talent has inspired stations and channels to hold regular scriptwriting workshops and competitions, often with great success. For example:

- In 2002 Afrikaans radio station RSG's sixth annual scriptwriters' competition attracted 109 drama script entries, 12 of which were of such a high standard that they could be broadcast immediately.

- Many talented people also attended the BBC Drama scriptwriting workshops hosted by PBS Radio in the main centres.
- In television, on many of our major contracts with independent producers, we require the development of new talent in key creative areas. We have had many successes in this regard, for example SABC1 joined the SA Scriptwriters Association and the producers of *Generations* to host free training workshops for budding writers who aspired to a career in daily dramas. Chosen participants were offered internships with the *Generations* team. The SABC and the Department of Communications also jointly sponsored the “African Women Filmmaker Awards”, an initiative of Women of the Sun, recognising African women filmmakers in the film and TV industries.
- Budding actors were given opportunities, with African language radio stations recording programmes using talent developed through drama workshops. In some instances, the actors have been from the ranks of the unemployed.

Apart from the extensive exposure of local music on radio, South African music and musicians have been showcased and promoted on television as well. This ranges from on-air exposure for artists and industry professionals, to sponsorship of talent competitions, and support for choral and jazz festivals, such as the *Standard Bank Joy of Jazz* series, and the *Massed Choir Festival*; the *FNB SA Music Awards*, and *SAMA – the South African Music Awards*.

The established TV platforms for local music include perennial favourites such as *Geraas*, a flagship of contemporary Afrikaans music; *Ezudumo*, a national and multicultural programme of traditional African music; *Meloding*, and the long-running music game show *Jam Alley*. Also, over the past three years, thousands of hopefuls have lined up in all the main centres to audition for the *Coca-Cola PopStars* nation-wide competition.

SABC Technology's Radio Park Studios embarked on an initiative that is making its mark: the hi-tech facility joined external interests to run a number of talent competitions, giving nascent musicians the chance to develop and to launch their careers. The SABC's annual nation-wide RP Studios *Emerging Sounds* competition has nurtured more than 300 start-up bands since it began five years ago. The national finals of this competition in 2003 formed part of the *Oppikoppi Premix Festival*, and the winning band performed on the main stage at the main festival. Many bands that gained a foothold on the music scene through this initiative have gone on to successful careers: for instance, *Seether* recently signed a seven-album deal with a New York record company, took part on the *Ozzfest 2002* tour, and toured America with *Svendust*. Other bands launched by the competition include *Tweak*, *Not My Dog*, *WessLee*, and *Slugs of War*.

Other talent-nurturing initiatives run by, or partnered by, the SABC's RP Studios are the *Demo Deal* competition, which has attracted entries from more than 100 young bands, and the *Beeld/Geraas Vuurdoop* competition.

Internship programmes with external partners such as Denel and Sentech provided skills training in every aspect of broadcasting, including technology, camerawork, editing and sound engineering. Mentoring was also offered for female students who wanted to pursue careers in the broadcasting technology and engineering fields.

## **2.12. Employment Equity**

Representation of black people (Africans, Asians and Coloureds) on the permanent/full-time staff of the SABC has increased year on year over the past decade. Balance of the staff composition by gender also continued to be redressed. Black people and women advanced on most levels of the organisation and are making their mark – especially at top management level, where they now dominate.

The Technology Division commenced with various Employment Equity initiatives in 2002. These are:

- A formal Internship Programme for Engineering Technicians. This is a national initiative where technikon students are recruited and then put through practical training where the curriculum has been especially designed to support broadcasting solutions in radio and television. Thus far all students graduating from this programme have been accepted for employment at the SABC. Six students are recruited with each intake.
- Freelance Training Programme. The SABC has successfully secured funds from the various SETA's to facilitate the training of freelancers in technical production. There are presently ± 44 technical and operations interns at News, Henley Facilities and Air Time Outside Broadcast Facilities. This effort is to improve the quality of skills available as well as to develop skills in the freelance market.
- NEMISA Partnership. SABC Technology created a learning opportunity for NEMISA multimedia graduates by creating access to the development of SABC information technology solutions being developed for the national elections. Five NEMISA graduates worked on the system to date.

- Technology's Information Technology business unit partnered with Torque-IT's Zone Career Computer Campus to provide internship for 5 PDI students. The Zone Computer Career Campus has been contracted to develop young, unemployed, previously disadvantaged people over a period of three(3) years into educated, skilled, experienced and well rounded entrepreneurs, giving them a springboard to develop down various career paths within the IT industry.

### **2.13. Accessibility of SABC Services**

The SABC has a commitment to universal service and access to all its radio stations and television channels. The ultimate aim is to ensure that public service radio stations in each of the official languages, supplemented by TV channels offering programmes in all those languages, are available throughout South Africa. Guidelines for the SABC's universal access goals were set in the mid-1990s, based initially on the IBA's Triple Inquiry Report. In terms of this report, the SABC was to attend to the problem of limited coverage of the nine African language radio stations, aiming to reach at least 80% of the speakers of the broadcasting language of each station, and to ensure that as many South Africans as possible had access to all its television channels.

In 1999 the figure for South Africans who did not have access to either radio or television stood at approximately five million. These were mainly in the rural and isolated areas. To begin implementing the recommendations of the Report, the SABC made formal application to the regulator for permission to expand the transmitter networks. The plans were approved in May 1999, and great strides have been made since then.

- Phase 1 for radio involved installing additional transmitters at existing sites, and was completed within a month. By June 1999 Lesedi FM, Ukhozi FM, Ikwewezi FM and Ligwalagwala FM were available to 1.2 million people who had previously not been able to receive any radio station.
- Phase 2 was intended to take an FM radio signal to areas that did not have one. This involved setting up 11 new transmitter sites housing 13 new transmitters. By 2003, ten of these had been activated, making SABC radio available to a further 2.7 million people. Switch-on of the remaining three transmitters is subject to environmental impact studies, and would take SABC radio to 815 000 more people. When this is completed, 4.79 of the 5 million people who had not been able to receive a radio signal in 1999 will be able to listen to a radio station in their own language.
- When work on the first phase of the expansion plan for television began in 1999, SABC1 reached 83% of the population, SABC2 85%, and SABC3 72%.
- By the close of the second phase, at the end of 2003, SABC1 had been boosted to 89% coverage and SABC2 to 91%. In other words, more than two million people who had never had access to television were able to tune in to an SABC channel.
- A separate 'high impact' expansion plan for SABC3 into metropolitan areas in several provinces was completed in 2002, pushing the channel's reach up to 77% of the population.

In addition to the terrestrial networks, SABC radio and television services are available country wide on the Vivid DTH satellite platform, and SABC1, 2 and 3 are also available on the DStv platform.

## 2.14. Awards and Recognition

Commentators on public broadcasting acknowledge that one of the key ways of measuring a public broadcaster's performance as a provider of good quality programming is through the recognition it receives from others in the industry. Over the past few years the SABC has won a significant number of awards for its programmes, some of which are detailed below:

- SABC TV's HIV positive muppet Kami, who "stars" in the television series Takalani Sesame, has been formally appointed by the United Nations Children's Fund (UNICEF) as a global "Champion for Children".
- Takalani Sesame also won a top international award at the 2003 World Media Festival in Hamburg, Germany. The Grand Award — the festival's highest form of recognition — went to the programme's special episode on HIV/Aids, dedicated to World Aids Day.
- The SABC's Annual Report for 2001/2002 won two awards in the category for electronic publications at the annual Corporate Publications Competition organised by the South African Publication Forum.
- Journalists from the SABC scooped 19 awards in the 2003 Vodacom Journalist of the Year Awards. Top awards — those in the Specialist TV and the Television Feature categories — went to the investigative journalism programmes Special Assignment and Focus, and radio and television journalists won 17 awards in the regional categories.

- The SABC's Managing Director of Technology was one of 13 South African women leaders to walk off with an inaugural Diva Africa Award honouring women "with outstanding capabilities who are able, by virtue of their success, to add value to the country and inspire the younger generation" as well the 2002/3 African ICT Achievers Award and the winner of the Top Black Woman in ICT for 2002/3.
- SABC Technology scooped the Oracle CIO Prize in 2003
- The SABC's radio and television sports journalists again made their mark for excellence in broadcasting when they scooped nine trophies at the 2003 SAB Sports Journalists of the Year Awards.
- The corporate information booklet "This is the SABC" won an Award of Excellence in the category Special Corporate Publications at the 2003 International Dalton pen Communications Awards.
- The SABC was named one of the ten "most loved" South African brands in the 2002 Markinor survey of brand awareness, trust and loyalty.
- SABC TV News secured an international Media Tenor Award for journalism excellence. The award, in the category for Journalistic Diversity in Coverage, was for the SABC's Nguni-language news service broadcast on SABC1. This award followed the previous Media Tenor Award to the News at 8 bulletin on SABC3.
- The SABC received accolades from many parts of Africa and the world, for its professional and efficient handling of two major international broadcast ventures: the World Summit on Sustainable Development (WSSD) and the launch of the African Union.

## **2.15. Investment in Technology**

The SABC did not make any significant reinvestment in technology in the last two decades. The analogue productions systems are in need of replacement and the operational costs to continue to maintain these tape based machines are escalating. An additional risk is that the analogue engineering workforce is close to retirement.

SABC Technology developed a comprehensive renewal strategy to migrate the SABC to a 21<sup>st</sup> Century digital broadcaster. The SABC Board approved the Technology Strategy recommendations in 2003.

Selected high profile broadcast projects successfully delivered to date are:

- State of the art 17 camera digital outside broadcast unit. In addition to digital technologies, the unit has superior mechanical features such as extendible sides to create comfortable working areas
- Digital Satellite News gathering units
- Electronic News Gathering Unit
- Server Based play-out for short format content through Henley Facilities Final Control Centres
- Digital server based audio post-production in Henley Facilities
- Template based graphics systems for News

High profile projects in progress include the digital news room production system as well as a content sales and scheduling system which include media asset management. Both of these projects would contribute to a streamlined content acquisition and production environment and in the case of the Content Sales and scheduling system create functionality to do medium to long term forecasts for sales and content in order to maximise content and sales delivery.

The technology investment has a major focus on the creation of skills. Re-engineering and training form critical sub-projects within each approved project. Therefore the technology investment is critical because it extends beyond technology systems through the development and skills creation to design and operate digital broadcasting solutions.

## **2.16. Conclusion**

The aforementioned examples illustrate the continual active and prolific public interest delivery by SABC radio and television. That delivery forms an important back-drop to this amendment process. The SABC has been able to make significant strides in transforming itself into an authentic public broadcaster. It is also noteworthy that this transformation has taken place largely in the absence of ongoing government funding. The SABC has therefore had to make this delivery while also remaining commercially viable.

### **3. LEGAL CONTEXT OF THE APPLICATION**

#### **3.1. Introduction**

On the 30<sup>th</sup> March 1995 ICASA issued the SABC with television and sound broadcasting licences respectively in terms of section 43(4) of the Independent Broadcasting Act No 53 of 1993 as amended. The sound broadcasting licences expired on 29 March 2001 when the application for their renewal was lodged and the television broadcasting licences expired on 29 March 2003. In December 2002 prior to expiry the SABC lodged its application for the renewal of its television licences. Public hearings in respect of both the applications were held in December 2003. ICASA granted the renewed licences to SABC on 23<sup>rd</sup> March 2004 for a period of eight years for television and six years for radio. The terms and conditions of these licences remain the same.

The peculiar statutory position of the SABC as public broadcaster is underscored. It is trite that the SABC is the only broadcaster on which statutory obligations of public broadcasting are imposed. Those obligations are far-reaching and comprehensive. In this regard the Broadcasting Act No 4 of 1999 (Broadcasting Act), makes it plain that the SABC is owned and controlled by all South Africans. This unique feature is further fleshed out in the detailed provisions of the Broadcasting Act. They impose not only the obligation requiring the SABC to render a public service to all South Africans, and to do so in a particular way; but they also, in respect of the SABC's commercial activities, impose obligations with an overwhelming public service dimension, (see sections 11(1)(b) and (d)). It is plain that even as a commercial competitor, the SABC is constrained by the public service character of its existence.

The statutory structure of oversight over the SABC's operations by ICASA must be seen against the above legislative background. In terms of the Broadcasting Act, the SABC is accorded complete and entrenched editorial and journalistic freedom. This is the statutory cornerstone of the regulatory framework within which the SABC functions. This freedom is however not

unchecked. In accordance with the Constitution and the Broadcasting Act the SABC is obliged to operate within a Charter, to devise an editorial policy and to draw up a Code of Conduct. These instruments are the yardstick against which the SABC's programmes are measured for compliance with the Corporation's statutory obligations.

### **3.2 Legal premise of the application**

The present application is necessitated by the provisions of the new section 22 of the Broadcasting Amendment Act No 64 of 2002 (the Act), and is therefore circumscribed by and within the provisions of that section.

Section 22 of the Act now provides as follows:

*"22 Amendment of Broadcasting Licences*

*(1) The Corporation must, within 6 months after the date of commencement of the Broadcasting Amendment Act, 2002, or the conversion date, whichever is the later, apply to the Authority for such amendments to its existing licences as are necessary in order to reflect the re-organisation of the Corporation into the public service division and the commercial service division and its related obligations in terms of this Act and the IBA Act.*

*(2) The relevant provisions of the IBA Act apply with the necessary changes to the applications referred to in sub-section (1) but, irrespective of the contents of the application of the Corporation, the Authority may impose any appropriate licence conditions which are necessary in order to reflect the re-organisation of the Corporation into the public service division and the commercial service division and its related obligations in terms of this Act and the IBA Act."*

Section 9 of the present Act provides as follows:

"Organisation

(1) *The Corporation must consist of two separate operational divisions, namely*

(a) *a public service division; and*

(b) *a commercial service division.*

(2) *The public and commercial service divisions must be separately administered and a separate set of financial records and accounts are to be kept in respect of each such division."*

Before its amendment by the Broadcasting Amendment Act, 64 of 2002, section 9 provided as follows:

"9 Organisation

(1) *The Corporation consists of two separate operational entities, namely -*

(a) *a public service; and*

(b) *a commercial service.*

(2) *The public and commercial services of the Corporation must be separately administered."*

The amended section 9 makes it plain that the division which the legislature has wrought is not at a juristic level but at an operational level.

Having dealt with the above background it is necessary to examine the language of section 22 rather more closely in order to answer the questions that follow upon it. The first of these is as to the meaning of the word "reorganisation" in section 22(1) of the Broadcasting Act. Whilst that word may in certain contexts have a fairly general meaning the SABC believes that in this context its meaning is specific.

It relates only to those changes that have to be brought about in the administration of the SABC in consequence of giving effect to section 9 of the Broadcasting Act.

The old corporation was operated and administered as a single entity. In terms of section 9 the SABC is now required to divide its operations into two separate divisions, namely the public service division and the commercial service division and to administer these separately.

To achieve that result the Legislature contemplated that some significant levels of reorganisation of the SABC would have occurred. Section 22 refers to that reorganisation, namely, the reorganisation consequent upon the division of the SABC into two separate divisions. When one relates that back to the application for amendment of the existing licence and the power of the Authority to impose appropriate licence conditions one sees that the application for amendment of the licence and any conditions imposed will revolve around ensuring that the SABC's licence adequately reflects the statutory requirement in section 9 of its operations being divided into two divisions that are to be administered separately.

Sections 22(1) and (2) of the Broadcasting Act refer to the related obligations in terms of the Broadcasting Act and the IBA Act. In respect of the Broadcasting Act the public service division of the SABC is that division which complies with the obligations set out in section 10 of the Broadcasting Act.

That section, headed "Public Service", lists the obligations imposed upon the SABC to provide services in all the official languages, reflecting the unity and diverse cultural and multilingual nature of South Africa, providing significant news and public affairs programming, and including significant amounts of educational programming.

The section provides as follows:

"10 Public Service

(1) *The public service provided by the Corporation must*

(a) *make service available to South Africans in all the official languages;*

(b) *reflect the unity and diverse cultural and multilingual nature of South Africa and all of its cultures and regions to audiences;*

(c) *strive to be of high quality in all of the languages served;*

(d) *provide significant news and public affairs programming which meets the highest standards of journalism, as well as fair and unbiased coverage, impartiality, balance and independence from government, commercial and other interests;*

(e) *include significant amounts of educational programming, both curriculum-based and formal educative topics from the wide range of social, political and economic issues, including, but not limited to, human rights, health, early childhood development, agriculture, culture, religion, justice and commerce and contributing to a shared South African consciousness and identity;*

(f) *enrich the cultural heritage of South Africa by providing support for traditional and contemporary artistic expression;*

(g) *strive to offer a broad range of services targeting, particularly, children, women, the youth and the disabled; include programmes made by the Corporation as well as those commissioned from the independent production sector; and*

*(h) include national sports programming as well as the developmental and minority sports."*

The re-organisation establishing a public service division in terms of section 9, and the public service duties imposed by section 10, fit in with the two types of services that are statutorily imposed upon the SABC, having regard to sections 10 and 11 of the Broadcasting Act, and the definition of "public broadcasting service" in section 1 of the Broadcasting Act. The SABC operates both its public broadcasting service and its commercial broadcasting service on the basis of its public broadcasting service licence.

The obligations of the SABC as rendering a commercially operated broadcasting service are set out in section 11:

"11 Commercial Services

*(1) The commercial services provided by the Corporation must -*

*(a) be subject to the same policy and regulatory structures as outlined in this Act for commercial broadcasting services;*

*(b) comply with the values of the public broadcasting service in the provision of programmes and service;*

*(c) commission a significant amount of their programming from the independent sector;*

*(d) subsidise the public services to the extent recommended by the board and approved by the Minister; and*

*(e) be operated in an efficient manner so as to maximise the revenues provided to its shareholder."*

It follows that the reference in section 22 to the "related obligations in terms of the Broadcasting Act" of the SABC, is a reference to the obligations in terms

of sections 10 and 11 respectively, and the amendment which is necessary, must therefore indicate which of the services will be public broadcasting services, and which will be commercially operated broadcasting services, thereby inviting the obligations contained respectively in sections 10 and 11.

In each instance the licence conditions must impose upon the SABC, in the case of its public broadcasting services, the obligations set out in section 10(1), and in the case of its commercially operated broadcasting services, the obligations set out in section 11(1).

That then is the "re-organisation" which is required to be reflected in the amendment application: that there are two service divisions, being a public service division and a commercial service division; that public broadcasting service licences are being applied for in respect of both of these (indicating which channel services which division); and indicating that in the case of a public broadcasting service, the SABC is obliged to comply with section 10(1) of the Broadcasting Act, and in the case of a commercially operated broadcasting service, that the SABC is obliged to comply with section 11(1) of that Act.

The question that follows is, what constitutes related obligations in terms of the IBA Act? The IBA Act pre-dates the amendment to the Broadcasting Act brought about by the Broadcasting Amendment Act 64 of 2002. It is difficult to see therefore how any obligations under the IBA Act can be related to the SABC's reorganisation, bearing in mind that the obligations under the latter Act did not contemplate such a reorganisation.

Bearing in mind that the IBA Act was enacted in 1993 and came into operation in 1994, it makes no reference to the division of the SABC's activities into a public service division and a commercial service division.

It simply provides in section 1 under the definition of “public broadcasting service” that this means any broadcasting service provided by the old Corporation and “shall include a commercially operated broadcasting service” provided by the old Corporation.

Having perused the IBA Act there appears to be no obligations owed by the SABC under the IBA Act that relate to its reorganisation into two divisions under the Broadcasting Act. It seems to us that the reference to this in terms of section 22 is drafting surplusage.

In other words the draftsmen inserted this provision *ex abundante cautela* simply to cover the situation that if there were provisions of the IBA Act that bore upon the separation of the SABC’s operations into two divisions then there should be consequential amendments to the SABC’s public broadcasting licence under the IBA Act in order to reflect that situation.

The question arises as to the extent to which the licence conditions ought to particularise the manner in which the SABC complies with its obligations in terms of sections 10 and 11. In particular, are the licence conditions obliged to set out the detail of the programming, thereby illustrating the manner in which the SABC complies with those obligations, or is it sufficient merely for the licence conditions to reflect the obligations as a statement of principle?

It is submitted that the answer is provided by section 6. It provides as follows:

"6     Charter of Corporation

(1)     *The Corporation must comply with the charter as outlined in this part.*

(2)     *The Authority must monitor and enforce compliance with the charter by the Corporation.*

(3)     *In terms of this charter, the Corporation, in pursuit of its objectives and in the exercise of its powers, enjoys freedom of expression and*

*journalistic, creative and programming independence as enshrined in the constitution.*

*(4) The Corporation must encourage the development of South African expression by providing, in South African official languages, a wide range of programming that -*

*(a) reflects South African attitudes, opinions, ideas, values and artistic creativity;*

*(b) displays South African talent in education and entertainment programmes;*

*(c) offers a plurality of views and a variety of news, information analysis from a South African point of view;*

*(d) advances the national and public interest.*

*(5) (a) The board must prepare and submit to the Authority not later than three months after the date of conversion, policies that will ensure compliance with the Authority's code of conduct as prescribed and with the Corporation's licence conditions and with the objectives contained in this Act, including*

*(i) news editorial policy;*

*i. programming policy;*

*ii. local content policy;*

*iii. educational policy;*

*iv. universal service and access policy;*

*v. language policy; and*

*vi. religious policy.*

*(b) The Corporation must notify the Authority in writing of any amendments to the policies referred to in paragraph (a) as soon as reasonably possible.*

(6) *The board must ensure that there is public participation in the development of the policies referred to in sub-section (5) by inviting and considering public comment on such draft policies and by other means.*

(7) *The Corporation must provide suitable means for regular inputs of public opinion on its services and ensure that such public opinion is given due consideration.*

(8) *The Corporation must develop a code of practice that ensures that the services and the personnel comply with -*

- (a) *the constitutional principle of equality;*
- (b) *the equitable treatment of all segments of the South African population;*
- (c) *the constitutional requirement of equitable treatment of all official languages;*
- (d) *the rights of all South Africans to receive and impart information and ideas;*
- (e) *the mandate to provide for a wide range of audience interests, beliefs and perspectives; and*
- (f) *a high standard of accuracy, fairness and impartiality in news and programmes that deal with matters of public interest."*

It is submitted that the legislature, in enacting section 6, sought to attain three objectives –

- first, the SABC is obliged to comply with sections 10 and 11 (for present purposes the focus is only on those two), and the Authority is obliged to monitor and enforce compliance;
- second, the SABC enjoys freedom of expression and journalistic, creative and programming independence;

- third, the SABC must provide to the Authority a document which contains the policies which the SABC will apply in order to attain compliance with its section 10 and section 11 obligations.

This implies that within the policies so developed, the SABC is free in respect of its journalistic, creative and programming independence; it is not for the Authority to prescribe the SABC's programmes.

The Authority's role is to review the policies submitted by the SABC but not programming content. We refer particularly to sections 2(d) and 2(n) of the IBA Act, 153 of 1993 in this context.

It follows from the above, we submit, that the SABC is obliged to provide the following:

- its policies referred to in section 6 (5), in writing;
- a code of practice, as envisaged in section 6 (8);
- suggested licence conditions in respect of the two categories of services (a public broadcasting service and a commercial broadcasting service), providing for the imposition upon the SABC of respectively the obligations articulated in sections 10(1) and 11(1) of the Broadcasting Act.

In short, the rights of the SABC to enjoy freedom of expression and journalistic, creative and programming independence as referred to in section 6(3), and more importantly as enshrined in section 16(1)(a), (b), and (c) of the Constitution, will be infringed and denied if it were suggested that the Authority had any entitlement to approve programming content. The Authority in this context is a regulator; it receives and reviews the written instruments by means of which the SABC itself complies with its own obligations, and enjoys

its own freedoms. The written instruments are, as set out above, the policies, the licence conditions, and the code of practice. But it is the SABC itself that determines the content of these instruments.

Programming content is required to comply with these instruments. But ICASA does not, at licence application stage, match programme content to policies.

It considers only the policies, within which the SABC thereafter functions, enjoying its freedom and fulfilling its obligations through varying and fluctuating programme content. Any different view, suggesting that ICASA is required to approve programme content, would deny the SABC its Constitutional rights and its journalistic independence.

## **4. PROPOSED LICENCE CONDITIONS**

### **SOUTH AFRICAN BROADCASTING CORPORATION LIMITED**

Registration Number: 2003/023915/06

### **SECTION 22 APPLICATION OF THE BROADCASTING ACT NO 4/1999, AS AMENDED.**

#### **4.1. Introduction**

a) In terms of section 22 of the Broadcasting Act 4 of 1999, as amended (Broadcasting Act) the South African Broadcasting Corporation (SABC Limited) is required to, within six months after the date of commencement of the Broadcasting Amendment Act No. 64 of 2002 or the conversion date, whichever is the later, apply to the Authority for such amendments to its existing licences as are necessary to reflect the reorganisation of the SABC into the public service division and the commercial service division and its related obligations in terms of the Broadcasting Act and the Independent Broadcasting Authority Act 153/1993(IBA Act). Pursuant to Government Gazette No. 2507 of 2003 published by the Minister of Communications, the conversion date of the SABC from a Statutory Corporation into SABC Limited was effected on 1<sup>st</sup> October 2003.

#### **(b) RE-ORGANISATION**

1.1(a) The SABC shall consist of two separate operational divisions, namely a public service division and commercial service division. These service divisions are separately administered and a separate set of financial records are kept in respect of each such division. The public service provided by the SABC is provided by its public service division, and the commercial

service provided by the SABC is provided by its commercial service division.

1.2(b) The following radio stations and television channels shall be administered as part of the public service division of the SABC:

- SABC 1
- SABC 2
- iKwekwezi FM,
- Lesedi FM,
- Ligwalagwala FM,
- Motsweding FM,
- Munghana Lonene FM
- Phala phala FM
- Radio Sonder Grense
- Safm
- Thobela FM
- Ukhozi FM
- Umhlobo Wenene FM
- Ciskei FM
- Lotus FM
- Radio 2000
- XK-FM

1.3(c) The following radio stations and one television channel shall be administered as part of the commercial service division of the SABC:

- SABC 3
- 5FM
- Good Hope FM
- Metro FM

2. In addition to complying with sections 10 and 11 the Corporation shall also comply with section 6 of the Broadcasting Act.
3. Amendments of the respective licences in terms of Section 22 of the Broadcasting Act.

The SABC hereby applies for the amendment of its existing radio and television licences in order to reflect its reorganisation into public service division and commercial service division and its related obligations as follows:

## **TELEVISION**

### **3.1 SABC 1 (Licence Number: PBSTV2\2004)**

3.1.1 Amendment of the definition of the licensee on the schedule to read as follows :

“South African Broadcasting Corporation Limited (Public Service Division)”.

3.1.2 By insertion of the following condition after condition (4) four on page (3) three:

“5. The licensee shall at all times comply with its obligations in terms of section 10(1)(a)-(i) of the Broadcasting Act ”.

### **3.2 SABC 2 (Licence Number: PBSTV1\2004)**

3.2.1 Amendment of the definition of the licensee on the schedule to read as follows :

“South African Broadcasting Corporation Limited (Public Service Division)”.

3.2.2 By insertion of the following condition after condition (4) four on page (3) three:

“5. The licensee shall at all times comply with its obligations in terms of section 10(1)(a)-(i) of the Broadcasting Act”.

### **3.3 SABC 3 (Licence Number:PBSTV3\2004)**

3.3.1 Amendment of the definition of the licensee on the schedule to read as follows :

“South African Broadcasting Corporation Limited (Commercial Service Division)”.

3.3.2 By insertion of the following condition after condition (4) four on page (3) three:

“5. The licensee shall at all times comply with its obligations in terms of section 11(1)(a)–(e) of the Broadcasting Act”.

## **RADIO**

### **3.4 SAFM (Licence Number:PBSR 1\2004)**

3.4.1 By Amendment of the definition of the licensee on the schedule to read as follows :

“South African Broadcasting Corporation Limited (Public Service Division)”.

3.4.2 By insertion of the following condition after condition (4) four on page (2) two:

“5. The licensee shall at all times comply with its obligations in terms of section 10(1)(a)-(i) of the Broadcasting Act ”.

### **3.5 Radio Sonder Grense (RSG) (Licence Number: PBSR 2\2004)**

3.5.1 By Amendment of the definition of the licensee on the schedule to read as follows :

“South African Broadcasting Corporation Limited (Public Service Division)”.

3.5.2 By insertion of the following condition after condition (4) four on page (2) two:

“5. The licensee shall at all times comply with its obligations in terms of section 10(1)(a)-(i) of the Broadcasting Act ”.

### **3.6 Umhlobo Wenene FM (Licence Number: PBSR 3\2004)**

3.6.1 By Amendment of the definition of the licensee on the schedule to read as follows :

“South African Broadcasting Corporation Limited (Public Service Division)”.

3.6.2 By insertion of the following condition after condition (4) four on page (2) two:

“5. The licensee shall at all times comply with its obligations in terms of section 10(1)(a)-(i) of the Broadcasting Act ”.

### **3.7 Ukhozi FM ( Licence Number: PBSR 4\2004)**

3.7.1 By Amendment of the definition of the licensee on the schedule to read as follows :

“South African Broadcasting Corporation Limited (Public Service Division)”.

3.7.2 By insertion of the following condition after condition (4) four on page (2) two:

“5. The licensee shall at all times comply with its obligations in terms of section 10(1)(a)-(i) of the Broadcasting Act ”.

### **3.8 Lesedi FM (Licence Number: PBSR 5\2004)**

3.8.1 By Amendment of the definition of the licensee on the schedule to read as follows :

“South African Broadcasting Corporation Limited (Public Service Division)”.

3.8.2 By insertion of the following condition after condition (4) four on page (2) two:

“5. The licensee shall at all times comply with its obligations in terms of section 10(1)(a)-(i) of the Broadcasting Act ”.

### **3.9 Motsweding FM (Licence Number: PBSR 6\2004)**

3.9.1 By Amendment of the definition of the licensee on the schedule to read as follows :

“South African Broadcasting Corporation Limited (Public Service Division)”.

3.9.2 By insertion of the following condition after condition (4) four on page (2) two:

“5. The licensee shall at all times comply with its obligations in terms of section 10(1)(a)-(i) of the Broadcasting Act ”.

### **3.10 Thobela FM (Licence Number: PBSR 7\2004)**

3.10.1 By Amendment of the definition of the licensee on the schedule to read as follows :

“South African Broadcasting Corporation Limited (Public Service Division)”.

3.10.2 By insertion of the following condition after condition (4) four on page (2) two:

“5. The licensee shall at all times comply with its obligations in terms of section 10(1)(a)-(i) of the Broadcasting Act ”.

### **3.11 Ligwalagwala FM (Licence Number: PBSR 8\2004)**

3.11.1 By Amendment of the definition of the licensee on the schedule to read as follows :

“South African Broadcasting Corporation Limited (Public Service Division)”.

3.11.2 By insertion of the following condition after condition (4) four on page (2) two:

“5. The licensee shall at all times comply with its obligations in terms of section 10(1)(a)-(i) of the Broadcasting Act”.

### **3.12 Ikwewezi FM (Licence Number: PBSR 9\2004)**

3.12.1 By Amendment of the definition of the licensee on the schedule to read as follows :

“South African Broadcasting Corporation Limited (Public Service Division)”.

3.12.2 By insertion of the following condition after condition (4) four on page (2) two:

“5. The licensee shall at all times comply with its obligations in terms of section 10(1)(a)-(i) of the Broadcasting Act ”.

### **3.13 Munghana Lonene FM ( Licence Number: PBSR 10\2004)**

3.13.1 By Amendment of the definition of the licensee on the schedule to read as follows :

“South African Broadcasting Corporation Limited (Public Service Division)”.

3.13.2 By insertion of the following condition after condition (4) four on page (2) two:

“5. The licensee shall at all times comply with its obligations in terms of section 10(1)(a)-(i) of the Broadcasting Act ”.

### **3.14 Phalaphala FM( Licence Number: PBSR11\2004)**

3.14.1 By Amendment of the definition of the licensee on the schedule to read as follows :

“South African Broadcasting Corporation Limited (Public Service Division)”.

3.14.2 By insertion of the following condition after condition (4) four on page (2) two:

“5. The licensee shall at all times comply with its obligations in terms of section 10(1)(a)-(i) of the Broadcasting Act”.

### **3.15 Lotus FM (Licence Number: PBSR 12\2004)**

3.15.1 By Amendment of the definition of the licensee on the schedule to read as follows :

“South African Broadcasting Corporation Limited (Public Service Division)”.

3.15.2 By insertion of the following condition after condition (4) four on page (2) two:

“5. The licensee shall at all times comply with its obligations in terms of section 10(1)(a)-(i) of the Broadcasting Act”.

### **3.16 Radio 2000 (Licence Number: PBSR 13\2004)**

3.16.1 By Amendment of the definition of the licensee on the schedule to read as follows :

“South African Broadcasting Corporation Limited (Public Service Division)”.

3.16.2 By insertion of the following condition after condition (4) four on page (2) two:

“5. The licensee shall at all times comply with its obligations in terms of section 10(1)(a)-(i) of the Broadcasting Act”.

**3.17 5FM (Licence Number: PBSR 14\2004)**

3.17.1 By Amendment of the definition of the licensee on the schedule to read as follows :

“South African Broadcasting Corporation Limited (Commercial Service Division)”.

3.17.2 By insertion of the following condition after condition (4) four on page (2) two:

“5. The licensee shall at all times comply with its obligations in terms of section 11(1)(a)–(e) of the Broadcasting Act”.

**3.18 Metro FM ( Licence Number: PBSR 15\2004)**

3.18.1 By Amendment of the definition of the licensee on the schedule to read as follows :

“South African Broadcasting Corporation Limited (Commercial Service Division)”.

3.18.2 By insertion of the following condition after condition (4) four on page (2) two:

“5. The licensee shall at all times comply with its obligations in terms of section 11(1)(a)–(e) of the Broadcasting Act”.

### **3.19 Good Hope FM (Licence Number: PBSR 18\2004)**

3.19.1 By Amendment of the definition of the licensee on the schedule to read as follows :

“South African Broadcasting Corporation Limited (Commercial Service Division)”.

3.19.2 By insertion of the following condition after condition (4) four on page (2) two:

“5. The licensee shall at all times comply with its obligations in terms of section 11(1)(a)–(e) of the Broadcasting Act”.

### **3.20 Radio Ciskei (CKI FM) (Licence Number: PBSR 23\2004)**

3.20.1 By Amendment of the definition of the licensee on the schedule to read as follows :

“South African Broadcasting Corporation Limited (Public Service Division)”.

3.20.2 By insertion of the following condition after condition (4) four on page (2) two:

“5. The licensee shall at all times comply with its obligations in terms of section 10(1)(a)-(i) of the Broadcasting Act ”.

**3.21 XK-FM (Licence Number: PS 22\2001)**

3.21.1 By Amendment of the definition of the licensee on the schedule to read as follows :

“South African Broadcasting Corporation Limited (Public Service Division)”.

3.21.2 By insertion of the following condition after condition 14.5:

“14.6. The licensee shall at all times comply with its obligations in terms of section 10(1)(a)-(i) of the Broadcasting Act ”.

## **5. MARKET CONDITIONS**

### **5.1. Policy Background to Market Liberalisation**

In 1994, after South Africa's first democratic election, the IBA came into being with the task of transforming and regulating the country's broadcasting industry. Previously, the airwaves had been under the direct control of the government's Department of Home Affairs. The appointment of a regulator with constitutionally guaranteed independence was a significant step forward for the industry.

Among the Authority's first tasks was to conduct a wide-ranging policy inquiry known as the 'Triple Inquiry' to which this application has already made reference. In September 1995, the Independent Broadcasting Authority (IBA) released its 'Triple Inquiry Report'. This centred on the IBA's inquiry into the protection and viability of Public Broadcasting Services; cross-media control of broadcasting services, and local television content and South African music.

The Triple Inquiry Report set out the Authority's conclusions on these matters. Among its most important recommendations were:

- that 11 full-spectrum language stations be licensed to the public broadcaster and that nine black language stations be upgraded dramatically
- that seven of the SABC's regional stations be sold
- licensing of commercial sound broadcasting services that would offer the public diversity and choice. These were intended to promote diverse ownership and control of the media in South Africa (especially the historically marginalized)
- licensing of a commercial free-to-air television channel

- that the broadcasting system should reflect the multilingual and multicultural nature of South African society
- that community and commercial broadcasters offer their services in a range of languages

With respect to funding, the Authority specifically proposed that:

- public broadcasting services be funded through a mix of advertising and sponsorship, licence fees, government grants, and other income such as merchandising their products and leasing facilities
- this funding mix and alternative methods of collecting fees be reviewed by 1998
- Parliament should provide funding on a triennial basis for
  - i. the cost of provincial split time on radio stations
  - ii. the cost of increasing African language and local content television programming on the SABC
  - iii. the cost of funding the Education Ministry/SABC Task Team recommendations on educational broadcasting

The recommendations of the Triple Inquiry Report have shaped the broadcasting arena since 1994, and in particular have had a major impact on the functioning of the public broadcaster. The Inquiry informed the level of local content, ownership of assets, target audiences and share, financial sustainability, and a host of other core performance areas of the SABC.

Since the Triple Inquiry, the SABC has responded to the challenges by transforming the African Language Station portfolio fundamentally; selling radio assets to private players; shifting the positioning of its television stations to serve South African citizens better; and initiating a host of processes to turn the public broadcaster into an effectively run, financially sound broadcaster, in line with the provisions of the Broadcasting Act.

This section of the application sets out the relevant current characteristics of the media environment, in terms of both audience and revenue, and demonstrates the market fragmentation as anticipated in the Triple Inquiry Report.

## **5.2. Population Demographics and LSM Breakdown**

The total South African population is not expected to grow substantially beyond the present 46.5 million<sup>3</sup>. This population is characterised by a high level of inequality with respect to distribution of wealth.

Democratisation and transformation are beginning to normalise the situation, and this has resulted in a growing middle class, as demonstrated through an increase in the middle LSM segments. LSMs are the common currency by which the value of population segments to advertisers is measured in the media and marketing environment.

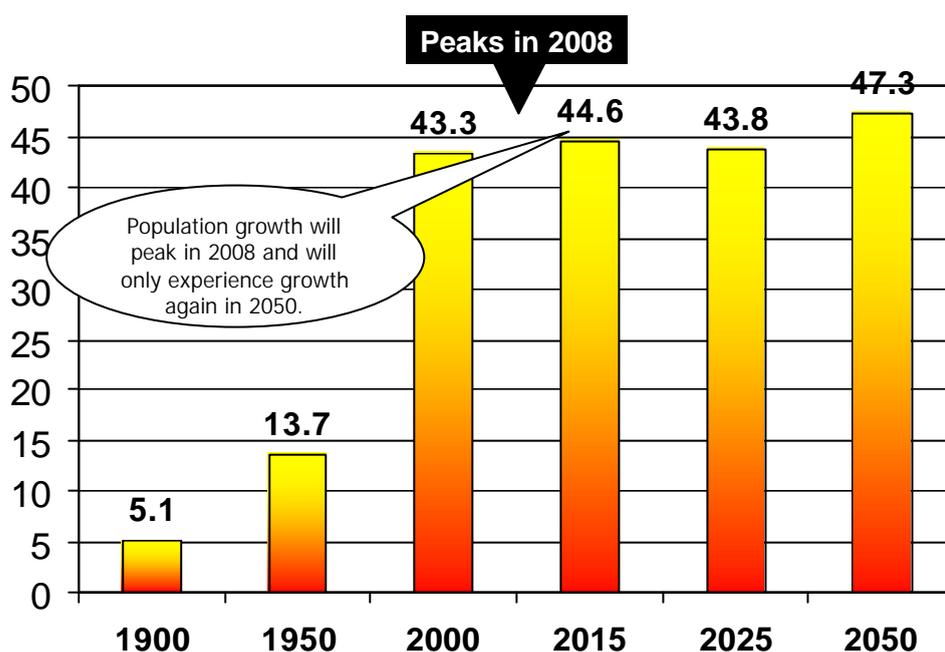
The majority of South Africans however still fall into the lower LSM strata, with 64% in LSM groups 1-5 and the remaining 36% in LSM groups 6-10.

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<sup>3</sup> Statistics SA, mid-year population estimates

As the public broadcaster, the SABC is obliged to inform, educate and entertain all South Africans. The result is that audience profiles on most of the SABC's channels and stations include a mix of both high and low LSM groupings, which tends to dilute the value of these audiences for many advertisers.

## South African Population Projections



Source : United Nations – World Population Prospects

The spread of income and consumption in South Africa is highly skewed. Comparing South Africa's GINI coefficient<sup>4</sup> with that of other countries is the best way of representing this. When compared with 115 countries, South Africa ranks 112 out of 116. South Africa's coefficient equals 59.3 versus a global average of 40.4.

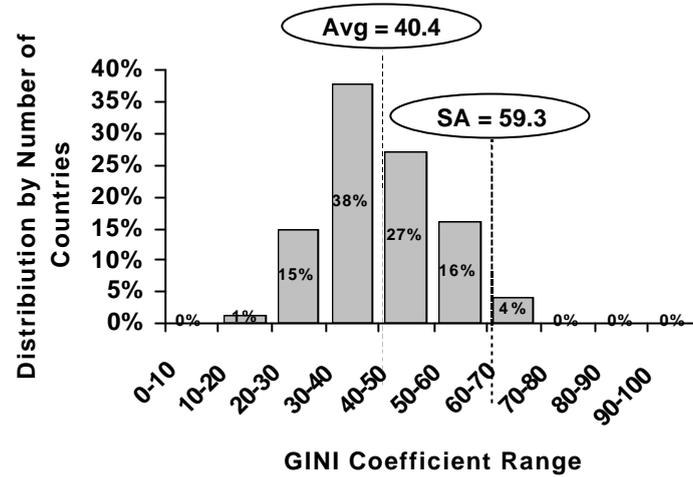
<sup>4</sup> The GINI coefficient is a universal measure of inequality. A coefficient of 0 indicates perfect equality and a value of 100 indicates perfect inequality.

## Inequality of Income and Consumption



### Inequality of Income and Consumption

The average GINI coefficient of 116 countries surveyed is 40.4. SA's GINI coefficient is much higher than the average at 59.3



Note: \* GINI Coefficient = 0 implies perfectly even spread of income and consumption;

GINI Coefficient = 100 implies perfectly uneven spread of income and consumption

Source: "Human Development Report 2002", UNDP

The graph below displays some income characteristics of the LSMs<sup>5</sup> and the distribution of the South African adult population across the LSM spectrum.

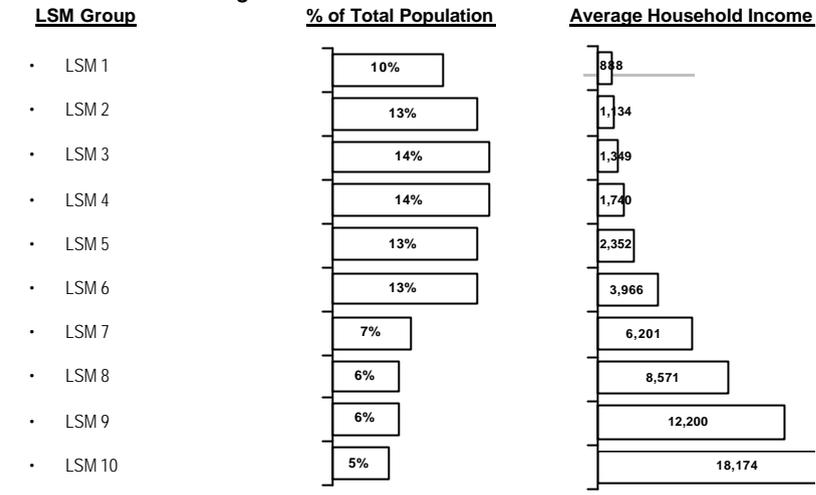
<sup>5</sup> Living Standards Measure, SAARF

## LSM Characteristics (2003)



## LSM Characteristics (2003)

*The are significant disparities in income levels across LSM categories*



Source: AMPS 2003B

## SA market demographics per LSM

	LSM1	LSM2	LSM3	LSM4	LSM5	LSM6	LSM7	LSM8	LSM9	LSM10
Total population*(m)	5,3	6,5	6,1	6,1	5,8	5,5	2,4	2,3	2,2	2,1
No of adults (m) 2003	2,8	3,9	4,3	4,2	3,8	3,9	1,9	1,8	1,6	1,5
Estimated number of adults (m) 2008	3,0	4,5	4,5	6,1	6,0	4,2	2,0	1,9	1,9	1,6
Increase in no. of adults (m) 2008	0	0,6	0,2	1,9	2,3	0,4	0,1	0,2	0,2	0,2
No of HH ('000)	870	1,215	1,345	1,337	1,240	1,295	644	622	610	597
Adspend** (R'm)*	583				672	944	751	1,036	1,500	
Average HH income per month (R'm)	888	1,134	1,349	1,740	2,352	3,966	6,201	8,571	12,200	18,174
Working full time (%)	9.1	16.2	17.8	19.7	20.5	26.5	35.9	36.8	41.8	44.7
% of total income per month ** (R38,6 billion)	2	3	4	5	7	11	8	12	16	32

Source: AMPS 2003B

## SA market demographics per LSM

	LSM1	LSM2	LSM3	LSM4	LSM5	LSM6	LSM7	LSM8	LSM9	LSM10
Total population (m)	5,3	6,5	6,1	6,1	5,8	5,5	2,4	2,3	2,2	2,1
No of adults (m) 2003	3,0	3,9	4,3	4,2	3,7	3,8	1,9	1,7	1,7	1,4
Estimated number of adults (m) 2008	3,0	4,5	4,5	6,1	6,0	4,2	2,0	1,9	1,9	1,6
Increase in no. of adults (m) 2008	0	0,6	0,2	1,9	2,3	0,4	0,1	0,2	0,2	0,2
No of HH ('000)	938	1,221	1,342	1,343	1,213	1,268	644	626	635	565
Adspend (R'm)		583			672	944	751	1,036	1,500	
Average HH income per month (R'm)	860	1,129	1,355	1,761	2,421	3,970	5,991	8,396	11,561	17,173
Working full time (%)	10,2	15,1	17,9	20,4	22,2	28,2	36	38,8	43,9	47,5
% of total income per month (R38,6 billion)	2	3	4	5	7	11	8	12	16	32

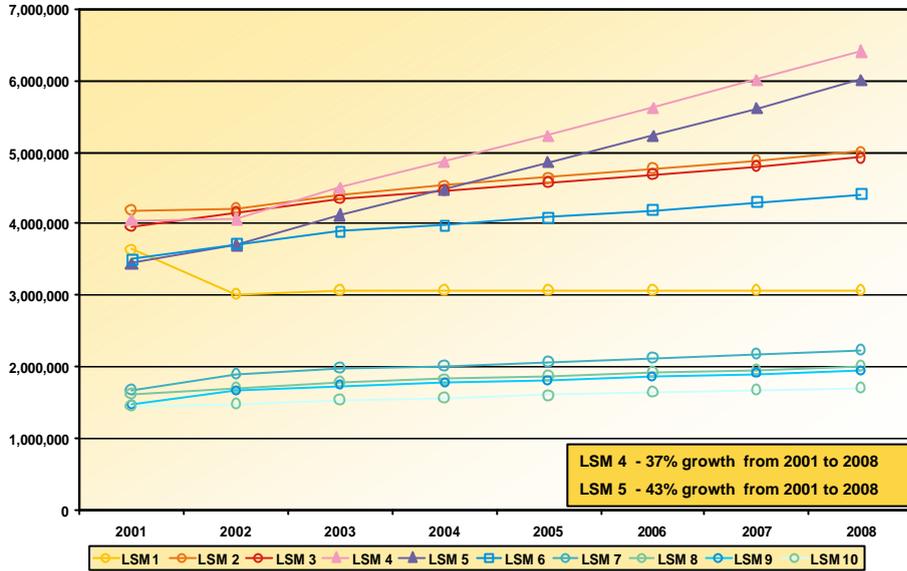
Source: AMPS 2003 A

Changes in the LSM classifications over the past decade make trending the population distribution by LSM inaccurate. The only accurate trend available is from 2001 onwards. It is projected that LSM groups 4 and 5 will grow by 37% and 43% respectively between 2001 and 2008 (an annual growth rate of 7% and 8% respectively). If these trends were to continue, LSMs 5 to 8 would account for 39% of the population by 2008, indicating that South Africans were gradually becoming wealthier.



## LSM Projections

*LSM groups 4 and 5, as the emerging middle-class are projected to grow significantly.*



Source: BMR

BMR

As the public broadcaster with a duty to serve all the people of South Africa, the SABC has a large share of the lower LSM audiences. As South Africans become wealthier and are able to access more media (as market research indicates higher LSM groups are), the SABC will have to ensure that it is capable of serving this shifting audience, while also meeting the needs of lower LSMs.

### 5.3. Growth in Media Offerings

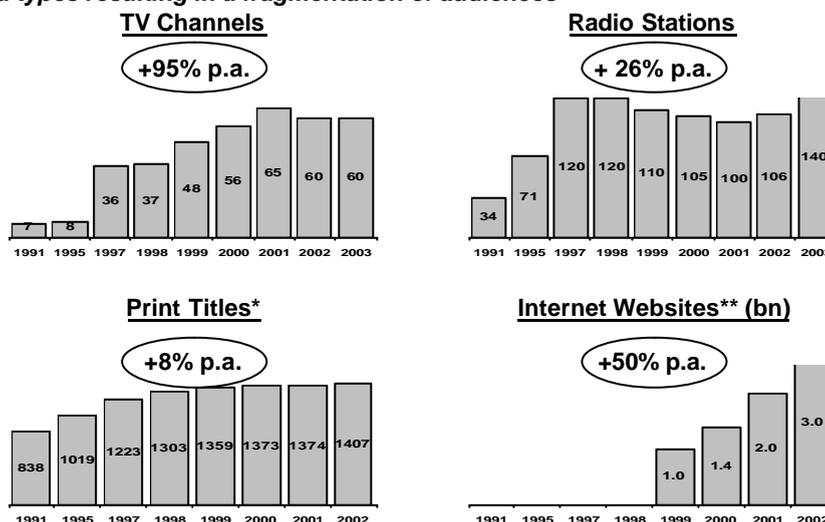
Over the past decade, licensing of independent commercial and community radio has provided listeners and advertisers with a more extensive menu of radio platforms. This choice is set to increase further with the proposed increase in the number of radio licences to be issued by ICASA.

The proposed relaxation of cross-ownership regulations will result in a substantial number of new stations in regional and secondary markets, raising more competition and increasingly pressuring audience and revenue streams of incumbents.

New media products that have entered the South African media market place in recent years have tended to fragment rather than increase total audiences and revenue. Growth in the number of radio stations from 34 in 1991 to 106 in 2002<sup>6</sup> has not increased the radio market significantly in terms of revenue or audience share. In the period 1991 to 2002, radio's share of advertising revenue has moved from 10.8% to just 14%, despite an average annual growth rate in the number of stations of over 26%. Industry experts have characterised the radio market as being in a state of 'fragmentation and fluctuation'<sup>7</sup>.

### Growth in Media Offerings

*The number of media channels is increasing across all media types resulting in a fragmentation of audiences*



Note: \*Print titles includes Daily newspapers, major weeklies, consumer magazines, business to business and community newspapers; \*\*Internet websites relates to global internet websites (Average annual increases)  
Source: "SA Media Facts", OMD Media

<sup>6</sup> OMD Media Facts 2003

<sup>7</sup> OMD Media Facts 2003

Growth in the number of TV channels has largely been driven by expansion of the DSTV bouquet, which remains accessible to only a small proportion of the population (higher LSM groups). In the period 1991 to 2002 television's share of advertising revenue has remained virtually constant (35.1% in 1991, and 35.6% in 2002) despite an average annual growth rate in the number of channels of over 95%.

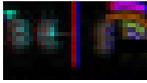
Fragmentation has affected the public broadcaster more markedly than other players, as its public mandate allows it less flexibility to adjust in the face of increased competition.

The SABC believes that opening up of the media market since the Triple Inquiry Report, and consequently increased competition in the market, has been a welcome and necessary development, offering South Africans a more diverse content offering. It is necessary, however, for the regulatory environment to be sensitive to particular pressures and obligations of the public broadcaster at this socio-political juncture, allowing it to compete fairly and effectively.

#### **5.4. Competition between Media**

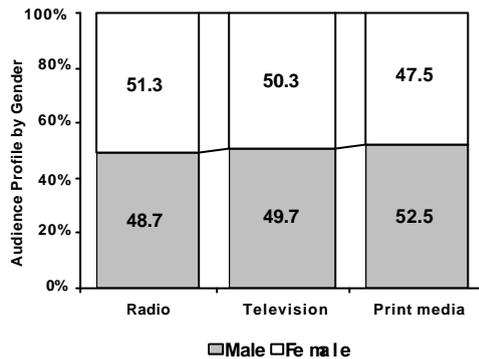
Television, radio and print compete for consumer time and absolute numbers. Furthermore, the audience profiles of the three media are similar. There is no significant gender bias towards any of the three, although there is a slight female bias towards radio. Younger audiences (16-34) dominate across all three media. The older audiences (35+) have a bias towards radio and away from print media.

## Audience Profile (2003)

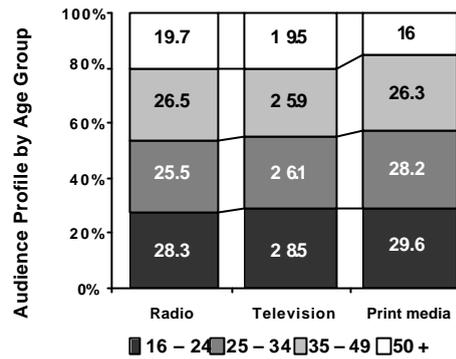


### Audience Profile (2003)

*There is no gender bias to any media. Older audiences (35+) have bias towards Radio and away from print media*



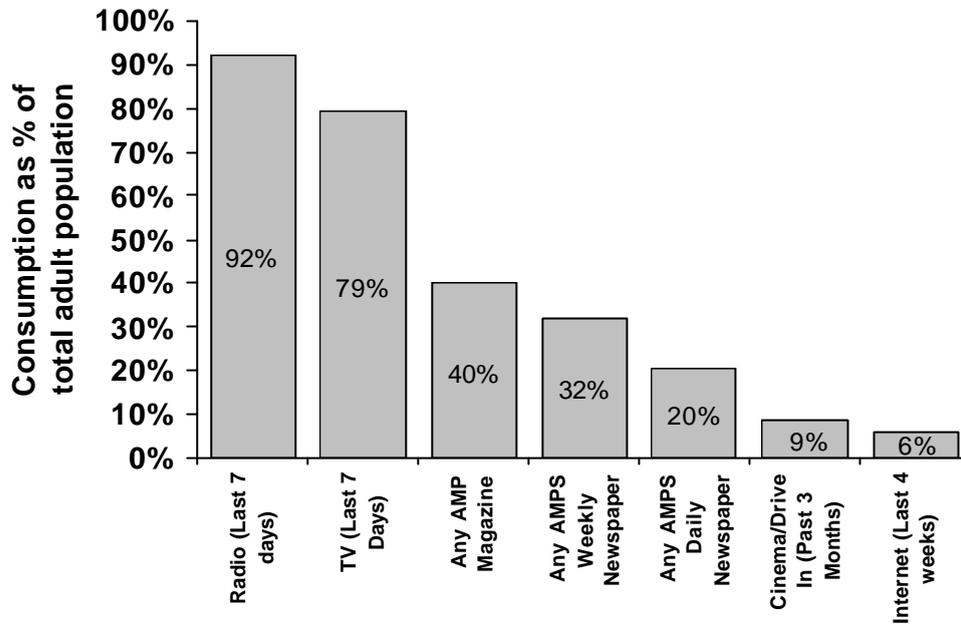
Note:  
Source: AMPS 2003B



## 5.5. Patterns of Media Consumption

Electronic media remains the most widely consumed media by South African audiences. The reach of radio into rural and lower LSM communities (in particular the SABC's public broadcasting stations) affords it the ability to be almost universally accessed.

## Patterns of Media Consumption



Note:  
Source: AMPS 2003B

### 5.6. Available Audience (TV)

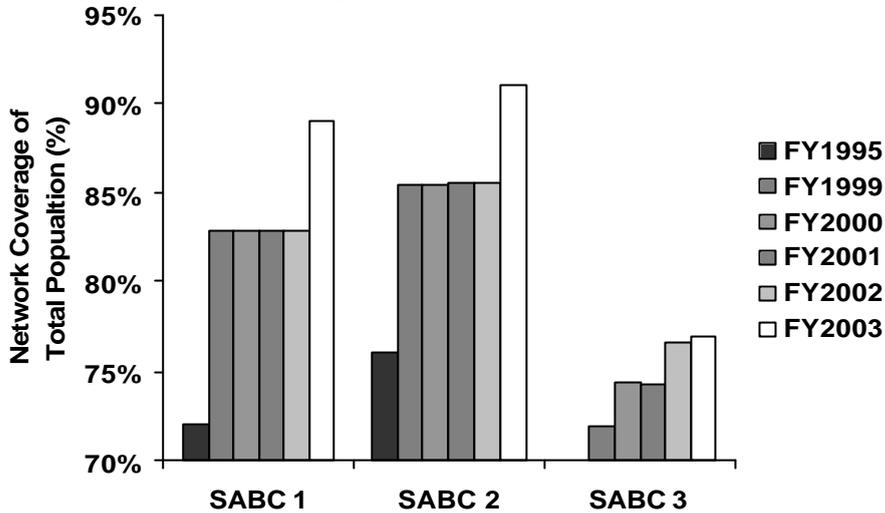
Access to television services is limited by coverage of television networks, access to electricity and access to TV sets. TV services had penetrated 79%<sup>8</sup> of the total South African population by 2003.

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<sup>8</sup> Source: AMPS 2003B, past 7 day television viewership

## TV Network Coverage

Large network expansions have been proposed for SABC 1 and 2 to cover 89% and 91% of the SA population respectively. SABC 3 currently covers 77% of the population

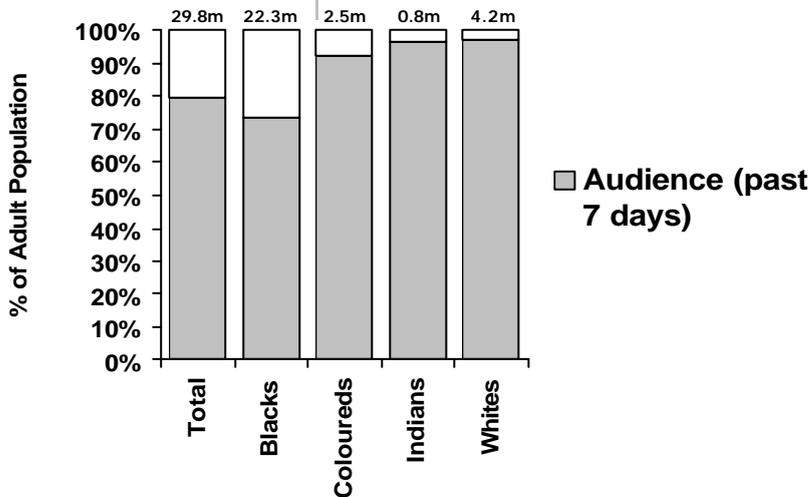


Note:  
Source: "SABC Television Coverage Status Report", May 2001; "SABC Transmission Footprints", Sep 1999

The SABC has taken great strides in increasing availability of radio and television services since 1999, and has the achievement of universal service and access as a policy objective.

## Potential vs Current TV Audience

79% of the SA population are TV viewers (past 7 Days). This figure is lowest among the black population

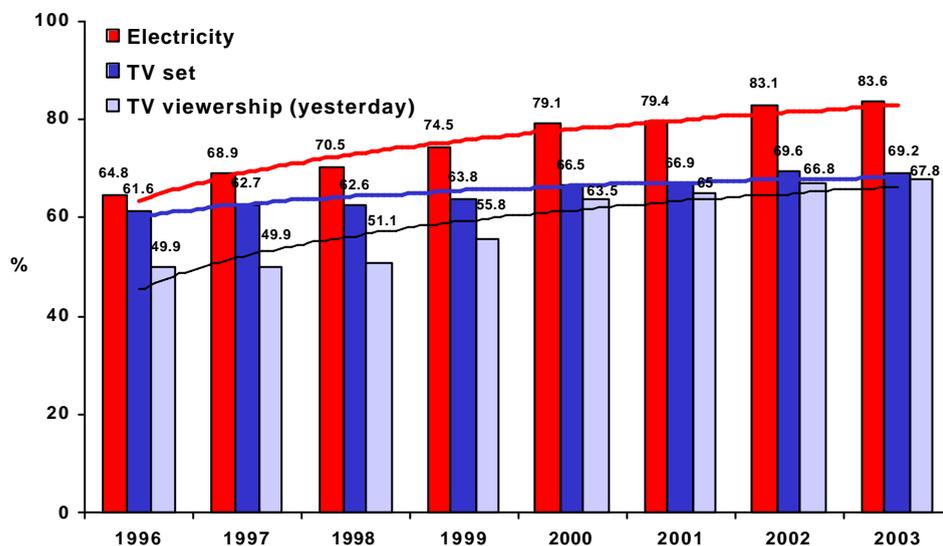


Note:  
Source: AMPS 2003B

Increased competition has provided some impetus for expanding the audience universe. However the potential increase in the universe is linked to economic growth, and only with a rise in personal discretionary income levels will the penetration of television sets increase, and subsequently the universe size.

On the basis of yesterday viewership, television viewership increased on average by 4.4% a year from 1996 to 2003<sup>9</sup>. Future growth is expected to track slightly higher than GDP growth. This growth has been driven principally by the increased level of electrification, which has boosted the number of television sets in homes, as illustrated in the chart below. The greater share of this growth has been absorbed by the new free-to-air commercial broadcaster, e-tv, since its inception in 1998.

## ELECTRIFICATION & TV TRENDS



Source: AMPS 1996-2003B

<sup>9</sup> AMPS, past 7 day audience

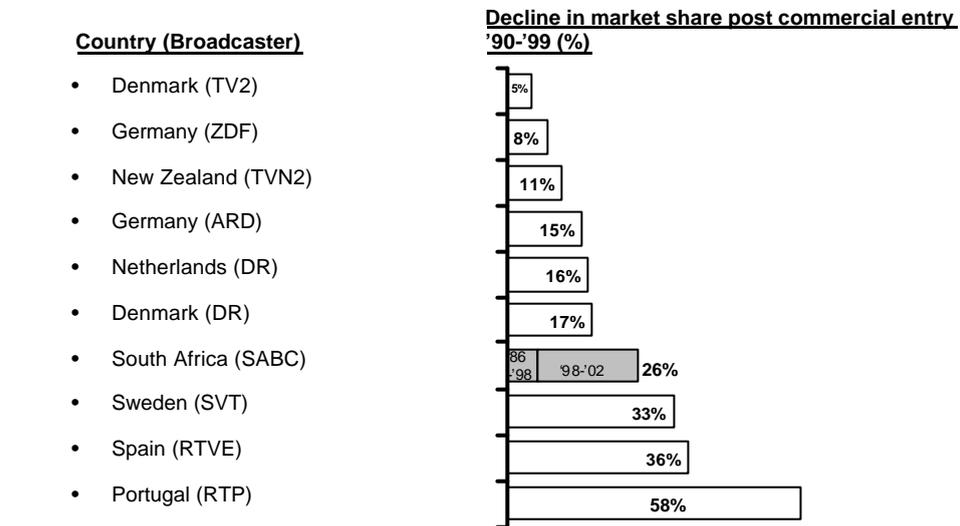
## 5.7. Current Audience – Television

With the arrival of e-tv in 1998, both the SABC and M-Net lost audience share. This has been the experience world wide in broadcasting markets that have been deregulated.



### Impact of deregulation

The SABC lost 26% of its TV audience market share to competition from 1998 to 2002 with the entry of new players.



Note:  
Source: SABC Annual Report 1998; AC Nielsen Ad Index; McKinsey & Co

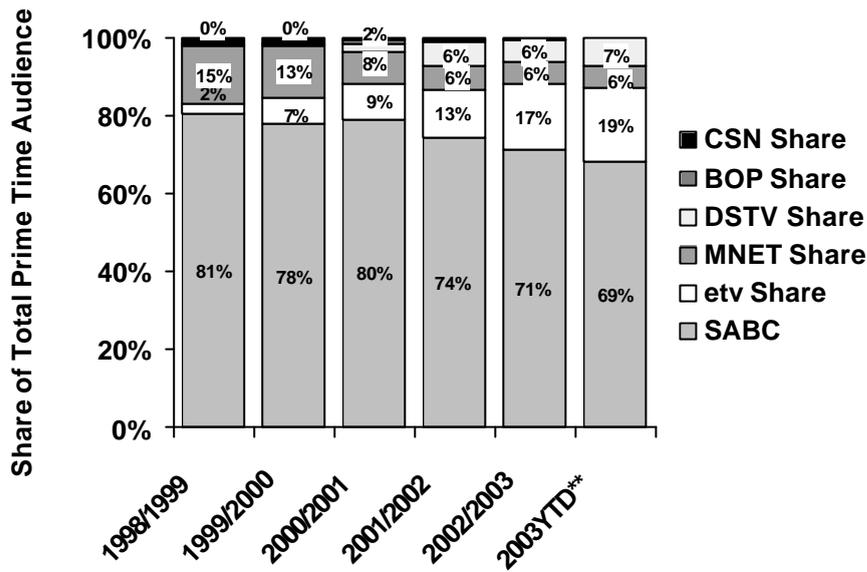
Over the past five years, the SABC's television share has dropped as a result of the competitive pressure brought to bear by deregulation. SABC's weekday prime time audience share has decreased from 81% to 69% (as at 29 Feb 2004), whereas e-tv's prime time audience share over the same period has increased from 2% to 19% (as at 29 Feb 2004). An analysis of full day share<sup>10</sup> illustrates a similar trend with the SABC's share dropping from 81.9% in 1998 to 61.4 in 2003.<sup>11</sup>

<sup>10</sup> Source: AMPS,

<sup>11</sup> Source: TAMS (06h00 to 24h00)

Although the television audience has grown over this period, fragmentation rather than category growth has been the key trend, to the detriment of the SABC.

### Prime Time\* Audience Share (TV)



Note: \* Prime time: 18:00-22:00 ave Mon-Fri, \*\*Year to 29 Feb 2004, Time Period is SABC Financial Year  
Source: TAMS

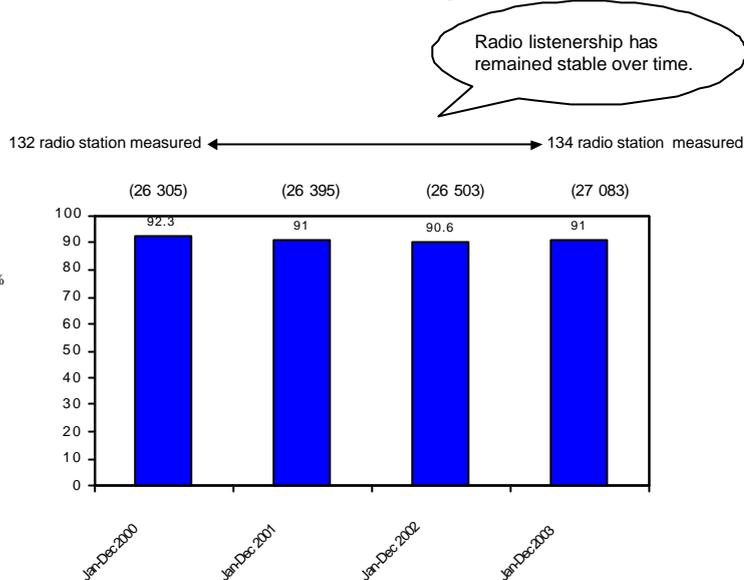
### 5.8. Radio

### 5.9. Current Audience and Revenue Share - Radio

The total radio universe has not grown substantially, despite the entry of many new players, increasing 1% on average over the past 3 years<sup>12</sup>. In addition, the total number of radio hours listened to has not changed much, as shown in the chart below. This shows that audience in the radio market has fragmented, instead of growing fundamentally, as a result of competition in the category.

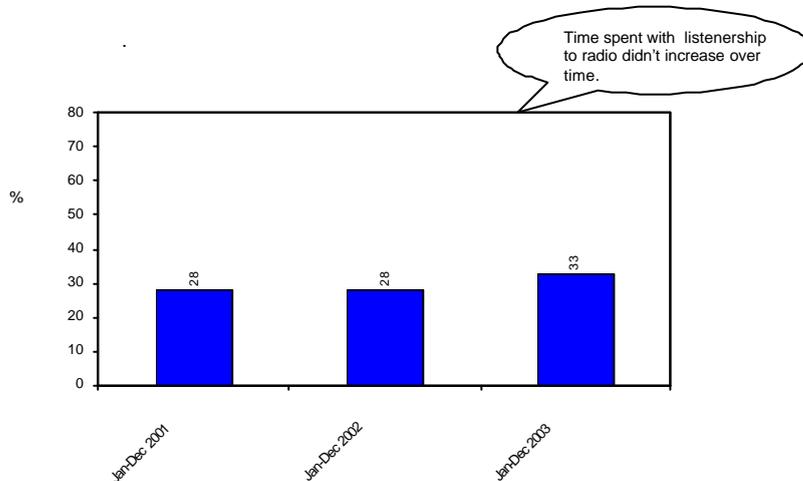
<sup>12</sup> 2000 to 2003, AMPS

### Total radio listenership trends



Source: RAMS 2003B

### Radio Listenership Average no of hours listened per week

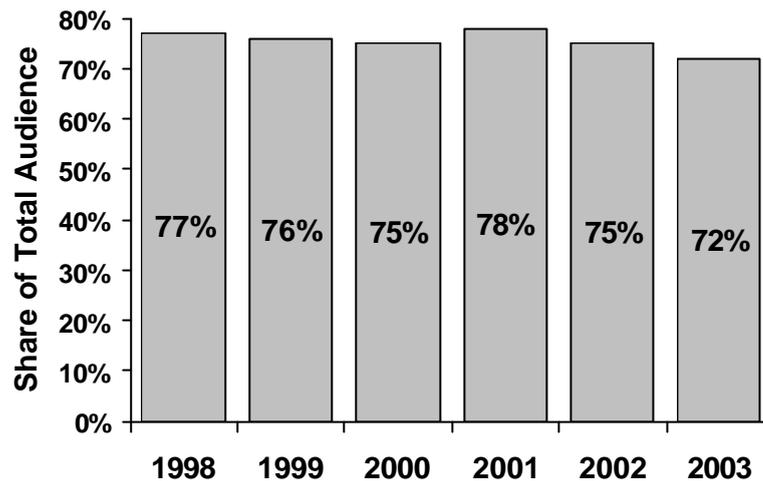


Source: RAMS 2003B

SABC radio has lost 5% of audience share in the past six years as a result of greater competition and audience fragmentation.



## SABC Audience Share (Radio)



Note:  
Source: AMPS 2003B

### 5.10. Revenue Trends and Share

Between 1994 and 2003, gross advertising revenue for South Africa's broadcasting industry is estimated to have increased in value from just more than R2 billion to over R11.6bn. This growth reflects massive transformation in the industry.

The total advertising market has grown from R6.9bn billion in FY98/99 to R10.3bn billion in FY02/03<sup>13</sup>, at a compound annual growth rate of 10.5%. In real terms, however, growth has been only 2.6% (using the CPIX as an inflation measure)<sup>14</sup>.

<sup>13</sup> April 2003 to Jan 2004 stands at R10.1bn (Adex)

<sup>14</sup> AdEx

Radio growth has been faster than the overall market at a rate of 14.6%; but commercial broadcasters have been the main beneficiaries of this growth. The SABC, given its public broadcasting orientation and lower LSM bias in audiences, has not been able to take advantage of the growth in this category.

TV has grown at a slower rate of 6.9%, and there has been competition for advertising spend in the category. Although some adspend has gravitated to television from print, share has also shifted between television broadcasters. This trend, which shows that e-tv has grown at the expense the public service broadcaster, places the SABC in a weakened position to deliver on its mandate while relying on commercial revenue.

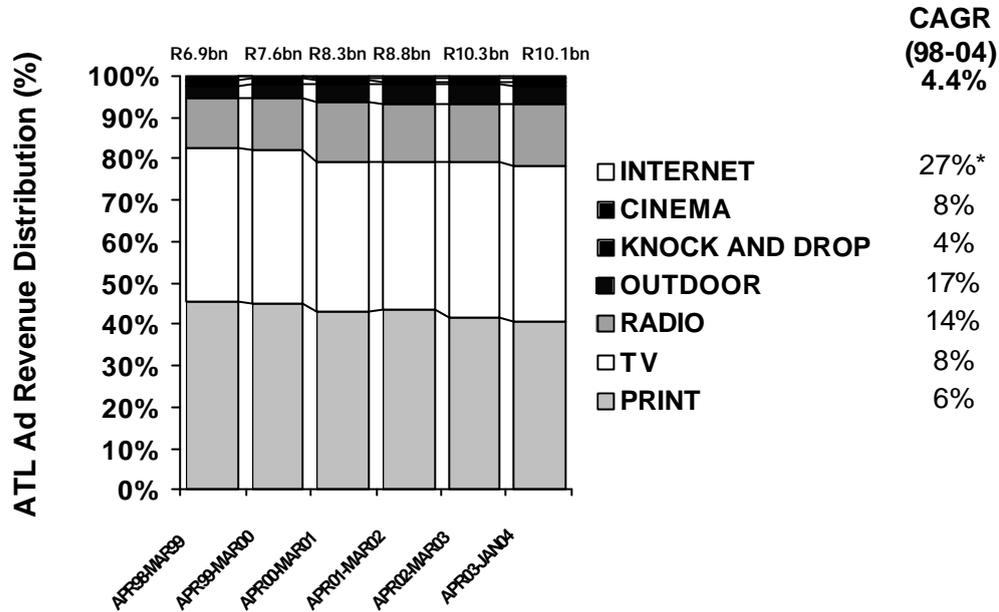
The IBA recognised the risk of fragmentation in the Triple Inquiry Report and its impact on the public broadcaster:

*“The viability of the public broadcaster is intimately related to its mandate and programme obligations. These will have a direct bearing on its costs, and will also determine its ability to attract and maintain audience share. The size and nature of its audience will be one of the most important factors in attracting advertising revenue in the long term. Whether the public broadcasters' revenue comes from advertising, sponsorship, licence fees or fiscal grants, it can only be justified if it sufficiently meets the needs of a large enough section of the public to attract sufficient audience share.*

*The Authority has had to consider how legitimate expectations of the public broadcaster might be met without undermining the financial viability of the public broadcaster”*

The comparative share and growth rate of the different media types is shown in the chart below.

## Above the Line Advertising Revenues (1998-04)



Note: \* - CAGR 2001-2004  
Source: AC Nielsen Adex

The table below reinforces the fact that despite the increase in newcomers on the broadcasting landscape, marked increases in the overall revenue share of radio and television has not followed. In addition, the table also shows little increase in audiences, demonstrating once again that newcomers have increased fragmentation, not the absolute market size. Fragmentation has been largely at the SABC's expense. The SABC, in comparison with other public broadcasters around the world, is heavily reliant on commercial revenue to fund its broadcasting activities and mandated obligations. Erosion of the SABC's audience and revenue share through increased competition threatens its ability to perform its public broadcasting role in South Africa.

## Audience / Revenue Share All Media

		2000	2001	2002	2003	Jan-Dec 03
RADIO	Audience	26.0	26.2	25.8	25.7	
	Revenue	14.2	13.8	14.6	14.6	1,702,944,663
TV	Audience	21.8	22.1	22.8	21.8	
	Revenue	35.9	35.8	35.6	37.8	4,401,923,894
PRINT	Audience	20.4	19.4	18.8	18.2	
	Revenue	43.5	43.3	43.5	40.9	4,755,865,078
OUTDOOR	Audience	28.2	29.0	29.8	29.4	
	Revenue	4.4	4.8	4.2	4.4	517,133,781
CINEMA	Audience	3.6	3.3	2.9	2.9	
	Revenue	0.8	0.7	0.8	0.8	87,434,217
Knock & Drop		-	-	-	-	
	Revenue	0.9	0.9	0.9	1	117,031,925
Internet (Past 4 weeks)	Audience	5.1	4.5	4.6	2.0	
	Revenue	0.4	0.6	0.4	0.4	49,378,160

**Total: 11,631,711,718**

Source : AMPS 2003B / AdEx (Jan-Dec 2003)

### 5.11. Television

Although the television audience has grown over this period, fragmentation has been the key trend, to the detriment of the SABC.

The IBA recognised this trend in the Triple Inquiry Report when it stated that:

*‘Advertising revenue to the SABC is likely to drop with competition.’*

### 5.12. Revenue Share

As a result of increased competition in the TV market, the SABC has lost advertising revenue to new player e-tv. Whereas the SABC has shown very little growth in advertising revenue, e-tv has achieved 100% growth per annum since its inception to November 2003, albeit off a low base.

If this trend continued at the current rate, the implication for the SABC would be decreasing levels of resources that could be allocated to mandate delivery.

The SABC's share of advertising revenue declined from 66.4% in 2000 to 57.8% in 2003<sup>15</sup>, whereas e-tv's share increased from 8.1% to 20.5%. It is clear that a significant amount of revenue has shifted from SABC channels to e-tv, as the analysis below shows.

### Audience / Revenue Share Television

		2000	2001	2002	2003
<b>SABC TV **</b>	<b>Audience</b>	<b>* 92</b>	<b>91.5</b>	<b>90.5</b>	<b>88.5</b>
	<b>Revenue</b>	<b>66.4</b>	<b>60.4</b>	<b>59</b>	<b>57.8</b>
<b>Any other TV/ DSTV</b>	<b>Audience</b>	<b>2.3</b>	<b>2.1</b>	<b>2.4</b>	<b>3.0</b>
	<b>Revenue</b>	<b>2.2</b>	<b>3.4</b>	<b>4.9</b>	<b>8.0</b>
<b>e.tv</b>	<b>Audience</b>	<b>15.3</b>	<b>19.5</b>	<b>22.8</b>	<b>26.2</b>
	<b>Revenue</b>	<b>8.1</b>	<b>16.6</b>	<b>19.3</b>	<b>20.5</b>
<b>Mnet</b>	<b>Audience</b>	<b>7.5</b>	<b>5.9</b>	<b>4.7</b>	<b>3.4</b>
	<b>Revenue</b>	<b>23.2</b>	<b>19</b>	<b>15.</b>	<b>12.9</b>
<b>SABC1</b>	<b>Audience</b>	<b>34.9</b>	<b>34.5</b>	<b>35.3</b>	<b>35.2</b>
	<b>Revenue</b>	<b>27.3</b>	<b>24.4</b>	<b>24.7</b>	<b>22.9</b>
<b>SABC2</b>	<b>Audience</b>	<b>24.2</b>	<b>22.0</b>	<b>20.3</b>	<b>18.5</b>
	<b>Revenue</b>	<b>20.3</b>	<b>16.1</b>	<b>17.1</b>	<b>17.9</b>
<b>SABC3</b>	<b>Audience</b>	<b>14.5</b>	<b>14.6</b>	<b>12.9</b>	<b>13.2</b>
	<b>Revenue</b>	<b>18.8</b>	<b>19.9</b>	<b>17.2</b>	<b>17.0</b>

\*Duplication may occur \*\*Reach into Total TV audience

Source : AdEx (Jan-Dec 03) / AMPS 2003B

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<sup>15</sup> Source: AdEx 2003

### 5.13. Radio

Growth in the SABC's radio advertising revenue has slowed somewhat since 2000, to the benefit of regional commercial stations. Its share of the total market, however, has remained fairly consistent over the past four years at approximately 47%.

Once again, it is necessary to state that a reduced share of revenue places pressure on the SABC's ability to deliver in all its areas of performance.

#### Audience / Revenue Share Ratio

		2000A	2000B	2001A	2001B	2002A	2002B	2003A	2003B
PBS	Audience	58.8	57.7	64.9	64.4	63.2	61.5	60.1	59.1
	Revenue	30	31	27	25	29	27	30	29
PCS	Audience	16.3	15.8	13.7	14	13.3	13.1	13.1	12.6
	Revenue	23	24	22	23	22	19	19	18
INDEPENDENT	Audience	19.6	20.3	16.1	16.4	17.6	18.9	19.8	20.5
	Revenue	41	40	46	46	42	43	45	52

A = Jan - Jun  
B = Jul - Dec

**Note:**  
\*Difference would be attributed to Community Radio Stations if figures do not add up to 100%

Source : AdEx / AMPS 2003B

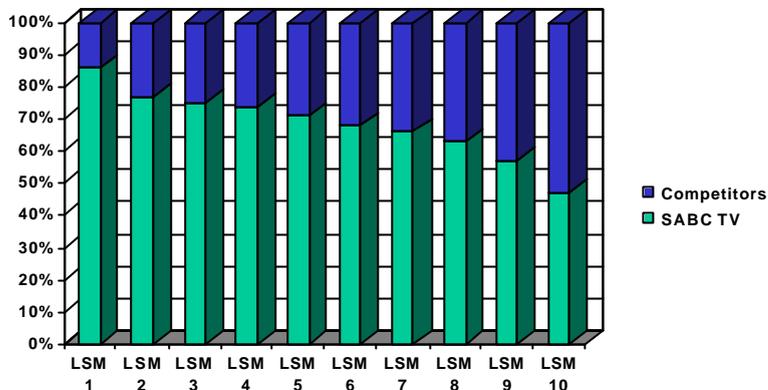
### 5.14. Revenue against Audience

As discussed earlier, the SABC has a disproportionately higher share of the lower LSM audience than its commercial competitors. This is demonstrated in the graph below.



## Share of Audience By LSM

SABC TV has a majority of share amongst the lower LSMs.



Source: AMPS 2003B

2

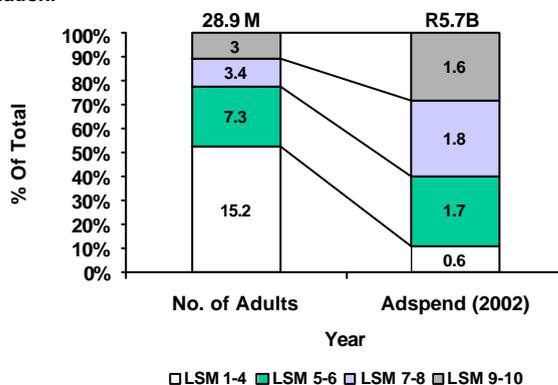
In the South African market, large audiences do not necessarily mean a large share of revenue. In fact, revenue does not track size of audience but quality of audience, as illustrated below.

## LSM vs. Adspend Mapping (2002)



### LSM Population vs. Adspend

Advertising spend is not targeted proportionately with population size, with LSM 7-10 receiving 60% of adspend but accounting for only 21% of the population.

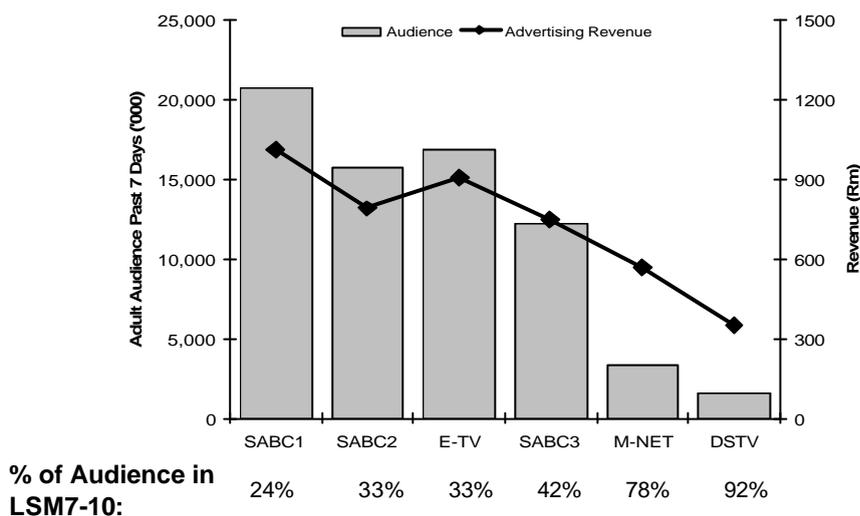


Source: Ad Agencies, SABC Analysis, MIT Data

Channels and stations that target upper LSM groups, then, have a disproportionate share of revenue owing to the high value of the audience.

### Revenue relative to Audience Share (TV)

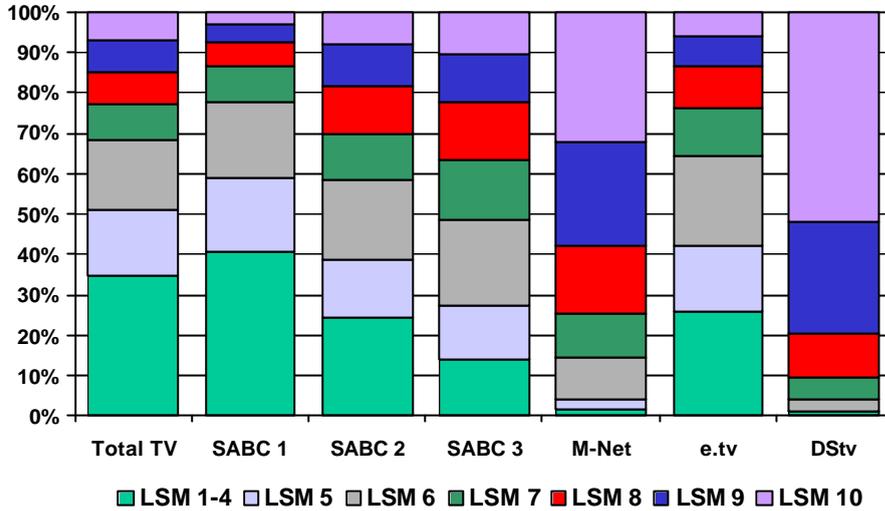
*Revenue doesn't track size of viewership, but rather quality of audience*



Note: Revenue excludes self promotion  
 Source: AC Nielsen Adex (Jan - Dec 2003), AMPS 2003B,

As a public broadcaster, the SABC targets all the LSM groups, from LSM 1 to 10. However, in comparison with commercial broadcasters, it has a far higher share of the lower LSM groups (LSMs 1-5), as demonstrated in the chart below.

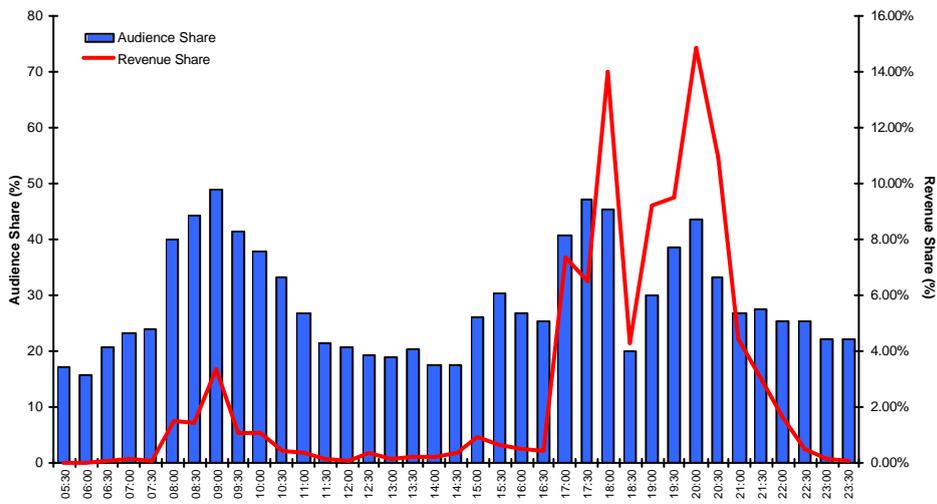
## TV Station Profiles by LSM Yesterday



Source: AMPS 2003B

The following charts demonstrate the current audience, relative to revenue position, of each of the three SABC television channels.

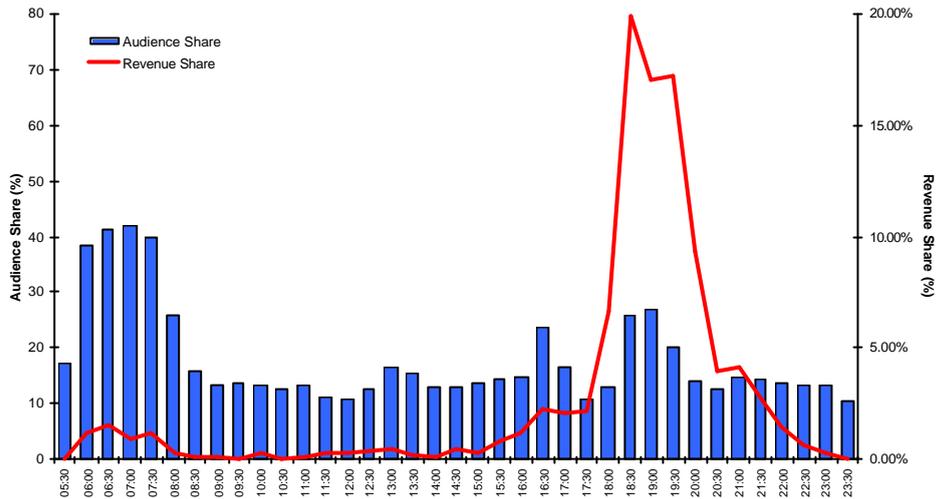
### SABC 1 - Audience share vs Revenue share (Jan-Dec 2003)



Total Rev (S1): R435,781,543

Source: TAMS & TV MIS

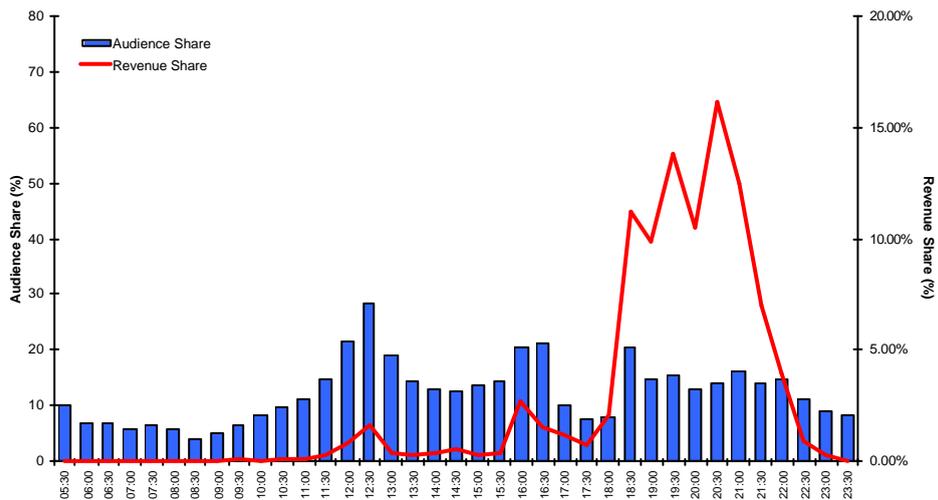
### SABC 2 - Audience share vs Revenue share (Jan-Dec 2003)



Total Rev (S2): R390,007,427

Source: TAMS & TV MIS

### SABC 3 - Audience share vs Revenue share (Jan-Dec 2003)



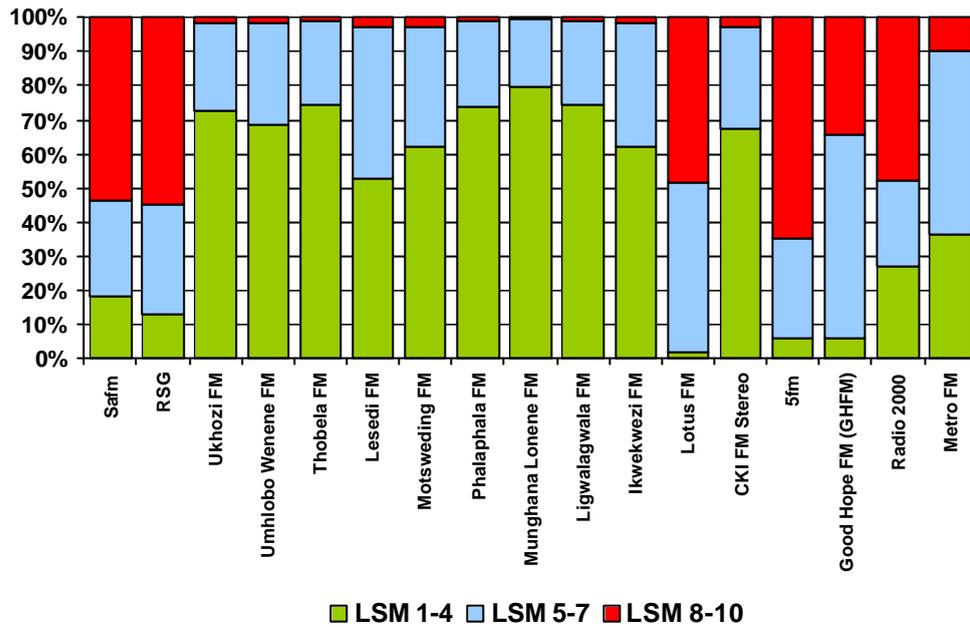
Total Rev (S3): R382,065,890

Source: TAMS & TV MIS

<sup>16</sup> Source: amps and AdEx SABC sales and marketing (2003)

A similar pattern holds true for radio, whereby revenue tracks higher income audiences rather than audience reach.

## Radio Station Profiles by LSM Yesterday



Source: AMPS 2003B

To demonstrate this point, an exercise undertaken by FutureFacts in 2002 calculated the Median LSM position of every radio station in comparison with total audience share and share of revenue. As seen in the following table, those stations targeting upper LSM groups, similarly to television, attracted a share of advertising revenue that was disproportionately higher than their audience share.

### Proportional Ad Revenue Distribution (Radio)

	<i>Median LSM Position</i>	<i>Share of listeners</i>	<i>Share of Ad revenue</i>
<b>Ukhozi FM</b>	2.22	16.1%	8.2%
<b>Phalaphala FM</b>	2.25	1.7%	0.5%
<b>Munghana Lonene FM</b>	2.49	3.4%	0.7%
<b>Umhlobo Wenene FM</b>	2.58	10.7%	4.5%
<b>CKI FM Stereo</b>	2.59	1.2%	0.0%
<b>Thobela FM</b>	2.60	5.7%	2.5%
<b>Ligwalagwala FM</b>	2.91	2.6%	0.8%
<b>Ikwewezi FM</b>	3.36	2.5%	0.4%
<b>Motsweding FM</b>	3.40	6.5%	2.3%
<b>Radio Bop</b>	3.53	0.7%	0.0%
<b>RMFM</b>	3.60	0.4%	0.0%
<b>Lesedi FM</b>	3.78	8.8%	3.7%
<b>Metro FM</b>	4.59	9.3%	9.2%
<b>YFM 99.2</b>	4.96	2.7%	3.2%
<b>Kaya-FM 95.9</b>	5.34	1.1%	0.7%
<b>Jacaranda 94.2 fm</b>	5.92	2.9%	9.8%
<b>East Coast Radio</b>	6.06	2.8%	9.3%
<b>Radio 2000</b>	6.15	0.2%	0.1%
<b>Kfm 94.5</b>	6.35	1.6%	6.4%
<b>Radiokanseel/Radio Pulpit</b>	6.78	1.0%	0.0%
<b>Lotus FM</b>	6.90	1.0%	0.8%
<b>Good Hope FM</b>	6.90	1.4%	3.5%
<b>P4 Radio Cape Town</b>	6.95	0.5%	0.0%
<b>RadioSonderGrense</b>	7.00	3.5%	5.2%
<b>Ofm (Radio Oranje)</b>	7.39	0.8%	0.9%
<b>Radio Algoa</b>	7.45	0.7%	0.7%
<b>SAfm</b>	7.47	1.2%	1.6%
<b>702 Talk Radio</b>	7.65	0.5%	2.7%
<b>Highveld Stereo</b>	7.71	2.1%	11.0%
<b>5fm</b>	8.12	2.2%	10.1%
<b>Cape Talk</b>	8.25	0.2%	1.2%
<b>Classic FM</b>	8.66	0.2%	0.0%

Source: FutureFacts 2002

### Proportional Ad Revenue Distribution (TV)

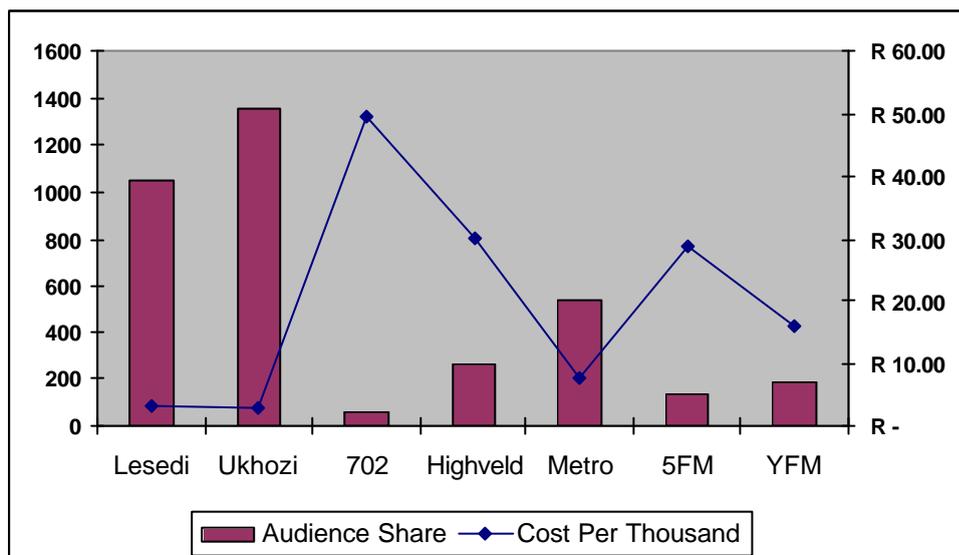
	<i>Median LSM Position</i>	<i>Share of Viewers</i>	<i>Share of Ad Revenue</i>
<b>SABC1</b>	4.6	36%	25%
<b>SABC2</b>	4.7	18%	16%
<b>SABC3</b>	5.1	15%	16%
<b>e-tv</b>	5.3	21%	19%
<b>MNET (inc. DSTV)</b>	7.4 (9)	5%	19%

Source: FutureFacts 2002

The SABC has done well to improve its power ratio (audience share relative to revenue share) through effective sales and marketing efforts.

The chart below illustrates how cost per thousand that a broadcaster can charge is based on the perceived quality of the audience.

### Audience Share vs. CPT: Radio



Source: AMPS and Adex

What the above analysis also recognises is that whereas the SABC may continue to command the biggest share of advertising revenue (even though it may be declining), its cost structure as the national public broadcaster, and mandate requirements (such as sport, local content and language) is part of the burden borne by the national public broadcaster. A large share of revenue is essential to servicing these public broadcasting obligations.

In addition to the challenges facing the SABC as outlined above, are the further pressures of delivering desirable content on both its radio and television platforms in a media market where the public can exercise ever wider choice.

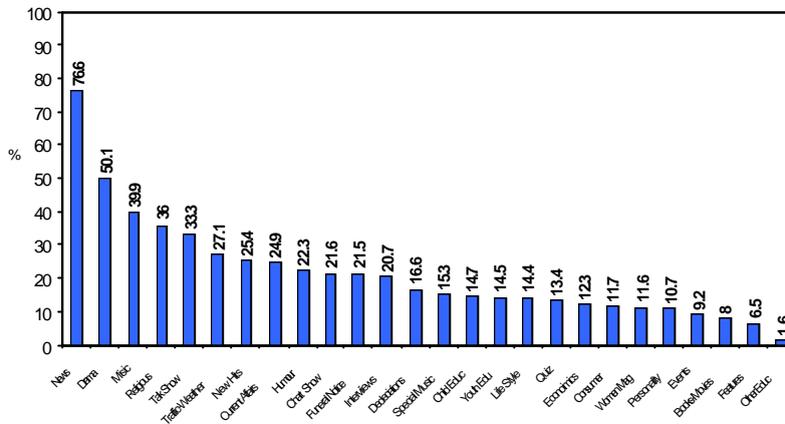
On both radio and television, audiences generally prefer entertainment to educational material.

TELEVISION PROGRAMMES VIEWERS ARE INTERESTED IN								
% interest in genre								
	All TV	SABC TV	SABC1	SABC2	SABC3	M-NET	e-tv	DStv
1. Business/Money	9.8	9.8	9.5	10.3	11.5	16.1	11.5	18
2. Chat shows	26.9	27	27.1	28.6	30.6	37.6	31.4	35.1
3. Children's/cartoons	17.5	17.6	17.9	18.6	20.4	26.2	20.5	20.7
4. Comedy	50.3	50.3	50.3	52.4	55.4	63.9	55.7	62.4
5. Cooking	18.9	19	18.7	20.3	21.7	28.1	21.7	33.8
6. Current Affairs	17.6	17.6	17	18	19.8	26.6	19.9	32.5
7. Documentaries	26.5	26.5	25.3	27.8	30.7	44.4	30.6	55
8. Drama	62.1	62.4	63.7	63.6	63.3	58.6	63.5	47.3
9. Education	19.2	19.2	19.4	20.3	21.9	26.6	22.6	23.2
10. Local soapiers	56.9	57.1	58.4	59.2	61.	61.3	62,1	45.8
11. Magazine	17.7	17.8	16.8	18.7	21	32.6	20.8	32
12. Movies	59	58.9	58.5	60.9	65.1	77.4	66.7	80.8
13. Music	53.3	53.4	54.2	54.8	55.7	56.1	57.2	48.9
14. Nature	25.2	25.1	23.7	26.6	29.2	47.9	29.1	58.4
15. News	76.2	76.4	76.4	78	78.2	80.5	78.4	75.7
16. Imported soapiers	36.6	36.8	38.4	38.3	39.7	41.2	40.9	28.8
17. Quiz/game shows	15.4	15.5	15.2	16.4	18.1	27.5	17.9	30
18. Reality TV	14	13.9	13.5	14.5	16.6	28.8	16.5	37.6
19. Religion	35.2	35.4	36.2	37.2	37.7	38.6	37.5	23.5
20. Sport	64.1	64.2	64.1	65.7	66.1	73.4	67.8	79.6
21. Supernatural/Science fiction like X-Files	12.2	12.2	12	13.1	14.4	23.2	14.5	23.7

Source: SABC Panel Research, 2003

The SABC has made a great deal of headway in providing very powerful infotainment products such as *Yizo Yizo* and *Tsha Tsha*, and has invested considerably in producing powerful local soap and drama offerings, all of which have attracted significant audiences. These local products are also important in conditioning the South African television palate towards a taste for local content.

## Listenership Preferences



Source: SABC People Panel (Base listened to any radio)

If these programmes are to compete with international entertainment formats, considerable resources are required, making competitiveness very costly to the SABC. In view of a decline in government funding, and increasing competitive pressure for shares of adspend, the SABC becomes less adequately equipped to invest in top quality local programming that would satisfy public service mandate requirements, and provide the desired prospects for advertisers.

### 5.15. Conclusion

An increasingly competitive media environment in recent years has put pressure on the SABC's audience and revenue generating capacity, and this is set to intensify in the future. Inevitably, this will place more and more pressure on the SABC's ability to deliver across a number of performance areas, including its mandate. This is an important consideration when amending the SABC's licence conditions.

## **6. REORGANIZATION**

### **6.1. Introduction**

As described in the chapter on the Legal Context, 'reorganization' refers to the provisions of Section 9 of the Broadcasting Act, which provides that the SABC shall consist of two separate operational divisions: a public service division and a commercial service division. The fact that the SABC has to be structured as two separate operational divisions does not mean that two separate legal persons will be created. In South African law, a division of a company is not recognised as a legal person with its own rights and duties, separate from those of the entire company.

However, Section 22 provides that the divisions must be administered separately, which means that the public and commercial divisions must be managed separately. What Section 9(2) requires is that the affairs of each division be controlled, regulated and directed separately, instead of jointly. This means that the Board has to pass separate resolutions, and management decisions have to be taken separately for each division, although the wording of Section 9(2) does not require a separate and distinct management team for each division.

In accordance with this structure, the broadcasting services are located as follows:

#### **PBS Division**

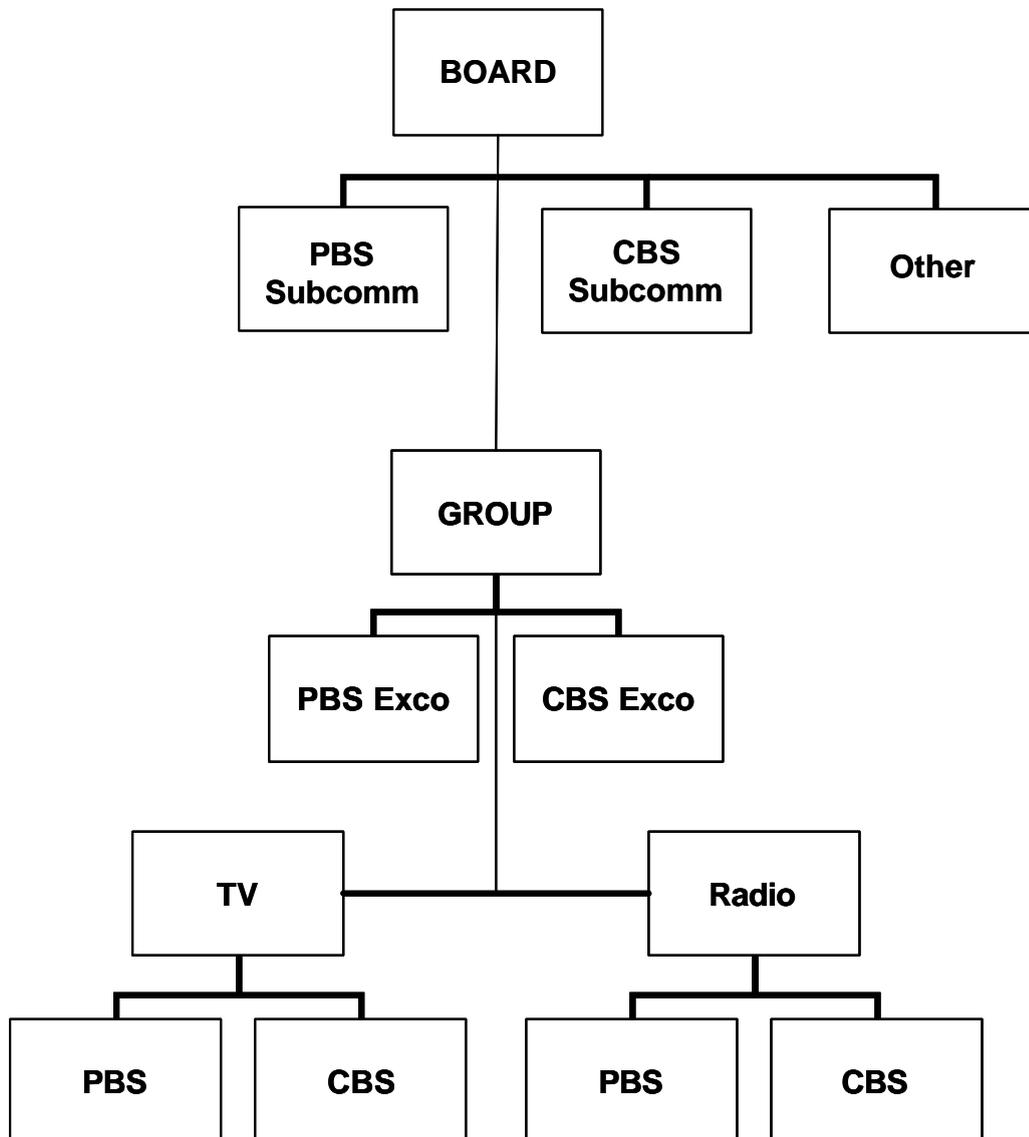
- SABC1
- SABC2
- Ikwewezi FM
- Lesedi FM
- Ligwalagwala FM

- Motsweding FM
- Munghana Lonene FM
- Phalaphala FM
- RadioSonderGrense
- SAfm
- Thobela FM
- Ukhozi FM
- Umhlobo Wenene FM
- X-K FM
- Lotus FM
- CKI
- Radio 2000

**CBS Division**

- SABC3
- 5fm
- Good Hope FM
- Metro FM

The SABC's organisational structure is as follows:



This structure addresses the following issues:

- The need to maintain a clear distinction between the public division and the commercial divisions of the SABC and to provide that they are managed in compliance with their respective obligations and rights.
- The need to provide for Board oversight of these two divisions in line with the requirements of the Broadcasting Act.

- The requirement that the Corporation's operations are also managed from a strategy or operational delivery perspective.
- The need to drive synergies and efficiencies from both a cost and a revenue perspective.

## **6.2. Rationale of Reorganization**

The policy rationale of reorganization has its roots in the White Paper on Broadcasting Policy, which provided the following for the SABC:

*'The government does not wish to leave the commercial activities of the SABC unregulated, with the attendant risk that it will have considerable advantages over other private broadcasters. Accordingly, the Government will restructure the SABC in order to achieve tangible internal separation of commercial from public broadcast activities...'*

In line with this, the Broadcasting Act, as amended, provides that the Board must, in respect of each of the two divisions:

- keep proper and accurate books and records of their financial affairs
- procure audited financial statements
- submit an annual written report to the Minister on their activities
- establish a public service subcommittee and a commercial service subcommittee

The Broadcasting Act also provides that any use by the public service division or the commercial service division of any asset allocated to or by another division of the corporation must be accounted for in the respective financial records of the public service division and commercial service division to ensure that such service was rendered on an arms length commercial basis.

The Broadcasting Act provides further that any service rendered by the public service division or the commercial service division to or by another division of the corporation must be accounted for in the respective financial records of the public service division and commercial service division to ensure that such service was rendered on an arms length commercial basis.

### **6.3. Implementation of Reorganization**

Many of the provisions relating to reorganization had to be complete on or before the date of conversion, which was 01 October 2003. The SABC is pleased to report that it has complied with all these provisions.

Among the most important steps taken by the SABC has been implementation of an internal transfer pricing policy, which provides for an arms length commercial relationship between the PBS and CBS divisions.

The nature of the broadcasting business determines the need for a diverse range of services, the bulk of which are provided internally – primarily by the Technology, News and Sport divisions and Group Services.

The SABC has a decentralised structure by which business unit managers are expected to make local decisions and are held responsible for the performance of their units.

When a business unit renders a service internally to another business unit, it is important for some gain to be reflected in the economics of the service provider and some cost to be reflected in the unit receiving the service.

An effective transfer pricing/internal charge-out policy is providing the framework for calculation of charges for internal services in a manner that is simple and transparent, and that results in driving behaviour that optimises overall corporate value.

### **6.3.1. Types of Service**

The types of internal services provided in the SABC can be categorised broadly as:

- Permanently allocated facilities (e.g. office space, studios, equipment)
- Facilities for hire on an ad hoc basis (e.g. post-production facilities, production studios, and outside broadcast equipment)
- Provision of content services
- Provision of services (e.g. copy centre, media library, postal, legal, internal audit and buying).

### **6.3.2. Internal Service Relationships**

The relationship between various business units is encompassed in a service level agreement that is reviewed at least annually. Charges for the services provided in terms of the agreement must be detailed in an addendum to the agreement.

Charges have to be agreed between service providers and clients on a suitable formula basis, which could be any of the following:

- fixed monthly charge for a dedicated service
- an agreed price per event
- a fixed price per square metre
- a fixed price per unit provided (e.g. photocopies)

- fixed price per time unit (e.g. per hour/day/week for the hire of a facility for a specific period, which may vary according to the client's specific requirements)

### **6.3.3. Pricing Principles**

The most important internal transfer pricing principles in respect of internal services as applied by the SABC are as follows:

- (a) A combination of both external and internal cost (total cost) elements, as well as cost of capital, determine the cost base of any service provided
- (b) Charges are calculated to recover the cost of providing a service on a full-cost basis. Rates are calculated per service and relate to the total cost of providing the service
- (c) Margins are not included unless approved by the Group Executive
- (d) Rate calculations are to be transparent and full information on an individual service's cost base is to be available to the client
- (e) Wherever there is a comparable market rate, internal charges are to be benchmarked against it to identify inefficiency
- (f) The basis of calculation of rates for similar types of service are to be consistent throughout the company

- (g) Cost of capital is to be included in the cost base for the provision of a service, being the weighted average cost of capital (currently 15.6%) applied to the net book value of assets deployed to provide the service. This represents the cost of maintaining/replacing the asset base

#### **6.3.4. Compulsory Use of Internal Services**

It is compulsory for the divisions to use internal services being offered by internal service providers.

Divisions may use external service providers only in exceptional circumstances, where internal service providers are unable to provide the service required.

#### **6.3.5. Public Service and Commercial Service Divisions**

The internal rates will be calculated and charged on an arm's length commercial basis between the public service and commercial service divisions as legislated in the Broadcasting Act of 1999, as amended.

#### **6.3.6. TV Licence revenue**

Television licence revenues are allocated solely to the public broadcasting services. Licence income is allocated to the public service television channels and radio stations in order to contribute to the funding of public mandate requirements.

#### **6.4. Conclusion**

The above demonstrates that the SABC has taken all the necessary steps to effect reorganization. The question for this application is how reorganization can be reflected best in licence conditions. This question is addressed in the following chapter.

## **7. APPROACH TO AMENDMENT OF BROADCASTING LICENCES**

### **7.1. Introduction**

The rationale of the licence amendments as provided in Section 22, is to reflect reorganization in the broadcasting licences held by the SABC. As we have seen, 'reorganization' has been implemented in the corporation. What remains to be done is to devise necessary and appropriate licence conditions that reflect the reorganization.

We have also seen that severe financial challenges face the SABC in the future, and that these raise important questions about the corporation's continued viability. Against this backdrop we have seen that, despite its financial challenges, the SABC has succeeded in delivering significantly on its public service mandate to date.

In this the SABC proposes an approach to the amendment of its licences that satisfies the demands of Section 22.

#### **SABC's Editorial Policies**

A key point of departure in developing this approach has been the SABC's editorial policies. As the Authority is aware, the corporation was required, in terms of Section 6 of the Broadcasting Act, as amended, to develop policies intended to ensure compliance with the Authority's Code of Conduct, the SABC's licence conditions, and the provisions of the Act.

The SABC finalized these policies – including a news editorial policy, and policies on programming, local content, education, universal service and access, language, and religion – in December 2003. The policies are the outcome of an unprecedented process of consultation with both SABC staff and the South African public generally through public meetings held in each of

South Africa's provinces. The policies, which come fully into effect on 1 April 2004, represent how the Board gives shape to and interprets the SABC's public broadcasting mandate, and provide editorial staff with a framework within which to take decisions. In doing this, they represent a benchmark against which the SABC can be monitored and held accountable.

The SABC's proposal is that the editorial policies represent a basis on which the Authority can evaluate the commitments the SABC Board has made. The licence conditions to be set in this process should only reflect the broad obligations that are relevant to reorganization.

### **Guiding principles**

In reflecting reorganization and related obligations, the approach to the licence amendments proposed by the SABC is consistent with the approach taken previously by the Authority in setting licence conditions for the corporation. It is also different and distinct from the approach the Authority has taken in setting conditions for others in the industry. The SABC believes firmly that such a distinct approach is appropriate and justified.

The necessity for a different approach may be summarized as follows:

- The SABC has a broad and complex public service mandate. The nature of the SABC's obligations – such as the obligation to make services available in all the official languages (Section 10 (1) a of the Broadcasting Act), and the obligation to seek to offer a wide range of services for children, women, youth and the disabled (Section 10 (1) g of the Broadcasting Act) – means that these obligations should be viewed collectively, instead of to each service individually. This is the approach adopted by the Authority previously and is consistent with international best practise.

- In addition to the licence conditions set by the Authority and regulations on matters such as local content, the SABC is subject to a Charter, which other broadcasters in South Africa are not. It is also subject to other instruments, such as the Shareholder Compact and the Public Finance Management Act, to ensure its accountability. Crucially, the Broadcasting Act also provides that the SABC set itself editorial policies in a number of key programming areas. No other broadcaster has been compelled to develop such policies that in essence set out the approach and commitments in every area. The imposition of commercial-style licences – which act as the most important, if not the only, means of accountability for those broadcasters – is therefore not necessarily appropriate for the SABC, which is subject to numerous other instruments of accountability and has a statutory Board appointed by the President that is charged with ensuring that it delivers on its mandate.
- Given its extensive public mandate and largely market driven funding arrangements, the SABC needs a measure of flexibility in order to remain competitive and viable while delivering on its mandate. The SABC does not have the luxury of a secure public funding base. The effect of having to rely on commercial sources of revenue means the SABC must constantly balance its obligation to deliver public interest programming against providing commercially competitive schedules.

In this context, licence conditions must be applied carefully to allow for flexibility so that, if necessary, the public broadcaster can respond quickly to the changing environment. This appears to have been acknowledged by the Authority in setting the SABC's current licences (issued in 1995 and renewed this year), which are formulated in a way that provide the Corporation with flexibility.

- With respect to the SABC's commercial services, it should be noted that the legislation is clear that these commercial services are distinct from other commercial services. It follows, then, that they should be licensed in a different manner from other commercial broadcasters, as is the case at present. In this regard it is noteworthy that the Broadcasting Act specifically excludes the SABC's commercial services from the definition of commercial broadcasters. Furthermore, although our commercial services are 'subject to the same policy and regulatory structures' outlined in the Broadcasting Act for other commercial services, they also have to 'comply with the values of the public broadcasting service in the provision of programmes and service'. The requirement for amendment of the SABC's commercial service licences is therefore that they are licensed in a manner that reflects reorganization and their related obligations appropriately.

### **Integrity and viability**

The SABC's approach is consistent with the guiding principles the Authority has developed towards regulating broadcasting in South Africa.

In the 1995 Triple Inquiry Report, the Independent Broadcasting Authority said:

*'Firstly, the Authority must encourage and create the conditions for public, private and community radio and television stations to be licensed and to thrive at both national and regional level. In doing so, the Authority must ensure that in shaping the broadcasting environment, the integrity and viability of public broadcasting is protected. The Authority would equally however, have failed in its task if it creates an environment in which private and community broadcasters do not have the incentive to enter the industry or provide reasonable conditions for their success.'*

*'Secondly, the Authority must ensure that the South African public is well served by broadcasting and that broadcasting plays an appropriate and meaningful role in addressing the public interest goals of democracy, nation-building and development. From the point of view of the public, the broadcasting environment should provide maximum diversity and choice of quality entertaining, educative and informative services. From the point of view of broadcasters, the environment should be, as far as possible, "a level playing field" in which broadcasters compete fairly with one another for audiences and, where appropriate, for revenue.'*

### **International best practice**

The SABC submits that its proposed approach is in line with international best practice on regulating/governing public broadcasters. It is a common feature of the approach to public broadcasting internationally that regulations and/or licence conditions governing public broadcasters are not overly prescriptive; instead, they recognise the status of their publicly appointed Board and its responsibility to set and meet specific objectives.

Key lessons from international best practice include the following:

- The public broadcaster is viewed as unique, having different roles and responsibilities from commercial broadcasters. The public broadcaster's mandate is wide and complex. It cannot be quantified easily and it cannot be met wholly on individual services. The nature of its mandate means that fulfilment of the mandate is not necessarily measurable over a limited period. The public broadcaster is thus treated differently by governments and regulators, who do not necessarily impose the approach taken with commercial broadcasters on the public broadcaster.

- The boards of governors of these public broadcasters are entrusted primarily with ensuring the broadcaster's compliance and responsiveness to the public. This reduces the need for detailed licence conditions to govern the broadcaster, which is encouraged to be accountable through its internal policies, set and overseen by its board. In contrast to commercial broadcasters, whose only mechanism of public accountability is through the regulator, public broadcasters have multiple levels of accountability and various instruments available to ensure this accountability. These may include annual reports, dialogue with parliament and the regulator, and public consultation. Public broadcasters are bound to account to the public for their performance, so they often set targets or make promises annually.
- Generally, public broadcasters are given flexibility of obligations/licence conditions and are not faced with extensive and onerous conditions on programme quantity and specificity. Where there is specificity, this is negotiated and agreed by the regulator/government and the public broadcaster.

There is an approach of building consensus between the board, stakeholders, parliament and regulator on the roles and responsibilities of the public broadcaster, and achievement of the public mandate.

- Public consultation by the public broadcaster is given high priority by governments and regulators, and this assists in ensuring that the broadcaster is responsive to the needs and interests of the public.

### **The SABC's proposed amendments**

The complete proposed amendments to the SABC's licences are set out in the Legal Chapter.

Since reorganization is the rationale of the amendments, the SABC proposes that reorganization be dealt with as follows:

- That the SABC has two separate operational divisions – the PBS and CBS divisions
- Stipulating which service falls into which division
- That the ‘related obligations’ of the public service division and the commercial service division reflect the requirements of Sections 10 and 11 of the Broadcasting Act.
- That the ‘related obligations’ to be achieved collectively by the SABC are also reflected.

## **7.2. Collective obligations for the SABC as a whole**

The proposed conditions capture the key features of the SABC’s mandate as a public broadcaster, and every SABC service – whether ‘public’ or ‘commercial’ – makes a contribution to the collective fulfilment of these conditions.

## **7.3. Related Obligations**

A final and crucial part of the SABC’s approach to its licence conditions is the manner in which it has dealt with programme matters. The basis for these conditions is Section 22 of the Broadcasting Act, which provides that the amendment should reflect reorganization and the corporation’s related obligations. As set out earlier, these related obligations are those dealt with in Sections 10 and 11 of the Broadcasting Act. These obligations set out the key programme requirements for each division, and in this way represent the core areas of public interest delivery for the SABC. An overview of these requirements and the SABC’s approach to their fulfilment is dealt with below:

### 7.3.1. Language

Section 10 (1)(a) – (c) of the Broadcasting Act provides that the public service shall be made accessible to South Africans in all the official languages, reflect both the unity and diverse cultural and multilingual nature of South Africa, and endeavour to be of excellent quality in all the languages served.

In meeting this obligation the SABC will be guided by its Language Policy, which states that the SABC embraces the Constitutional duty to treat all the official languages equitably:

#### *Chapter 1, Clause 6*

*'(1) The official languages of the Republic are Sepedi, Sesotho, Setswana, siSwati, Tshivenda, Xitsonga, Afrikaans, English, isiNdebele, isiXhosa and isiZulu,*

*'(2) Recognising the historically diminished use and status of the indigenous languages of our people, the State must take practical and positive measures to elevate the status and advance the use of these languages...*

*'(4) ...Without detracting from the provisions of subsection (2), all the official languages must enjoy parity of esteem and must be treated equitably.'*

The SABC's Language Policy is founded on these Constitutional requirements, and recognizes the requirements of the IBA Act.

## Section 2 IBA Act

### *Primary Object*

*'The primary object of this Act is to provide for the regulation of broadcasting activities in the Republic in the public interest through the Independent Broadcasting Authority....and for that purpose to:*

- (a) promote the provision of a diverse range of sound and television broadcasting services...which, when viewed collectively, cater for all languages and cultural groups*
  
- (e) ensure that, in the provision of public broadcasting services:  
the needs of language, cultural and religious groups;  
the needs of the constituent regions of the Republic and local communities; and  
the need for educational programmes, are duly taken into account.'*

The Corporation's Language policy has as its statement of commitment the following:

*'The SABC commits itself to being the voice and vision of every South African. Accordingly, we*

- provide a range of distinctive, creative and top quality programmes in all 11 official languages across our radio and television portfolio, and strive to reflect the needs of each language community in our programming*
- maintain distinct and separate radio services in each of the 11 official languages*
- treat all the official languages equitably on our television services*

- *integrate South Africa Sign Language into broadcasting as a means of making programmes accessible to people with hearing disabilities*
- *strive to include other non-official languages spoken in South Africa, with particular emphasis on the Khoi, Nama and San languages.'*

Perhaps more than any other of the editorial policies, the SABC's language policy most clearly articulates the difficult balancing act the corporation has to perform in delivering on its mandate while remaining viable. The need to balance these sometimes competing imperatives is expressed in the section of the Language Policy dealing with equitability and allocation of time on television, where the SABC makes it clear that its approach has to be informed both by Constitutional and viability imperatives.

*'Equitability is achieved through a combination of means, including unilingual productions and multilingual programmes. We strive to explore the use of technologies such as subtitling to ensure that programmes are accessible to as many viewers as possible. At times, this objective is met the best by broadcasting in cognate or widely understood languages. When this is applied, the SABC rotates the use of languages in any cognate group in order to achieve equitability.*

*'In striving to achieve equitability, the following matters are taken into account:*

- *The overall time allocated to each language*
- *Scheduling of programmes when members of the target audience are available*
- *The range of programme genres available in each language*
- *Financial and other resources for programmes in each of the official languages.*

*'In determining allocation of time to each language, the SABC has due regard to:*

- *The number of home language speakers in the coverage area of a channel*
- *The geographical spread of the language*
- *The extent to which members of the language community are able to understand other languages*
- *The extent of marginalisation of the language*
- *The extent to which it is understood by other South Africans*
- *Available resources*

*‘These criteria are intended to ensure that all the languages receive some air time, but not necessarily in equal amounts. Moreover, when these criteria are applied effectively, we dedicate a greater amount of programme time to more widely spoken or shared languages, while committing ourselves to special projects for marginalised languages.’*

It should be noted that the SABC took great care in the development of its editorial policy on language. The SABC consulted about 100 stakeholders, including the Authority, in a full day workshop before the draft policy was published.

Once the draft policy was published, a further 221 written submissions were received from members of the public and stakeholders, making suggestions for improving the policy.

Although this policy expresses the broad vision of the SABC’s language commitment, the SABC acknowledges that it is only through its practice that its effectiveness and appropriateness will be measured.

In the light of this, the next sections describe in some detail the SABC’s approach to achieving its obligations regarding language, on both radio and television.

## **Language on Radio**

The SABC is the only broadcaster in South Africa that is able to offer programmes in all the official languages on its radio stations. This is because of the size of the SABC Radio platform, which is dedicated to meeting the language and cultural needs of all South Africans.

For many South Africans, radio is still the only medium available in their home language. PBS radio, which broadcasts in all the official languages, reaches 17.3 million South African adults daily. This means that 74% of the total daily radio audience has access via PBS (SABC) stations to programmes in their home language. The SABC therefore plays a crucial part in ensuring that ordinary South Africans are receiving communications and being provided with information, education and entertainment in languages they speak and understand. This enables people – regardless of their social and economic status – to have access to information, develop their knowledge, and understand themselves, others and the world around them. In this way citizens' constitutional right to freedom of expression, including the right to receive and impart information, is enhanced by the services provided by SABC Radio.

## **Language on Television**

The challenge of designing schedules to meet both constitutional requirements and commercial imperatives on only three television services cannot be overestimated.

There is simply not enough air time on the schedules to provide for every South African to be informed, educated and entertained in their own language on any regular basis. Furthermore, SABC television has to meet its language obligations in a way that allows the services to attract the greatest possible share of audience – a crucial factor both for maintaining its reach and

relevance to the public, and for driving revenue. It is not feasible to attract and retain broad, mass audiences, if the language of broadcasting is extremely variable and inaccessible.

In order to balance all these objectives, SABC television has to adopt a multifaceted approach to language:

- The Unilingual Approach, by which one language is used in a programme, or a single official language dominates in a programme. This model is ideal for ensuring equitability, promoting and developing individual languages, and catering for South Africans who are not multilingual. Whereas the Corporation is committed to dispensing its information, education and entertainment programmes in all the official languages, this approach is not without its limitations. Fitting eleven languages into three channels is a complex challenge that SABC Television continues to grapple with. Even when languages are grouped into 'cognate' clusters, it tends to niche and skew audience delivery, often compromising both audience and revenue delivery.

Global experience shows that broadcasters who have adopted this model, such as SBS in Australia, have less than 10% share of the audience market – an undesirable situation for a public broadcaster such as the SABC which is mandated to serve the broad public and which relies as it does on advertising revenue to finance and dispense its public service obligations. In addition, a number of genres do not lend themselves to unilingualism. For example, dramas, documentaries and talk shows most often rely on authenticity of language usage to appeal to audiences, and language usage in South Africa (especially in the urban areas, where the television market predominates) is increasingly multilingual.

Therefore, as part of the language prioritization plan across its radio and television platforms, SABC Television primarily takes the unilingual approach to broadcasting news and to some extent current affairs, informational programmes, education and children’s programmes. With the planned introduction of Regional Television Services, the corporation will gradually increase its delivery on the unilingual approach in other genres. However, this will be possible only if Regional Television Services have ‘public service delivery’ as their sole imperative and are funded accordingly.

- In conjunction with the unilingual approach, the SABC adopts a multilingual approach, which refers to significant use of more than one language in a programme offering. The multilingual approach is premised on the objective ‘to provide for the learning of South African languages by all South African citizens in order to promote national unity and multiculturalism’. Multilingual programming often contains a mix of different African languages and sometimes a mix of English and African languages.

**Table: Percentage of viewers who enjoy local programmes which feature multiple languages**

Afrikaans	English	Ndebele	Sepedi	Sesotho	SiSwati	XiTsonga	Setswana	TshiVenda	IsiXhosa	IsiZulu
59%	57%	82%	76%	72%	70%	80%	79%	72%	72%	82%

Source: SABC Panel Research, August 2003

- The table above shows the percentage of South Africans who enjoy local programmes in which a number of different languages are spoken. African language speakers in particular enjoy multilingual

programmes; the lowest preference is among English and Afrikaans speakers.

- Contrary to public perception, the SABC's multilingual approach has not resulted in a decrease in the percentage of African languages used on its PBS television services. In the past two financial years (2002/03 and 2003/04), SABC PBS delivery on official languages/groups other than English increased by an average of 40% for African languages/groups and 11% for Afrikaans programmes.
- The multilingual approach, when used creatively, can reach out to wider audiences and has been a pillar of SABC Television's success in key genres such as drama, with programmes like *Isidingo*, *Yizo-Yizo*, *Muvhango*, *Emzini Wezinsizwa*, *Zola 7* and in factual programmes such as *Positive*, *Motswako* and *50/50*.

As indicated above, the television platforms available to the SABC are inadequate for substantial delivery, on an equitable basis, in all 11 official languages. This was acknowledged by Parliament with the amendment of the Broadcasting Act, and the significant outcome of that realization was Section 22A which provides that the SABC shall apply for two additional regional channels to assist it in delivering on its language mandate.

The SABC's approach to language for the two additional regional channels is to prioritise the minority languages on those platforms, as well as unilingual delivery in all the official languages across a range of genres. The regional channels will therefore complement the delivery of languages other than English on the national channels. In closing, it should be noted that the Authority did not, in its position paper on Private Television, prescribe language obligations for private television services. In practice this has meant

that SABC television services are the only television broadcasters delivering substantial amounts of programming in languages other than English. SABC Television is doing this with very marginal public funding to assist in fulfilment of this mandated obligation.

### **7.3.2. News and Current Affairs Programmes**

Section 10(1)(d) of the Broadcasting Act provides that the public service shall deliver significant news and public affairs programmes that meet the highest standards of journalism, and uphold the principles of fair and unbiased coverage, impartiality, balance and independence from government, commercial and other interests.

The importance of news in the public broadcaster's offering has been highlighted frequently by the Authority. For instance, in the Triple Inquiry Report, it was said that:

*'The Authority believes that the fundamental responsibility of the public broadcaster is to provide original programming of direct relevance to the public it serves. In this regard the Authority expects the public broadcasting services to provide viewers and listeners with access to regular and accurate news and information. From the reporting of daily news to the examination of current concerns local and nationally, the public broadcasting services must play a central role in providing South Africans with relevant information necessary in a democracy.'*

The SABC, in its editorial policies, has also emphasized the importance of news:

*'The SABC recognizes the important part played by news and information in human, social and economic growth and development in societies such as ours that are embarking on nation building. The*

*SABC takes account of this, as it is in these circumstances that News, Current Affairs and Information services can be the catalyst for positive and progressive development and change.'*

The corporation's editorial policy further states that:

*'The SABC occupies a distinctive position of trust in the lives of its viewers and listeners. We are the most extensive, all inclusive and diverse news organization in South Africa. The SABC considers it a duty to provide consistent, relevant, useful and top quality information and analysis on which all South Africans can rely as they discuss, deliberate, form opinions and build a common future.'*

Access to information is the cornerstone of a democracy. Up to date information on a variety of issues and events that reflect the collective achievements and failures of the nation or any of its constituent parts helps citizens to take part in shaping their destiny.

Section 2 (c) of the Act obliges the Authority to *'ensure that broadcasting services, viewed collectively:*

*(i) develop and protect a national and regional identity, culture and character;*

*(ii) provide for regular:*

*(aa) news services;*

*(bb) actuality programmes on matters of public interest;*

*(cc) programmes on political issues of public interest;*

*(dd) programmes on matters of international, national, regional and local significance.'*

The SABC is by far the biggest source of news and current affairs information for most South Africans, and the SABC's news content contributes to the goals of democracy, development, and nation building. As the main player in serving the public's right to know, the SABC's duty to provide extensive and in-depth coverage – to tell the South African story and provide South African perspectives on international events – is more exacting than that of other news mediums.

The SABC has made great strides in meeting its obligations regarding news and current affairs, on both radio and TV, as discussed below.

### **News on Radio**

In 2002 a project to expand news and current affairs slots on PBS radio was begun. As a result, SAfm now broadcasts 20 five-minute bulletins a day, as well as 11 headline updates and seven hours of current affairs programming. Lesedi FM's bulletins were increased to 16 a day. On XK-FM, seven daily bulletins and an hour of current affairs programming a day were introduced in two San languages. The uniqueness of news on this radio station is that the San tongues are only spoken languages – there is no written version – so the material for broadcasting has to be prepared in Afrikaans and translated by the newsreader on air into !Xu and Kwe.

African language radio current affairs shows visit remote rural villages regularly for special broadcasts on community, cultural and socio-economic issues – often with live audience participation.

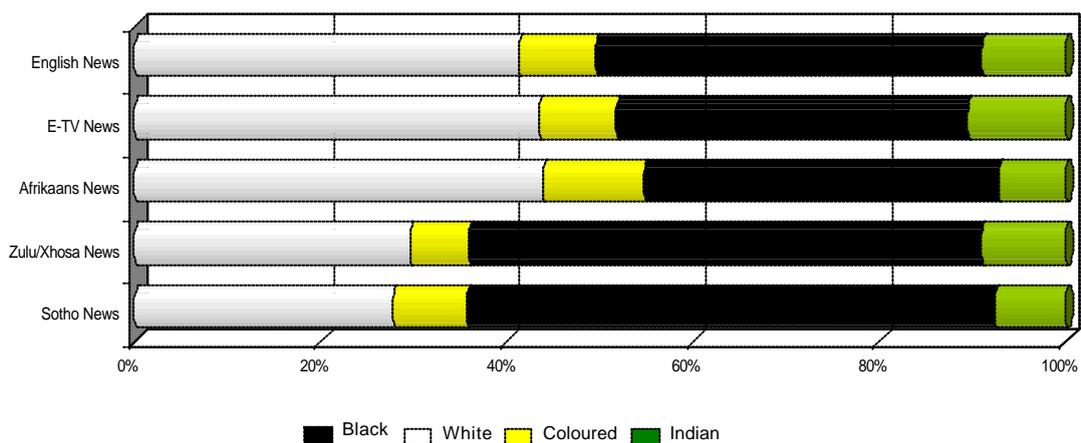
### **News on Television**

Recent developments also saw the 20:00 English news bulletin on SABC3 moving to 19:00, which has resulted in an increase in audience. The SABC

also responded to public demand by moving the Sotho news bulletin to an earlier slot. Unfortunately, this has not translated into increased patronage. More than 70% of Sotho-speaking viewers choose to watch news in other languages, such as Nguni and English. This reaffirms the tension the SABC has to manage between its legislated obligations and the needs and wants of audiences.

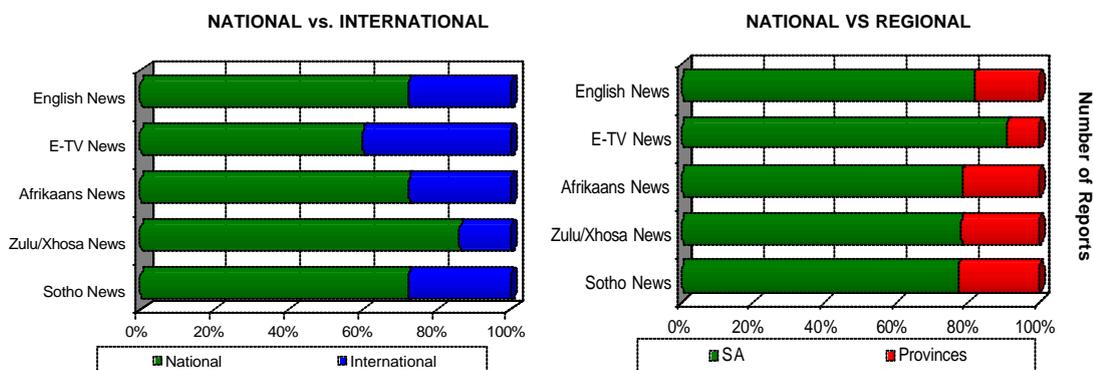
In a study of South African Television News Content done by Media Tenor, SABC news bulletins showed representivity in terms of race, irrespective of the language of the bulletins. The SABC remains the primary deliverer of television news to a diverse audience.

### RACE REPRESENTATION OF NEWS BULLETINS



Source: Media Tenor – December 2003

### GEOGRAPHIC COVERAGE



Source: Media Tenor – December 2003

The same study also shows SABC television news coverage in terms of geography, with all the bulletins reflecting an average of 70% of South African stories in their bulletins. Of the South African stories covered by SABC television news, an average of 25% are regional, or from the provinces – again highlighting diversity in coverage.

### **7.3.3. Educational Programmes**

Section 10 (1)(e) of the Broadcasting Act provides that the public service shall include significant amounts of educational programming, both curriculum based and informal educational topics from a wide range of social, political and economic issues. These include but are not confined to human rights, health, early childhood development, agriculture, culture, religion, justice and commerce, and contribute to a shared South African consciousness and identity.

The role of the public broadcaster in providing educational programmes has been recognized by the SABC in its editorial policies:

*‘The SABC recognizes that to right wrongs inflicted by decades of apartheid education on the knowledge, literacy and skills profile of South Africa requires the collective contribution of all educational authorities, institutions and individuals.*

*The SABC recognizes that through broadcasting, it can make a unique contribution to this national project. Complementary to what is offered by schools, colleges, higher education institutions and workplace training, radio and television can make the most significant contribution to learning.’*

The SABC further acknowledges that an informed, educated citizenry is fundamental to the sustained development of South Africa, and that through its educational programme offerings it is well placed to advance national goals of equality, dignity and an inclusive society.

In order to achieve the aims of 'education for all', as articulated by the United Nations in its millennium educational goals, we believe that the SABC plays a crucial part in achieving the educational mandates: we are uniquely placed in our ability to reach audiences from all the language groups, cultures and areas, however far-flung they may be, including rural areas where our people were previously denied access to education.

SABC Education's programmes and services have won a number of awards, the latest being the international BAKAFE Award for the best adult education documentary strand, honouring the work of Professor Philip Tobias in *Tobias' Bodies*, and the children's formal schooling programme, *Adventures at the Waterhole*, which was also pre-selected in 2001 at the Japan Prize Contest.

### **Educational Programmes on Radio**

SABC Radio has reinvested significantly in radio education. We all need to understand and influence the society we live in, and to be empowered to contribute to our economy and our democracy. SABC Radio therefore believes that it has to take the lead in providing educational programmes, messages and services that enable people to enrich their mind and enrich their life. Whereas educational programmes once used mainly the talk format, drama, magazine and documentary formats are now used increasingly.

Notwithstanding the fact that audience research indicates few radio listeners surveyed are interested in education programmes, the SABC regards it as a key obligation to deliver content that is both informative and educational on its radio platforms. Offering programmes and services that build the skills,

knowledge and attitudes of our diverse audiences, is therefore an important part of the PBS mandate.

### **Educational Programmes on Television**

The Corporation's approach to delivery of educational programmes on television is that audiences need both formal and informal education to develop the skills, knowledge and attitudes needed to become productive and involved citizens. As a minimum, then, the SABC offers educational programmes in the following mandated areas:

- Early childhood development
- Children at home
- Formal education
- Youth development
- Adult and human resources development
- Public education

SABC Education guides the provision of educational broadcasting that is relevant and appealing to the diverse targeted audiences and reflects, with sensitivity, the diverse experiences of all South Africans and addresses their educational needs.

Its educational programmes seek to redress imbalances in the historical provision of informative and educational content, especially (but not exclusively) those based on language, gender, race and disability needs;

#### **7.3.4. Support for Artistic Expression**

Section 10 (1)(g) of the Broadcasting Act provides that the public service delivered by the SABC shall enrich the cultural heritage of South Africa by supporting traditional and contemporary artistic expression.

The SABC already makes a significant contribution to the support of artistic expression, in line with its editorial policies which state that:

*‘As the national public broadcaster it is our duty to encourage the development of South African expression. We therefore showcase South African talent, support South African culture, and aim to develop programmes that are identifiably South African. These should contribute to a sense of national identity and of shared experience, and to the goal of nation building.’*

The SABC believes it is important to invest in South Africa’s arts and culture. As part of the overall investment, the television channels supported a number of events, either as broadcasting partner or as high-level sponsor: for instance the *North Sea Jazz Festival*; *National Arts Festival*; *Klein Karoo Nasionale Kunstefees*; and the *Massed Choir Festival*. Apart from screening recordings, the channels also featured live appearances by local bands, choirs, dancers, artists, etc in magazines – including news magazines such as *Morning Live*. The numerous examples of support for arts and culture by PBS radio stations include partnering the Department of Arts and Culture and the Department of Education in various initiatives, and developing and presenting cultural music festivals.

#### **7.3.5. Services for Children, Women, Youth and the Disabled**

Section 10(1)(g) of the Broadcasting Act provides that the public service delivered by the SABC shall strive for a broad range of services, targeting, children, women, youth and the disabled in particular.

The importance of offering a wide range of services has been acknowledged in the corporation’s editorial policies which state that:

*‘Across our portfolio of stations and channels we aim to meet the needs of all our audience segments. This extends to young and old, urban and rural in all the provinces, speakers of all the official languages, and people of every religious persuasion. It is obviously impossible for the SABC to please everyone all the time, but we endeavour to offer a wide range of information, education and entertainment in a variety of genres and formats, in which everyone should find something of interest some of the time.’*

Our approach to catering for the needs of the four groups mentioned in the Broadcasting Act is set out below.

## **Children**

The SABC’s editorial policies refer to children’s programmes as follows:

*‘Children require informative, educational and entertaining programming of excellent quality, in their home language, that is aimed specifically at addressing their needs and instilling a sense of pride in their culture and language. These needs vary according to the circumstances and ages of children, from pre-school to school going and adolescence. The SABC recognizes that many children, particularly pre-school children, understand only their home language.’*

The importance of children’s programmes has also been realized in the South African content regulations, which sets quotas for local children’s programmes and refers to the age specificity of children’s programming (0 – 6 years and 7 – 12 years). In these regulations, the Authority also states that it is essential to separate the audience in order to address their range of cognitive, analytical and developmental skills.

## **Children's Programmes on Radio**

SABC Radio believes it has a responsibility to ensure that children have access to a diversity of good quality programmes made specially for their age group. They should also be entertaining and culturally appropriate, and enhance their development.

Although children's programmes on SABC radio stations are primarily educational, they are presented in an entertaining way and from a child's point of view. Children's programmes on SABC Radio may therefore be described as edutainment.

SABC Radio gives children the chance to learn and to listen to their culture, to themselves and to the world. Radio also helps rekindle imagination and self-image.

The SABC's audience research indicates that only 8% of the total radio audience tunes in for children's programmes, and although this figure is low the SABC continues to offer radio programmes aimed at children.

## **Children's Programmes on Television**

In delivering entertainment, education and information, SABC Television offers a wide range of programmes for children, from toddlers to adolescents. The material for young audiences is designed to reach different target groups at times best suited to their needs, age and level of maturity.

## **Youth Programmes**

SABC1, as the channel primarily targeting a youthful audience, over the past five years has led the field in programmes for the youth. However, both SABC1 and SABC2 have devoted weekday afternoons exclusively to youth

programmes. Issues of interest and concern specific to South Africa's young people have been dealt with in discussion and interactive programmes such as *Yizo Yizo*, *Gaz'Lam*, *Zola 7*, *Take 5*, *Get Real*, *Mojo*, and *R.U.N. The Adventure*.

On PBS radio, most of the youth programmes have taken the form of formal and non-formal education, and been scheduled in the afternoon. Creative, entertaining and constructive, the programmes focus on reinforcing culture, promoting morality, and resolving issues.

### **Programmes for Women**

The SABC has a proud history of supporting women's projects, in appreciation and celebration of the women of South Africa; of their role in the struggle for democracy; and of their part in the transformation and reconciliation processes. Attesting to this are programmes such as *Lebone*, *Women on the Move*; *True Life*; *Women in History*; special programming for Women's Day; and the SABC's partnership and active involvement in the *Women of the Year Awards*.

### **The Disabled**

The SABC deals with disability in its editorial policies, as follows:

*'We recognise that groups with disabilities often feel marginalized, and that it is a duty of the public broadcaster to promote access by these audience segments to its services and programmes and to ensure that the representation of people with disabilities in our programming is fair.*

*'The SABC therefore treats people with disabilities respectfully in its programming, and we are committed to reflecting issues of disability in*

*a way that does not perpetuate harmful negative stereotypes of the disabled.*

*'We are also committed to exploring mechanisms for enhancing our delivery to people with disabilities. Where possible, we also strive to involve disabled persons in such initiatives.'*

The SABC is committed to responding to the broadcasting needs of all its audiences, and responding effectively to the needs of people with disabilities is an important part of our mandate. Broadcasting of programmes in South African Sign Language is one of the means of meeting the needs of people with hearing disabilities. Although broadcasting of Sign Language interpretation facilitates access to programmes for a substantial part of the deaf and hard of hearing community, the SABC is committed to increasing the Signed programmes progressively, beginning with selected news and current affairs, and events of national importance. While focusing on delivering Signed programmes, the SABC also acknowledges that a holistic approach is needed to address the needs of the deaf community. The corporation recognizes that technology offers innovative means of meeting the challenges of broadcasting in the country's official languages and South African Sign Language.

### **7.3.6. Sports Programmes**

Section 10(1)(i) of the Broadcasting Act provides that the public service of the corporation shall include national sports programmes as well developmental and minority sports.

Apart from the major sports such as soccer, cricket, and rugby, SABC radio and television give extensive coverage to minority sports in the magazine format. For example, sports such as swimming, netball, basketball and the martial arts are reflected weekly. Development sports are covered largely in

youth magazines, and there is also coverage of disability sports. Women's soccer has been given a special slot, and boxing also receives coverage. Minority and development sports are both also included in radio and television talk shows and results round-ups.

## **8. CONCLUSION**

The SABC has in this application motivated for the amendments to its licences that are needed in order to reflect reorganization and the related obligations. In doing so we have attempted to give a comprehensive picture of the legal framework governing the application, and of the way in which reorganization has been implemented at the SABC. However, we have not confined ourselves to these matters, but have also given a description of the market conditions in which we operate, and the financial impact these conditions have on our business model.

It is a peculiarity of the South African landscape that the public broadcaster is almost completely reliant on commercial sources of revenue for its survival. This places the public broadcaster in an invidious position – competing commercially, and simultaneously offering a substantial and meaningful public service mandate. These difficulties have been well traversed in other arenas are not a central concern for this inquiry, other than insofar as the licence conditions to be set by ICASA should not have a negative impact on the integrity and viability of the public broadcaster.

In terms of section 22 the SABC has therefore proposed amendments to its licences, which we believe are necessary and appropriate.