



NAB
National Association of Broadcasters

Parliamentary Portfolio Committee on Communications
**NAB STATE OF THE BROADCASTING INDUSTRY REPORT 2014
AND STATE OF COMMUNITY MEDIA**

September 2015



Who is the NAB

Industry Association, established in 1993 - all three tiers of broadcasting

Established the **BCCSA** -Code of Conduct for Broadcasters recognised in legislation

Current NAB Members:

- The three television services and 19 radio services of the **SABC**
- Licensed commercial radio broadcasters (includes media groups: **Primedia, Kagiso Media, Tsiya Group, AME, MSG Afrika, TML, Classic FM, Kaya and YFM**)
- All licensed commercial television broadcasters (**e.tv, Multichoice, M-Net, ODM**)
- A host of **community radio** broadcasters and one **community television** broadcaster
- Both the licensed broadcast signal distributor and the selective and preferential broadcast signal distributors, **Sentech** and **Orbicom**
- **Associate** members including **training institutions**

NAB Mandate

The NAB is a non profit voluntary association that is funded solely by its members, established to:

- Ensure a broadcasting system that provides choice and diversity for audiences
- Create a favourable climate for broadcasters to operate within
- Ensure a broadcasting industry grounded in the principles of democracy, diversity and freedom of expression
- Ensure broadcasters adhere to a Code of Conduct

INTRODUCTION

- ▶ In 2014 the NAB celebrated:
 - 20 years of democracy
 - 20 years of three tiers of broadcasting
 - 20 years of the NAB
- ▶ Members wanted to mark this milestone in a way that would be both meaningful and useful
- ▶ PwC was commissioned to prepare the NAB's first survey on the state of broadcasting in South Africa
- ▶ All NAB members participated in the survey

Agenda

An overview of the NAB Report

- **Looking back**

A reflection on the development of the broadcasting industry from 1994 to today

- **Looking in**

The state of the broadcasting industry for the years 2012, 2013 and 2014

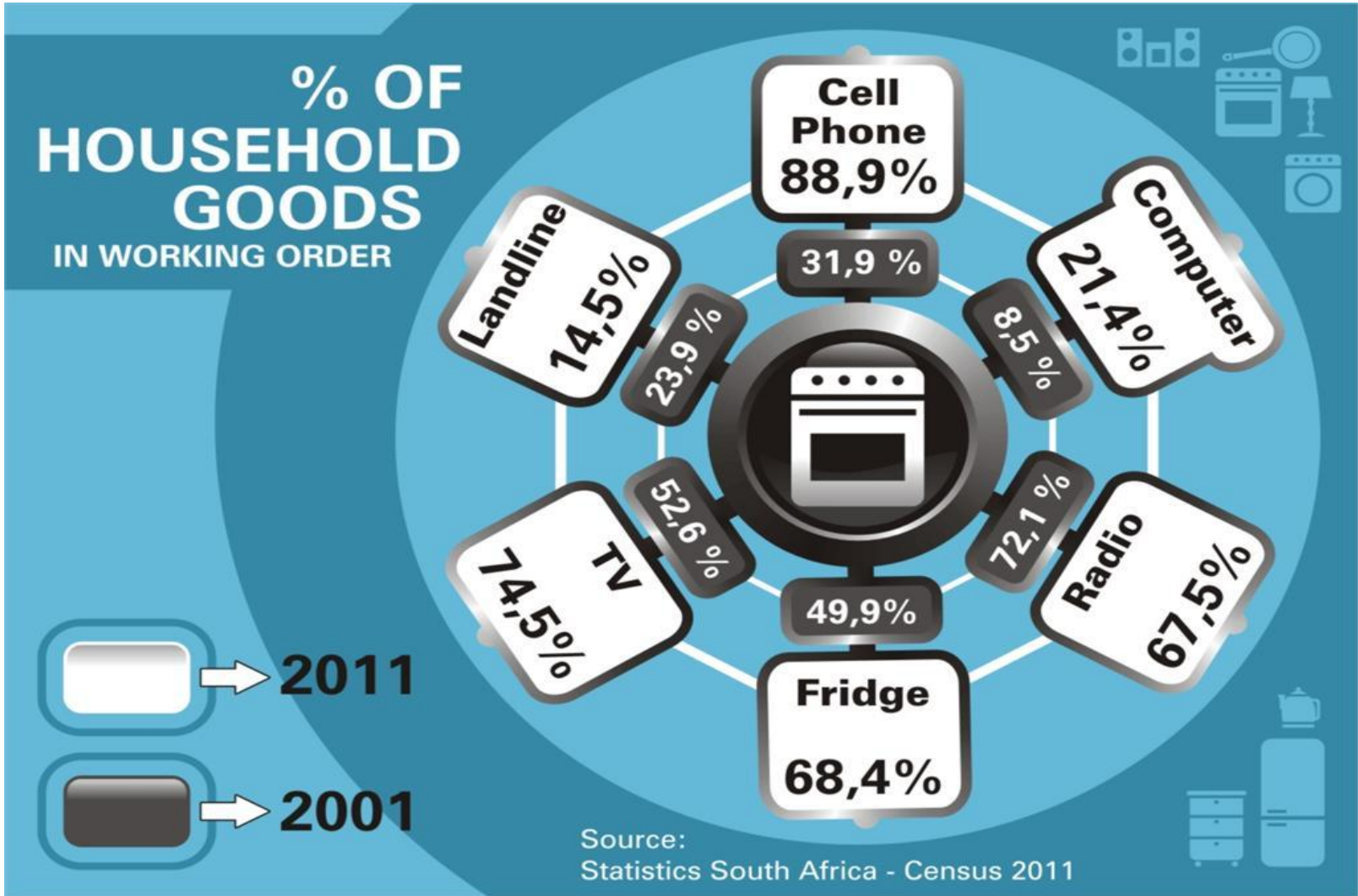
- **Looking forward and where to from here**

Challenges, trends and opportunities facing the industry

Community Broadcasting

The state of community broadcasting

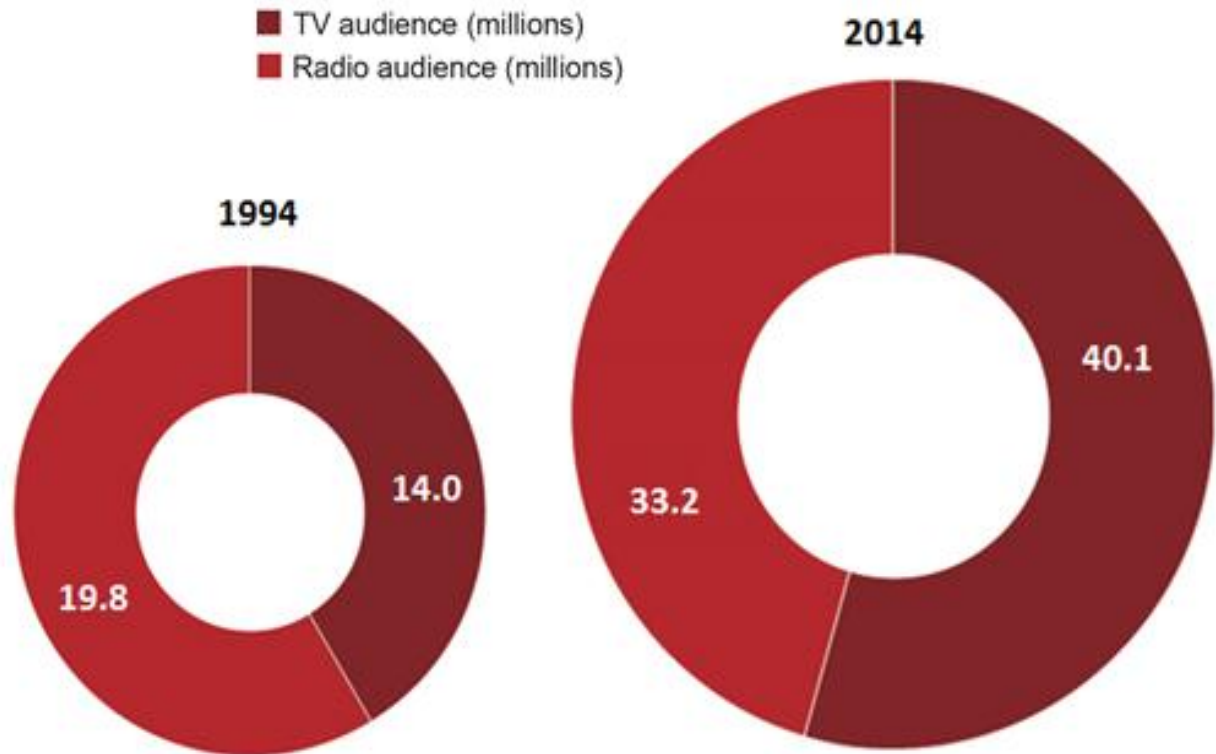
Census 2011 - Stats SA



Looking back

A reflection on the development of the broadcasting industry from 1994 to today

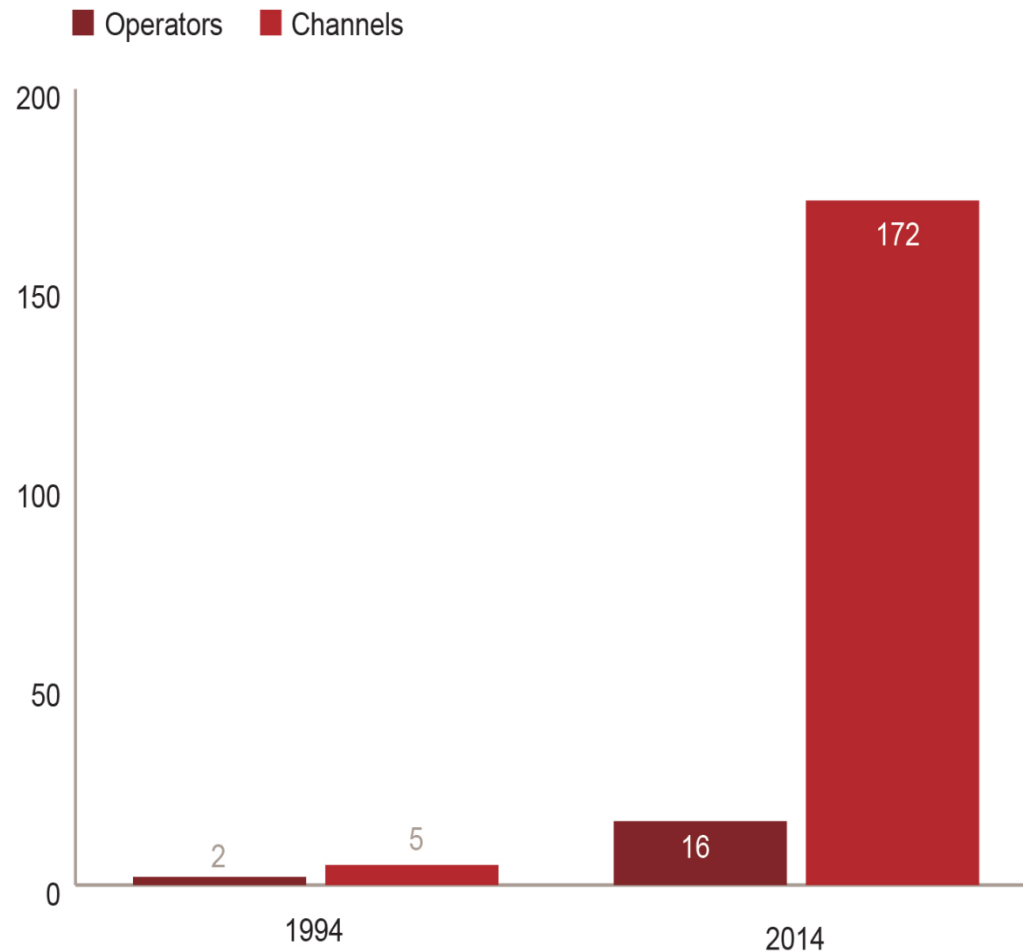
*Total audience
(millions)*



Looking back

A reflection on the development of the broadcasting industry from 1994 to end 2014

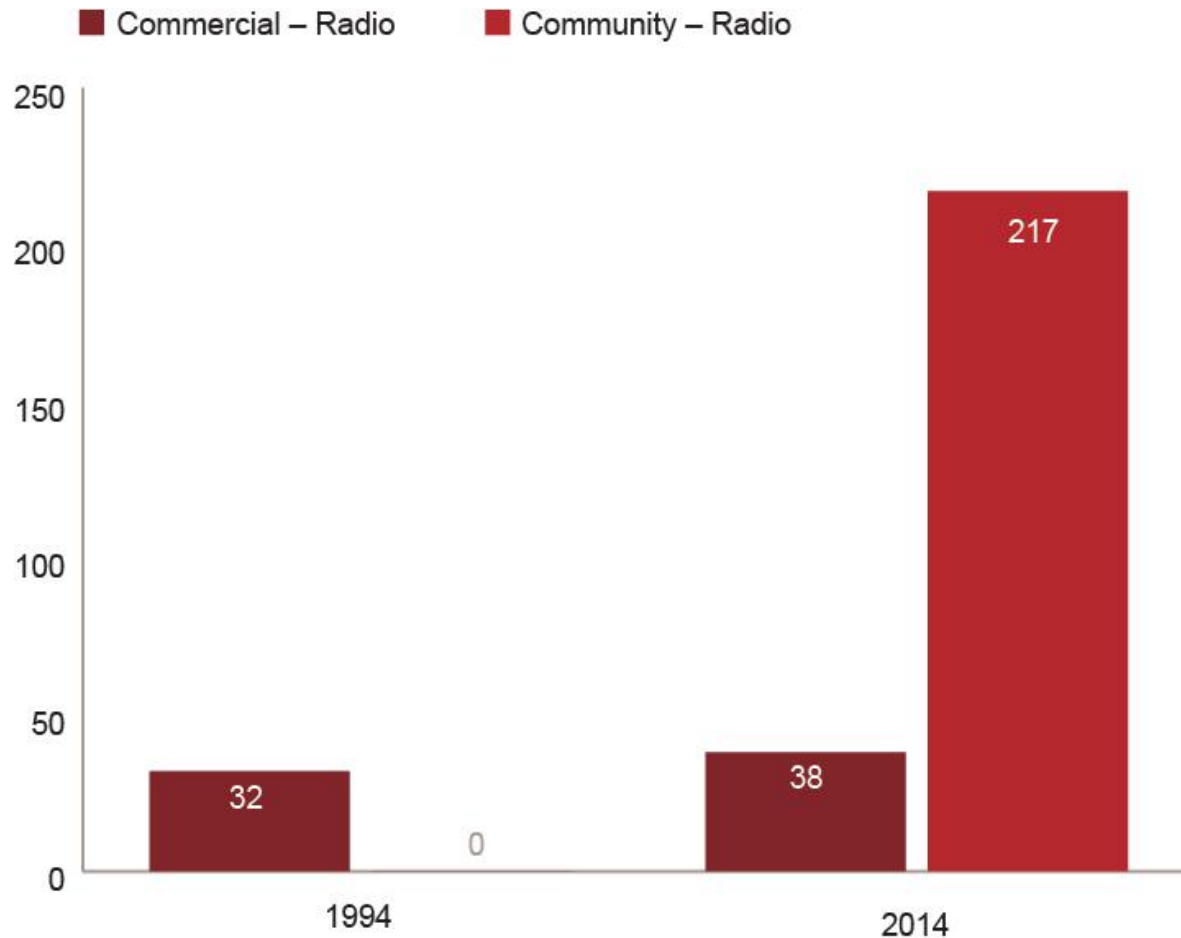
Television operators and channels (number)



Looking back

A reflection on the development of the broadcasting industry from 1994 to end 2014

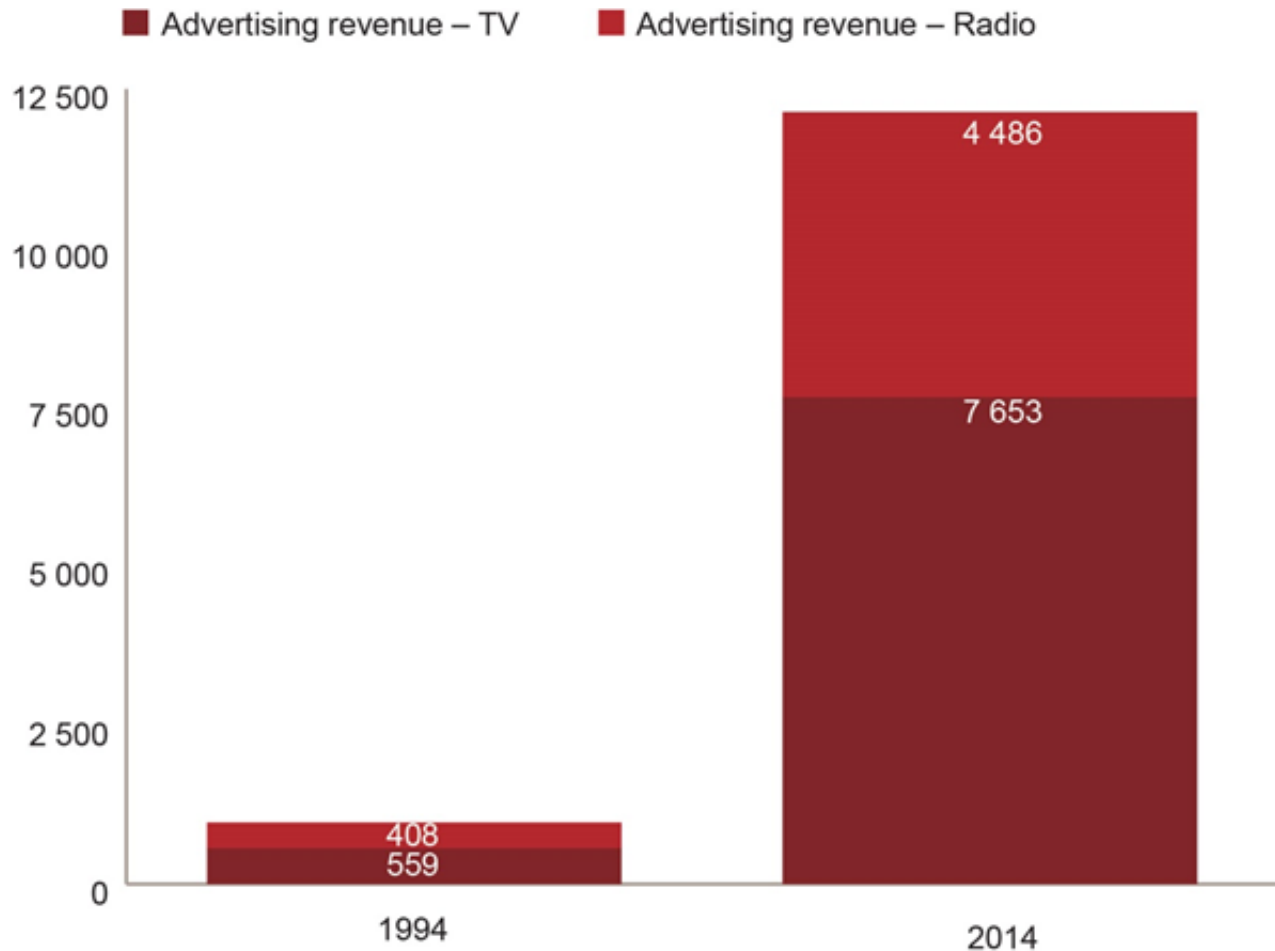
Radio stations (number)



Looking back

A reflection on the development of the broadcasting industry from 1994 to end 2014

Advertising revenue earned (R millions)



Looking in

The state of the broadcasting industry for the years 2012, 2013 and 2014

Approach and methodology

Information in respect of the 2012, 2013 and 2014 years was obtained via confidential surveys, administered by PwC, to NAB members. The surveys covered:

- Audience figures;
- Content (including amount of local content, independently produced content and the languages in which content is broadcast);
- Revenue earned (advertising (excluding discounts) and subscription revenue as well as the time of day when advertising revenue is highest);
- Contributions (in the form of taxes, licence fees, levies etc);
- Employment levels (permanent and temporary, including number of employees who are persons with disabilities);
- Levels of investment; and
- Social contributions (number and value of corporate social responsibility (“CSR”) projects undertaken).

Looking in

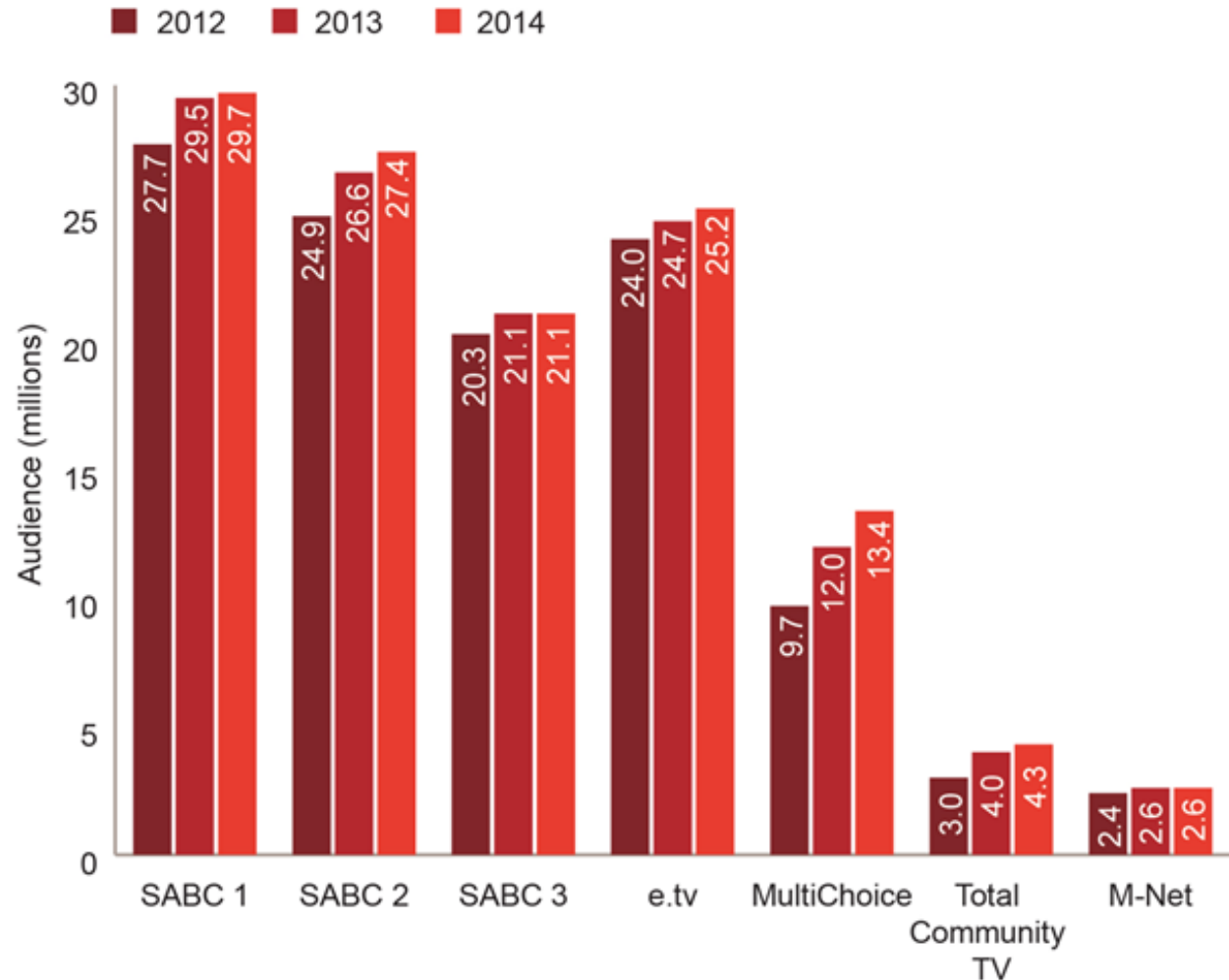
The state of the broadcasting industry for the years 2012, 2013 and 2014



Looking in

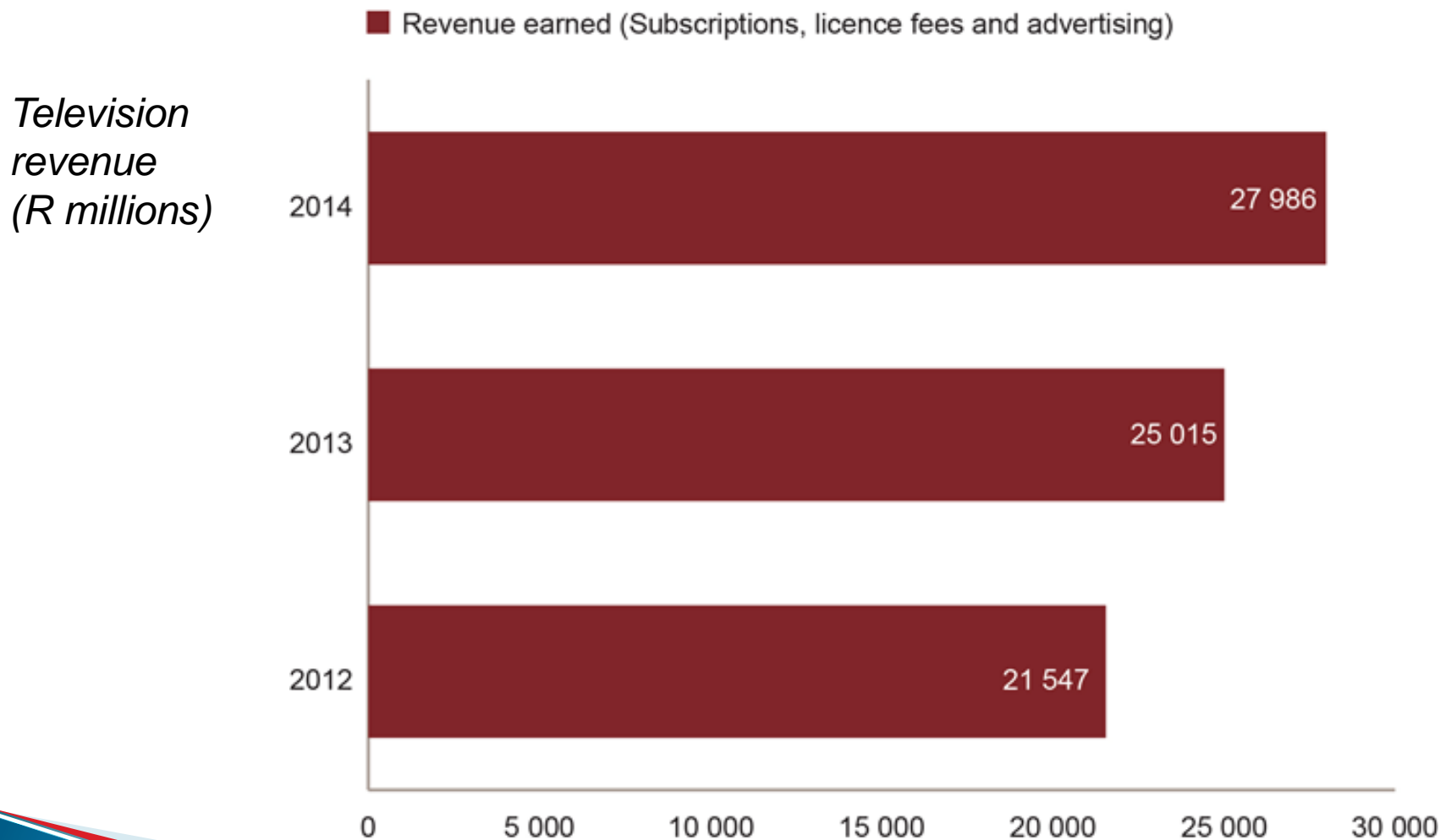
The state of the broadcasting industry for the years 2012, 2013 and 2014

Television
audience by
reach
(millions)



Looking in

The state of the broadcasting industry for the years 2012, 2013 and 2014



Looking in

The state of the broadcasting industry for the years 2012, 2013 and 2014

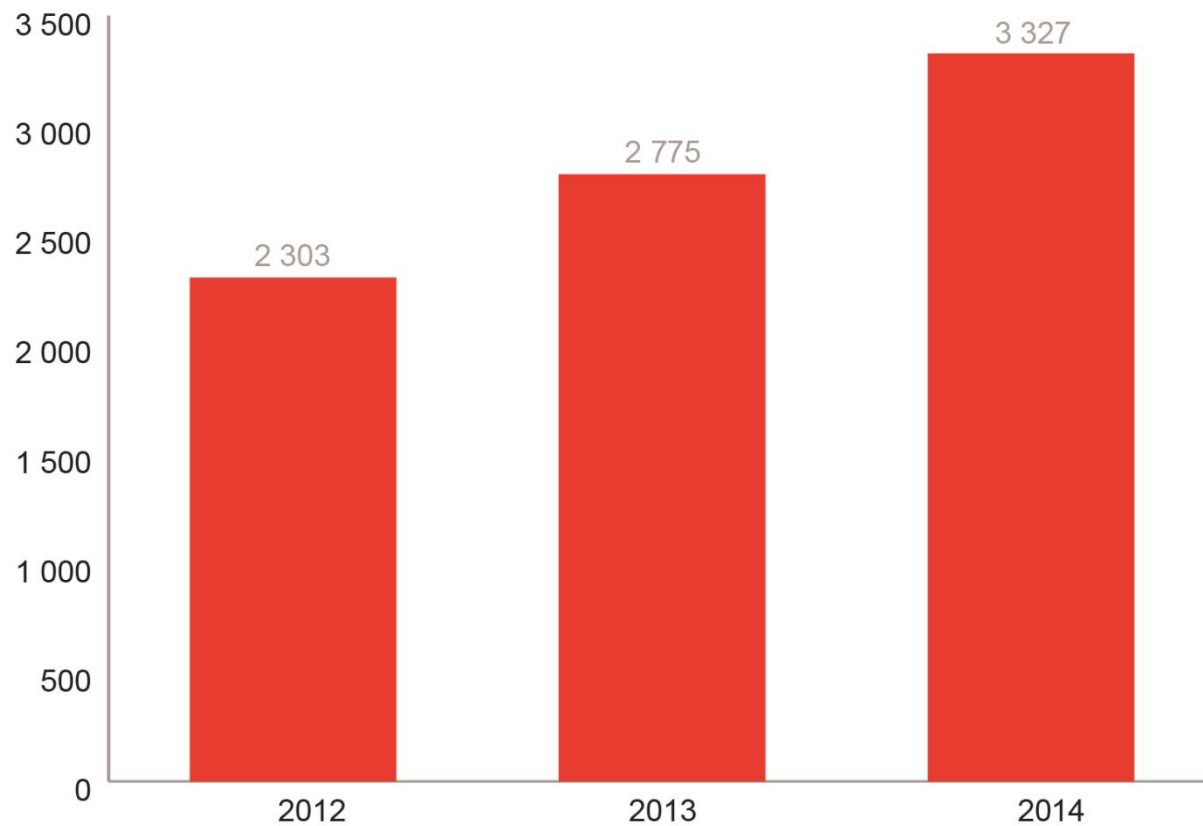
■ Corporate and employee taxes

Television
Contributions
(R millions)

Spacing?

R1.46 billion

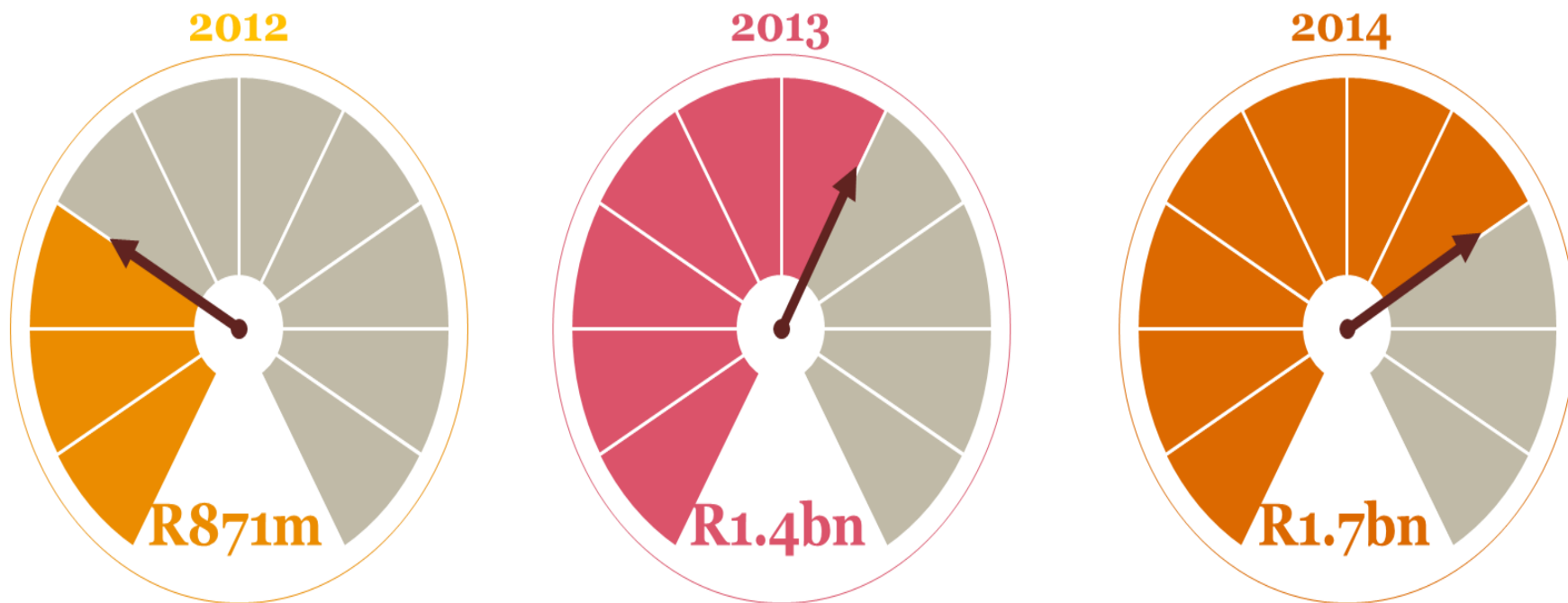
Licence fees, levies and other contributions by TV broadcasters over the period 2012 – 2014



Looking in

The state of the broadcasting industry for the years 2012, 2013 and 2014

Local content investment



Looking in

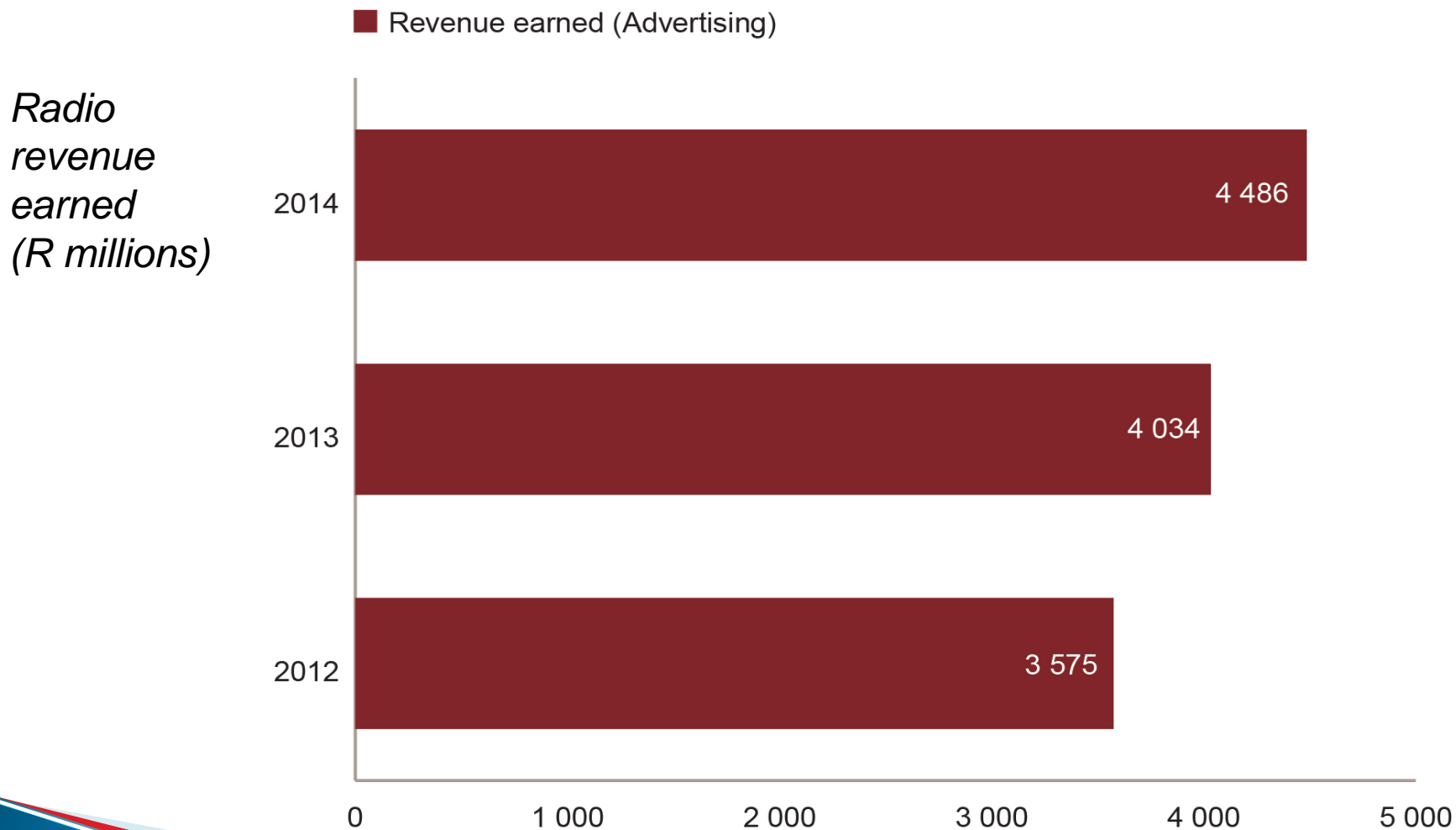
The state of the broadcasting industry for the years 2012, 2013 and 2014

Radio



Looking in

The state of the broadcasting industry for the years 2012, 2013 and 2014

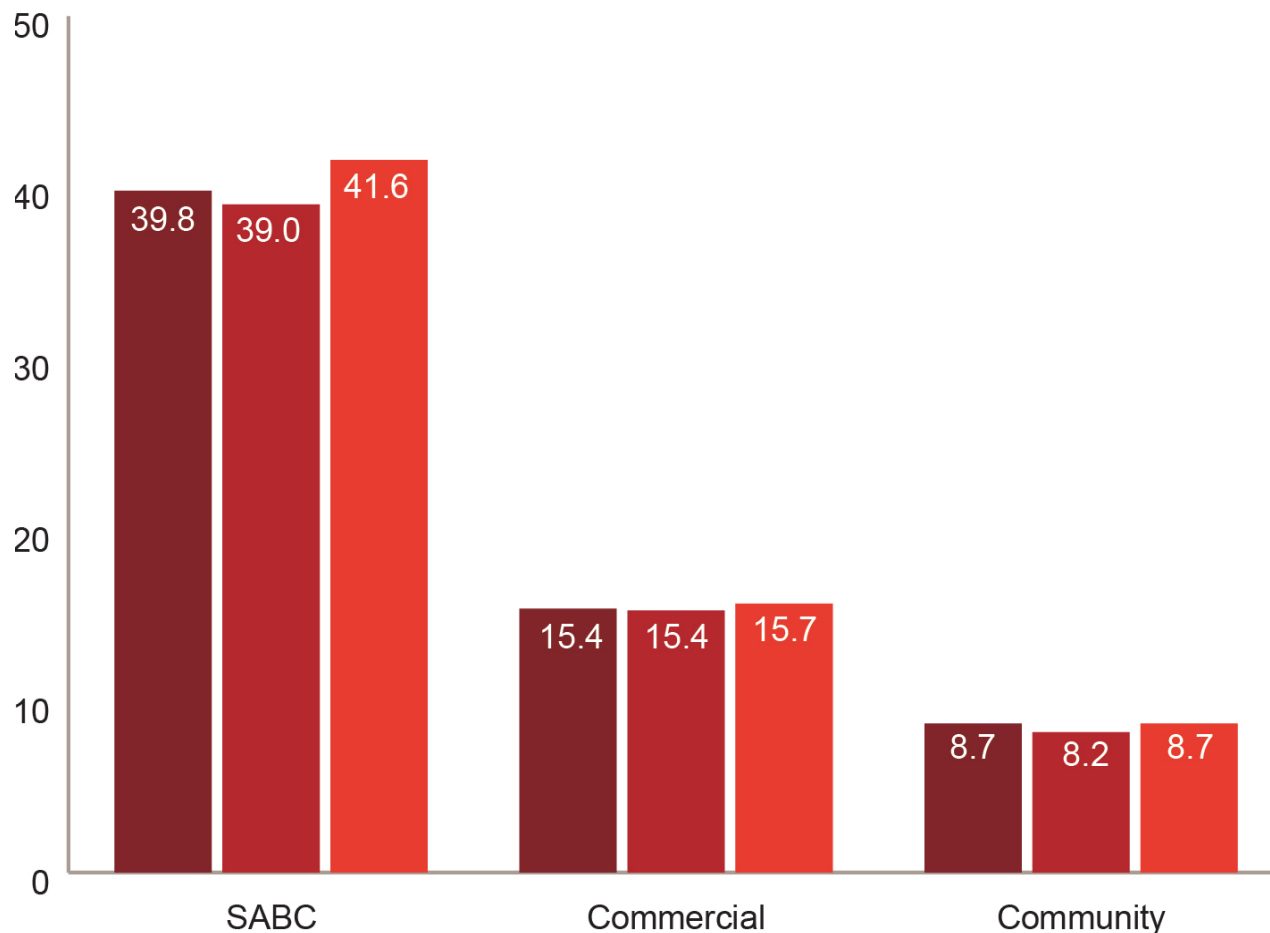


Looking in

The state of the broadcasting industry for the years 2012, 2013 and 2014

■ 2012 ■ 2013 ■ 2014

Radio audience by reach (millions)



Looking in

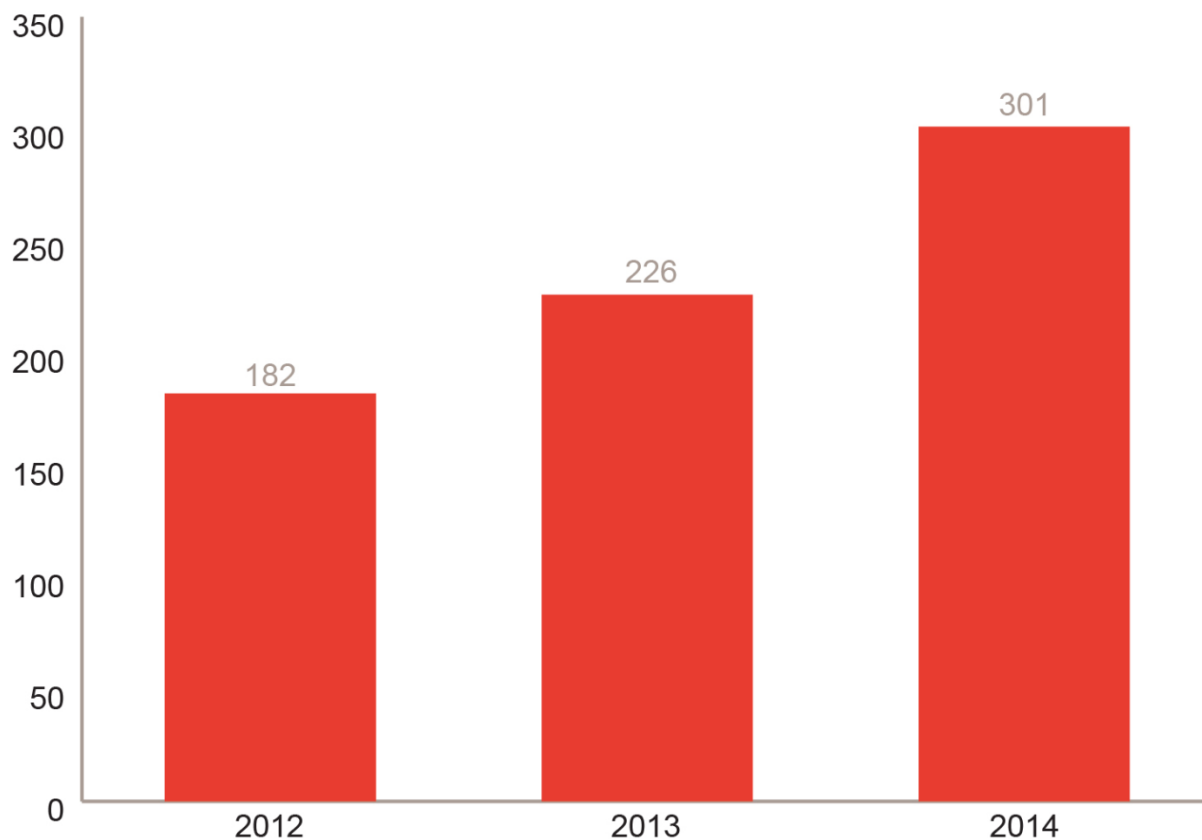
The state of the broadcasting industry for the years 2012, 2013 and 2014

■ Corporate and employee taxes

Contributions -
Radio
(R millions)

R471 million

Licence fees, levies
and other
contributions by radio
broadcasters over the
period 2012 – 2014



Looking in

The state of the broadcasting industry for the years 2012, 2013 and 2014



Looking forward

Challenges, trends and opportunities facing the industry

Television



Traditional TV still dominates, but changes are starting to appear on the horizon

Changes on the horizon signal increased competition

Advertising landscape shifting

My time...my screen...my price

Looking forward

Challenges, trends and opportunities facing the industry

Radio



Measurement matters

*Radio superior to streaming
and holding its ground*

*Knowing your audience – critical to
success*

So where to from here?

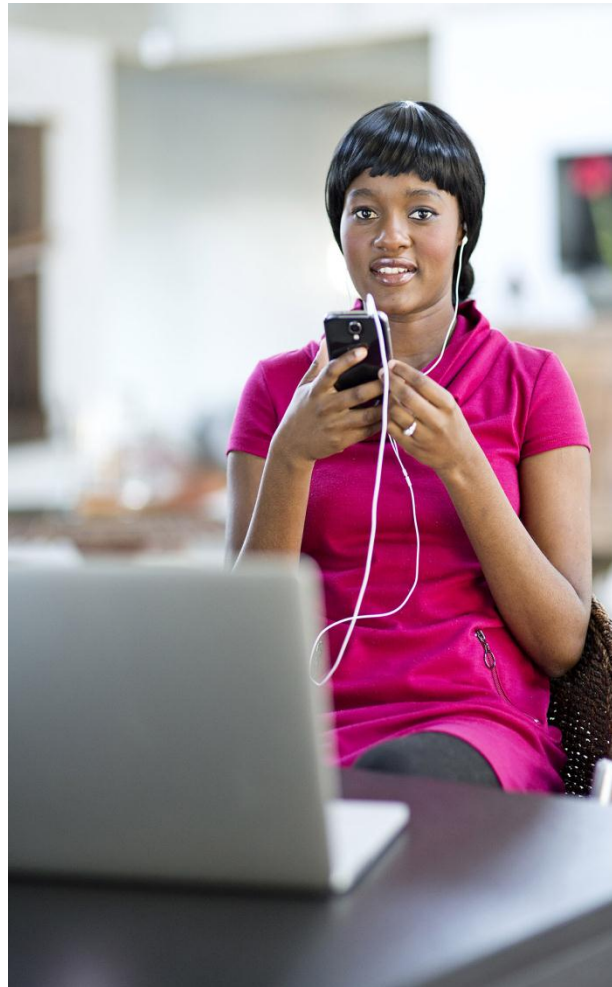
Life and regulation in a multi-device, multi-platform world



Convergence



New entrants



Lack of regulatory
framework



Adaptability

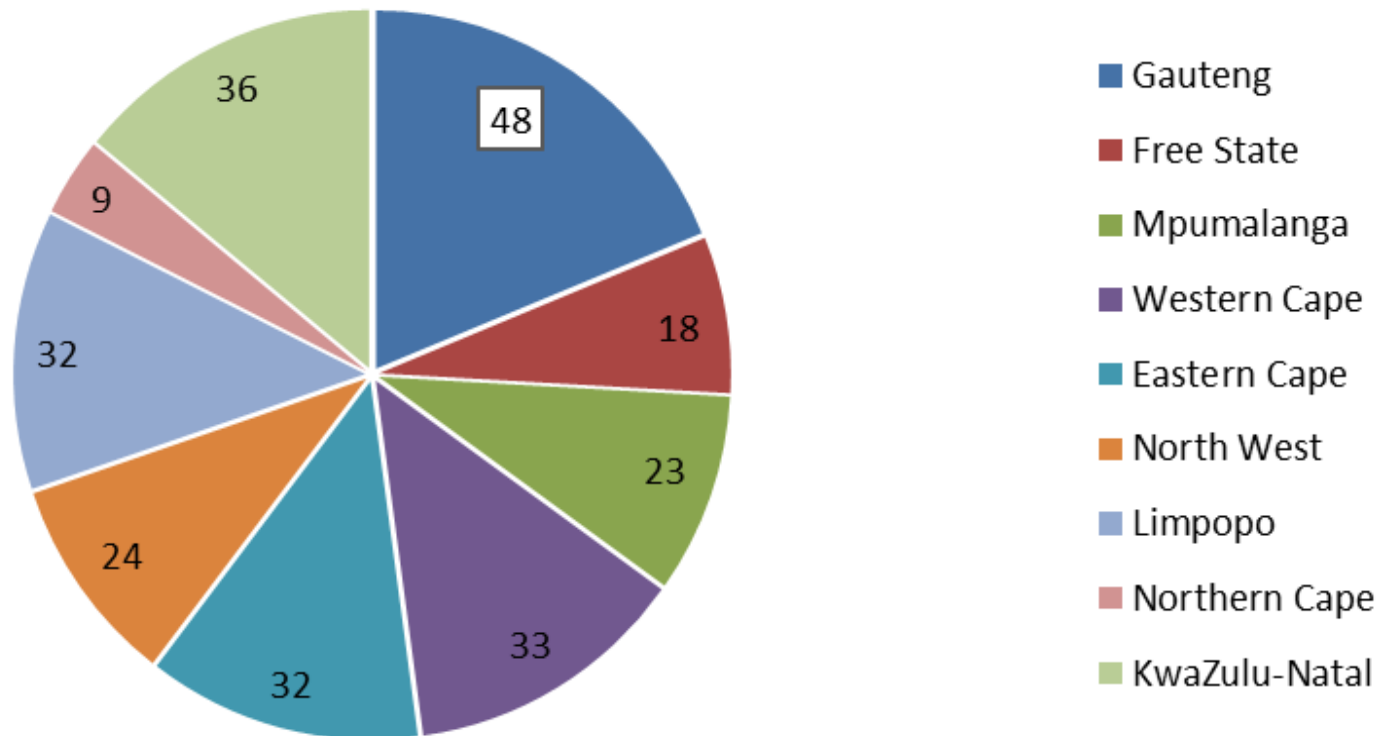
Conclusion on the NAB Report

- ▶ This is the first report of its kind to be prepared by the NAB
- ▶ We present some baseline data collected from the membership of the NAB - the report does not purport to be a definitive study of every aspect of the broadcasting industry
- ▶ We believe the report could develop into a critical resource over time

Community Broadcasting in SA

- Community broadcasting began in 1993/1994 when the then IBA issued licenses for temporary radio services - this was followed by 'permanent' four year license terms for both **community of interest** and **geographic** stations
- According to ICASA there are currently 255 licensed community radio broadcasters
- In 2000 ICASA began licensing community television services, the first being TBN t/a Faith Terrestrial - to date there are six licensees on air
- 29 March 2010 ICASA issued a moratorium on Community TV- due to spectrum limitations

Total number of Community Sound Broadcasting Service licences



ICASA Licensing

According to ICASA, “the demand for this form of licence is dependent on population density, where those provinces with a relatively more dense population have a greater number of community broadcasters...”

Audience and Revenue

- Community television broadcasters reach an average of 12 million viewers weekly
- It is estimated that community radio reaches 8.9 million listeners weekly
- Adspend by government on community radio averages R20m per annum and on community TV approximately R10m
- Government has committed to channeling more adspend to community media, especially during local and national elections

GCIS Ad-Spend (MDDA stats)

2011/12 - total R 22 991 808.77

- Radio - R18 038 930.20
- TV - R2 811 548.70
- Print - R 2 141 329.87

2012/13 - total R 37 552 078.69

- Radio - R20 497 094.62
- Print - R10 001 150.62
- TV - R7 053 833.78

The enabling framework

- MDDA - funds community and small commercial media
- DoC support scheme - funds signal distribution, studio equipment, content development (policy being revised)
- GCIS - government commitment to ad-spend on community services
- Industry Associations - promotes and supports the community media sector

Government processes underway

- DoC has developed discussion paper on a subsidy scheme for community radio (comments due 30 Sept 2015) – the scheme focuses on geographic radio stations and terrestrial television
- Research and analysis has been undertaken in the past by the DoC in order to provide evidence based research toward policy development – in particular, see research conducted for the DoC by Pygma Consulting on Community Radio and research on Community TV conducted by the Sol Plaatjie Institute in 2012/13
- NAB made recommendations for the ICASA Act to be amended to exempt community broadcasters from having to make contributions to the USF – amendments were passed – ICASA to confirm effective implementation date

Government processes....

- National ICT Policy Review Process commenced over two years ago – the recommendations made by the ICT Review Panel was published in March 2015

- The recommendations flowing from the Report on community broadcasting include the following:

“...The licensing framework for community broadcasting must be amended to ensure ICASA can effectively oversee the licensing and monitoring of such services;

Mechanisms must be put in place to ensure that community services remain in the hands of the community;

Measures must be put in place to ensure that this sector of broadcasting is distinct from others and that target audiences/communities are involved in the services....”

NAB Community Broadcasters

The NAB & SADIBA are running trials on digital audio radio

- ▶ The trials are on DAB+ and DRM
- ▶ Sentech is the signal distributor for the trials
- ▶ The findings/results of the trials will be provided to ICASA and Parliament

The NAB Community Radio Committee has engaged with the following key stakeholders:

- ICASA
- GCIS
- MDDA
- DoC

The NAB is encouraged by the Minister's visits to community radio stations

Challenges facing community broadcasters

Key challenges include:

- ▶ Financial viability and sustainability
- ▶ Lack of governance controls
- ▶ Skills and Expertise – these are often snapped up by the public and/or commercial sectors
- ▶ Audience Research specifically targeting community broadcasters - funding is required to conduct such dedicated research
- ▶ Lack of understanding core mandate and objectives of community broadcasting within a three tier environment

Challenges facing community broadcasters....

- NAB members are concerned that there has not been an equitable distribution of funding and government ad-spend across the entire community broadcasting sector
- The NAB public and commercial members make significant contributions to the MDDA, however there is need for a more robust and transparent annual reporting and audit of the beneficiaries of MDDA funds
- It is also concerning that there seems to be a 'preference' to support geographic stations above interest stations - SA's Constitution and Bill of Rights provides freedom of religion and association – these rights ought to be supported
- ICASA's monitoring capacity seems to be a consistent challenge

ICASA findings...

According to ICASA challenges and non-compliance are due to the following:

- Lack of understanding of corporate governance and what it entails
- Tension between management
- Board members political office bearers
- Lack of accountability by the board
- Constitutional challenges
- No proper registration with relevant structures
- Board members and management become part of the radio station

Upholding Democratic Principles

The Community broadcasting sector supports national policy objectives such as:

- Providing news, information and entertainment
- Diversity and plurality of views and opinions
- Promotion and protection of languages
- A broad range of services and programming
- Building a sense of nationhood - National Identity
- Assisting government with dissemination of information, education, awareness etc
- Supporting free and fair elections

Where to from here?

The following observations and proposals are made by NAB members:

- The NAB is encouraged by government support for community broadcasting and community media as a whole
- The community sector is non-profit and depends on volunteers, this impacts on the viability and quality of professionalism of services
- Equitable and transparent allocation of resources and funding is critical for the sustainability of the sector
- Industry bodies have over time developed the necessary skills and expertise to support government meet its objectives and to assist in policy development that can be implemented

The NAB welcomes future engagement with the Portfolio Committee and appreciates the opportunity of today's meeting.

Questions

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