



ICASA





What is our interest on the matter



- SASCOC is the officially recognised sports confederation and national Olympic association by government, international sports organisations such as IOC, CGF, IPC which makes it the **governing body for sport in SA.**
 - The Sport and Recreation Act 2007 (as amended), bestows upon SASCOC certain responsibilities, chief amongst which are:
 - To develop guidelines for the promotion and development of high performance sport
 - To co-ordinate all activities relating to high performance sport including team preparation.
 - Consequently SASCOC is responsible for **delivering Team South Africa to international events such as the Olympics, Commonwealth Games, Paralympics, and All Africa Games.**
 - SASCOC has to **make sure that sport is administered properly and is equitably accessed by all.**
 - SASCOC has to **ensure that sport contributes appropriately to the socio-economic development** of the country.
 - It is therefore within the realm of our mandate to comment and pronounce on matters that affect the delivery, accessibility and funding of sport in South Africa.
-



A case for sport



Rights Ownership



Context:

Sport is a voluntary activity largely run by volunteers for public good. The founders of the current dispensation of our democratic order, in formulating the Vision for Sport in this country affirmed this, and thus stated “the basic unit of sport is a club”, and these clubs organise themselves into formations called National Sports Federations, who then govern that code of sport, create, curate and own the content in the form of leagues and tournaments. The organisation of sport across the globe is a civic activity.

Over the years, as a result of the compelling power of sport, broadcasters and advertisers alike have sought to associate themselves with sport as means of connecting with their viewers and consumers. As consequence, sport has become more and more professionalised and thus created more compelling content. To be crystal clear in our understanding of this, International and National Sports Federations and Governing Bodies have always been the content originators, creators and rights owners. Therefore the distribution and commercialisation of such content **MUST** be negotiated and done with their consent. It cannot be lost to any of us that the benefits accruing from such distribution and commercialisation will be and are the clubs, who are members of the federations.



The role of sport in society

1. The proposed amendments are intended for sport to reach a wider audience and to strike a balance between audience and revenue.
2. The need to reach wider audience we presume is intended to align to the social role of sport of being accessible so that it can address the social ills, drive social cohesion, national pride and identity. That in and by itself is noble intent which SASCOC supports. In addressing what role broadcasters can play in making sport accessible to all communities does not require over-regulation but rather how can the broadcasting industry work with South African Sport including the Department of Sport and Recreation in advancing programmes (most of which are already in existence) to develop and promote sport in the country.
3. We wish to re-emphasise, that National Federations are the content rights owners. We understand the role of ICASA, to be broader than just regulating what goes on air but to include the protection and exploitation of Intellectual Property. Nothing in these regulations seeks to protect and promote the exploitation of the IP Rights owners (International, National Sports Federations and Governing Bodies.)
4. The regulations place the onus on the rights owners to make available the content to the broadcasters on a non-exclusive basis. The regulator seems to assume that broadcasters have an inalienable right of access to the content which they have no contribution in originating, creating, or curating.
5. It appears to us that ICASA has simply ignored the inputs provided by the National Federations in the lead up to the drafting of the regulations.
6. It is puzzling that the public broadcaster for whom this access to content is intended has no obligation to purchase the content at market rate, but has the first and the last right of refusal to purchase the content. That can only encourage anti-competitive behaviour.



FUNDING MODEL FOR SPORT



Sport funding model

The proposed amendments are intended amongst other things to strike a balance between audience and revenue. Whose revenue?

There are three main revenue streams for sport. Of these, broadcast content commercialisation remains the main source of revenue and the only growth point especially for professional sport.

1. Sponsorship and commercial programmes
2. Broadcasting
3. Government Subsidies

As evidenced by various case studies IOC, SA Rugby Union, FIFA, SA Football Association, broadcast content commercialisation accounts for a minimum of 55% of their revenue. The case of the SA Football Association versus the SABC has been well ventilated. The following case studies show very clearly the reliance of (professional) Sports bodies on broadcasting revenue. It needs to be pointed out that the professional arm is the most viable trading asset that federations have to fund not only their operations but their development programmes as well.

Exclusivity issue: the removal of exclusivity in the sale of rights is major error in this. We cannot support this and are in fact highly objectionable to it.

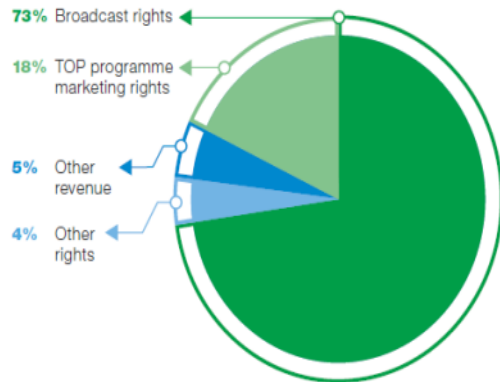
FIFA

REVENUE SPLIT 2015-2018 (USD MILLION)

	Actual			Budget 2015-2018
	2015	2016	2017	
Television broadcasting rights	258	96	229	3,000
Marketing rights	157	115	245	1,450
Licensing rights	51	204	160	363
Hospitality/accommodation rights and ticket sales	0	0	22	575
Other revenue (for details, refer to Note 5)	78	87	78	268
TOTAL	544	502	734	5,656

International Olympic Committee

IOC revenue sources (2013-2016)



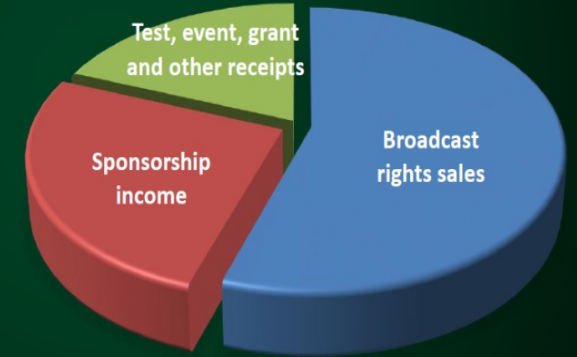
Where IOC revenues go



And the greatest of these is rights

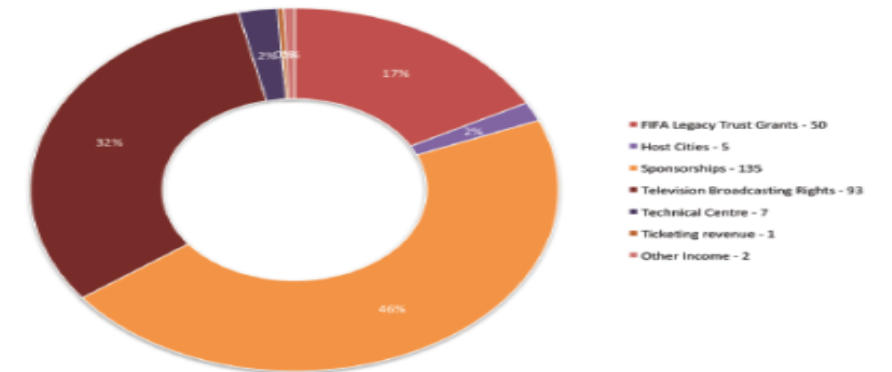
SARU generated revenue of R1,217bn in 2017

1. Broadcasting rights represented 55% of income
2. Sponsorship 26%
3. The remaining 19% was generated through test and event participation receipts, grants and merchandising and licensing royalties



South African Football Association Revenue 2018

(ZAR Million)

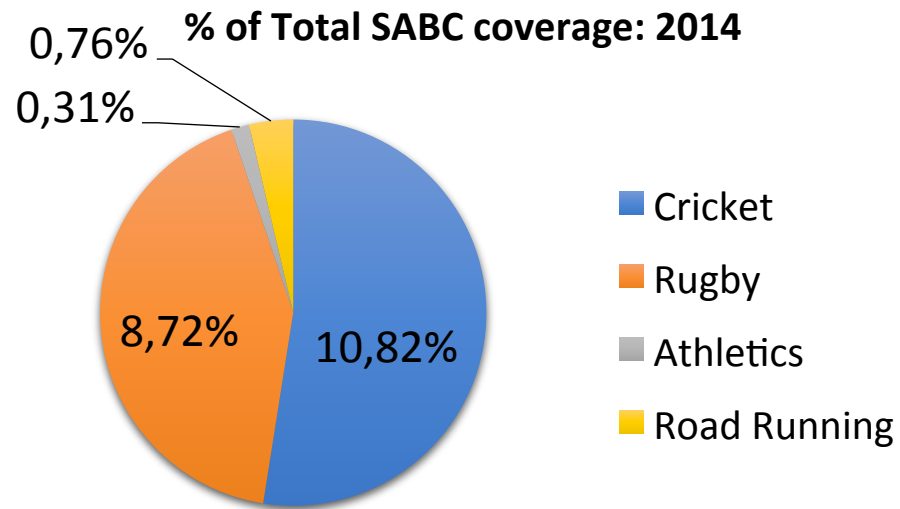




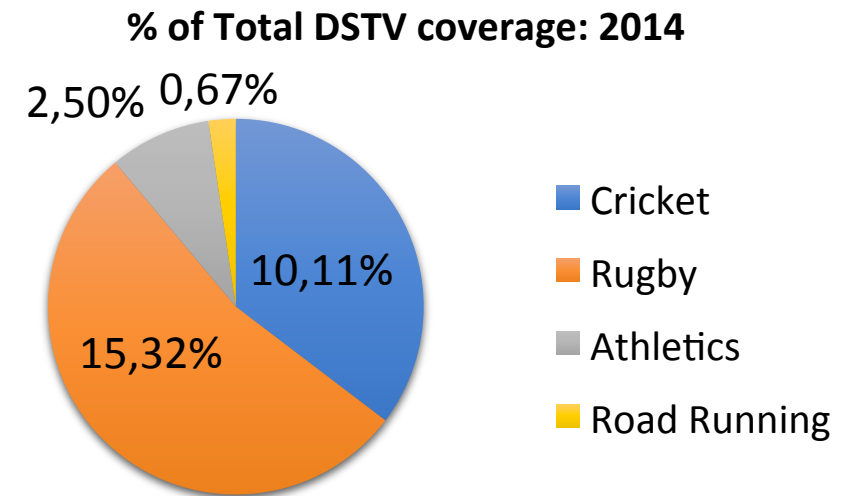
GROWTH AND ACCESS ISSUES



Sport Coverage Analysis by Channel



Excludes Football which receives on average over 60% of all sport coverage on SABC and ± 39% of all Sport Coverage across all channels.



Excludes Football which receives on average over 60% of all sport coverage on SABC and ± 39% of all Sport Coverage across all channels

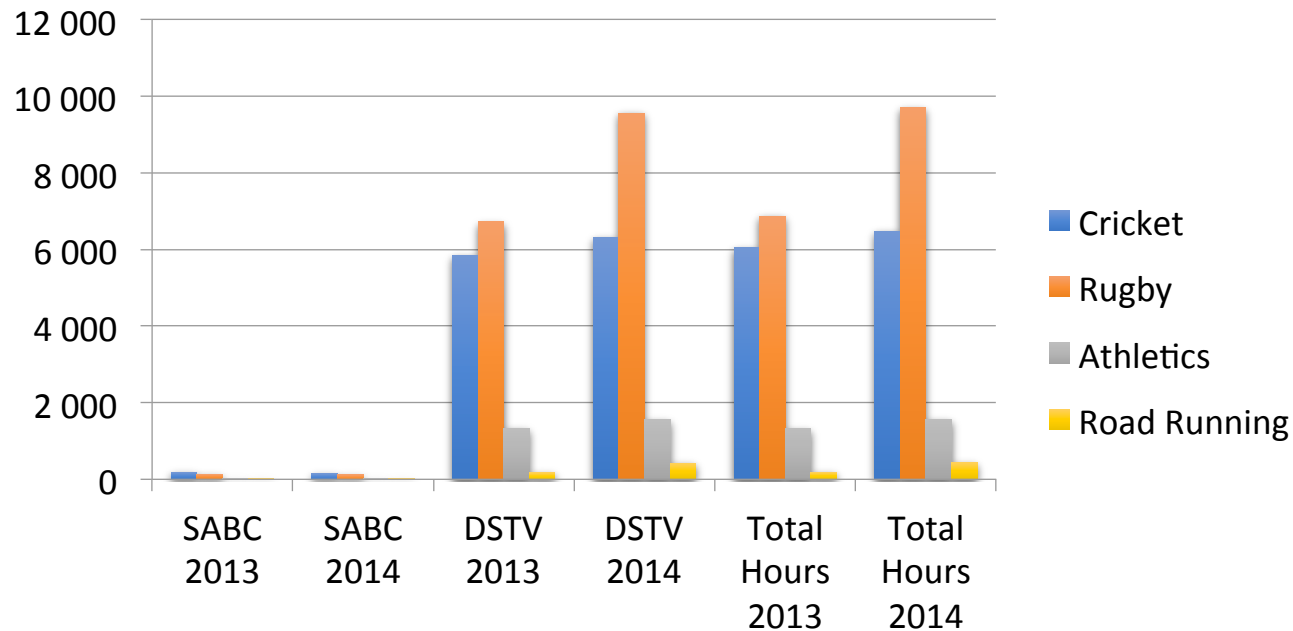
- Of the analysed sporting codes, Cricket receives the largest % of SABC coverage, followed by Rugby
- Athletics receives a minuscule % of SABC's total coverage
- Of the analysed sporting codes, Rugby receives the largest % of DSTV coverage
- DSTV covers more Athletics than SABC does; however the total coverage received remains minimal



Sport Coverage Analysis by Channel



Approximate Television Time Allocated to Each Sport: 2013 & 2014



Summary of Sports Receiving the Most SABC Coverage: 2014

1. Soccer
2. Cricket
3. Rugby
4. Cycling
5. Basketball
6. Disabled sport
- 7. Road Running**
8. Boxing
9. Netball
10. Horse Racing
11. Motor Racing
12. Tennis
13. Golf
14. Swimming
- 15. Athletics**



Growth and Access



Building prime sport content requires innovative content creation and significant broadcaster investment and visionary leadership. The compelling sports content we have today came about as result of the above. The content right owners have achieved the significant growth in commercial value out of their content assets at the back of strategic partnerships with broadcasters who have been prepared to invest in the content to build their platforms. The key drivers of value in that content have been and will continue to be **exclusivity and the live broadcast**.

If you take these two drivers or even one of them out, the value drops significantly, especially for the Rights owners (not the broadcaster) to whom the revenue derived from sport broadcasting should go. The regulations have effectively taken exclusivity as trading asset out of prime sport content. We find this highly objectionable and extremely limiting sport from rightfully exploiting in genuine manner assets that they have worked hard to build.

We contend also that the regulations have created a first and last right of refusal for the public broadcaster, thus encouraging very anti-competitive behaviour. Sports rights are sold in the open market in segmented way (i.e. Free to Air and Pay rights or bundled), it appears that the authority envisages an exclusive window for the public broadcaster to bid for rights before any one does. **This we also vehemently object to** and thus there is no need for regulation 6.1.

Further, if the public broadcaster is unable to purchase the rights when an open opportunity is given to it as contemplated in clause 5.1.2, subscription broadcasters must be allowed to bid/purchase the rights at conditions suitable for the trading parties and not a third (uninterested) party. The mere existence of this clause seeks to encourage market protectionism for the public broadcaster who must only trade at condition **only** favourable to them and not the content owners. **Again we object to this anti-competitive clause as it limits sport federations to seek the best market price for their product. It will but stunt our growth.**



Growth and Access



Platform limitations: It's common cause that the public broadcasters in South Africa do not have enough channel space to air sport let alone the money to purchase rights. Given the long list of listed events (in all the three categories), it boggles the mind as to where is ICASA envisaging these to be broadcast. We now all know that roll-out of digital television has stalled endlessly with no end in sight, so there are no available channels to SABC or ETV to exploit. It's a conjecture that even if such channels were to be available, SABC in particular does not have money to invest in sports rights, they can hardly afford what they have right now.

Sport federations such as Netball South Africa and South African Hockey Association have professional leagues running and broadcast now because of the market liberalism we have in broadcast environment, without which these sports would not have seen the professional growth we have seen in them. We now have an opportunity to host the World Cup in Netball in 2023 because of the bold investment by SRSA and a subscription broadcaster. To limit these federations from choosing a platform most beneficial for their growth serves not their interest whatsoever, but someone else's.



Conclusion



We submit that the proposed amendments are unnecessary and will not serve the purpose they are intended to.

We question the manner in which the events were selected for classification and even the very classification and listing. What is the justification for example of listing Ice Hockey in Group C, in a country that has never fielded an Ice Hockey team, WaterPolo versus FINA Championships, National Swimming Championships or the Duzi Canoe or Fish River Canoe Marathon. **Its hard to comprehend, if not irrational.**

We wish to register our objection to these regulations for the following reasons:

1. Lack of proper consultation and/or disregard of the inputs previously given by sport federation.
 2. A disregard of the valid and genuine interest and benefits to sport
 3. A clear bias and favouritism displayed towards the public broadcasters at the expense of Content Right Owners (i.e. the Sport bodies)
 4. Irrational classification and listing of sport events
 5. A clear lack of understanding of how sport functions and is funded
 6. Over-regulation and protectionism.
-



THE END

