

Presentation on ICASA's Inquiry into Subscription Television

11 May 2018



PREMIER SOCCER LEAGUE



Introducing the Panel

- The PSL welcomes the opportunity to make this presentation and thanks ICASA for the opportunity to do so.
- The PSL is represented by:
 - Myself, Dr Irvin Khoza (Chairman of the PSL; Vice President of SAFA; and Chairman of Orlando Pirates FC)
 - Mr Kaizer Motaung (Executive Member of the PSL and Convenor of Finance Committee; Executive Member of SAFA; Chairman of Kaizer Chiefs FC)
 - Ms Matlo Madlala (Executive Member and Acting CEO of the PSL; Executive Member of SAFA; and Chairperson of Golden Arrows FC)
 - Mr Peter Mancer
 - Ms Jean Meijer from Herbert Smith Freehills, our Attorneys



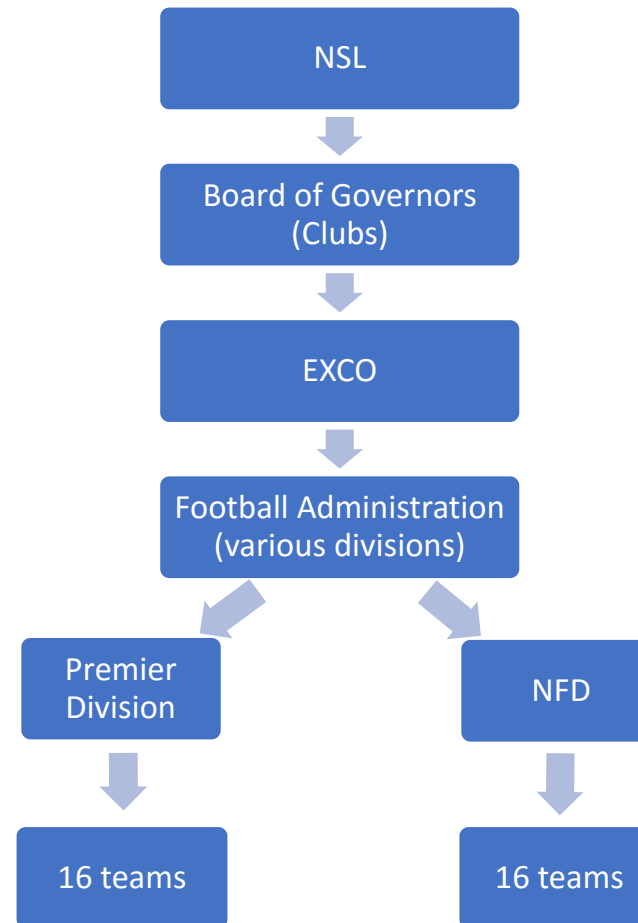
Overview of Presentation

- Opening Remarks
- Background into the NSL/PSL
- Funding Structure
- Benefits of the PSL's approach to selling its rights
- How the PSL has sold its rights over time
- Why the PSL sells its rights the way it does
- Remedies and the Unintended Consequences
- Concluding Remarks

Opening Remarks

- The PSL trusts that ICASA will give our submission serious consideration on what are critical issues
- With respect, Chairperson, the Discussion Document does not sufficiently deal with critical issues impacting on our core business which is football
- We would like to use this opportunity presented by ICASA to share some detail with you on the business of football and the responsibilities that we have to ensure the delivery of a quality product within the PSL
- The Discussion Document appears to leave room for speculation; we are not certain on which facts some of the statements made in the various submissions are based
- Some of the submissions may well not reflect legitimate regulatory concerns; but rather private commercial interests
- The Inquiry itself, the Discussion Document and its contents have huge implications for the PSL and its Members as we will expand on later in this presentation
- Our presentation covers submissions made by the PSL on 4 Dec 2017

The National Soccer League (NSL) Structure



Background of the NSL/PSL



- Established in 1985; currently completing the process of corporatization
- Special Member of SAFA; and thus also affiliated to CAF and FIFA
- Since 1996, the NSL is the only body in charge of professional soccer in SA
- 16 professional teams in the Premier Division and 16 teams in the National First Division
- Current competitions under the NSL/PSL include:
 - ABSA Premiership, NFD, MTN8, Nedbank Cup and Telkom Knockout
 - Recently established the National Reserve League (Diski Challenge) and the Diski Shield
 - Youth development; producing talent for Premier Division, NFD and National Teams
 - Proving to be highly competitive and generating significant public following

Who is the PSL?



Premier League



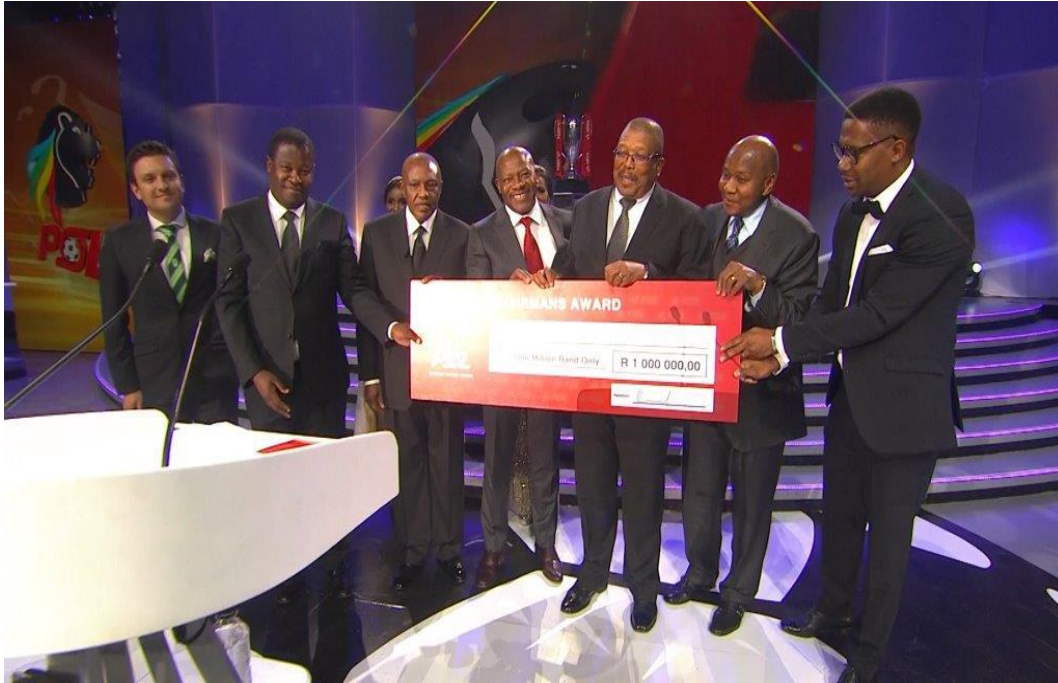
National First Division



Responsibilities of the NSL/PSL



- Has to generate sufficient revenue for the benefit of SA football
- Without this revenue generated by the PSL itself, professional football in this country will collapse and wither
- It has taken the PSL much pain and sacrifice to provide grants to clubs while receiving NO state funding
- Its 32 Member Clubs – private businesses expecting a return on their investment, but we will expand on this later
- Players – the PSL is the only source of livelihood for professional players and their families
- The referees – derive income from officiating matches
- SAFA – PSL is a feeder for national teams; yet no funding provided
- Fans – high quality, affordable product accessible to them throughout the country in stadiums and their homes through television
- Sponsors and other corporate partners – all expect attractive product that generates real value for them



Social Responsibilities of the NSL/PSL

- Through its bursary scheme, the NSL funds tertiary education and training for students from disadvantaged backgrounds
- In the past financial year, the NSL contributed R1m towards the SANDF Education Trust
- This Trust funds the studies of children of members of the SANDF who have died in the line of duty to our country



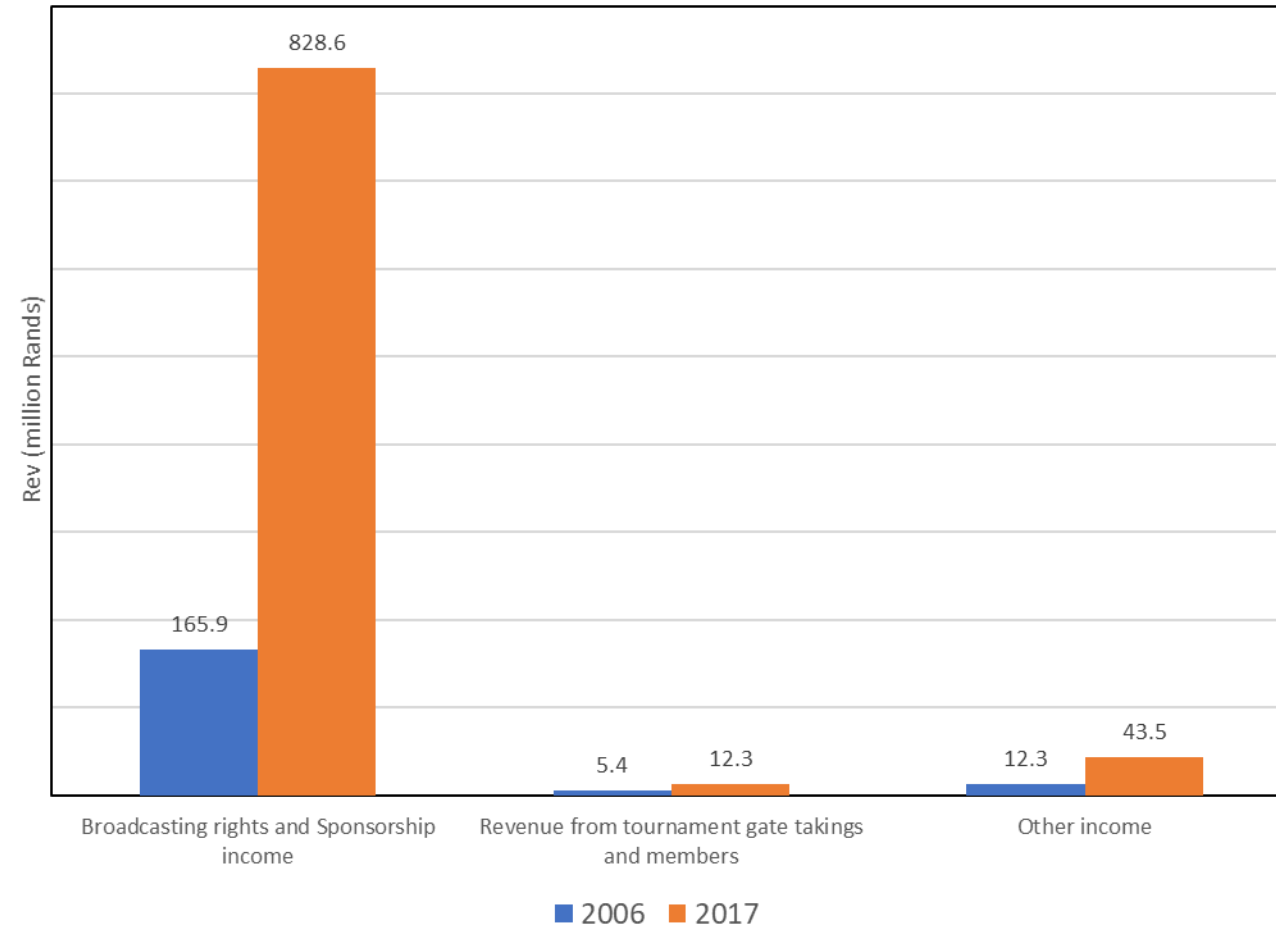
Funding the PSL's Responsibilities & Obligations

- The PSL derives income from:
 - Sale of broadcast rights
 - Events sponsorships
 - Supplier contributions and 20% of gate fees collected at Cup Competitions
- **PSL's expenditure on grants, competition expenditure and administration costs account for 98 percent of our income**
- **Any cuts in our revenue base will render the PSL incapable of meeting its Obligations and will make its Clubs unsustainable businesses**
- Sale of broadcast rights is interlinked with ability to generate sponsorship revenue
 - PSL strikes balance between generating revenue and exposure
- **PSL has found the right formula that works for SA and the footballing community**
- **ICASA should be cautious in its attempts to tamper with a working formula without undertaking an impact assessment and a cost-benefit assessment**

Historical background of PSL Broadcast Rights, pre-2007

- Prior to 2007, the PSL sold its broadcast rights exclusively to SABC
- The SABC sub-licensed some of the rights to SuperSport International; e.g.
 - 2002 season - 45 matches
 - 2006 season - 37 matches
- The PSL had to accept a price well below the commercial value of the rights
- Life in those early years was undoubtedly difficult for the PSL and its stakeholders and was characterised by:
 - Significant underfunding
 - Lower levels of investment, development and competitiveness
 - Lower levels of global, regional and national appeal
 - Low number of matches were broadcast

Comparison of PSL Revenue - 2006 with 2017



The current approach generates huge benefits

- Broadcast rights provide the single biggest source of revenue for the PSL
- Current rights selling approach has vastly improved the PSL's income and generated significant benefits for the following stakeholders:
 - PSL
 - 32 Clubs
 - Players
 - SAFA
 - Supporters
 - Other Benefactors (e.g. communities and small businesses)
 - Community Broadcasters
- These benefits which we will expand on in this presentation are not achievable under the proposed remedies
- Contemplating any change to the current approach needs an impact assessment and a cost-benefit analysis

The PSL has improved and become more attractive

PSL is now ranked in the commercial Top 10 of football leagues in the world by revenue

- Prior to 2007, the PSL was ranked outside the Top 30

The PSL is now able to attract and retain more sponsors because of increased visibility

Record sponsorship with broadcasting being key driver

- Below R110m per annum in 2007
- Over R350m per annum

Improved quality now attracts global interest

- Pan-African audience
- ESPN, Fox and Sky now broadcast the two derbies

To achieve and maintain this, the PSL requires rights acquirers to make significant commercial investments and commitments

Clubs are now more stable

These are businesses in operation to generate returns for their investors

Premier Division clubs now receive substantially higher revenues than in the past

PSL clubs previously received grants of R400,000 per month

**In 2016/17 season clubs received grants of R1.5m per month plus a service fee of R11m
(in total R29m in 2016/17)**

NFD clubs also receiving vastly improved incomes than in the past

Previously received R50,000 per month

**In 2016/17 clubs received grants of R380,000 per month plus a service fee of R2.5m
(in total R7.06m in 2016/17)**

Club valuations have improved significantly from between R6m – R8m to around R50m

Attracting investors and owners

- In the current season, Premier Division clubs are receiving a monthly grant of R2m
- In the current season, NFD clubs are receiving a monthly grant of R500,000
 - The NFD, which has no sponsor, received funding totalling R112.96m from the PSL in the 2016/17 season

Clubs are able to attract better talent and be more competitive



01

Clubs are now able to attract better talent and hold on to their players

Increased levels of competitiveness across the board in the Premier Division

The PSL has more multiple league and cup winners than any of the top leagues in Europe and Africa where typically 2 or 3 clubs dominate all trophies

02

Clubs now have teams playing in the Diski Challenge

Investment in development of youth teams playing at a competitive level

Inspiring young kids to participate in football

03

More clubs are able to maintain investor confidence, attract and retain sponsorships

Sponsors coming through and being retained

8 out of 16 clubs have sponsorships – an all time high

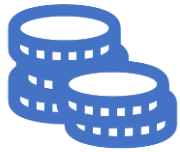
Sponsors get better return on investment through additional broadcast exposure

04

The PSL now attracts talented players from across continents (Africa, South America, the U.K. and New Zealand)

This is because of improved quality and competitive remuneration

Makes our league and cup competitions even more competitive and attractive



Players now earn higher incomes and related benefits

- Players now earn higher incomes than in the past
 - From an average between R3,000 – R5,000 to between R40,000 – R60,000 per month
 - Income bracket for top footballers moved from R80,000 to over R400,000 per month
- The league contributes over R15m per season to Players' Medical Insurance Fund
- Clubs able to offer medical aid cover to players and their families
- League has given the South African Football Players' Union R10m as part of a Collective Bargaining Agreement
 - Previously failed to get a recognition agreement signed
- Foreign-based SA players increasingly return home to continue playing as salaries are now more competitive
 - This raises the standard of football



Football Development has progressed significantly



- The NFD is pro-developmental with each team having to include a minimum of 5 under 23 players in their squad in every match
- In recent years NFD teams playing in the PSL promotion/relegation playoffs have regularly earned promotion to the Premier Division
- The PSL runs the Diski Challenge (Reserve League) for players under the age of 23
- This year has also seen the introduction of Diski Shield complementing the Diski Challenge
- These competitions give exposure and a platform for young players to develop and strengthen their talent
 - The majority of young players would otherwise not have a chance to showcase their talent if they had to wait to be able to play in the PSL and NFD
 - This is pro-developmental
- Younger kids are increasingly encouraged to participate in football
 - Kids inspired to participate in football at a young age
 - Part of content democratisation
 - Kids also benefit from exercising

SA Football now has greater investment

- SAFA Development Fund has received R82m since 2007
- Fees for referees, commissioners and referees security have increased by around 400%
- Over the past five year period since the 2012/2013 season, the PSL has spent R108m on match officials' costs
- The PSL has spent over R15m on training programmes and development workshops for SAFA referees; assistant referees; fourth officials and match commissioners
 - Electronic headsets and communication devices used when officiating matches
 - Infrastructure to allow referees to have post-match access to recorded matches to assess referees' performances
 - Improves refereeing standards to global levels

The PSL has introduced grounds maintenance training programmes for stadium and facility managers across the country



SAFA and National Teams benefit too!

- South Africa has received recognition from FIFA and CAF for its self-regulating compliance processes and club licensing regulations within the PSL
 - This has been dubbed a role model for Africa
- The PSL Reserve League for players under the age of 23
 - Is the only competitive National Reserve League on the African continent that is broadcasted
 - Produces scores of fresh, young talent into National Teams, the PSL and the NFD



Supporters benefit immensely



- Ticket prices have remained affordable for all PSL games, driving attendance
 - At **R40.00** per adult
 - Some clubs don't charge entrance fees to certain matches
 - Clubs are less reliant on gate fees
 - We have achieved **20%** year-on-year growth in attendance at matches since 2007
- Supporters in provinces and areas where there is no top flight team can also watch top flight football at stadiums
 - Can watch live football of PSL Reserve League for free at local stadiums



- South African context and model is different
 - But, it works for South Africa
- Ticket prices significantly cheaper in SA than in Europe and the U.K.
 - Standard adult ticket to a Man United home game ranges from £31.00 and £53.00 depending on location in stadium

These ticket prices are between R534.00 and R912.00

- Standard adult ticket to a Bournemouth home game costs between £32.00 and £45.00 depending on location in stadium

These ticket prices between R551.00 and R775.00

- **SA ticket prices are much lower than these U.K. ticket prices costing R40.00 per adult ticket**

<https://www.resbank.co.za/Research/Rates/Pages/CurrentMarketRates.aspx>; accessed on 17/04/2018 at 10.20am



Improvements have also benefited other stakeholders



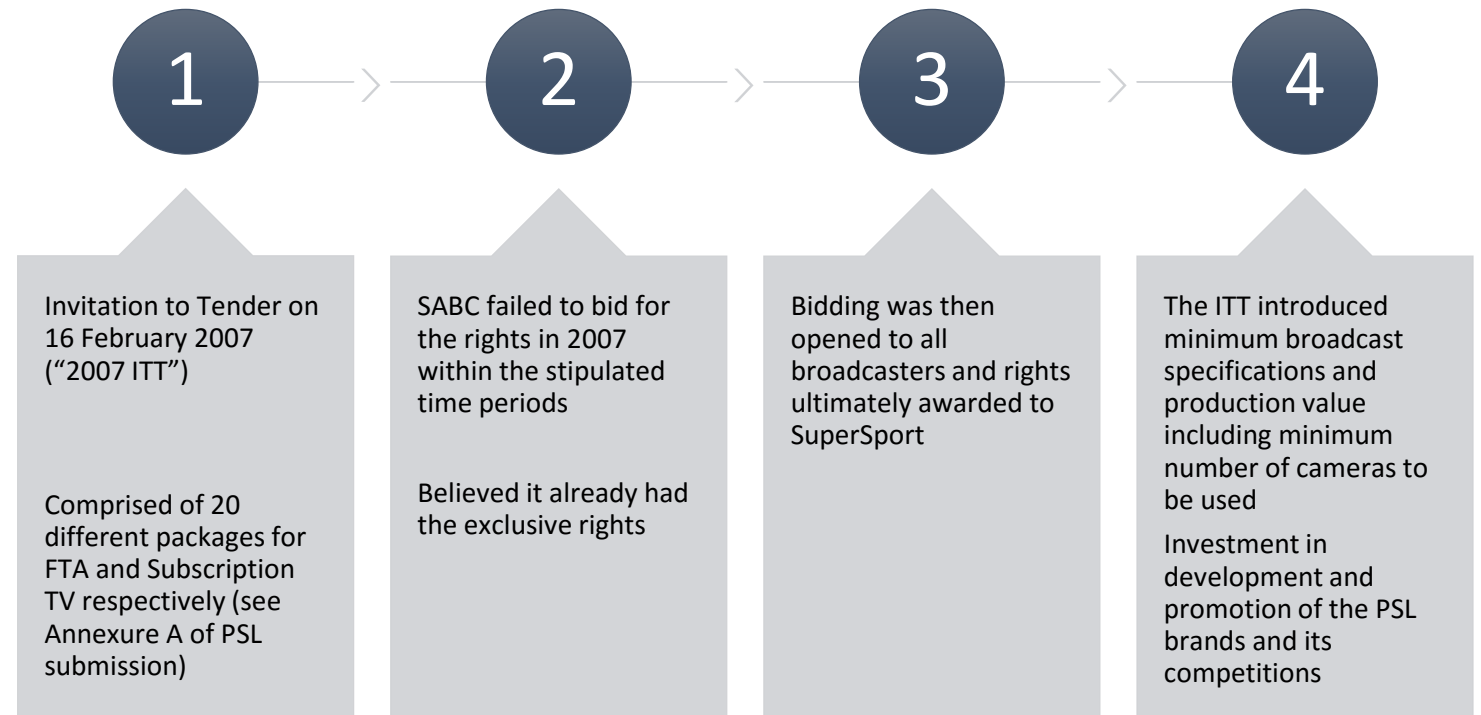
- Small entrepreneurs and the unemployed in communities around stadiums benefit from revenue opportunities
 - Small vendors depend on football, especially at major matches to generate income through sale of foodstuffs, snacks, confectionary and drinks
- Temporary jobs created by league clubs at matches
 - Grant Thornton research in 2014 shows soccer creates or sustains approx. 10,400 temporary and permanent jobs
 - On an annualised basis, wages and salaries from these amount to R956.9m a year
- Soccer academies owned and run by league clubs directly benefit disadvantaged communities
 - Many clubs pay for schooling, accommodation and training of young soccer players in their academies
- The PSL also contributes significantly to the fiscus through personal income taxes paid by players and staff, VAT, and other taxes

Community Television also has access to football

- The Community TV channels receive full content distribution rights for the Diski Challenge for free including:
 - all live matches and all non-live matches
 - all highlights packages
 - the Diski Challenge magazine show
- They also have rights to generate their own content from all events related to the Diski Challenge on and off the field

The sale of PSL broadcasting rights in 2007

- Prior to 2007, the SABC only broadcasted a small percentage of available matches
- At the time, the SABC also had the right of first refusal as well as the advantage of the right to match last bid
- The SABC effectively had the contract in perpetuity



Outcome of 2007 ITT

- The ITT of 2007 led to court action by the SABC in which they were unsuccessful
- In its attempts to overturn the awarding of the rights to SuperSport, the SABC failed in arbitration proceedings
- The PSL, SuperSport and SABC eventually entered into a Tripartite Agreement to sub-license rights to SABC
 - More matches were shown on free-to-air (e.g. SABC) and pay TV per season than ever before
 - 130 matches were shown on both free-to-air and pay TV pre-2007
 - More than 250 matches were shown on both platforms following 2007 ITT
- Increased quality and visibility led to more sponsorships
 - Better broadcast graphics, number of cameras per match, new content
 - Better editing and presentation (analysis before, during and after games)

2012 ITT and the free-to-air sub- licensing agreement

- 2007 ITT proved commercially successful for the PSL
- The PSL issued another ITT in 2012 (“2012 ITT”)
 - Comprised of 11 packages instead of the 20 in the 2007 ITT
 - Same broad categories except for exclusion of PPV broadcast, clips packages and radio broadcasts (Annexure B of PSL submission)
 - Also had requirements to meet quality and investment specifications
- SuperSport was the successful bidder
 - Had right to sub-license subject to written consent from the PSL
 - Pre-approval granted to SuperSport to sub-license to the SABC
 - Certain events must be on free-to-air (e.g. SABC)
 - The PSL identified 33 matches as major fixtures to be made available on free-to-air (e.g. SABC)
- Sub-licence agreement between the SABC and SuperSport included
 - SABC has rights to 119 live matches of which 33 shared matches referred above
 - 50 PSL and Cup matches are exclusive to the SABC
 - 36 PSL and Cup matches are non-exclusive to the SABC
 - The SABC is expected to broadcast all these matches live
- **All this was achieved and done under self-regulation**

How the SABC has used its rights under 2012 ITT

- The SABC has failed to produce and broadcast a significant number of these matches live
 - 2013/14 season, the SABC broadcasted 53 live matches and 44 delayed
 - 2014/15 season, the SABC broadcasted 54 live matches and 40 delayed
 - 2015/16 season, the SABC broadcasted 59 live matches and 32 delayed
 - 2016/17 season, the SABC broadcasted 48 live matches and 38 delayed
 - In the current season, the SABC has already broadcasted 39 matches on a delayed basis
 - **All this despite having the right to do live broadcasts**
- This has not been ideal and has had the effect of devaluing the PSL's broadcast rights
 - SABC's submission reflects that they haven't moved from their unwillingness to pay a price that reflects the commercial value of rights since pre-2007
 - They appear to want to gain the commercial benefit from PSL rights whilst being unwilling to pay a fair value for those rights
- These issues have to be seen in the context of claims made by the SABC about
 - What football content it has at its disposal?
 - Why it has failed to broadcast all the content it has?



2017 ITT

- Sub-licensing negotiations are still underway

Participation in rights has been varied over time

- The PSL wants as many bidders as possible in its tender process and has invested significant resources and effort to improve the quality of its product
- Any bidder is at liberty to acquire our rights, if they consider the rights valuable to them and are able to meet the PSL's requirements
- Since 2007, there has been varied participation and expression of interest in our rights-selling process

Participants interested in the PSL rights-selling process

| 2007 | 2012 | 2017 |
|--|---|--|
| <ul style="list-style-type: none"> • E.TV • IMG: South Africa • SAIL Group PTY Ltd • SETANTA • SuperSport International • Telkom Media • SABC • MTN • Vodacom | <ul style="list-style-type: none"> • SABC • SuperSport International • On Digital Media – Top TV | <ul style="list-style-type: none"> • SABC • SuperSport International • eMedia Investments & e-TV • Telkom • StarTimes Media • Discover Digital • Vodacom • AHIMSA Media • Mobile TV • Sobek IT |

Why Participants failed to acquire PSL rights?

- Some did not even submit a bid despite initially expressing interest
- Bids were well below the minimum price the PSL was expecting
- Some don't want to take commercial risks and make necessary related investments
- Some don't want to pay the commercial value of the rights, but want to reap the benefits of having access to the rights
- Some did not meet the tender requirements

Football is a commercial business which carries significant commercial risk and should generate sustainable returns for its investors

Why the PSL sells its rights the way it does



- The PSL seeks to generate revenue through the sale of its broadcast rights
 - Broadcast rights contributes higher proportion of revenue
- The PSL goes out to tender every 5 years
- Offers the opportunity for every broadcaster to participate by bidding for separate packages or the composite package, provided they meet the requirements
- The process is competitive and the PSL should be at liberty to select the bidder or bidders that offer it the best price and service
- Broadcasters produce the matches; are required to produce these to the highest quality; promote and develop brand PSL and actively contribute to the development of the sport
 - These require significant investment and involve significant commercial risk on the part of broadcasters
 - We believe broadcasters must be allowed enough leeway to recoup investments and generate commercial returns
- They play a crucial role in ensuring that the PSL is a high quality product that is attractive to the PSL, consumers and international stakeholders
 - The PSL has become attractive over the last 10 years because of these investments

The PSL has proven benefits from the way it sells its rights as discussed earlier

The PSL urges ICASA to consider the following

- Sporting codes compete against each other for supporters and sponsorships
 - Compete to attract audiences and interest in their sports, means that sponsorships provide limited revenues
- The manner in which the PSL sells its rights
 - Currently the Discussion Document has not addressed why the manner in which rights are sold impedes competition
 - Process could benefit from considering whether it is necessary to intervene at all, given how the PSL sells its rights and the history of participation in rights
- The PSL has spent considerable effort and time trying to make rights-selling process accessible and competitive while being sustainable commercially
- If broadcasters want these rights and find them valuable, they must bid for the rights rather than try and use regulators at our expense

Comments on ICASA's proposed remedies

- Some remedies directly or indirectly impact the PSL's rights and revenue
- The Discussion Document does not provide substantiation why remedies are required, given how the PSL sells its rights and the history of participation in the PSL rights-selling process
- The remedies infringe on the PSL's right to decide for itself how best to sell its broadcast rights and to maximise revenue and develop the sport

Why should the PSL's right to earn revenue from its assets be undercut or put at significant risk to benefit the private commercial interests of others through regulation?

Remedies proposed by third-parties are unjustified



The remedies are disproportionate and damaging to sport

- The proposals by third-parties provide little or no justification for such extensive and intrusive intervention
- Third-party support for ICASA's proposed remedies appears to reflect private commercial interest
- They undermine the revenue-generation ability of the PSL, which is self-funded
- If these remedies are implemented, third-parties are unlikely to bid for our rights in future as they wait to obtain access via regulation

Limiting participation of buyers in bids undermines demand and consequently revenue for the PSL

- Unduly interferes with the normal working of the market for acquisition of rights
- It will in itself distort the market for the acquisition of rights at the expense of the PSL

Some statements not informed by fact e.g.

- PSL contracts are not subject to continuous renewal
- It is public knowledge that the PSL has run tenders in 2007, 2012, 2017

Free-riding and cherry-picking should not be promoted

- Remedies increase costs and complexity associated with administration and negotiation of contracts
 - They are not offset by commensurate gains in income
 - This puts further drain on the PSL's limited income
- Some suggestions reflect unwillingness to pay the commercial value of rights, and obtain subsidies from either the PSL or rival broadcasters (e.g. wanting to pay a nominal price for rights)
- The PSL does not believe broadcasters overpay for rights
 - The PSL does not generate significant excess cash relative to its expenditure and obligations
 - Amounts paid by broadcasters do not change tenure of agreement
- The SABC wants to cherry-pick “attractive” matches
 - No one will buy/pay for the “unattractive” matches
 - Some club games will likely not be broadcast
 - Overall, it degrades the value of the entire rights and undermines the PSL

There are Unintended Consequences



- ICASA should not assume the circumstances in other markets (e.g. the U.K.) are the same as in SA
 - Clubs in the U.K. have broader sources of income:
 - Image rights, wider and higher-value sponsorships compared to SA clubs
 - Gate fees are much more expensive in Rand equivalent terms than in SA
 - Massive global audience that contributes significantly to revenue: an example being the EPL who earns significant revenues outside the borders of the U.K.
 - SA clubs and the PSL are not in such a privileged position
 - The existence of clubs in the PSL depends largely on funds from the sale of broadcast rights
- Reduced income will force clubs to try and rely more on gate fees
 - Increased gate fees wipe out the gains we have made in keeping gate fees low; negative impact on consumers and stadium attendance

There are Unintended Consequences (Cont.)

- Reduced rights income will erode club values, return on investments, players' incomes, contribution to sports development in SA
- Reduced revenue means clubs cannot maintain compliance with costly high standards required to be globally attractive and competitive e.g.:
 - up to R400,000 to comply with Club Licensing Regulations
 - up to R300,000 per home match for government safety requirements depending on category of event (SASREA)

SA and Europe's commercial differences are huge – Example 1



Orlando Pirates FC partners



- Vodacom
- Carling Black Label
- Adidas
- Greyhound
- USN
- EA Sports
- Ford
- Caltex
- Aquelle


Manchester United FC partners



- | | |
|--|---|
| <ul style="list-style-type: none">• Financial Partners<ul style="list-style-type: none">• Virgin Money• Banco Guayaquil• Commercial Bank of Qatar• Emirates NBD• Eurobank etc.• Global Partners<ul style="list-style-type: none">• Adidas• Aon• Chevrolet• Aeroflot• AladdinStreet.com• Apollo Tyres• Canon | <ul style="list-style-type: none">• Regional Partners<ul style="list-style-type: none">• Chivita 100% Fruit Juice• Cho-A• Donaco• The Hong Kong Jockey Club• Manda fermentation• Melitta• Science in Sport• Uni President• Media Partners<ul style="list-style-type: none">• Bakcell• Flow• Eclat• Emtel• PCCW• Sina Sports• STC• TM |
|--|---|

SA and Europe’s commercial differences are huge – Example 2



Kaizer Chiefs FC

- Vodacom
- Carling Black Label
- Nike
- ProTours
- Hollard
- Toyota
- Medshield Medical Scheme

Liverpool FC

| | |
|--|---|
| <ul style="list-style-type: none">• Standard Chartered• New Balance• Western Union• BetVictor• Carlsberg• Discovery• Petro-Canada Lubricants• Malasia Airlines• Courts | <ul style="list-style-type: none">• Falken Tyres• Chaokoh• Konami• Joie• Instaforex• Claymore• Alcatel• MG |
|--|---|

Remedies affect the PSL, clubs, players and football

- The PSL and its affiliates are affected in terms of
 - Revenue and investment returns
 - Product offering and its quality
 - Employment
- Clubs
 - These are private businesses that are mostly black-owned
 - They expect a commercial return on investment, like broadcasters do
 - Will not be able to attract and retain top talent
- Development of grassroots football and the national teams
 - Youth system will suffer and thus impact on age-group national teams
- Players and their families - incomes will be negatively affected
 - Players will be paid salaries well-below competitive levels
 - Outflow of talent to other countries
 - Ability to support families and extended families as is widespread in SA will be compromised
- Local communities that directly or indirectly benefit from football
 - Ability to bring affordable football across the country will be compromised
 - Free entrance to soccer matches will not be possible
 - Small businesses outside stadiums will suffer
 - The PSL's corporate social responsibility programmes will suffer





The story of Golden Arrows F.C.

- To illustrate the potential impact of the proposed remedies, the PSL wishes to take ICASA through the story of one of our clubs – Golden Arrows F.C.
- Plays in the Premier Division of the NSL; is owned and financed by a black lady
- The club is amongst the clubs who do not have a sponsor
- Dependent mainly on grants derived from the sale of PSL broadcast rights revenue
- Runs soccer academy with multiple sides
 - Diski Challenge reserve team
 - Junior teams playing in SAFA regional leagues
- Employs full time staff and players dependent on the club for livelihood



The story of Golden Arrows (*cont.*)

- In addition to the above, there are significant match-day costs associated with participation in various competitions. These include:

| | | | |
|----------------|---------------------|---------------------|-----------------|
| Stadium rental | Medical – Doctor | Road transport | Pre-match camps |
| Events costs | Medical - Ambulance | Sound System – MC | Flights |
| Security costs | Medical – Stadium | Standby Electrician | Accommodation |
| Hospitality | Ticketing | Entertainment | Staff costs |

- Any cuts in grants received by Golden Arrows will put the club’s future at risk, especially given that they do not have a sponsor

The remedies are not necessary and are counter- productive

- Over the past 10 years, the PSL has successfully managed to strike a balance between exposure and revenue-generation
- This has been achieved without any regulation
- The PSL follows a tender process which is open to everyone who values its soccer rights
 - Rights sold at regular intervals, no one holds them permanently
 - No automatic renewal of contracts, everyone bids at the same time
 - Nothing stops other broadcasters forming a consortium to bid for the rights
 - They can share commercial risk as well as returns from holding the rights
- Broadcasters may not be able to make a sufficient return on investment under the proposed remedies
 - The proposed remedies will make it difficult for new entrants to commit to and recoup investments required by the PSL
 - The remedies will make the rights less-valuable relative to required investments

The PSL is best-placed to determine how to sell its rights



- Currently the PSL, at its sole discretion, determines the parameters of sale of its broadcast rights including terms and conditions
 - We seek to maximise revenue given our obligations and the need to be a sustainable business
 - The PSL seeks to strike a balance between sustainability and access, and has ensured that a significant number of matches are available on FTA
- PSL rights are private property
 - Freedom to contract and determine how to monetise its product to the benefit of its members
 - Private, mostly black businesses expecting return on their investments
- ICASA is not in best position to determine how rights should be sold
 - There are significant unintended consequences, including commercial risks, to the PSL which the Discussion Document has not taken into account
 - Where there is demand, the process of selling rights will respond appropriately as it did in 2007
 - Rights holders have the power to change this on their own; it is their product and they are seeking to improve revenue

Like any other commercial business, football responds to changes in market conditions as long as it is commercially viable

Over the past 10 years we have made significant progress in developing the sport and increasing coverage.
Please avoid taking us backwards.

- [Insert video](#)



Concluding Remarks

- I need to emphasise, Chairperson, there is a real risk of damaging and misplaced regulatory action here
- Such unintended consequences would have a devastating effect on football which is only starting to come out of the destructive impact that the inglorious past of our country had on the beautiful game which is enjoyed by the majority of South Africans
- Club owners and communities have painstakingly built their clubs into businesses and now those businesses face a threat from other businesses who appear to be wanting to ride on our backs
- Negotiations with sponsors are commercial, difficult and complex, with no certainty on revenue to be derived

Concluding Remarks

- We urge ICASA to avoid inadvertently addressing interests of some broadcasters at the expense of the business of football
 - With respect, Chairperson, this surely cannot be acceptable
 - The PSL is a business with real commercial interests that must be carefully considered
- The PSL urges ICASA to exercise significant caution by being more critical about submissions made in this Inquiry and the financial impact that intervention will have on the PSL and on football
 - **If football collapses, there is no product to regulate**