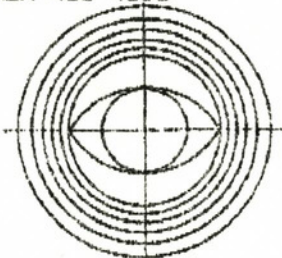


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THE MEDIA DIRECTORS CIRCLE

FACSIMILE TRANSMISSION

TO : **MELODY EMMET**
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COMPANY : **WORLD TRADE CENTRE**
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FAX NO. : **397 2211**
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FROM : **JOHN MONTGOMERY**
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DATE : **12/7/1993**
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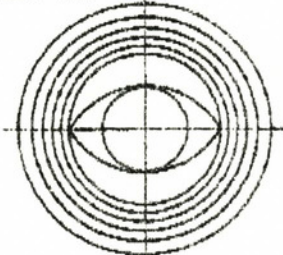
NO. OF PAGES : **5**
INC. THIS ONE :

Please note the Media Departments fax no. 463 4398

Melody,

Please confirm receipt of this fax with Wendy on 463 5400.

Thank you



THE MEDIA DIRECTORS CIRCLE

**RESPONSE TO THE FIFTH REPORT OF THE TECHNICAL COMMITTEE
ON THE INDEPENDENT MEDIA COMMISSION AND THE INDEPENDENT
TELECOMMUNICATIONS AUTHORITY**

ON BEHALF OF THE MEDIA DIRECTORS CIRCLE

The Media Directors Circle welcomes the re-regulation of the broadcasting industry. The difficulties and injustice of dealing with a state run broadcasting monopoly which did not allow the application of free market principles are situations which we would like to put behind us as swiftly as possible.

In general terms, we believe that the draft bill has significant merit and we commend the technical committee for their efforts.

However, we are charged with commenting on the draft bill and this by definition means that we will discuss areas of concern and difference of opinion.

We have a general concern that the bill is overly inhibiting and protective. Having worked within the strict confines of bureaucratic regulations which restricted freedom of commercial and creative operations amongst other severe disadvantages, we would wish to caution against restraining the industry too tightly. Significant foreign and local investment is necessary to make the expanded industry viable, for without an international quality broadcasting system, we will not attract the audiences we need to generate the required advertising revenue essential to supporting electronic media.

Our specific comments follow:

1. Under section 3, where the policy (and we assume objectives of the regulatory structure) is proposed, the draft act requires broadcasting services to ensure the integrity of language and culture and take into account the need for information (news) and programmes on political issues and the like. Nowhere in this section (or anywhere else in the draft bill as far as we are aware) are the interests of the viewer taken into account. Whilst we are not proposing that you legislate that viewers be entertained, (although in these depressing times that may not be a bad idea!) we do recommend that viewers opinion and requirements are taken into account. We strongly caution against a small body of experts making decisions on behalf of the "viewer". The average viewer is unlikely to resemble anyone in a decision making capacity on the IBA. Constant research and feedback on the reaction of viewers to programming is essential if we want to build broadcast audiences (and thereby the industry) in this country.
2. Chapter 3 (section 5) recommends that there be 5 members of the IBA including a chairperson. Why 5? We understand the need to make the IBA wieldy (and affordable) but is the task not too vast for just five people? Yes, they will be able to delegate to sub-committees of experts, but the decision making ability rests with them alone. Also, the issues of importance are so diverse as to make it impossible for 5 people to be adequately informed so as to make accurate decisions. Our concern is that a board of just five people could not make considered, reliable resolutions.
3. Chapter 3, section 10 - 2 (amongst others) make reference to requiring authority from members of the government of the day. This is of some concern. We were under the impression that the IBA would be protected by laws outside politics. If no, who is to say that the government of the day would not disregard the IBA and make their own rules? The last thing we need is be faced with another state broadcasting monopoly. This issue needs clarification.



4. Section 43. The mandatory inclusion of historically disadvantaged persons on the boards of private (commercial) broadcasters could lead to tokenism and would in the long term be destructive. Would the answer not be a measurable commitment (contained in the application for the broadcasting licence) to training and an equal opportunity selection of positions in the company in general and on the board?
5. Section 45 (4) on the limitation of foreign ownership is too limiting and will, in our opinion restrict foreign investment. Whilst we agree with the principle behind this clause, we desperately need foreign expertise and money to enable our industry to compete and grow.
6. Section 46, severely limiting cross ownership is too restrictive. Again, we support the discouragement of monopolies, but feel that we should not prevent people with the expertise and capital from expanding their interests in this market. A complicating factor is that with technology developing so rapidly it is now possible to broadcast several television stations on one frequency. Would so-called multiplexing require more than one licence?
Furthermore, the expansion of broadcasting is likely to disadvantage the press groups significantly (by eroding their advertising revenue). By limiting cross media ownership so strictly you may unfairly prejudice some newspaper publishers.
7. Section 50 deals with local content. Whilst support of the SA production industry is encouraged, we must be careful not to influence the quality of the broadcasting product by guaranteeing them business. The cost to private broadcasters may be prohibitive if the local content requirements are too high. It may be wise to roll-in this percentage over time. Again, viewer satisfaction must be taken into account. If we force broadcasters to produce and flight programmes of a lesser quality it can seriously prejudice the prospects for the viability of our industry. Whatever regulation is imposed on local content it must bear quality criteria in mind.



8. Section 52 (reference 14) regarding the proposed licence term. We would favour a Television licence term of 7 years and a radio term of 5 years. Limiting the licence period will encourage a quality service and where necessary (in the long term) allow new broadcasters into the system.

We look forward to your reaction to this proposal.

JOHN MONTGOMERY
Chairman
Johannesburg 12 July 1993



THE MEDIA DIRECTORS CIRCLE