

Commercial radio is on the move



By [Avhasei Mukoma](#)

18 May 2010

The move by the Independent Communications Authority of South Africa (ICASA) to introduce more commercial sound broadcasters in Gauteng, Durban and Cape Town must bring more competition and diversity of ownership in this lucrative commercial radio market. As a way of opening the commercial radio market, in 1996 the then Independent Broadcasting Authority (IBA) made a policy decision in terms of the Triple Enquiry Report to sell various regional SABC stations, namely, East Coast Radio, Radio Algoa, Radio Oranje, Radio Jakaranda, Radio KFM and Radio Highveld.

The stations were sold for a combined figure of R516 million to historically disadvantaged owners, New Radio Consortium, Umoya Communications, New Radio Consortium, Naledi Media Investment, Crescent Consortium and Worldwide Consortium, respectively.

First successful privatisation process

The sale of these SABC stations was the first successful privatisation process in new democratic South Africa. The SABC's portfolio of radio stations was extensively reduced, thereby breaking down a monolith and, in the process, providing a possibility of a competitive broadcasting industry wherein both the SABC and newly privatised broadcasters would have adequate space in a competitive environment.

In order to protect the viability of the SABC, the Triple Enquiry Report further made a critical policy pronouncement in that the SABC was allowed to retain two "commercial" stations, namely Metro and 5FM, as they were national stations, serving a national audience and providing crucial revenue.

The report indicated that "the granting of national licences to the public broadcaster only is seen by the IBA as a way of protecting the public broadcaster viability in the face of extreme competition it will face from privatisation of the regional stations and further granting of metropolitan licenses to private broadcasters".

As a result of this policy intervention, the SABC is still currently the only broadcaster that has access to national frequencies for commercial sound broadcasting services.

Public or private ownership

As the Government is currently proposing, through the Public Service Broadcasting Bill, that SABC must be funded through public tax levy, one may argue a policy discussion is now critical to assess whether going forward it is still necessary for the SABC to own 5FM and Metro FM, or rather is it not the right time that ICASA makes a policy decision to the effect that

5FM and Metro FM must be sold to private owners.

In 1996, the IBA invited applications for new commercial sound broadcasting licences in Cape Town, Durban and Gauteng. Subsequently, three licences were issued for Cape Town (Cape Talk, P4 and Punt Radio); one for Durban (P4) and four in Gauteng (Yfm, Kaya FM, Classic FM and Punt Radio).

Unfortunately, the two Punt Radio stations closed down in the late 1990s due to financial difficulties and contraventions of their broadcasting license conditions. Over the years, the ownership of the Greenfields commercial and old SABC stations has evolved so that today Primedia Broadcasting and Kagiso Media are the dominant owners of all the South African private commercial sound broadcasting licences.

In terms of Triple Enquiry Report, the Broadcasting White Paper, the repealed IBA Act, the Broadcasting Act and the new Electronic Communications Act, it is acknowledged that, viewed collectively, private commercial sound broadcasting services should promote diverse ownership and control of media in SA and offer a wide range of services and increase the choice of programmes available to the public.

Dominance does not promote

The dominance of Primedia and Kagiso Media in the commercial sound broadcasting space does not in any way promote media ownership and programming diversity, as these two powerful media players seem to be only interested in maximising profits and cutting costs through centralising operations and syndicating programmes.

As forty two (42) applicants have submitted bids to acquire the licences that ICASA has advertised in Durban, Cape Town and Gauteng, it is going to be critical for the broadcasting regulator to ensure that in licensing the new commercial radio stations, ownership and programming diversity is ensured.

In terms of programming formats, Talk Radio 702 is the only FM commercial station in SA with a talk format. Actually, if it were not because of ICASA's controversial decision in 2006 to move 702 from AM to FM, SA would not have a talk station on FM.

The other commercial stations are dominated by overlapping music formats. As audiences music tastes are evolving, it is no longer viable for these commercial stations to define their audiences along racial lines and hence YFM, Highveld and 5FM are gradually sounding the same.

It is therefore going to be critical for ICASA to ensure that, in licensing new players, it carefully determines whether it is necessary going forward to licence music formats stations, as this part of the market is saturated, particularly in Gauteng and Cape Town. Research also shows that the social media boom has been largely driven by users' desire to engage on controversial topical issues.

News diversity

Another element that is often overlooked is news diversity.

Primedia, through its Eyewitness News service, has in a way centralised news gathering and production which has led to its stations transmitting news stories from the same angle, and that prevents the listener from a choice, because whether a listener tunes to Highveld or 702, the news bulletin is often identical. This state of affairs also goes against the spirit of the Triple Enquiry and the White Paper on Broadcasting.

ABOUT AVHASEI MUKOMA

Avhasei Mukoma is a practicing attorney and director: regulatory, broadcasting and media law and litigation at Peter Avhasei Mukoma Attorneys. He is writing a book on competition in broadcasting and telecommunications markets. Contact Avhasei on tel +27 (0)11 834 2904, fax +27 (0)86 696 8040 or email oswika@webmail.co.za.

• TopTV on life support: Can it be saved? - 11 Jan 2013

- Ficksburg police protestor murder and politics of public broadcasting - 15 Apr 2011
- Labour reforms to rock media - 8 Feb 2011
- Who does not want to control SABC News? - 1 Feb 2011
- SABC board is on "fire" - 31 May 2010

View my profile and articles...

For more, visit: <https://www.bizcommunity.com>