



YFM ANNUAL COMPLIANCE REPORT

MARCH 2018

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LICENSE PERIOD : 12 DECEMBER 2008 –11 DECEMBER 2018

1. PREFACE

The Independent Communications Authority of South Africa (the Authority) has a statutory mandate in terms of the Constitution¹, the ICASA Act², the Electronic Communications Act³ (ECA) and the Broadcasting Act⁴ to regulate broadcasting activities in South Africa in the public interest. Among the responsibilities of the Authority is the task to ensure compliance by broadcasting service Licensees with the terms and conditions of their licence and any relevant legislation and/or regulations.

The purpose of the report is to give an account of YFM's annual performance for the 2016/17 financial year. Aspects of compliance that are measured comprise of Geographic Coverage, Broadcasting Languages, Format, General Programming Obligations, Training and Skills Development, Community-Related Obligations, South African Music Regulations, Regulations Regarding Standard Terms and Conditions, Universal Service and Access Fund (USAF) Regulations and General Licence Fee Regulations and the Code of Conduct for Broadcasters.

2. BACKGROUND

The Licensee, Yired (Pty) Ltd was issued an individual broadcasting service licence on 17 December 2008⁵ for a period of ten (10) years in accordance with the standard terms and condition for individual licences. According to the Broadcast Research Council of South Africa, the listenership figures for the last quarter of the period under review was 626 000⁶.

3. COMPLIANCE ASSESSMENT

3.1 Geographic Coverage

Clause 2 of the schedule to YFM's licence stipulates that:

"Johannesburg as defined in the coverage map attached to the Licensee's Frequency Spectrum licence"

¹ The Constitution of the Republic of South Africa, No 108 of 1996

² Act No. 13 of 2000, as amended

³ Act No. 36 of 2005

⁴ Act No. 4 of 1999

⁵ Appendix A

⁶ <http://www.brcsa.org.za/brc-ram-radio-listening-jul-16-dec-16-oct-16-mar-17/>

The Licensee's signal distribution is provided by Sentech from a transmitter site in Johannesburg which enables them to cover all the areas in their licensed area which includes Johannesburg, Pretoria and the Vaal region.

The Licensee complies with clause 1 of the schedule to its licence.

3.2 Broadcast Language(s)

Clause 3 of the schedule to YFM's licence stipulates that the broadcast language shall be:

"Primarily be English, IsiZulu and Sesotho"

The Licensee's broadcasts predominantly in English however, most of presenters use English interchangeably with indigenous languages such as IsiZulu, SeSotho and other indigenous languages.

The Licensee complies with clause 3 of the schedule to its service licence.

3.3 Format

Clause 4 (a) and (b) of the schedule to YFM's licence stipulates that the Licensee shall broadcast:

"(a) Youth based focused service with an infotainment consisting of seventy five percent (75%) music and 25% talk; (b) The Licensee may not change more than fifteen percent (15%) of its format between 0500 and 23h00".

The Licensee submitted that its programming is dominated by music complimented by talk. The Licensee broadcasts a programme called "Y Diddy" broadcast on Saturdays between 08h00 09h00. The programme is aimed at discussing issues related to bursaries, business opportunities and interviews with entrepreneurs amongst others, focused on the youth and young adults.

The monitoring exercise confirmed that the radio station's format is as contemplated in clause 4 (b) of the licence. In addition, it was confirmed that the radio station has not changed its format for the period under review.

The Licensee complies with its format.

3.4 Local Content Obligations

Clause 5 (a) and (b) of the schedule to YFM's licence stipulates that:

"(a) The Licensee must ensure than at least fifty percent (50%) of its music is South African music content; (b) The Licensee must develop programmes which are aimed at empowering local musicians and music producers"

The Licensee submitted that it broadcasts an average of 65% of South African music⁷, which information was confirmed during the monitoring exercise. During the period under review, the radio station interviewed and played new music from artists such as Tumi Molekwane, Sho Majozi and Sjava.

The Licensee also broadcasts promos on its daily programming for new artists and allow their music to be play listed on the radio as a way of empowering local musicians and producers. Further, it provides local live studio performances with audiences through a "Live and Re Yired" programme for local artists on Fridays from 22h00. Artists such as Tonic HD and Brother Mouzone have performed amongst others.

The Licensee complies with clause 5 (a) and (b) of the schedule to its licence.

3.5 General Programming Obligations

Clause 6 (a) and (b) of the schedule to YFM's licence stipulates that:

"(a) The Licensee shall broadcast news for a minimum of two hundred and ten (210) minutes per week on a regular basis for a minimum of forty (40) minutes each weekday during the South African performance period (05h00-23h00)".

(b) in instances where the Licensee does not originate news material, it must during its broadcast, credit the sources of such material in accordance with accepted journalist practises"

YFM broadcasts their main news bulletins from 06h00 until 18h00 during weekdays, and a segment called the BBC minute from 05h30 until 23H00 after every news bulletin and news headline. The news bulletins are between three (3) and four (4) minutes which equates to an average of forty two (42) minutes per day, with the BBC minute adding another thirty four minutes (34) equating to three hundred and eighty (380) minutes per week. The Licensee is exempted from broadcasting news over the weekend in terms of clause 6 (c) of the service licence.

The news stories covered for the period under review with excerpts from certain broadcasts, as follows:

⁷ Appendix B

- *"Thousands of matriculants will now have to be taught under trees following the burning down of 23 schools. The basic education department says it will costs 500 million rands to repair and rebuild schools in Vuwani. SADTU says the burning of schools will affect about a hundred thousand learners and exams next month and at the end of the year. President Jacob Zuma describes the torching of schools as denying learners the right to education";*
- *"It is business as usual at SA Express after the airline was allowed to resume its operations yesterday following the suspension of its operating licence. The licence was suspended over safety concerns on Saturday and was effective immediately, leaving hundreds of passengers stranded. The airline's spokesperson says the flights resumed at 7pm last night"; and*
- *"Online British visa application service called Access UK is being launched for South Africans. The online service is now live after being rolled out earlier this year in China and India. The service is being tested on citizens aged 30 – 35, although the British home office says it hopes to introduce it to younger people later this year".*

The Licensee credits the sources for stories that are not covered by their own news department.

The Licensee complies with clause 6 (a) and (b) of the schedule to its licence.

3.6 Ownership and Control Obligations

Clause 7 (a) and (b) of the schedule to YFM's licence stipulate that:

"The Licensee shall establish a scheme in terms of which staff are allocated five percent (5%) equity or profit participation"

The Licensee submitted that the employees are afforded a bonus payment in December as part of profit participation and proof in this regard was duly submitted to the Authority⁸.

Clause 7(b) of the service licence stipulates that:

"The Licensee shall be entitled to reduce ownership by previously disadvantaged persons to below percent (80%) on application to the Authority".

The Licensee is wholly owned by Sabido Investments (Pty) Ltd which is hundred percent owned by previously disadvantaged persons⁹.

⁸ Appendix C

The Licensee complies with its ownership and control obligations.

3.7 Training and Skills Development Obligations

Clause 8 (a) and (b) of the schedule to YFM's licence stipulate that:

"The Licensee shall (a) ensure that's its staff compliment is reflective of equitable gender and (b) must expend R400 000 (four hundred thousand Rand) per annum on training and human resource development".

The Licensee submitted that it has a total staff compliment of eighty-seven (87) employees which includes interns. The overall total of female employees is forty-five (45) which equates to an average of fifty two (52%) of the overall staff compliment¹⁰.

In compliance with clause 8 (b), the Licensee spent over eight hundred thousand rands (R 800 000) on training and human resource development. The amounts are made up of a combination of funds dedicated to training for staff and stipends for interns recruited through their Y Academy. During the period under review, the Licensee's training budget exceeded the required amount stipulated in their licence.

The Licensee complies with its training and skills development obligations.

3.8 Community related Obligations

Clause 9 of the schedule to YFM's licence stipulates that:

"The Licensee must provide at least R1 000 000 (one million Rand)'s worth of airtime annually to relevant organisations for the purposes of providing free social responsibility messaging".

The Licensee submitted that through its YCares initiative, they have provided free advertising and promos to the value of R1 213 181.81 for the period under review¹¹.

The Licensee complies with clause 9 of the schedule to its licence.

4 REGULATIONS

4.1 South African Music Content

The Regulations on South African Music Content as published on 31 January 2006 stipulate that:

All commercial sound licensees must play a minimum 25% South African music".

⁹ Appendix D

¹⁰ Appendix D

¹¹ Appendix E

The information submitted indicated that the Licensee broadcasts an average of sixty five percent (65%) of South African music, which information was confirmed during the monitoring exercise.

The Licensee broadcasts a show on Saturdays called "The Bomb chart" between 18h00 and 19h00 playing local music, with another music chart show programme called "Hot 99" weekdays between 09h00 and 10h00 and with repeats at 21h00 counting down the latest songs from different music genres. The chart show focuses on different music genres on different days of the week and are able to playlist local artist on the local Hip Hop and House charts on their respective days.

The Licensee complies with the South African Music Content Regulations.

4.2 Standard Terms and Conditions

The Authority is satisfied that during the period under review the Licensee did not contravene the regulation in respect of the Standard Terms and Conditions for Individual Licences.

4.3 Universal Service and Access Fund (USAF) Regulations

Regulation 3 of the prescribed annual contribution of licences to USAF regulations stipulates that:

(1) "Every holder of a licence granted in terms of Chapters 3, 4 and/or 9 or converted in terms of Chapter 15 of the Act, must pay an annual contribution of 0.2% of its Annual Turnover to the Fund".

(2) "A BS licensee who has paid an annual contribution to the MDDA must set off that contribution against its USAF Contribution, provided that the MDDA contribution and the USAF contribution against which it is set off are for the same financial year".

The Licensee made a payment to the Media Development and Diversity Agency (MDDA) on 05 October 2017 which is more than six months after the licensee's financial year end of March¹². The MDDA had communicated to the Licensee to submit their Audited Financial Statement and calculations as per the Regulations to be issued with a Section 18A certificate. The information was not made available by the time of compilation of this report.

The Licensee does not fully comply with USAF Regulations.

¹² Appendix F

4.4 General Licence Fees Regulations

The General Licence Fees Regulations came into effect on the date of publication in the *Government Gazette no. 32084*, on 01 April 2009.

Regulation 3 (1) (a) stipulates that:

"The annual Licence fees prescribed in these regulations and as set out in Schedule 2 apply to holders of Individual and Class ECS licences, Individual and Class ECNS licences and Individual Commercial BS licences".

Schedule 2 under Annual Licences Fees stipulates that:

"Individual Commercial Broadcasting Service Licensees to pay an annual licence fee of 1.5% of gross profit to the Authority".

Schedule 3 (4) (b) and (c) stipulates that:

"(b) In respect of payment, such are due and payable within 6 months from the end of the licensee's financial year; (c) may only be paid by way of an electronic transfer or via direct deposit into the Authority's bank account"

YFM made its licence fee payment on 06 October 2017 which was more than six (6) months after the Licensee's March financial year end¹³. The Licensee was sent a late payment penalty interest invoice which they duly settled.

The Licensee complies with the General Licence Fees Regulations.

4.5 Code of Conduct for Broadcasters

The Licensee is a member of the National Association of Broadcasters (NAB) and complaints in relation to the Code of Conduct for Broadcasters are administered by the Broadcasting Complaints Commission of South Africa (BCCSA).

5. CONCLUSION

The Licensee has for the period under review complied with its licence terms and condition and applicable regulations. The only challenge has been not being able to make payments

¹³ Appendix G

for USAF and Licence Fees within the six months and it will be brought to the Licensee attention to ensure that they pay the applicable penalties for late payment.

6. TERMS OF REFERENCE:

Appendix A: YFM Broadcasting Service Licence;

Appendix B: Form 9A Programme Logsheet;

Appendix C: Bonus Provision;

Appendix D: Form 1;

Appendix E: Ycares documentation;

Appendix F: MDDA proof of payment; and

Appendix G: Licence Fees proof of payment.