



# **CLASSIC FM 102.7 ANNUAL COMPLIANCE REPORT**

**MARCH 2019**

## **2017/18 ANNUAL COMPLIANCE REPORT**

### **CLASSIC 102.7 FM**

**Licence Period: 17 December 2008 – 16 December 2018**

#### **1. PREFACE**

The Independent Communications Authority of South Africa (the Authority) has a statutory mandate in terms of the Constitution, the ICASA Act and the Electronic Communications Act (ECA) to regulate broadcasting activities in South Africa in the public interest. Among the responsibilities of the Authority is the task to ensure compliance by broadcasters with the terms and conditions of their licence, the ICASA Act, ECA, the Broadcasting Act, and any relevant legislation or regulation.

The following report is intended to give account of Classic 102.7's (the Licensee) compliance with the terms and conditions as set out in its licence for the 2017/2018 financial year. Aspects of compliance that are measured comprise of participation by Historically Disadvantaged Individuals (HDI), programming, format, news and information, local content obligations, language(s), South African Music Regulations, Regulations Regarding Standard Terms and Conditions, Universal Service and Access Fund (USAF), the General Licence Fee Regulations and the Code on People with Disabilities.

#### **2. BACKGROUND**

Classic 102.7 102.7 (Classic 102.7) is an Individual Broadcast Service Licensee broadcasting in and around Johannesburg. The radio station is broadcasting from studios situated at 06<sup>th</sup> Floor Jorissen Place, 66 Jorissen Street, Braamfontein, Johannesburg.

Classic 102.7 has an obligation to carry out its service as per the terms and conditions of the broadcasting service licence granted to it by the Authority. The radio station's signal distribution service is conducted and maintained by Sentech (Pty) Ltd.

### **3. COMPLIANCE ASSESSMENT**

#### **3.1 Ownership and Control**

Clause 1.1 of Classic 102.7's licence<sup>1</sup> stipulates that the licence is issued to:

*"The name of company/entity: Classic FM 102.7 (Pty) Ltd."*

Clause 1.2 of Classic 102.7's schedule to the licence provides that the shareholders are as follows:

- i. Huntrex 144 (Pty) Ltd – 51.91%
- ii. Golden Pond Trading 183 (Pty) Ltd – 25.15%
- iii. Ingoma Trust – 15.09%
- iv. Boitshepo Investments (Pty) Ltd – 7.85%

Clause 1.3 of Classic 102.7's schedule to the licence stipulates that:

*"Ownership held by people from disadvantaged groups:*

- i. Huntrex 144 (Pty) Ltd – 51.91%
- ii. Golden Pond Trading 183 (Pty) Ltd – 25.15%
- iii. Ingoma Trust – 15.09%
- iv. Boitshepo Investments (Pty) Ltd – 7.85%

In January 2018, Classic 102.7 submitted a Form 0 to the Authority which indicated a transfer of shares from Boitshepo Investments (7.85%) to Africa Media Entertainment (Pty) Ltd. At the time of writing this report, the Authority had not yet expressed its position on the Licensee's application.

Previously, the historically disadvantaged individuals held the bulk share at Classic 102.7, the transfer of 7.85% to Africa Media Entertainment Ltd does not, on the surface, threaten the Licensee's compliance with the HDI equity ownership regulated in section 9 (2)(b) of the Electronic Communications Act of 2005.

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<sup>1</sup> Appendix A: Classic 102.7 FM's Service Licence

### **3.2 Name of Station**

Clause 1 of the licence provides that the name of the station shall be:

*"Classic 102.7"*

The Licensee's submissions to the Authority boast a letter head that confirms that indeed the name of the station is Classic 102.7. A monitoring exercise carried out by the Authority on the Licensee's programming profile confirmed that the name of the station is as per prescription made this clause.

**Classic 102.7 complied with clause 1 of the licence.**

### **3.3 Geographic coverage area**

Clause 2 of the licence provides that Classic 102.7's coverage area shall be:

*"Johannesburg, as defined in the coverage map attached to the Licensee's radio frequency spectrum licence<sup>2</sup>".*

In its submissions, Classic 102.7 maintains that it broadcasts in and around Johannesburg and as specified in their radio frequency spectrum licence. In the year under review, the Authority received no complaints indicating interference by the Licensee in areas outside its footprint.

**The Licensee complies with clause 2 of its licence.**

### **3.4 Language (s)**

Clause 3 of the licence provides that Licensee's language of broadcast shall be:

*"Principal Language: English"*

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<sup>2</sup> Appendix C: Classic 102.7's Frequency Spectrum Licence

The monitoring exercise carried out by the Authority confirmed that Classic 102.7 broadcasts all its programmes in English.

**The Licensee complies with clause 3 of its licence.**

### **3.4 Format**

Clause 5.1 of the licence stipulates that:

*"The Licensee shall provide classical music."*

The Authority's monitoring exercise found that Classic 102.7 plays only classical music in its programming. The Licensee's music line up was found to feature a lot of international classical music while sufficiently providing for local classical music lovers.

**The Licensee complies with the clause 5.1 of its licence.**

Clause 5.2 of the licence provides that:

*"The Licensee shall not change more than 15 percent (15%) of its format between 05h00 and 23h00".*

In investigating the Licensee's compliance with this clause, the Authority measured Classic 102.7 current year against that of the 2016/2017 Financial Year. In its efforts, the Authority was assisted by a record of previously received Programme Log Sheets and notes from previous year's monitoring exercise. The Authority's investigation found no changes to Classic 102.7 programming format in the year under review.

**The Licensee complies with clause 5.2 of its licence.**

### **3.5 Local Content Obligations**

Clause 6.1 of the licence stipulates that:

*"The Licensee shall develop local music and contribute towards the Licensee's South African music quota by hosting soirees at least quarterly. This shall be accompanied by an on-air promotion of the artists concerned."*

Classic 102.7 reports to have hosted no soirees in the year under review. The Licensee attributes this non-compliance to financial constraints that the Licensee found itself in during this year.

**On the basis that the Licensee did not host any soirees in the year currently under review; the Authority concludes that Classic 102.7 has failed to comply with clause 6.1 of its licence.**

Clause 6.2 of the licence provides that:

*"The Licensee shall continue to be involved in the development of local music by offering a minimum of one million rand (R1 000 000.00) per annum in free on-air advertising for concerts at a reduced cost, allocated at its discretion for concerts, workshops, free live on-air interviews, the promotion of soirees and development of new artists whose music aligns with its format."*

Classic 102.7 reports to have allocated airtime valued at R1 900 000.00 for the satisfaction of this obligation and in its dedication to see the development of local music. Classic 102.7 further adds that the airtime was for the purposes of promoting and developing new classical music artists.

**Classic 102.7 complies with clause 6.2 of the licence.**

### **3.6 General Programming Obligations**

Clause 7.1 of the licence stipulates that:

*"The Licensee shall broadcast news on a regular basis for a minimum of fifty (50) minutes each day between 05h00 and 23h00".*

Classic 102.7's Programming Log Sheets suggest that the Licensee broadcasts at least 52 minutes of news per day during the South African Performance Period. The entries on the Licensee's submission indicate that the bulk of their news output is national news, followed by regional news content. The Authority's findings were that, Classic 102.7 schedules at least 13 news bulletins on each day. The news bulletins would last for approximately 4 minutes and this then translates to at most 52 minutes of news per day.

The following are some of the News extracts that were found during monitoring:

- *"Police Minister, Bheki Cele, has revealed that there has been another 3 cash-in-transit heists in Gauteng, the Eastern Cape and Mpumalanga. The heists occurred in Krugersdorp, King Williams Town and EMalahleni area yesterday. This comes after Cele unveiled a new Crime Fighting strategy to deal with the scourge of cash-in-transits heists in the country. According to the report, in the last 96 cash-in-transit heists with most of the occurring in the Gauteng. Cele say the government will not allow criminals to collapse the society.*
- *The SA Communist Party has threatened to not campaign for the ANC in the 2019 elections if Jacob Zuma is involved. The tripartite alliance has been vocal in the criticism of the former President who is due in Court this week to face 16 charges related to the arms deal. Zuma who resigned from the ANC in February after being recalled by the party is allegedly campaigning in KZN ahead of next year's elections. According to reports, he is also attempting to form a breakaway party to overthrow the ANC government. The SACP's first deputy secretary, Solly Mapiala, say that the alliance will not associate itself with criminals.*
- *The Nigerian Government says that more than 180 inmates in a medium security prison have escaped custody. This comes after an unidentified gunman opened fire on the facility over the weekend. Government says after 200 inmates that had escaped, only 28 have been returned.*

- *The South African Federation of Trade Unions says the petrol price hike that would come into effect at midnight – will burden the working class. The price of petrol will increase by a massive 82 cents per litre, diesel by 85 cents a litre while the price of illuminating paraffin will rise by 82 cents a litre. In Gauteng the petrol price will increase to R15.79 per litre. SAFTU's Secretary General, Zwelinzima Vavi, says the decline in the economy is mostly affecting the poor.*

**Classic 102.7 complies with clause 7.1 of its licence.**

Clause 7.2 of the licence stipulates that:

*"Should the Licensee source news material from a source other than itself, the source(s) thereof shall be disclosed during the news broadcast."*

Classic 102.7 discloses news material that it obtains from sources other than its journalists during the relevant news bulletin. The Licensee's news sources are:

- i. British Broadcasting Corporation (BBC)
- ii. News24; and
- iii. Reuters.

**The Licensee complies with clause 7.2 of its licence.**

Clause 7.3 of the licence provides as follows:

*"The Licensee shall provide the Classic Business programme on all weekdays".*

Classic 102.7's log sheets indicate that the Classic Business programme is indeed a weekday feature on its programming profile. The programme features twice a day and has at least 2 and a half hours in each day's programming schedule. The Authority's monitoring exercise found that "Classic Business" features for an hour during the breakfast (06h00 to 09h00) slot and then again between 17h30 and 19h00. The programme centres on business news making headlines and interviews with leaders in the different industries and government. Classic Business brings you closer to the business stories shaping the economy and the market trends thus providing important information for investment opportunities.



The programme provides the listener with in depth company profiles and the very latest economic analysis. The Licensee's Friday feature wraps up the week with a half-hour special on business stories that made headlines during that particular week.

**The Licensee complies with clause 7.3 of its licence.**

### **3.7 Training and Skills Development Obligations**

Clause 8.1 of the licence makes the following prescription:

*"The Licensee shall train its staff on an ongoing basis."*

Classic 102.7's reporting submits that training is provided to its staff on an ongoing basis. The Licensee reports of training its staff on a wide range of training offerings from administration to on air preparation.

**The Licensee complies with clause 8.1 of its licence.**

Clause 8.2 of the licence stipulates that:

*"The Licensee shall train and provide at least short-term employment opportunities to empower two (2) interns per year."*

According to Classic 102.7's report in this regard; the Licensee has – in the year under review – admitted at least 2 interns from different tertiary institutions. The following were interns at Classic 102.7:

- i. Mr Asanda Nkunkuma an intern in Production Department as a Sound Engineers.
- ii. Ms Charisa Botha also in the Production Department.

The two interns are well in line for permanent employment with the Licensee as soon as their individual contracts expire.

**The Licensee complies with clause 8.2 of its licence.**

Clause 8.3 of Classic 102.7's schedule to the licence stipulates that:

*"The Licensee shall conduct presentation training throughout the year".*

The Licensee's compliance with this clause is measured with Classic 102.7's compliance with clause 9.2. The Licensee submits that it does provide presentation training throughout the year. The beneficiaries are presenters brought in from Radio Today, Alex FM and Kofifi FM. The Licensee has long standing relationships with the 3 class Licensees and any assistance, in terms of development and training, is afforded to them at first preference.

**The Licensee complies with clause 8.3 of its licence.**

### **3.8 Community-related obligations**

Clause 9.1 of the licence stipulates that:

*"The Huntrex creates a trust with shareholding equal to that held by the Liberty Foundation with the express aim of ensuring the direction of dividends earned, to the development of South African arts and culture".*

Classic 102.7 submits that the Ingoma Trust remains a shareholder of Classic 102.7 and that the specific objective of the trust meets the aim as envisaged by the licence conditions. The trust deed was recently amended to have a broader based black economic representation. The Ingoma Trust maintains a shareholding equal to that which the Liberty Foundation previously held.

**The Licensee complies with clause 9.1 of its licence.**

Clause 9.2 of the licence makes the following prescription:

*"The Licensee shall offer presentation training to two (2) individual from community radio stations annually".*

The Licensee submits that, in the year under review, it provided presentation training as required. The beneficiaries were presenters brought in from Radio Today, Alex FM and Kofifi FM.

**The Licensee complies with clause 9.1 of its licence.**

## **4. REGULATIONS**

### **4.1 Compliance Procedure Manual Regulations**

#### **4.1.1 Form 12A Complaints Report**

Classic 102.7 is required, in terms of the Compliance Procedure Manual Regulations, to submit a Form 12A<sup>3</sup> which reports on all complaints received in the course of each financial year. In April 2018, Classic 102.7 submitted its complaints report in accordance with this regulation.

In the last 6 months of the year under review, Classic 102.7 reports receiving at least 19 listener complaints all of whom were resolved within a day of receipt. The Licensee does not divulge as to the nature of the complaints save to mention that none required escalation to the BCCSA (Industry Regulated Body they subscribe to).

Classic 102.7 submits that their complaints processes are published on the radio during broadcasts and that they are directed to and received by the Complaints Officer via email or telephone.

**The Licensee complied with the expectations of Form 12 A of the Compliance Procedure Manual Regulations.**

### **4.2 Code on People with Disabilities**

Clause 3.1 (a) of the Code on People with Disability of 2007 stipulates that:

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<sup>3</sup> Appendix F: Classic 102.7's Form 12A

*"Broadcasting service Licensees must ensure that their services are made available and accessible to people with disability."*

Classic 102.7's premises and their service was found to cater and is accessible to people with disabilities.

**The Licensee complies with the above-mentioned Regulation.**

### **4.3 ICASA South African Music Content Regulations, 2016**

Regulation 3(2) of the ICASA South African Music Content Regulations, 2016<sup>4</sup> as published on 23 March 2016 stipulates that:

*"A holder of a commercial sound broadcasting service licence must ensure that after eighteen (18) months from the date of gazetting of these Regulations, a minimum of 35% of the musical works broadcast in the performance period, consist of South African music and that such South African music is spread evenly throughout the performance period."*

According to Classic 102.7's programming log sheets, the Licensee plays an average of 37% South African music in its profile. The Authority's monitoring exercise found that Classic 102.7's on air profile carries a significant amount of South African music. The Licensee's music output mainly featured local classical music ensembles and composers. Among those found during monitoring were: The Buskaid Ensemble, the Johannesburg Philharmonic Orchestra, and various other orchestra ensembles performing the works of some internationally renowned classical music composers and artists.

**The Licensee complies with regulation 3.2 of the Regulations on South African Music Content.**

### **4.4 Universal Service and Access Fund Regulations**

Regulation 3(1) stipulates that:

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<sup>4</sup> Appendix C: ICASA South African Music Content Regulations, 2016

*"Every holder of a licence granted in terms of Chapter 3 or converted in terms of Chapter 15 of the Act, must pay an annual contribution of 0.2% of the annual turnover, derived from the Licensee's licence activity, to the Fund" (See appendix G)<sup>5</sup>.*

Regulation 3(2) stipulates that:

*"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".*

Classic 102.7 paid its contribution to the Universal Service and Access Fund as prescribed by the Regulations Regarding the Universal Service and Access Fund for Individual Licensees.

#### **The Licensee complies with the Universal Service and Access Fund Regulations.**

### **4.5 General Licence Fees Regulations**

Regulation 3(1) of the General Licence Fees Regulations published in the Government Gazette No. 32084 on 01 April 2009 states as follows:

*"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) state 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."*<sup>6</sup>

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<sup>5</sup> Appendix H: Universal Service and Access Fund Regulations

<sup>6</sup> Appendix I: General Licence Fee Regulations

Classic 102.7 paid its annual contribution towards the General Licence Fees. According to the Authority's records, the payment was made on time and in line with the provisions of this regulation.

**Classic 102.7 complied with regulation 3(1) and schedule 3(4)(b) of the General Licence Fee Regulations.**

## **5. CONCLUSION**

Classic 102.7 South Africa (PTY) LTD failed to comply with clause 6.1 of the licence which gives an obligation to the Licensee to host soirees in order to develop local classical musicians. The Licensee cites financial difficulties it found itself in throughout the year that is under review as the reason for not complying. Classic 102.7 should note that compliance with any clause is not subject to good financial returns, if that were the case the clause would have indicated as such. The Authority accepts no excuses in terms of compliance and Classic 102.7 needs to correct their failure to host the soirees they promised to host.

## **6. TERMS OF REFERENCE**

**Appendix A:** Classic 102.7's broadcasting service licence

**Appendix B:** Classic 102.7's HDI and Shareholding Report

**Appendix C:** Classic 102.7's Frequency Spectrum Licence

**Appendix D:** General Log Sheets

**Appendix E:** Contracts for Airtime allocation

**Appendix F:** Form 11: Classic 102.7's Judgement Form

**Appendix G:** Form 12A: Classic 102.7's Complaints Report

**Appendix H:** South African Music Content Regulations

**Appendix I:** Universal Service and Access Fund Regulations

**Appendix J:** General Licence Fee Regulations