



EAST COAST RADIO ANNUAL COMPLIANCE REPORT

MARCH 2019

2017/18 ANNUAL COMPLIANCE REPORT

EAST COAST RADIO (PTY) LTD

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, the ECA, the Broadcasting Act and any relevant legislation or regulation.

The following report is intended to give account of East Coast Radio'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) Regulations, the General Licence Fee Regulations and the Code on People with Disabilities.

2. BACKGROUND

East Coast Radio started out as Radio Port Natal (RPN Stereo) back in 1967. In 1994, what was then rebranded as RPN Stereo and sold to the Kagiso Media Group. During the 2008 licence conversion, the Authority converted an Individual Broadcasting Service licence belonging to Kagiso Media group into a 10-year service licence. To date, East Coast Radio boasts a listenership estimated at well over a million listeners.

3. COMPLIANCE ASSESSMENT

3.1 Licensee

Clause 1 of East Coast Radio's licence¹ reads as follows:

"1.1 Name of Company/Entity: KTH Media Investments (Pty) Ltd.

1.2 Shareholders: KTH Media Holdings (Pty) Ltd 100%

1.3 Ownership held by persons from historically disadvantaged groups: 60.07%

There were no changes, reported by the Licensee, to its shareholding structure in the year under review. Accordingly, East Coast Radio is wholly owned by KTH Media Holdings (Pty) Ltd and 60% of the Licensee is held by persons from historically disadvantaged backgrounds.

The Licensee complies with clauses 1.1, 1.2 and 1.3 of its licence.

3.2 Name of Station

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

"East Coast Radio"

The Licensee still goes by the name as prescribed in the licence. All communication received by the Authority from the Licensee indicates that there have been no changes to the name. The Licensee's on-air profile also features jingles that confirm that the name of the radio station is East Coast Radio.

The Licensee complies with clause 1 of its licence.

3.3 Geographic coverage area

Clause 2 of the licence provides that the coverage area shall be as follows:

¹ Appendix A: East Coast Radio's Service Licence

"KwaZulu-Natal, as defined in the coverage map attached to the Licensee's radio frequency spectrum licence²".

The Licensee maintains that it broadcasts in KwaZulu-Natal as specified in their radio frequency spectrum licence. In the year under review, the Authority did not receive reports suggesting the Licensee broadcasts outside the defined coverage area.

The Licensee complies with clause 2 of its licence.

3.4 Broadcast Language

Clause 3 of the licence prescribes the following:

"Principal Language: English"

The Authority's monitoring exercise found that East Coast Radio broadcasts all its programmes in English.

The Licensee complies with clause 3 of its licence.

3.4 Format

Clause 4 of the licence provides:

"The Licensee shall have a programming format of music in an adult contemporary format providing a mix of music and information (including coverage of community affairs)."

East Coast Radio submits that its programming format is in an adult contemporary manner. The Authority's monitoring exercise found that East Coast Radio's programming is accompanied by a line-up of music in an adult contemporary manner. News and Information programming was observed during monitoring.

² Appendix B: East Coast Radio's Frequency Spectrum Licence

The Licensee's programming profile includes news, information and music which is its prescribed format.

The Licensee complies with the clause 4 of its licence.

3.5 Local Content Obligations

Clause 5.1 of the licence stipulates that:

"The Licensee shall adhere to a four-point plan namely:

5.1.1 supporting live music performances;

5.1.2 profiling South African Composers;

5.1.3 engaging in joint promotions and competitions with record companies and advertisers; and

5.1.4 playing and promoting local music demonstration tapes."

In complying with the obligation to implement the four-point plan as listed above, East Coast Radio submits that its on air feature of local artists and composers has contributed immensely. In the year under review, East Coast Radio reports to have profiled 84 local artists and composers, including:

- *Johnny Clegg, Lloyd, Zakes, Toya Delazy, Tamara Dey, Micasa, Mafikizolo, Lady Smith Black Mambazo, DJ Ganyani, Ricky Rick and many others.*

All this made possible by 420 minutes in 5 minutes interviews spread evenly throughout the year during the Licensee's prime time shows. The content of these interviews as observed through the Authority's monitoring exercise are mainly to either, promote the individual artist's upcoming event, a show featuring a group of other artists, a new single or album launch and concerts arranged by the Licensee in which some of the artists featured.

The Licensee's use of Facebook live has added a great dimension to East Coast Radio's compliance with this clause. Through this platform, East Coast Radio is now able to broadcast live in studio performances by various artists who would perform a line from their albums after or during the interview.

Lastly, East Coast Radio's weekly offering of "Play Local" serves as a platform wherein the Licensee features new artists. This is done by way of in studio music teasers and in-depth interviews on the new artists. The programme "Play Local" features every Sunday between 18h00 and 21h00. More interviews were observed during monitoring on the show East Coast Radio Urban between 18h00 and 21h00 from Monday to Thursday.

East Coast Radio complies with clause 5.1 and the sub clauses of the licence.

Clause 5.2 further gives the following obligation in ensuring that the Licensee maximises on its local content outputs:

"The Licensee shall host:

5.2.1 at least one East Coast Radio live music concert; and"

In the year under review, East Coast Radio hosted the Concert Comedy and Craft Music Concert, and this was in association with 1Life Direct as the main sponsor. According to the Licensee's report, the concert was held on 25 September 2017.

East Coast Radio complied with clause 5.2.1 of its licence.

"5.2.2 an event to showcase South African musicians, at least one of whom must be from KwaZulu-Natal".

East Coast Radio's reports indicate that the Licensee, in partnership with various promoters and sponsors, hosted several music events in its quest to comply with this clause. The following music events, which among them hosted at least 4 KZN based musicians and a host of South African musicians, were hosted by East Coast Radio either on its own or with the event promoters and sponsors:

Music Event	Date	South African Musician(s)ZN Featured
1. Park Life	28 January 2018	Desmond and the tutus Goodluck

Music Event	Date	South African Musician(s)ZN Featured
		Alice Phoebe Lou Majozi Opposite the Other
2. Splashy Fen	30 January 2018	Rubber Duc Mango Groove Perez Ard Matthews Goodluck Josh Wantie Prime Circle Matthew Mole Veramda Pandas Hot Water
3. East Coast Radio Big Walk	20 May 2018	Shekinah Easy Freak Chico Muya
4. East Coast Radio Family Day	26 May 2018	Freddy L Kickstands Lady Zamar Matthew Mole Tresor
5. Gin & Tonic Festival	02 June 2018	Goodluck Freddy L

East Coast Radio complies with clause 6.1 of the licence.

3.6 General Programming Obligations

Clause 6.1 of the licence provides that:

"The Licensee shall spend a minimum of R1 000 000 (one million Rand) per annum on the production and presentation of news."

East Coast Radio reports to have spent at least R3 006 616.00 in its efforts to comply with clause 6.1 of the licence. According to the Licensee, at least R2 458 364.00 (82% of the overall spend) was spent on payments of salaries of persons working in the news team, which included interns, while the balance was spent on external sources and correspondents for the production of local news.

The Licensee complied with clause 6.1 of the licence.

Clause 6.2 of the licence stipulates that:

"The Licensee shall emphasise local and regional news."

East Coast Radio submits that their local and regional news content constitutes an average of 40% of their overall, calculated over 12 months.

The monitored programme recordings revealed that the Licensee's local and regional content is clearly emphasised and that it provides for the bulk of the Licensee's news output. East Coast Radio schedules at least 50% local and regional news in their bulletins and the rest is made up of national and international news.

Among the local and regional news items monitored were the following excerpts:

- *"KZN Authorities have launched a man-hunt for 4 robbers who broke to a Durban North home and tied up a mother and her three children. Reports from the scene are that, the gang scaled the walls of the property and gained entry into the home by removing a window early yesterday morning. Their hands were bound with duct tape and the men ransacked the home removing flat screens and other electronic equipment before fleeing in an unknown direction. At the moment, the suspects are unknown and the South African police Services are investigating further."*
- *An investigation is currently underway into the death of a woman who allegedly drowned on Umgeni River moments after running away from police. Officers conducting stop and searches say they wanted to question two women who were walking on Riverside road on Friday. Police spokesperson, Thulani Zwane, says one of the women decided to make a*

run for it. Zwane reports that the woman ran into the river and drowned. The search and rescue team was called to the scene and unfortunately, she had already drowned, and her body was taken out of the river. The South African Police Services has opened a case of inquest for further investigation.

East Coast Radio complies with clause 6.2 of the licence.

Clause 6.3 of the licence provides:

"The Licensee shall employ a news team specifically for the production of local news."

East Coast Radio's annual report shows that the Licensee employs at least 14 individuals in the news team as follows:

- 1x News Editor
- 1x Senior News Anchor
- 1x News Anchor
- 3x Journalists
- 2x Interns
- 1x Online Journalist

East Coast Radio complies with clause 6.3 of the licence.

While Clause 6.4 of the licence provides:

"The Licensee shall broadcast news on a regular basis for a minimum of thirty (30) minutes each day between 05h00 and 23h00."

According to the Licensee's monthly log sheets, East Coast Radio schedules at least 50 minutes per day.

The Authority's monitoring exercise revealed that East Coast Radio schedules 13 full news bulletins per day and each bulletin has a duration of approximately 3 minutes. The calculations in this regard concluded that the Licensee broadcasts

approximately 40 minutes of news on each day during the South African Performance Period.

Examples of news extracts as found during the monitoring exercise:

- *The Sunday Times has to return all the money and awards given to its reporters who were responsible for investigating and reporting on the so called "Cato Manor Death Squad", the SARS Rogue Unit and the Zimbabwe Renditions. On its website, the Paper's Editor, Bongani Siqoko, issued a lengthy apology where he admits that they got it all wrong since the stories were first published in 2011. The apology comes just days after Forensic Investigator, Paul Sullivan, gave the paper an ultimatum to retract the false stories or face a boycott. Sullivan says the paper had contributed to the largest state capture narrative during a series of fake articles by the Sunday Times, a number of people were charged and lost their jobs. Sullivan goes on to finger two journalists namely, Stephen Hofstatter and Mzilikazi waAfrika as having been paid to peddle false news.*
- *It is reported that soil tests around the Tower of London have identified toxins that could affect the health of the people living around the site in west London. The Guardian says that a study carried out following last year's deadly fire advised official that further tests are needed. Public Health England says it will consider the results when it gets to see the research.*
- *"KZN Authorities have launched a man-hunt for 4 robbers who broke into a Durban North home and tied up a mother and her three children. Reports from the scene are that, the gang scaled the walls of the property and gained entry into the home by removing a window early yesterday morning. Their hands were bound with duct tape and the men ransacked the home removing flat screens and other electronic equipment before fleeing in an unknown direction. At the moment, the suspects are unknown and the South African police Services are investigating further.*
- *An investigation is currently underway into the death of a woman who allegedly drowned on Umgeni River moments after running away from police. Officers conducting stop and searches say they wanted to question two women who were walking on Riverside road on Friday. Police spokesperson, Thulani Zwane, says one of the women decided to make a run for it. Zwane reports that the woman ran into the river and drowned. The search and rescue team was called to the scene and unfortunately, she*

had already drowned and her body was taken out of the river. The South African Police Services has opened a case of inquest for further investigation.

The Licensee complied with clause 6.4 of the licence.

Clause 6.5 of the licence provides that:

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

East Coast Radio discloses news material that it obtains from sources other than its journalists during the relevant news broadcasts. The Licensee's news sources are reported to be:

- i. Online Newswires;
- ii. Sky News
- iii. Local and International News correspondents

East Coast Radio complies with clause 6.5 of its licence.

3.7 Training and Skills Development Obligations

Clause 7.1 of the licence provides:

"The Licensee shall spend at least R300 000 (three hundred thousand Rand) on training and skills development for persons from historically disadvantaged groups."

The Licensee boasts of its commitment to the development of the individuals in its personnel. In this regard, East Coast Radio reports paying out in excess of the required amount by R1 465 949 in its training of persons from historically disadvantaged groups.

Accordingly, the Licensee complies with clause 7.1 of its licence.

Clause 7.2 prescribes as follows:

"The Licensee shall budget R335 000 (three hundred and thirty-five thousand Rand) for staff development annually over the licence period of which five percent (5%) must be spent on training."

The table here below illustrates East Coast Radio's measures to comply with this clause:

Area of Training	Expenditure Per Training Field (as at end June 2018)
1. Sales	R497 869
2. News	R28 700
3. Marketing	R101 706
4. Programming	R23 200
5. Engineers	R7000
6. Finance and Administration	R807 474
Overall Training Spend	R1 465 949

East Coast Radio complies with clause 7.2 of its licence.

Clause 7.3 of the licence provides as follows:

"The Licensee shall provide funding for at least two (2) employees to obtain international training and exposure, with at least one (1) of whom must be a historically disadvantaged person."

East Coast Radio continues to source the services of an "international consultant" for training of its employees. In the year under review, Phil Dowse, the "International Consultant", gave training to 26 employees at East Coast Radio and at least 69% of the trained personnel were individuals from historically disadvantaged groups.

The Authority needs to explain its position in terms of the interpretation of this obligation and put forth such an interpretation to the Licensee; otherwise the intention could be lost in translation. As it is, the clause could be translated to

mean that 2 of the employees within the Licensee should actually travel abroad for training and for them – especially the one from the HDG – to be “exposed” to international training in its true form. It is unlikely that when the Licensee promised to expose historically disadvantaged persons to “international training and exposure” it meant that it was going to source an “international lecturer” to provide training to its staff as if the lecturing is a scarce resource in the country.

In the absence of the Authority’s explanation and on the basis of the Licensee’s interpretation of this clause, **the Authority concludes that East Coast Radio has complied with clause 7.3 of its licence.**

Clause 7.4 of the licence provides:

“The Licensee shall budget R1 000 000 (one million Rand) annually for news, at least five percent (5%) of which must be spent on journalism training and news gathering within the news department.”

The expectation that this obligation creates is the Licensee shall budget at least R50 000 to be spent on journalism training and news gathering within the news department. In the year that is currently under review East Coast Radio reports to have spent R375 119 on journalism training and news gathering with the news department.

East Coast Radio complies with clause 7.4 of its licence.

Clause 7.5 of the licence prescribes as follows:

“The Licensee shall provide at least R64 000 (sixty-four thousand Rand) annually to be used for the annual broadcasting engineering internship(s) to persons from historically disadvantaged groups.”

In the year under review, the Licensee spent R235 500 (*two hundred and thirty-five thousand and five hundred Rand*) on engineering internships to persons from historically disadvantaged.

The Licensee complies with clause 7.5 of its licence.

Clause 7.6 of the licence provides:

"The Licensee shall provide an annual internship in the news department to the value of R100 000 (one hundred thousand Rand) to:

- a) A person from a historically disadvantaged group; and*
- b) A person from a KwaZulu-Natal based community sound broadcasting service Licensee.*

In terms of East Coast Radio's submission; the Licensee spent R276 418 in payment of interns, and their mentors, in the news department. The Licensee reports that Lethiwe Mdluli had previously worked for Megazone Hit Radio (online radio) FM and 1KZN TV prior to joining East Coast Radio. The Authority is satisfied that the Licensee complied with clause 7.6(b) in that Ms Mdluli worked for 1KZN TV.

East Coast Radio complied with clause 7.6 of its licence.

3.8 Ownership and control structures of the Licensee

Clause 8.1 of licence gives the following instruction:

"The Licensee shall maintain at least thirty five percent (35%) control of the station within the geographic coverage area."

Clause 8.1 is no longer applicable as the Authority approved the Licensee's exemption on 24 March 2005.

Clause 8.2 of the licence provides:

"The Licensee shall ensure that there are at least two (2) women on its Board of Directors, at least one of whom is an independent Black woman with no relationship to the shareholders."

The Licensee's annual report submits the following individuals as serving in its Board of Directors:

Name	Position with the BoD	Gender	Race
1. Mr M. Danisa	Chairman (Non-Executive)	Male	Black
2. Mr R.J Abraham	Chief Executive Officer (Acting)	Male	White
3. Mr T.S Setshedi	Chief Financial Officer	Male	Black
4. Ms K.S Legoabe - Kgomari	Non-Executive Member	Female	Black
5. Ms MR Motanyane-Welch	Independent Director	Female	Black
6. Ms S.Y Mahlangu	Non-Executive Member	Female	Black
7. Mr A.F Paruk	Independent Director	Male	Black
8. Mr D.S Mtshali	Company Secretary	Male	Black
9. Mr R. Govender	Non-Executive	Male	Black

Basically, 3 women serve in Kagiso Media (Pty) Ltd.'s Board of Directors and one of them is according to the Licensee, an Independent Director with no relations with the shareholders.

East Coast Radio complied with clause 8.2 of its licence.

Clause 8.3 of the licence provides:

"Until the publication of the ownership and control regulations, the Licensee shall maintain at least fifty percent (50%) ownership and control of the station by persons from historically disadvantaged groups."

According to the Licensee's annual submissions; East Coast Radio is a division of Kagiso Media (Pty) Ltd and the entity owns 100% of KTH Media Holdings (Pty) Ltd).

The Licensee complies with clause 8.3 of its licence.

4. REGULATIONS

4.1 Compliance Procedure Manual

4.1.1 Form 12A - Complaints Report

East Coast Radio is required, in terms of the Compliance Procedure Manual Regulations, to submit a Form 12A which reports on all complaints received in the course of each financial year. In December 2018, East Coast Radio submitted its complaints report in accordance with this Regulation.

The Licensee complies with the above-mentioned regulation.

4.2 Code on People with Disabilities

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

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

East Coast Radio's services were observed as available and accessible to people with disabilities except for the hearing impaired. The nature of the service is audio and may mostly be a challenge for the hearing impaired to access.

The Licensee complies with the Code on People with Disabilities.

4.3 South African Music Content Regulations

Regulation 3(2) of the ICASA South African Music Content Regulations, 2016³ 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 East Coast Radio's programming log sheets⁴, the Licensee plays at least 37% South African music in its profile. The Authority's monitoring exercise found that Classic 102.7's on air profile carries a fair amount of South African music. Among those found during monitoring were: Unathi, Freddy L, Lloyd Cele, Shekhinah, Johnny Clegg, Toya Delazy, AKA, Casper Nyovest, Micasa, Donald, Elvis Blue, DJ Chinaman, Anathi, Freshly Ground, Mafikizolo, Bongo Muffin, Freshly Ground and others.

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

4.4 Universal Service and Access Fund

Regulation 3(1) stipulates that:

"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)⁵.

³ Appendix C: ICASA South African Music Content Regulations, 2016

⁴ Appendix D: East Coast Radio's Programming Log Sheets

⁵ Appendix E: Universal Service and Access Fund Regulations

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".

East Coast Radio 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 ICASA General Licence Fee Regulations⁶

Regulation 3(1) of the ICASA General Licence Fee Regulations provides as follows:

"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".

Regulation (5) of Schedule 3 of the regulations further provides as follows:

"Where a legal entity holds any combination of a BS Licence, ECS Licence and or/or ECNS Licence, such entity may calculate the licence fee based on the information contained:

- a) On the audited Annual Financial Statements of the licensed entity."*

While Regulation (7) of Schedule 3 makes the following prescriptions:

"Annual Payments

- a) are due annually based on the Licensee's Financial Year;*
- b) are due and payable within 6 months from the end of the licensee's financial year;*

⁶Appendix F: ICASA General Licence Fee Regulations

- c) *may only be paid by way of an electronic transfer or via direct deposit into the Authority's bank account."*

East Coast Radio paid its annual licence fee contribution as per the provisions made by this regulation.

The Licensee complies with the ICASA General Licence Fee Regulations.

5. CONCLUSION

It is refreshing to learn that the Licensee acted on the non-compliance of the past and rectified its errors. East Coast Radio complied with all licence obligations and regulations prescribed for its existence.

6. TERMS OF REFERENCE

Appendix A: East Coast Radio's broadcasting service licence

Appendix B: East Coast Radio's Frequency Spectrum Licence

Appendix C: South African Music Content Regulations

Appendix D: East Coast Radio's General Log Sheets

Appendix E: Universal Service and Access Fund Regulations

Appendix F: General Licence Fee Regulations