



567 CAPE TALK ANNUAL COMPLIANCE REPORT

MARCH 2020

2018/19 ANNUAL COMPLIANCE REPORT

PRIMEDIA (Pty) Ltd BROADCASTING AS 567 CAPE TALK

LICENCE PERIOD: 17 December 2018 – 16 December 2028

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 of 2005 (“EC Act”) to regulate broadcasting activities in South Africa in the public interest. One of the main tasks of the Authority is to ensure compliance by broadcasters with the terms and conditions of their licence, the Electronic Communications Act, the ICASA Act, any relevant legislation and regulations.

The following report is intended to give account of 567 Cape Talk’s compliance with the terms and conditions as set out in its licence for the 2018/2019 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 and Universal Service and Access Fund (USAF) Regulations.

2. BACKGROUND

In September 2019, the Authority issued Primedia (“the Licensee”) with the renewed Individual Commercial Sound Broadcasting Service licence¹ and a Radio Frequency Spectrum licence² in terms of the EC Act.

The Licensee broadcasts as 567 Cape Talk and provides a service in the Greater Western and Southern Cape. The radio station is broadcasting from the studios situated in Cape Town and have a central business office at 5 Gwen Lane, Sandown, Sandton. The signal distribution service is conducted by Sentech (Pty) Ltd.

¹ 567 Cape Talk Broadcasting Service Licence

² 567 Cape Talk Frequency Spectrum Licence

3. COMPLIANCE ASSESSMENT

3.1. Control Structure

3.1.1. Ownership and Control

Clause 1 of 567 Cape Talk's licence provides that:

"The licence is issued to:

1.1 Name of Company/Entity: Primedia (Pty) Ltd

1.2 Shareholders: Mineworkers Investment Company – 46.61%

Kirsh Consortium – 23.8%

Brait Entities – 18%

Management Stake – 5%

Titan Share Dealers – 2.86%

Sabvest (together with BPESAM 1 Ltd

BPESAM II Ltd – 0.99%

KV and GR Direct – 1.9%

1.3 Ownership held by persons from historically disadvantaged groups: 46.61%"

During the period under review, there were no changes reported by the Licensee to its name, shareholding and HDG structure.

The Licensee complies with clause 1 of its licence.

3.2. Contact Details

Clause 2 of the licence provides that:

2.1 "The contact person for the Licensee shall be:

2.1.1 Name: Mr. Tebogo Mokoena

2.1.2 Tel: 011 506 3845

2.1.3 Fax: 086 262 3003

2.1.4 Cell: 084 293 9192

2.1.5 Email: tebogomo@primedia.co.za"

The Licensee did not submit any notification with regards to all the above as stated during the period under review.

The Licensee complies with clause 2 of its licence.

3.3 Notices and Addresses

Clause 3 of the licence provides that:

3.1 "The Licensee chooses the following addresses as its principal addresses:

3.1.1 Postal Address: PO Box 5572

Rivonia

2126

3.1.2 Physical Address: Primedia House

5 Gwen Lane

Sandown

Sandton, 2146

The Licensee has not submitted any notification with regards to changes to its principal addresses during the period under review.

The Licensee complies with clause 3 of its licence.

3.4 Name of Station

Clause 1 of the schedule to 567 Cape Talk's licence provides that:

"Name of Station: 567 Cape Talk".

There were no changes reported by the Licensee to its name during the period under review.

The Licensee complies with clause 1 of its licence.

3.5 Geographic Coverage Area

Clause 2 of the schedule to 567 Cape Talk frequency spectrum licence provides that 567 Cape Talk's geographic coverage area is:

"Cape Town, as defined in the coverage map attached to the Licensee's radio frequency spectrum licence".

The Authority did not receive reports suggesting the Licensee broadcasts outside the defined coverage area.

The Licensee complies with clause 2 of its licence.

3.6 Broadcast Language (s)

Clause 3 of the schedule to 567 Cape Talk licence provides that the language of broadcast shall be:

"Principal Language: English".

567 Cape Talk broadcast its programmes in English, as its primary language.

The Licensee complies with clause 3 of its licence.

3.7 Format

Clause 4 of the licence provides that the Licensee is:

"A talk-based service with a maximum of fifteen percent (15%) music programming".

The Authority's monitoring exercise found that the Licensee's music constitutes approximately fifteen percent (15%) of its programme content.

The Licensee complies with clause 4 of its licence.

3.8 General Programming Obligations

Clause 5.1 of the licence provides that:

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

The Licensee has not submitted any details regarding the above licence condition, however the monitoring exercise revealed that 567 Cape Talk broadcast news at the top of every hour during the Performance Period, daily. The Licensee's news bulletins are broadcast for approximately five (5) minutes each and an average of seventy-two (72) minutes over the Performance Period. The following were among the news items identified during the period under review:

- *"Democratic Alliance leader Mmusi Maimane says the party will not cover-up allegations of corruption against outgoing Cape Town Mayor Patricia De Lille,*

saying the agreement that she will step down as mayor on Wednesday still stands.;"

- *"Cape Town city mayor Dan Plato says Cape Town water restrictions will once again be lowered. The announcement brings some much-needed relief for Capetonians. Plato announced that the City will be relaxing water restrictions from level 5 to level 3 from the 1st of December";*
- *"Public Protector Busisiwe Mkhwebane has lost an application for leave to appeal against an order that she personally cover some of the Reserve Bank's legal costs in the Bankorp review case. Last month a full bench in Pretoria set aside the controversial report and its remedial action which had ordered the Special Investigating Unit to recover more than R1 billion from Absa for an apartheid-era bail out.";*
- *"University of Cape Town's (UCT) Black Academic Caucus says newly appointed Vice-Chancellor Professor Mamokgethi Phakeng's excellent track record will ensure positive change at the institution. The council has this past weekend officially announced Phakeng will take over from outgoing VC Doctor Max Price in July.";*
- *"The protests that flared in Hout Bay have now calmed after violence erupted in the area earlier on Sunday afternoon. Demonstrators were seen barricading roads and setting tyres alight as officials tried to control the unrest. It is understood the demonstration was over the shooting of a suspected poacher on Saturday night."; and*
- *"Herman Mashaba has announced that he will be approaching the Equality Court with allegations of corruption and alleged racial slurs against black South Africans made by Gupta brothers, Atul and Ajay. Mashaba says that he's taking these steps in his own personal capacity and not in his position as mayor".*

The Licensee complies with clause 5.1 of its licence.

Clause 5.2 of the licence provides that:

"Local News shall constitute at least fifty percent (50%) of its news component".

The monitoring exercise revealed that 567 Cape Talk's local news constitute more than fifty percent (50%) of its overall news component. Most of the stories broadcast were from in and around the Western Cape area.

The Licensee complies with clause 5.2 of its licence.

Clause 5.3 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".

The monitoring exercise revealed that most of 567 Cape Talk news are sourced from Eyewitness News (EWN), a subsidiary of Primedia (Pty) Ltd, as well as its US, UK and Africa correspondents. News sources identified includes among others, Twitter, Reuters, Cable News Network (CNN), Russia Today (RT) and British Broadcasting Corporation (BBC).

The Licensee complies with clause 5.3 of its licence.

3.9 Training and Skills Development Obligations

Clause 6.1 of the licence provides that:

"The Licensee shall inform the Authority of any changes effected to its Human Resources Policies and Procedures Manual".

The Licensee has not submitted any details regarding the above licence obligation.

The Licensee does not comply with clause 6.1 of the schedule to its licence.

Clause 6.2 of the licence provides that:

"The Licensee shall over its licence period, allocate R250 000 (two hundred and fifty thousand Rand) per annum towards staff training with particular emphasis on women and Black people".

The Licensee has not submitted any details regarding the above licence obligation.

The Licensee does not comply with clause 6.2 of the schedule to its licence.

3.10 Community - related Obligations

Clause 7.1 provides that:

"The Licensee shall make a significant contribution to the community in its coverage area through supporting community projects such as those benefiting: women's

organisations, childcare organizations, development sport, mental health, animal welfare and organisations caring for the terminally ill.

The Licensee has not submitted any details regarding the above licence obligation.

The Licensee does not comply with clause 7.1 of the schedule to its licence.

Clause 7.2 of the licence provides that:

"The Licensee shall:

7.2.1 raise at least R250 000.00 (two hundred and fifty thousand Rand) in cash and goods annually".

The Licensee has not submitted any details regarding the above licence obligation.

The Licensee does not comply with clause 7.2.1 of the schedule to its licence.

7.2.2 provide airtime worth R250 000 (two hundred and fifty thousand Rand) annually, towards supporting community organisations such as those benefiting:

- a) people infected or affected by HIV & AIDS;*
- b) the terminally ill and/or the elderly;*
- c) schools;*
- d) women;*
- e) children;*
- f) animal welfare; and or*
- g) natural/environmental disasters such as fires and floods".*

The Licensee has not submitted any details regarding the above licence obligation.

The Licensee does not comply with clause 7.2.2 of the schedule to its licence.

Clause 7.3 of the licence provides that:

"The Licensee shall train staff from community sound broadcasting services in its geographic coverage area in the areas of: programme presenting and production, news, sales, marketing and sound engineering through mentoring and on-the-job training that

is, having such staff "shadow" 567 Cape Talk presenters, producers, news reporters, sales representatives, marketing staff and sound engineers while at work".

The Licensee has not submitted any details regarding the above licence obligation.

The Licensee does not comply with clause 7.3 of the schedule to its licence.

Clause 7.4 of the licence provides that:

"The Licensee shall undertake "voice search competitions" to unearth and develop new talent.

The Licensee has not submitted any details regarding the above licence obligation.

The Licensee does not comply with clause 7.4 of the schedule to its licence.

4. REGULATIONS

4.1 Complaints

The Licensee is required, in terms of the Compliance Procedure Manual Regulations, to submit a Form 12A which reports on all complaints received during the period under review.

The Licensee has not submitted any details regarding the above regulation in terms of the compliance procedure manual as it relates to complaints.

The Licensee does not comply with the Compliance Procedure Manual Regulations in relation to complaints.

4.2 SA Music Content Regulations

Regulation 3(2) of the ICASA South African Music Content Regulations, 2016³ as published on 23 March 2016 stipulates that:

³ Appendix C: ICASA South African Music Content Regulations, 2016 as published in Government Gazette No. 39844 dated, 23 March 2016.

"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."

567 Cape Talk was granted an exemption in terms of the previous South African Content Regulations based on the fact that the Licensee is talk based. Therefore, in terms of the exemption the Licensee is allowed to reduce its obligation to 15% of SA music content. The monitoring exercise revealed that 567 Cape Talk plays approximately fifteen percent (15%) of South African Music spread reasonably evenly throughout the Performance Period, as per the exemption granted by the Authority. The South African artists featured included among others, Meriam Makeba, Die Antwoord, Jimmy Dlodlu, Shekinah, etc.

The Licensee complies with regulation 3.2 above.

4.3 Standard Terms and Conditions

During the year under review, the Authority identified instances of non-compliance by the Licensee with the Regulations regarding Standard Terms and Conditions for Individual Licences⁴. The Licensee did not provide the Authority with the relevant compliance information as per Regulation 9.

According to the Amendment Standard Terms and Conditions for Broadcasting Services Regulations, 2010 as amended, Schedule 1 Regulation 9(3) and 9(5), provides as follows:

(3) "Submission of information for the annual compliance report in line with the relevant guidelines and Licence Terms and Conditions."

⁴ Standard Terms and Conditions for Class Broadcasting & Electronic Communications Network Services, 2010 as published in *Government Gazette* No. 33296 dated, 14 June 2010, as amended.

(5) "In the event where the Licensee or its representative refuse or fail to provide the Authority with requested information in terms of sub regulation (1), the Authority may, after reasonable attempts, refer the matter to the Complaints and Compliance Committee."

The Licensee does not comply with the above regulations.

4.4 Regulations in respect of the Prescribed Annual Contributions of Licensees to the Universal Service and Access Fund

Regulation 3 (1) of the Regulations in respect of Prescribed Annual Contributions of Licensees to the Universal Service and Access Fund (USAF)⁵, as published in the Government Gazette, No. 31499 of April 2009, 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 (the Fund)".

Further, Regulation 3 (3) stipulates that:

"A broadcasting service licensee who has paid an annual contribution to the Media Development and Diversity Agency (MDDA) must set off that contribution against its prescribed annual contribution to the Fund"

567 Cape Talk's financial year ends on 30 June. The Licensee paid its contribution to the Universal Service and Access Fund on 16 October 2018 and submitted proof of payment⁶ thereof, as required by the regulations.

The Licensee complies with the above regulations.

⁵ General Licence Fees Regulations, 2012 as published in *Government Gazette* No. 36323 dated, 28 March 2013, as amended

⁶ USAF Regulations, 2011 as published in *Government Gazette* No. 34010 dated, 10 February 2011.

4.5 General Licence Fees Regulations

Regulation 3 (1) of the General Licence Fees Regulations⁷ provides 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 Broadcasting Licences”.

Schedule 2 of the Annual Licences Fees regulations provides for Licensees to pay an annual licence fee in accordance with their licensed revenue and to be calculated using the set formula, read with the applicable percentages.

Regulation 7(a), 7(b) and 7(c) of Schedule 3 provides that:

- a) Are due annually based on the licensee financial year;*
- b) 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”.*

567 Cape Talk’s financial year ends on 30 June. The Licensee paid its licence fees on 26 September 2019 and submitted proof of payment⁸ thereof, as required by the regulations.

The Licensee complies with the above regulations.

5. CONCLUSION

The Licensee has partially complied with its licence terms and conditions, for the period under review. The Licensee has failed to comply with clause(s) 6.1, 6.2, 7.1, 7.2.1, 7.2.2, 7.3 and 7.4 of the schedule to its licence terms and conditions. The Licensee also failed to comply with regulation 4.1 in respect to the Compliance Procedure Manual.

⁷ Standard Terms and Conditions for Class Broadcasting & Electronic Communications Network Services, 2010 as published in *Government Gazette* No. 33296 dated, 14 June 2010, as amended.

⁸ Proof Licence Fees Payment

It is therefore concluded that with the above, the licensee having failed to provide compliance information in line with the standard terms and conditions, a contravention of the above-mentioned regulation has occurred, a matter that needs to be corrected as a matter of urgency.

6. TERMS OF REFERENCE

- 6.1 Appendix A: 567 Cape Talk's broadcasting service licence
- 6.2 Appendix B: 567 Cape Talk's frequency spectrum licence
- 6.3 Appendix C: SA Music Content Regulations
- 6.4 Appendix D: Regulations Regarding Standard Terms and Conditions for Individual Licences
- 6.5 Appendix E: Universal Service and Access Fund Regulations
- 6.6 Appendix F: Proof of USAF Contribution
- 6.7 Appendix G: General Licence Fees Regulations
- 6.8 Appendix H: Proof of Licence Fees Payment