



EAST COAST RADIO ANNUAL COMPLIANCE REPORT

MARCH 2020

2018/19 ANNUAL COMPLIANCE REPORT

KTH MEDIA INVESTMENTS (PTY) LTD BROADCASTING AS EAST COAST RADIO

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 ("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 Electronic Communications Act ("ECA"), the ICASA Act and any relevant legislation or regulation.

The following report is intended to give a detailed account of East Coast Radio (Pty) Ltd.'s ("East Coast Radio"), ("the Licensee") 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 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) and the General Licence Fee Regulations.

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 was sold to 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 and this Licensee has gone from strength to strength since those days. To date, East Coast Radio boasts a listenership estimated at almost 1.5 million listeners.

The Licensee's success has been enjoyed by a lot of locally, KwaZulu Natal, based musicians and charity organisations throughout its coverage area.

3. COMPLIANCE ASSESSMENT

3.1 Licensee

Clause 1 of East Coast FM'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%

The Licensee confirms that East Coast Radio is owned a wholly owned subsidiary of KTH Media Holdings (Pty) Ltd with 60% of its ownership in the hands of the historically disadvantaged groups.

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

3.2 Name of Station

Clause 1 East Coast Radio's schedule to the licence prescribes that the name of the station shall be:

"East Coast Radio"

All communication submitted by the Licensee indicates that name of the station is East Coast Radio. 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 the schedule to its licence.

3.3 Geographic coverage area

Clause 2 of East Coast Radio's schedule to the licence provides that the coverage area shall be as follows:

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

¹ Appendix A: East Coast Radio's Service Licence

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

The Licensee maintains that it broadcasts in KwaZulu-Natal and as specified in their radio frequency spectrum licence. In the year under review, Authority did not receive complaints in relation to the Licensee operating in areas outside its footprint.

The Licensee complies with clause 2 of its licence.

3.4 Broadcast Language

According to clause 3 of East Coast Radio's schedule to the licence; the Licensee's language of broadcast shall be:

"Principal Language: English"

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

The Licensee complies with clause 3 of its licence.

3.4 Format

Clause 4 of the schedule to the licence provides the following obligation:

"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's annual report describes its programming format as *"hot adult contemporary music"* and *"a mix of Pop and R&B hits from the late 80's to date"*. The Licensee adds that it mostly features music that is adult contemporary in nature, featuring artists like Micasa, Mariah Carey, Maroon 5, Lionel Richie, Justin Timberlake and others.

A monitoring exercise, carried out on the Licensee's programming profile, confirms that East Coast Radio's music line up is as reported by the Licensee and that music and information is the primary purpose of its existence. From its news offerings, information sessions to its music only programmes, it becomes evident that the Licensee is careful about sticking to the prescribed format.

The Licensee complies with the Clause 4 of its licence.

3.5 Local Content Obligations

Clause 5.1 of East Coast Radio (Pty) Ltd.'s schedule to 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."*

East Coast Radio supports live music performance by working hand in hand with local artists. In March 2019, the Licensee hosted a Live Music Billboard performance in Umlazi where they featured AKA, DJ Zintle and the Destruction Boyz. The Licensee continues to profile South African Composer and musicians in its programming. In the year that ended 2019, East Coast FM submits to have provided 210 minutes of live interviews to South African musicians and composers. This was achieved by way of 5-minute interviews over 42 time slots throughout the year. Amongst those profiled by East Coast Radio in the past year were South African Music greats such as:

- Yvonne Chaka Chaka,
- Zwai Bala,
- The Parlotones,
- Cassper Nyovest,
- Haylea Heyns and many others.

In addition to that, the Licensee's efforts to engage with record companies and advertisers is evident in their promotion of, up and coming music events and their joint ventures in presenting the shows.

To this end, East Coast Radio continues to feature, on their social media handles, articles and videos of live music interviews and performances profiling various artists.

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 provides 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 March 2019, the Licensee hosted a Live Music Billboard performance in Umlazi where they featured AKA, DJ Zintle and the Destruction Boyz.

The Licensee 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.”

According to East Coast Radio’s submissions, the Licensee hosted several music events and, in some instances, partnered with various promoters in its quest to comply with this clause. The following music events were hosted by East Cost Radio either solely or with the event promoters and featured musicians from KwaZulu -Natal:

Music Event	Date	KZN Musician(s) Featured
1. Vodacom Durban July	July 2018	SJAVA Mlindo the Vocalist Sun-El Holley Rey
2. Durban Port Festival	September 2018	DJ Tira Holey Rey Junior De Rocka Qadasi & Maqhinga
3. Richards Bay Port Festival	December 2018	Dladla Mshunqisi Kyle Deutsch

4. East Coast Radio Music Make Over	March 2019	Destruction Boyz DJ Zintle
5. The Big Walk	May 2019	Freddy L Holley Rey

East Coast Radio complies with clause 5.2.2 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."

According to East Coast Radio's annual report, the Licensee spent a total of R2 468 062 on the production and presenting of news in the period that is under review. At least ninety three percent (93%) which is R2 310 742, of the reported spend was used to pay salaries and ensure news origination from the Licensee. Seven percent (7%) of the spend was used on payment of commercial news providers.

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's annual compliance report alluded to the Licensee's commitment to, the producing of local and regional news.

The Licensee reports to having detailed its African continental news coverage with the intention to illustrate its commitment in ensuring that the region is informed of continental news. Statistics submitted by East Coast Radio show that the Licensee's local and regional news output remained higher than that of news from other origins.

The Authority's monitoring exercise measured the Licensee's local and regional news at 45% of the overall news output. This finding renders East Coast Radio's local and regional news output, for the year under review, to be lower than last year's measurement. This, however, does not mean that the Licensee is falling

short in its local and regional news offering. Still, when measured against international news, local and regional news ranks higher.

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

- *"Pupils at Masakhaneni High School in kwaMakhutha are still in shock following the death of a fellow learner during a department run boot camp ahead of the Matric Exams. This in the wake of 2 pupils being stabbed to death at the school back on August. The Department of Basic Education in KZN's Kwazi Mthethwa says the boy was unwell when he arrived at the bootcamp [cross over to a recorded interview/response by the Department's Mthethwa]. Mthethwa says he (the learner) took another turn for the worse and was sent home where he died last Thursday.*
- *Ethekwini Mayor, Zandile Gumede has appealed to Toyota and striking employees to find common ground as she fears the strike poses a threat to the City's economy. On Monday, the National Union of Metal Workers of SA embarked on a national strike demanding transformation within Toyota's management that would see Africans benefit from the procurement of goods. In a statement, Gumede said industrial actions tarnish the image of our country in need of direct foreign investments. Numsa spokesperson, Phakamile Hlubi Majola: [cross over to a recorded statement by Majola].*
- *A 34-year-old man has been arrested after being found in possession of human body parts in the Margate area on the Province's South Coast. KZN Police received a tip-off about a suspicious man on the Marine Drive late last night. Upon arrival, they searched the suspect's car and found a bucket containing human parts.*
- *It is alleged that he had been selling them to traditional healers in the vicinity of eMangozi. The Police's, Thembeke Mbele, says the man is due to appear in the Margate Margistrate's court soon on charges of being in illegal possession of human body parts.*
- *Dozens of people have taken to the streets of Durban today highlighting the struggle faced by informal residents in the City. Shack Dweller's Movement, Abahlali baseMjondolo, handed over a Memorandum to eThekwin, highlighting the issues of land and dignity. The Movement claims; its leaders continue to be killed and oppressed. Spokesperson, Sbu Zikode, says the rallied support from all provinces [cross over to a recorded statement by Zikode]. Meanwhile, Metal Workers Union, Numsa is standing in solidarity*

with Abahlali. Numsa's Mbuso Ngubane [cross over to a recorded statement by Ngubane].

East Coast Radio complies with clause 6.2 of the Licence.

Clause 6.3 of the licence provides that:

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

According to East Coast's annual report; the Licensee employs, on a full time basis at least nine (9) individuals in the news team and their mandate is, the production of local news. Additionally, the news team has the assistance of three (3) interns. The Licensee reports to have used at least two million, three hundred and ninety-three thousand, nine hundred and thirty four rand (R2, 393, 934) in salaries for the News team. The news team is made up of the following positions:

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

East Coast Radio complies with clause 6.3 of the Licence.

While Clause 6.4 prescribes as follows:

"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 report, East Coast Radio schedules at least forty-eight (48) minutes of news on each day.

The Authorities monitoring exercise found that the licensee schedules at least eighty (80) news bulletins over a seven-day period and each news bulletin has a duration of approximately three (3) minutes. The calculations in this regard concluded that the Licensees broadcasts approximately thirty four (34) minutes of news on each day between 05h00 and 23h00.

The monitoring of the Licensee's programming profile found the following news excerpts:

- *"The ANC has welcomed, President Cyril Ramaphosa's decision to accept Nhlanhla Nene's resignation as Finance Minister. Ramaphosa Announced, Tito Mboweni as Nene's replacement yesterday. This, after Nene testified at the Commission of Enquiry into the State Capture, that he had met with the controversial Gupta Family at their home on several occasions. The ruling party also commended Nene for commitment shown to the well-being of South Africa.*
- *Party Spokesperson Pule Mabe [cross over to a live recorded interview/response by Mabe]. Mabe said, Mboweni has an important role to play.*
- *An economist is confident that the Country's economy is in good hands with Mboweni taking over control of the national purse. [Audio unclear] said Mboweni was seen as being neutral during his tenure as SA Reserve Bank Governor [cross over to a live recorded interview of response by the Economist].*
- *Abroad: The US President Donald Trump says he is yet to read the United Nations Report warning that of "global warming caused chaos" unless drastic action is taken. Trump said that he is sceptical, and he wants to see which groups put the report together. The report released on Monday says time is running out to avert climate induced disaster. It says, earth's surface has already increase by one degree and is on track towards a three or four degree rise; an increase some experts believe would be unleavable.*

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 other 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; and
- 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 Licensee's schedule to 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."

East Coast Radio alluded to its commitment to the development of the individuals in its personnel. In this regard, the Licensee reports spending a total of R488 125 on training of persons from historically disadvantaged groups. The Licensee's spend exceeds the prescribed amount by almost R200 000.

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

While clause 7.2 provides the following obligation:

"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 below table breaks down East Coast Radio's training spend according to fields of training.

Area of Training	Expenditure Per Training Field (as at end June 2019)
1. Sales	R268 484
2. News	R7 239
3. Marketing	R79 513
4. Programming	R15 426
5. Engineers	R2 413
6. Finance and Administration	R115 050
Overall Training Spend	R594 877

Accordingly, East Coast 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."

In the year under review, East Coast Radio submits to have sourced the services of an "international consultant" for training of its employees. Phil Dowse – the "International Consultant" gave training to 27 employees at East Coast Radio and at least 70% of the trained personnel were individuals from historically disadvantaged groups.

East Coast Radio Complies with clause 7.3 of its licence.

Clause 7.4 of the schedule to the licence provides that:

"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."

In the year under review East Coast Radio spent at least 35% of the prescribed budget amount on journalism training and news gathering within the news department. According to the Licensee's report, an amount of R350 046 was used by this department in accordance with the requirement of this clause.

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 (one hundred and twenty eight 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 reports to have spent at least R258 300 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 as follows:

"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 R259 175 in salaries for internships in the news department. All interns at East Coast Radio's News Department, during the year review, were from historically disadvantaged groups.

One Journalism graduate from Durban University of Technology is said to have been part of Nongoma FM before joining East Coast Radio.

East Coast Radio complies with clause 8.3 of its licence.

3.8 Ownership and control structures of the Licensee

Clause 8.1 of East Coast Radio's schedule to the License provides that:

"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 in, March 2005.

Clause 8.3 of the licence provides as follows:

"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."

East Coast Radio submits that the following women are listed at the CIPC as the Licensee's directors and that one of them *is an independent Black woman with no relationship to the shareholders:*

Name	Position with the BoD	Gender	Race
1. Ms B Ngonyama	Non – Executive Director	Female	Black

2. Ms. K Makhohliso	Independent Non – Executive Director	Female	Black
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East Coast Radio complies with clause 8.3 of its licence.

Clause 8.3 of the licence provides that:

"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 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 Regulations for Individual Licences.³

4.2 ICASA South African Music Content Regulations

Regulation 3(2) of the ICASA South African Music Content Regulations, 2016⁴ 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."

³ Appendix C: Regulations regarding Standard Terms and Conditions for Individual Licensees

⁴ Appendix D: ICASA South African Music Content Regulations, 2016

According to East Coast Radio's programming log sheets⁵, the Licensee plays at least 36% South African music in its profile. The Authority's monitoring exercise found that East Coast Radio's on-air profile carries a fair amount of South African music. This coupled with the Licensee's promotion of local artists and composer's renders their output at well above 40% local music in terms of the regulation's format factors. Amongst musicians found during monitoring were: *Freddy L, Holly Rey, Shekhinah, AKA, Casper Nyovest, Lady Zamar, Mlindo, Kwesta, Samthing Soweto, DJ Tira, Micasa, Donald, Elvis Blue, DJ Chinaman, Anathi, Freshly Ground, Mafikizolo, Bongo Muffin* and others.

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

4.3 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)⁶.

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 Universal Service and Access Fund Regulations.

⁵ Appendix E: East Coast Radio's Programming Log Sheets

⁶ Appendix F: Universal Service and Access Fund Regulations

4.4 ICASA General Licence Fees Regulations⁷

Regulation 3 (1) of the General License 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) (c) states 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."*⁸

East Coast Radio paid its annual General Licence Fee for the year ended 2019. The Authority's records show that the payment was received on 19 December 2019.

The Licensee complies with the ICASA General Licence Fee Regulations.

5. CONCLUSION

East Coast Radio generally complies with its licence terms and conditions and relevant regulatory requirements. The Authority will continue to monitor the Licensee's compliance in the next financial year.

6. TERMS OF REFERENCE

6.1 Appendix A: East Coast Radio's broadcasting service licence

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

6.3 Appendix C: Standard Terms and Conditions for Individual Licensees

6.4 Appendix D: ICASA South African Music Content Regulations

6.5 Appendix E: East Coast Radio's General Log Sheets

6.6 Appendix F: Universal Service and Access Fund Regulations

6.7 Appendix G: General Licence Fee Regulations

⁷ Appendix G: ICASA General Licence Fee Regulations