

2011/2012 ANNUAL COMPLIANCE REPORT

94.7 Highveld Stereo 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 Constitution¹, the ICASA Act² and the Electronic Communications Act³ ("EC Act") to regulate broadcasting activities in South Africa in the public interest. The Authority is tasked with ensuring compliance by broadcasters with the ICASA Act, the EC Act, the terms and conditions of their Licence, any relevant legislation and regulations.

The following report is intended to give account of 94.7 Highveld Stereo's performance for the 2011/2012 financial year. Aspects of compliance that are measured comprise of Geographic Coverage, Format, Local Content Obligations, General Programming Obligations, Training and Skills Development Obligations, Community Related Obligations, South African Music Content, Regulations Regarding Standard Terms and Conditions, Universal Service and Access Fund Regulations and General Licence Fees Regulations.

2. BACKGROUND

In December 2008, the Authority issued Primedia with an Individual Commercial Sound Broadcasting Service licence and a radio frequency spectrum licence in terms of the EC Act of 2005. The Licensee broadcasts as 94.7 Highveld Stereo and provides a programming format of talk and music in an adult contemporary manner, to its audience in Gauteng (See *94.7 Highveld Stereo's licence attached as Appendix A*).

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

² ICASA Act No 13, 2000 as amended

³ Electronic Communications Act No 36, 2005

3. COMPLIANCE ASSESSMENT

3.1 Shareholding

Clause 1.1 of the service licence provides that:

"The licence is issued to: Primedia (Pty) Ltd".

The Licensee is Primedia (Proprietary) Limited; the radio station complies with clause 1.1 of the service licence.

Clause 1.2 stipulates that the shareholders are as follows:

<i>"Shareholders: Mine Workers Investment Company</i>	<i>(32%)</i>
<i>Kirsh Consortium</i>	<i>(27.9%)</i>
<i>Primedia Management</i>	<i>(20.1%)</i>
<i>Brait SA – Entities</i>	<i>(20%)".</i>

The Licensee has advised the Authority that there have been changes to its shareholding equity; which matter is being attended to by the Authority. The changes are as follows:

Mine Workers Investment Company	(49.1)
Kirsh Consortium	(25.1%)
Brait Entities	(19.8%)
Titan	(3%)
Sabvest, BPESAM 1 Ltd and BPESAM II Ltd	(1.0%)
KV & GR Direct	(2%)

Clause 1.3 of the schedule to the licence provides that:

"Ownership held by persons from historically disadvantaged groups : 38.6%".

The radio station submits that the Mineworkers Investment Company (Pty) Ltd Trust whose beneficiaries are historically disadvantaged persons from the mining and construction sectors, holds 49.1% equity shareholding.

The Licensee complies with clause 1.3 of its licence.

3.2 Geographic Coverage Area

Clause 2 of the schedule to the licence provides that the Licensee's geographic coverage area is:

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

The Licensee confirms that its coverage area is as defined in its licence.

The Licensee complies with clause 2 of the Schedule to its licence.

3.3 Broadcast Language

Clause 3 of the schedule to the licence provides that:

"Principal Language: English".

The Authority's monitoring exercise confirmed that 94.7 Highveld Stereo broadcasts its programmes in English.

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

3.4 Format

Clause 4 of 94.7 Highveld Stereo's licence provides that:

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

Primedia maintains that the radio station broadcasts adult contemporary music with a mix of talk and information.

This was identified by the Authority through its monitoring.

The Licensee complies with clause 4 of the Schedule to its licence.

3.5 Local Content Obligations

Clause 5 of the radio station's schedule to the licence provides that:

"The Licensee shall promote at least eight (8) local music concerts per annum and allocate airtime for the broadcast thereof".

In terms of promotion of music concerts, the Licensee submits that it has during the period under review, promoted the following concerts amongst others:

Concert	Date of Concert	Featured artists
The Parlotones in Monte Teatro	16 July 2011	The Parlotones
Joburg Day	02 September 2011	Elvis Blue, Lira, Liquid Deep, Lavuvuzela, The Parlotones, Danny K and Freshly Ground
Arno Carstens at the Riverdeck	November 2011	Arno Carstens
Piazza Rock at the Monte Casino	November 2011	Zebra and Giraffe, Graeme Watkins, The Arrows, Die Heuwels Fantasties and Kinky Robot
The Summer Rock Festival	February 2012	South African Rock Artists
Die Heuwels Fantasties	March 2012	Die Heuwels Rock Band
Karen Zoid	March 2012	Karen Zoid as the main attraction
Jozi	March 2012	Jozi Music Group
Lonehill Estate	April 2012	Lonehill Estate Band
Van Coke Kartel	April 2012	Van Coke Kartel Rock Band
The Parlotones	April 2012	The Parlotones

In total, 94.7 Highveld Stereo promoted eleven (11) local music concerts.

In terms of the second requirement regarding the allocation of airtime, the Licensee indicates that it has tried to investigate other means of broadcasting or airing local content for these concerts. To this end, the Licensee partnered with an external company who recorded the audio and video of some of the artists. The Licensee maintains that it has access to the recordings which stills need clearance from the artists before the Licensee can attempt to air them, which has been an ongoing process

The Licensee has complied with clause 5 of the Schedule to its licence.

3.6 General Programming Obligations

Clause 6.1 of the schedule to the licence provides that:

"The Licensee shall broadcast a minimum of thirty (30) minutes of news per day between 05h00 and 23h00 during weekdays".

According to the submission by the Licensee, the radio station broadcasts a minimum of 35.5 minutes of news per day between 05h00 and 23h00 (See Appendix B)

The Authority's monitoring identified 14 news bulletins on each week day. The duration of these bulletins is approximately 4 minutes long and in total, forty eight (48) minutes of news per day was monitored. The following are examples of news items identified:

- *"It will be Christmas behind bars for the South African arrested in Thailand for drug smuggling. 23 year old Nolubabalo Nobanda was caught with cocaine hidden her dreadlocks last week after she landed in Bangkok. Nobanda's family has received an e-mail from the embassy in that country saying she'll only appear in court in three months";*
- *"Home Affairs Minister, Nkosazana Dlamini Zuma has honoured former SANDF Officers who will now serve in immigration and enforcement positions within the ministry. The ceremony was held in Pretoria this morning and all three hundred officers were applauded for undergoing the vigorous training, they'll be deployed to various ports of entry to improve services";*
- *"As more holidayers make their way to holiday destinations across the country; an accident in the Free State has claimed three lives. A car overturned on the N1 this morning when the vehicle flipped. As*

of yesterday, the country's death toll since the end of the month has already reached the half thousand mark";

- *"Britain says the death of North Korean Leader, Kim Jong-Il, could be a turning point for the isolated nation In a statement, Foreign Secretary, William Hurgos, has urged his successor to engage with the International community to improve the lives of ordinary North Koreans. Kim Jon-Un has been groomed to take over from his father; Georgia University's, Han Park, says he is not ready to lead".*

The Licensee has complied with clause 6.1 of the schedule to its licence.

Clause 6.2 of the schedule to the licence provides that:

"The source(s) of all news material (other than news sourced from the Licensee) shall be disclosed during the news broadcast".

94.7 Highveld Stereo submits that whenever it reports on news that it has obtained from other sources other than its own journalists, such sources are disclosed during the relevant news bulletin.

The Authority's monitoring identified that the Licensee discloses its sources of news, whenever it reports news obtained from other sources. News sources include Reuters and South African Press Association (SAPA).

The Licensee has complied with clause 6.2 of the Schedule to its licence.

3.7 Training and Skills Development Obligations

Clause 7 of the schedule to the licence provides that:

“The Licensee shall over its licence period, allocate R350 000 (three hundred and fifty rands) per annum to training and development, particularly of staff from historically disadvantaged groups”.

During the period under review, the Licensee has reported that it has spent an amount of five hundred and sixteen thousand, nine hundred and sixteen rand and thirty eight cents (R516, 979.38) on training of 94.7 Highveld Stereo’s staff.

This amount was used to train seventy nine (79) staff members. Of this number, fifty two (52) people were Black and forty nine (49) were females. In total eighty eight percent (88%) of the trained personnel were individuals from the historically disadvantage groups. Furthermore, eighty five percent (85%) of the training spend was used on persons from historically disadvantaged backgrounds.

Below is a breakdown of trained personnel in percentages.

Total Trained	Personnel	% Female	% Black
Seventy nine (79) individuals underwent training		62%	65%

The Licensee has complied with clause 7 of the Schedule to its licence.

3.8 Community-Related Obligations

Clause 8.1 of the schedule to the licence provides that:

"The Licensee shall:

8.1.1 raise at least R250 000 (two hundred and fifty thousand Rand) in cash and goods annually, and

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

- (a) People infected or affected by HIV and Aids;*
- (b) The terminally ill and/or the elderly;*
- (c) Schools;*
- (d) Women;*
- (e) Children; and/or*
- (f) Animal welfare".*

During the period under review, the Licensee raised approximately two million, ten thousand, five hundred and seventy four rand (R2, 010,574.00) in cash and goods. This money was raised through the involvement of the radio station in various fund-raising charity projects (*See Appendix C*).

In addition, according the radio station's Corporate Social Investment Report which was submitted to a BBBEE verification agency, Honeycomb, the radio station spent an amount of eighteen million, three hundred and fifty seven thousand, two hundred and eighty seven rand and seventy cents (R18, 357,287.70) on community initiatives. This amount included airtime given for these initiatives (*See Appendix D*).

The following non –profit organisations were beneficiaries for the period under review:

- People infected or affected by HIV& Aid (eg: Abraham Kriel Childcare which cuts across this category and Children, Topsy Foundation);
- The terminally ill and/or the elderly (e.g. CANSA Association, Hospice SA, Huis Andries Old Age Home);
- Schools (e.g. Stop Hunger Now Foundation, Takalani School, Lenteqeur School, Boys & Girls Club,);
- Women (e.g. Pink Drive, Breast Health Foundation, Caring Women’s Forum);
- Children (e.g. Joburg Child Welfare, CHOC, Cotlands, Hear for Life, Little Eden, Ngwana ke Wa Sechaba, Smile Foundation, Teddy Bear Clinic, Lucky Mazibuko Foundation, Home for Hope, Carel Du Toit Centre);
- Animal welfare (e.g. SPCA, Animals in Distress, South African Guide Dogs, Rights for Rhinos); and
- Natural/ environmental disasters such as fires and floods (e.g. Gift of the Givers, Earth Child Project, Endangered Wildlife Trust, Food and Trees for Africa, Leadership for Conservation).

The Licensee has complied with clauses 8.1.1 and 8.1.2 of the schedule to its licence.

Clause 8.2 of the schedule to 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" 94.7 Highveld Stereo presenters, [producers, news reporters, sales representative, marketing staff and sound engineers while at work".

The radio station did not host any training sessions for community broadcasters during the period under review. The radio station has indicated that its plans to host community broadcasters for training fell apart owing to "operational reasons".

The Licence does not expressly indicate as to whether training is to be conducted annually, or during the licence period. Due to this ambiguity, conclusion on non-compliance could not be made.

4. REGULATIONS

4.1 South African Music Content Regulations

Regulation 3.2 of the Regulations on South African Music Content as published on 31 January 2006 stipulates that:

"Every holder of a commercial sound broadcasting licence to which these regulations apply must ensure that a minimum of 25% of the musical works broadcast in the performance period consist of South African music and that such South African music is spread reasonably evenly throughout the said period" (See Regulations on South African Music Content attached as Appendix E) .

The Authority confirmed that the Licensee broadcasts approximately 30% South African music. The following artists were identified: The Soap Girls, Micasa, Jack Parrow, Gazelle, David Aldo, Ne-Vidda, Lebo Mathosa, Denim, The Parlotones, Jozi, Loyd Cele and Karen Zoid.

The Licensee has complies with clause 3.2 of the regulation.

4.2 Regulations regarding Standard Terms and Conditions for individual broadcasting licences

During the year under review, the Authority did not identify any non-compliance by the Licensee with the standard terms and conditions for individual licensees (*See Regulations regarding Standard Terms and Conditions for Individual Licences attached as Appendix F*).

4.3 Universal Service and Access Fund

Regulation 3(1) provides 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)

Regulation 3 (2) provides 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".

The Licensee made a payment of one million, seven hundred and ninety two thousand, and seventy three rand, and nine cents (R1 792, 079.09) towards the Universal Service and Access Fund. This payment was received on 01 October 2012. Proof of payment was duly submitted to the Authority on even date (*See Appendix H*).

The Licensee has complied with regulation 3(1) and 3(3) of the USAF Regulations.

The Licensee has, the period under review, complied with the USAF regulations.

4.4 General Licence Fees Regulations

Regulation 3 (1) of the General Licence Fee Regulations 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 licences, individual and class ECNS licences and individual commercial BS licences "(See Appendix H).

Schedule 2 of the Annual Licences Fees regulations provides for Individual Commercial Broadcasting Service Licensees to pay an annual licence fee of 1.5% of gross profit to the Authority.

Regulations 4 (b) and (c) of Schedule 3 provides 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"

The Licensee made a payment of four million, three hundred and nine thousand, nine hundred and sixty two rand and fifty three cents (R4, 309, 962. 53) towards the annual general licence fees on 26 September 2012. Proof of payment was submitted the Authority on even date (See Appendix J).

The Licensee has complied with the licence fee regulations.

5. CONCLUSION

During the year under review, 94.7 Highveld Stereo has complied with the licence terms and conditions, the Electronic Communications Act, the ICASA Act and all the relevant and related regulations.

6. APPENDICES

- Appendix A : 94.7 Highveld Stereo Licence Document
- Appendix B : 94.7 Highveld Stereo General Log Sheets
- Appendix C : 94.7 Highveld Stereo's Cash and Goods Raised Report
- Appendix D : 94.7 Highveld Stereo's CSI Report
- Appendix E : SA Music Regulations
- Appendix F : Regulations regarding the Standard Terms and Condition
- Appendix G : USAF Regulations
- Appendix H : Proof of MDDA Payment
- Appendix I : General Licence Fee Regulations
- Appendix J : Proof of Payment General Licence Fee