

2011/ 2012 ANNUAL COMPLIANCE REPORT

EAST COAST RADIO

LICENCE PERIOD: 17 December 2008 to 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 Licensees with the ICASA Act, the EC Act, the terms and conditions of their licence and any relevant legislation and regulations.

The following report is intended to provide an overview of East Coast Radio’s performance for the 2011/2012 financial year. The Authority requested recordings from the Licensee for the purposes of monitoring the Licensee’s programming profile. Aspects of compliance that are measured comprise of: Geographic Coverage, Languages, Format, Local Content Obligations, General Programming Obligations, Training and Skills Development Obligations, Ownership and Control Obligations, the Regulations on South African Music Content, Regulations Regarding Standard Terms and Conditions, Universal Services and Access Fund Regulations and Licence Fees Regulations.

2. BACKGROUND

East Coast Radio is an Individual Commercial Sound Broadcasting Service Licensee broadcasting in KwaZulu-Natal Province. The radio station’s broadcasting studios are situated at East Coast Radio House, 313 -315 Umhlanga Rocks Drive, Durban. East Coast Radio provides a programming

¹ The Constitution of the Republic No 108, 1996

² ICASA Act No 13 , 2000 as amended

³ Electronic Communications Act No 36, 2005

format of music in an adult contemporary format, providing a mix of music and information.

3. COMPLIANCE ASSESSMENT

3.1. Geographic Coverage Area

Clause 2 of the licence provides that:

"The coverage area is Kwazulu-Natal, as defined in the coverage map attached to the Licensee's radio frequency spectrum licence" (See Broadcasting Service and Frequency Spectrum licence attached as Appendix A).

According to the Frequency Spectrum licence, East Coast Radio covers the following areas: Durban, Durban North, Pietermaritzburg, Eshowe, Ubombo, Ladysmith, Mooi River, Grey town, The Bluff, Newcastle, Vryheid, Matatiele, Port Shepstone, Donnie Brook, Kokstad, Nongoma and Glencoe.

The Licensee confirms that it broadcasts in the areas specified in the frequency spectrum licence.

The Licensee complies with clause 2 of its licence.

3.2. Broadcast Language(s)

Clause 3 of the licence provides that East Coast Radio's language of broadcast is as follows:

"The principal language: English".

The Authority's monitoring exercise confirmed that East Coast Radio broadcasts principally in English.

The Licensee complies with clause 3 of its licence.

3.3. Format

Clause 4 of the licence provides that:

"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)".

The Licensee submits that the format of East Coast Radio is adult contemporary, with music from artists such as, Mariah Carey, Celine Dion, Bryan Adams, Maroon 5, Lionel Richie, UB40, Rihanna, Katy Perry, Phil Collins, Akon, Pitbull, Enrique, Chris Brown and Ne-yo.

The Authority's monitoring confirmed that the Licensee's format is adult contemporary with a mix of music and information as stipulated in its licence.

The Licensee complies with clause 4 of its licence.

3.4. Local Content obligations

Clause 5.1 of the licence provides 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".

The Licensee indicates that it broadcasts a weekly gig guide on Friday nights at 18h40, promoting all submitted live performances of groups and artists playing or performing in KZN. These feature local acts and events.

The monitoring identified a programme which broadcasts a weekly gig guide as follows:

- “*The Pulse with Abigail Ray*”. The programme features weekly guides to promote and support live music performances.

According to the Licensee, profiling South African composers was achieved through various interviews such as:

- Danny K, Lize, Simphiwe Dana, Binx, Zahara, Lloyd Cele, Elvis blue, Mark Haze, Le-Ann, Springbok Nude Girls, The Parlotones and Ed Jordan.

In addition, East Coast Radio submits that it is committed to working with all record companies and advertisers, for the continuous promotion of South African artists. During the period under review, the following artists/musicians were interviewed:

- Promotion of the White mountain Music festival with interview and tickets;
- Mango Groove Ultimate Collection CD giveaway;
- Interview with Idols winner Elvis Blue, Lloyd Cele and Jason Hartman (*See table of interviews attached as Appendix B for further details*).

The monitoring exercise identified the following as some of the programmes involved in the profiling of various artists:

- *"The Workzone with Makhosi";*
- *"The Drive with Damon Beard"; and*
- *"South African Half Hour with Abi Ray".*

The abovementioned programmes feature interviews as well as CD giveaways through competitions, for the promotion of South African artists.

Furthermore, the Licensee maintains that it supports South African artists in the form of various programmes, special features, interviews, support of concerts and the promotion of recorded music by South African artists.

The monitoring identified the following programmes which promote local music demonstration tapes:

- *"South African half hour".* The programme features brand new songs and interviews; and
- *"Vocal about local".* This programme only features South African music.

The Licensee complies with clause 5.1 of its licence.

Clause 5.2 of the license provides that:

"The Licensee shall host:

5.2.1 at least one East Coast radio live music concert; and

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

During the period under review, East Coast Radio hosted the Durban Day, which featured seven (7) artists/bands from South Africa, including,

Watershed, Lloyd Cele, Freshly Ground, HHP, The Arrows, Elvis Blue and Farryll Purkiss.

Further, East Coast Radio hosted a number of events throughout the year, showcasing South African musicians/artists and various artists from KwaZulu-Natal (*See Appendix C for further details*).

The Licensee complies with clause 5.2 of its licence.

3.5. 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".

The Licensee submits that for the period under review, East Coast Radio spent two million eight hundred and thirty eight thousand and forty nine rands (R 2 838 .049) on the production and presentation of news (*See appendix D for further details*).

The Licensee complies with clause 6.1 of its licence.

Clause 6.2 of the licence provides that:

"The Licensee shall emphasise local and regional news".

The Licensee submits that for the period under review, it has broadcast a minimum of four hundred and thirty seven (437) local and two hundred and seventy two (272) national stories as well as four hundred and seventeen (417) international stories and at least thirty five (35) African stories each month (*See Appendix E for further details*).

The monitoring identified local and regional news. The following are examples of news broadcast by East Coast Radio, during the period monitored:

- *"A Freak storm has swept through parts of Durban ahead of the bitterly cold weather forecast for parts of the Province. Rain and hail have made the roads treacherous and caused flooding in parts of the city last night. The storm began South of Durban and moved rapidly towards the city hitting the Berea beach front, Durban North, La Lucia, Umhlanga and surrounding areas";*
- *"The family of Underberg farmer in Canoe, Graham Anderson, is mourning his death after he lost his battle against rabies. The Anderson family decided to switch off his life support machine yesterday after he was declared brain dead earlier this week. He was admitted to the Pietermaritzburg Medi-Clinic almost two months after he was licked by a rabbit dog. He had adopted the stray dog, the 29 Year Old's death brings the rabies death rate in the Province to three (3). An 8 year Old boy and a 52 year Old woman have also died";*
- *"In the U.K a mother who was targeted by the so called online trolls has won a high court backing to have her attackers identities disclosed. Facebook has been ordered to tell Nicola Brooks who it was that bombarded her with offensive messages about her postings. Victims of cyber bullying hope it could pave the way for more perpetrators to be brought before the courts. Scott Freemans daughter Poppy was also targeted and says she was almost driven to suicide"; and*
- *"In Egypt a group of men attacked a women's march against sexual harassment in Cairo's Tahrir square. Witnesses say*

the men overwhelmed the marchers and violently assaulted some of them. The march was organized to demonstrate similar past assaults. The harassment, which female protestors and journalists say are a common in Tahrir square, have also gained notoriety after the U.S journalist Lara Logan was sexually assaulted there last year”.

The Licensee complies with clause 6.2 of its licence.

Clause 6.3 of the license provides that:

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

The Licensee submits that during the period under review, it spent a total of two million five thousand, eight hundred and fifty six rands (R2 005, 856.00) on salaries, towards its news team. The team comprises of the following positions:

- 1 × Editor
- 1 × Senior news anchor
- 1 × News anchor
- 4 × Journalists
- 1 × Trainee
- 4 × Freelancers
- 1 × News admin assistant
- 1 × Online journalist

The Licensee complies with clause 6.3 of its licence.

Clause 6.4 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 submits that it broadcasts an average of fifty one (51) minutes of news daily between 05h00 and 23h00 (*See Appendix F for further details*).

The monitoring exercise confirmed that the radio station broadcasts at least fifty (50) minutes of news daily. The radio station broadcasts thirteen (13) news bulletins during weekdays. News is broadcast at the bottom of the hour, with news headlines at the top of the hour. The duration of the news is approximately four (4) minutes. Further, the radio station broadcasts twelve (12) news bulletins on weekends.

The Licensee complies with clause 6.4 of its licence.

Clause 6.5 of the License provides that:

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

The Licensee submits that it acquires other news material from the South African Press Association ("SAPA") and Sky news. During the period under review, the Licensee paid three hundred two one hundred and ninety three rands (R302 193.00) to SAPA, five hundred and thirty thousand rand (R530 000.00) to SKY news and one hundred and thirty nine thousand four hundred and twenty five rands (R139 425.00) on Freelancers.

During monitoring, the above news sources were disclosed by the Licensee.

The Licensee complies with clause 6.5 of its licence.

3.6. Training and Skills Development Obligation

Clause 7.1 of the licence provides that:

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

East Coast Radio has reported that during the period under review, it has spent a total of seven hundred and sixty thousand, and twenty nine rand (R 760 029. 00) on training and skills development for persons from historically disadvantaged groups, broken down as follows:

Area/Department	Amount
Sales	R 183 561. 00
news	R 13 540. 00
Marketing	R 7 490. 00
Programming	R 290 481. 00
Engineers	R 21 922.00
Finance and admin	R 243 035. 00
Total	R 760 029 .00

The Licensee complies with clause 7.1 of its licence.

Clause 7.2 of the licence provides that:

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

East Coast Radio has reported that during the period under review it has spent a total of nine hundred and forty thousand eight hundred and seventeen rands (R940 817. 00) on staff development, excluding 5% for training as follows:

Area/Department	Amount
Sales	R 205 925. 00
News	R 88 760. 00
Marketing	R 7 490. 00
Programming	R 373 685. 00
Engineers	R 21 922. 00
Finance and admin	R 243 035. 00
Total	R 940 817 .00

The Licensee complies with clause 7.2 of its licence.

Clause 7.3 of the licence provides that:

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

The Licensee has submitted that during the period under review, it spent two hundred and eighty six thousand, one hundred and thirty five rand (R 286 135.00) to obtain international training and exposure for two (2) of its employees one of whom is a previously disadvantaged person.

The Licensee complies with clause 7.3 of its licence.

Clause 7.4 of the licence provides that:

"The Licensee shall budget at least R1000 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".

During the period under review, the Licensee has reported that it has spent 5% of the news budget on journalism training and news gathering. This amounts to five hundred and twenty two thousand, six hundred and

thirty one rands (R522 631.00) of one million rand (R1000 000) budgeted for news.

The Licensee complies with clause 7.4 of its licence.

Clause 7.5 of the licence provides that:

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

During the period under review, the Licensee has submitted that it has provided the above training requirement to the value of one hundred and thirty thousand, and thirty eight rands (R130 038.00).

The Licensee complies with clause 7.5 of its licence.

Clause 7.6 of the licence provides that:

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

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

During the period under review, the Licensee has spent two hundred and forty six thousand, seven hundred and forty three rands (R246 043.00) on an annual internship on a person from a historically disadvantaged group and a person from a KwaZulu-Natal based community sound broadcasting Licensee (See Skills Development Report attached as Appendix G).

The Licensee complies with clause 7.6 of its licence.

3.7. Ownership and control structures of the Licensee

Clause 8.1 of the licence provides that:

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

This requirement is no longer applicable. On 24 March 2005, ICASA approved East Coast Radio's exemption from this requirement.

Kagiso Media owns 100% of East Coast Radio, as per the Authority's approval.

Clause 8.2 of the licence provides that:

"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 has reported that Kagiso Broadcasting has appointed two (2) black women, Ms. Jackie Manche and Lindiwe Gadd as independent directors to its Board. Further, the Licensee states that the two (2) women have no relationship with the shareholders.

The Board of East Coast Radio is made up of the following individuals including the two appointments which are yet to be finalised:

Murphy Morobe	: Black male (Chairperson)
Mervyn Van Zyl	: White male
Omar Essack	: Black male
Jackie Manche	: Black female
Lindiwe Gadd	: Black female

The Licensee complies with clause 8.2 of its licence.

Clause 8.3 of the licence provides that:

"Until the publication of 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".

The Licensee has indicated that subsequent to a restructuring exercise within the Kagiso Media Limited group, the Authority approved the transfer of East Coast Radio from East Coast Radio (Pty) Ltd to Kagiso Broadcasting, which is a wholly owned subsidiary of Kagiso Media Limited.

Kagiso Media Limited is a publicly owned company, listed in the Cyclical Services, Media and Entertainment sector of the JSE Ltd and owns 100% of East Coast Radio.

The shareholding in Kagiso Media is as follows:

Kagiso Tiso Holdings (Pty) Ltd (Pty) Ltd:	51.12%
Publicly held on the JSE	: 48.88 %

The Licensee maintains that it complies with the 50% requirement through Kagiso Tiso Holdings as indicated above.

The Licensee complies with clause 8.3.

4. REGULATIONS

4.1. South African Local Content Music Regulations

Regulation 3.2 of the Regulations on South African Local Music Content, as published on 31 January 2006, provides 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”.

At least 25% of East Coast Radio’s music content is South African music (*See Regulations on South African Music Content attached as Appendix H*).

The Licensee complies with the abovementioned regulation.

4.2. Standard Terms and Conditions

During the year under review, the Authority did not identify any non compliance by East Coast Radio with the Standard Terms and Conditions for Individual Licensees (*See Regulations Regarding Standard Terms and Conditions attached as Appendix I*).

4.3. Universal Service and Access Fund Regulations

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

Further, Regulation 3 (3) provides 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” (see USAF Regulations attached as Appendix J).

The Licensee has paid its annual contribution to the amount of three hundred and eighty thousand rand, eight hundred and fifty rand and nil cents (R380, 850.00) to the Media Development and Diversity Agency (MDDA) and submitted proof of payment to the Authority in December 2012.

The Licensee has complied with the USAF Regulation.

4.4. General Licence Fees

Schedule 2 of the General Licence Fees Regulations as published in the Government Gazette, no 32084, 01 April 2009, provides that:

"Individual Commercial Broadcasting Service Licensee's to pay annually to the Authority a licence fee of 1.5% of its gross profit".

Schedule 3 (4) (b) of the General Licence Fees Regulations provides that:

"Annual payments are due and payable within 6 months from the end of the licensee's financial year".

The Licensee paid its annual licence fees in the amount of one million nine hundred and thirty nine thousand, six hundred and forty two rand and nil cents (R1, 939, 642.00) to the Authority in December 2012.

The Licensee has complied with schedule 2 above.

5. CONCLUSION

East Coast Radio has adequately complied with the terms and conditions of its Broadcasting Service licence terms and conditions, legislation and relevant regulations, during the period under review.

6. APPENDICES

Appendix A: Individual Broadcasting Service Licence

Appendix B: Local Content Obligations: interviews with SA Musicians

Appendix C: Local Content Obligations: KZN musicians

Appendix D: General Programming Obligations: Production and
presentation of news

Appendix E: Breakdown of international, National and African news stories

Appendix F: Breakdown of news in minutes

Appendix G: Training and Skills Development Obligations

Appendix H: Regulations on South African Music Content

Appendix I: Regulations Regarding Standard Terms and Conditions for
Individual Licensees.

Appendix J: Universal Service and Access Fund

Appendix K: General Licence Fees