

# **2011/2012 ANNUAL COMPLIANCE REPORT**

## **GOOD HOPE FM**

**Licence Period: 18 December 2008 to 17 December 2018**

### **1. PREFACE**

The Independent Communications Authority of South Africa ("the Authority") has a statutory mandate in terms of the Constitution,<sup>1</sup> the Broadcasting Act,<sup>2</sup> the ICASA Act of 2000,<sup>3</sup> and the Electronic Communications Act ("EC Act") of 2005<sup>4</sup> 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 and any relevant legislation and regulations.

The following report is intended to give account of Good Hope FM's performance for the 2011/2012 financial year. Aspects of compliance that are measured comprise of the Geographic Coverage, Language(s), Format, Local Content Obligations, General Programming Obligations, Training and Skills Development Obligations, Finances, South African Music Content Regulations and Regulations Regarding Standard Terms and Conditions, Regulations in Respect of Prescribed Annual Contributions of Licensees to The Universal Service and Access Fund.

### **2. BACKGROUND**

Good Hope FM is an Individual Commercial Sound Broadcasting Service Licensee of the South African Broadcasting Corporation ("the SABC"). Good Hope FM's mandate is to provide a sound broadcasting service in Contemporary Hit Radio Rhythmic format to Cape Town Metropolitan. Good Hope FM's languages of broadcast are English and Afrikaans (*See broadcasting service licence attached as Appendix A*).

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<sup>1</sup> The Constitution No, 108 of 1996,

<sup>2</sup> The Broadcasting Act No,4 of 1999

<sup>3</sup> The ICASA Act No, 13 of 2000,

<sup>4</sup> The Electronic Communications Act No, 36 of 2005

Good Hope FM broadcasts from the studios situated at 209 Beach Road, Sea Point in Cape Town. The radio station's signal distribution service is conducted by Sentech (Pty) Ltd.

### **3. COMPLIANCE ASSESSMENT**

#### **3.1. Ownership and Control**

Clause 1.2 of the licence stipulates as follows:

*"Name of the Company/Entity: The South African Broadcasting Corporation".*

Clause 1.2 of the licence stipulates that the shareholders are as follows:

*"Shareholders: The State: 100%"*

Clause 1.3 of the licence stipulates that:

*"Ownership held by persons from historically disadvantaged groups: NA"*

Good Hope FM forms part of the commercial service of the SABC and is 100% owned by the State. The Licensee does not have persons from historically disadvantaged groups in its equity ownership.

#### **3.2. Geographic Coverage Area**

Clause 2 of the schedule to the licence stipulates that:

*"The geographic coverage area is as defined in the map attached to the radio frequency spectrum licence".*

According to the frequency spectrum licence, the radio station covers the Cape Town Metropolitan including Cape Town, Paarl, Tygerberg, Sea Point, Stellenbosch, Franschhoek, Table Mountain, Hout Bay and Simonstown (See

*frequency spectrum licence attached as Appendix B).* 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. Language(s)**

Clause 3 of the schedule to the licence stipulates that Good Hope FM's languages of broadcast are as follows:

*"Principal Language: English and Afrikaans".*

The recordings monitored for the period under review confirmed that the licensee broadcasts in English and Afrikaans.

The Licensee complies with clause 3 of its licence.

### **3.4. Format**

Clause 4.1 of the schedule to the licence stipulates that:

*"The service authorised by this licence forms part of the commercial service division of the Licensee".*

Further, clause 4.2 of the schedule to the licence stipulates that:

*"The licensed service shall be a sound broadcasting service in Contemporary Hit Radio Rhythmic format".*

The Authority's monitoring exercise confirmed that Good Hope FM is a commercial radio station of the SABC and offers Contemporary Hit Radio Rhythmic format to its audience as outlined in the licence.

The Licensee complies with clauses 4.1 and 4.2 of its licence.

### **3.5 Local Content Obligations**

Clause 5 of the schedule to the licence stipulates that:

*"In each licence year, the Licensee shall, within thirty (30) days of end of the quarter, submit to the Authority written records indicating the extent of:*

*5.1 different genres; and*

*5.2 South African Music Content, in programme material broadcast on the licensed service during that quarter, in each instance, distinguishing between genres, providing the relevant details in relation to prime time and the period between 05h00 and 23h00 daily ("the South African broadcast period"), and expressing relevant details both as an aggregate in minutes and as a percentage of the total of all such programming material".*

According to the SABC, commercial radio stations are not required to submit the above information. Further, the SABC states that the original licences did not require the SABC commercial radio to report quarterly. This provision was erroneously carried over from the public broadcasting radio licences.

Commercial radio stations do not have quotas for programming genres to comply with other than news and music. To this end the SABC indicates that it was never the intention of the regulations on local content and music to prescribe reporting by a broadcaster on different genres of music, but it has always been about the principle of whether the music is foreign or local.

The SABC has further indicated that section 93 (1) of the ECA provides that the Authority cannot grant licences with less favourable terms when converting existing licences. Such an additional provision requiring quarterly reporting by commercial radio would be construed as less favourable to the SABC.

### **3.6. General Programming Obligations**

#### **3.6.1 General**

Clause 6.1.1 of the schedule to the licence stipulates that:

*"The Licensee shall ensure that its programming adequately reflects the diversity of South Africa's religions".*

During the Authority's monitoring exercise, there was no South Africa's religious programme identified.

Furthermore, the SABC's editorial policy stipulates that:

*"Religious programmes should take account of regional factors, target audiences, language and cultural preferences, and the devotional needs of specific groups".*

There were no religious programmes identified during the Authority's monitoring exercise.

The Licensee does not comply with clause 6.1.1 of the schedule to its licence.

Clause 6.1.2 of the schedule to the licence stipulates that:

*"The Licensee shall take reasonable steps to provide programming that reflects the cultural and tradition needs of its audience".*

Good Hope FM's target audience is the English and Afrikaans speaking people.

The Authority's monitoring exercise confirmed that the radio station's programming content caters for the cultural and traditional interests of its audience. The Licensee caters for the lifestyle needs of its audience through showcasing events, public events and broadcasting music that its listeners are able to identify with, such as Hip Hop, Pop, Soft Rock and R&B.

The Licensee complies with clause 6.1.2 of the schedule to its licence.

Clause 6.1.3 of the schedule to the licence stipulates that:

*"The Licensee shall, during the South African performance period, provide programme material that caters and has due regard for the interests of all sectors of South African society and shall provide programming on health related issues, gender issues relevant to all age groups".*

The programming content of Good Hope FM is made up of a wide variety of material that caters for the interest of all South Africans. One of the programmes identified is called "Connect to Life", broadcast on Tuesdays between 8h40 and 9h00. The programme focuses on people and organisations doing community work. Another programme identified discussed the World Kidney Awareness day.

The Licensee complies with clause 6.1.3 of the schedule to its licence.

### **3.6.2 News and Current Affairs**

Clause 6.2.1 of the schedule to the licence stipulates that:

*"The Licensee shall broadcast at least sixty (30) minutes of news programming each day during the South African performance period".*

The monitoring exercise confirmed that Good Hope FM broadcasts thirteen (13) news bulletins on weekdays every hour on the hour from 06h00 to 18h00 and headlines every half hour. The radio station broadcasts between eleven (11) and twelve (12) news bulletins on weekends. Good hope FM also broadcasts eight (8) headline news.

News bulletins last for approximately four (4) minutes and approximately fifty two (52) minutes of news was identified each day during the South African performance period. During the period under review, news bulletins were

broadcast in English and Afrikaans. The following are examples of English news items identified:

- *"The ANCYL NEC will meet this weekend to discuss its leader, Julius Malema's expulsion from the ANC";*
- *"COSATU says it is not opposed to the use of Labour Brokers, but General Secretary, Zwelinzima Vavi has described its practice as a shock in which workers are sold like commodities to firms";*
- *"Human Settlement Minister, Tokyo Sexwale has called on Municipal Personnel to make use of opportunity to acquire basic training on accountability to avoid financial mismanagement";*
- *"Reports are emerging of donors depositing more than three million Rand into expelled ANCYL President, Julius Malema's Ratanang Family Trust";*
- *"Een person is dood in 'n botsig tussen Mosselbaai en Albertinia in die Wes-Kap; en*
- *'N raad van ondersoek na opgeskort polisie kommissaris, Bheki Cele sal begin vandag met sitplek in Pretoria".*

The Licensee complies with clause 6.2.1 of the schedule to its licence.

Clause 6.2.2 of the schedule to the licence stipulates that:

*"The Licensee shall in the production of its news and current affairs programming:*

- (i) Exercise full editorial control in respect of contents of such programming;*

- (ii) *Include matters of international, national, regional and where appropriate, local significance;*
- (iii) *Meet the highest standards of journalistic professionalism;*
- (iv) *Provide fair, unbiased, impartial and balanced coverage independent from governmental, commercial or other interference; and*
- (v) *Provide a reasonable opportunity for the public to receive a variety of points of view on matters of public concern”.*

The SABC’s editorial policies indicate that the Licensee exercises full editorial control in respect of contents of its programming. The editorial policies further indicate that the Licensee endeavours to meet the highest standards of journalistic professionalism. Furthermore, it provides for fair, unbiased and impartial coverage independent from government, commercial or other interference.

Good Hope FM’s news bulletins are reflective of matters of international national, regional and local significance. Editorial Policies form part of the SABC’s Charter and monitoring of Good Hope FM’s news and current affairs programmes not only demonstrated compliance with clause 6.2.2 of its licence but the Charter as enunciated in the Broadcasting Act (See 6.2.1 above).

### **3.6.3 Training and Skills Development Obligations**

Clause 7 of the schedule to the licence stipulates that:

- 7.1 *The Licensee must adopt and implement equal opportunity employment practices;*
- 7.2 *The Licensee must ensure that its management and staff are representative of South African society and that its human resource policies takes into account the development of managerial, production,*



*technical and other kills and expertise, particularly with regard to the historically disadvantaged persons;*

*7.3 The Licensee shall endeavour to achieve fair and reasonable participation by historically disadvantaged persons with respect to:*

- (a) its management and control structures;*
- (b) skills development;*
- (c) enterprise development; and*
- (d) procurement*

*7.4 The Licensee must, within thirty (30) days of the end of each financial year, provide the Authority with written information regarding its compliance with the above requirements”.*

The SABC submitted a skills development and training report of the entity as a whole, indicating that its management and staff are representative of South African society. The SABC submits that it is in the process of vetting information which relates to its implementation of equal opportunity employment practices.

This information will detail the SABC’s management and control structures and procurement allocations. The information will be submitted as soon as the process is complete.

The Licensee further submits that Skills Development is not only a national priority, but that of the SABC at large. The Licensee submits that the technological landscape that keeps on evolving calls for the SABC to continually equip its employees with the necessary skills in order to remain competitive and sustainable. The Licensee states that in the year 2011/12, there have been a number of positive developments in response to the myriad challenges posed by the change in technology (migration from analogue to a digital space). The SABC submits that more than half of the total SABC employee population (2049) was trained in the respective divisions/clusters. Furthermore, its total expenditure on training amounted to twenty two million, nine hundred and eight thousand, seven hundred and sixty three rand (R22, 908, 763) spread across various

divisions for 4612 interventions which included Learnerships/Internships. Of the 2049 employees that were trained, 47% are females and 53% are males.

Furthermore, the SABC states that a total of 93 new bursaries were awarded in 2011/ 2012, bringing a total number of bursaries to 231, which includes bursaries awarded under the SABC foundation. According to SABC, the amount invested to maintain these new and existing bursaries was Three million two hundred thousand rand (R3, 200 000); and were awarded in line with the critical and scarce skills identified within the broadcast industry (*See Appendix C*).

The Licensee complies with clause 7 of the schedule to its licence.

### **3.6.7 Provision of Audited financial statements to the Authority**

Clause 8 of the schedule to the licence stipulates that:

*"The Licensee shall provide the Authority with the audited annual financial statements of the licensed service within four (4) months of the end of the licensee's financial year, provided that the licensee may on good cause shown apply to the Authority for extension".*

The SABC submitted its Audited Financial Statements for the 2011/12 financial year within the stipulated timeframe.

The Licensee has complied with clause 8 of the schedule to its licence.

## **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 after eighteen months of the gazetting of*

*these regulations, 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 Appendix D).*

The monitoring exercise confirmed that the radio station plays a minimum 25% South African music.

During the period under review, the Licensee has complied with the regulations on South African Music Content.

#### **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 licences.

The Licensee has complied with the regulations on Standard Terms and Conditions.

#### **4.3 Universal Service and Access Fund Regulations**

Regulation 3 of the USAF Regulations stipulates that:

- (1) *“Every holder of a licence granted in terms of Chapters 3, 4 and/or 9 or converted in terms of Chapter 15 of the Act, must pay an annual contribution of 0.2% of its Annual Turnover to the Fund”.*
- (2) *“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 paid its annual contribution fee of eight million fifty seven thousand, seven hundred and fifty two rand (R 8, 057 752. 00) to the fund and

received confirmation of payment in a form of a Section 18A certificate from the MDDA. The Licensee submitted proof of payment to the Authority in March 2012.

The Licensee has complied with the USAF regulations.

#### **4.4 General Licence Fees Regulations**

Regulation 4(b) of General Licence Fees Regulations stipulates for the exemption of Individual Licences for Public Broadcasting Services.

Good Hope FM is part of the SABC's Commercial Broadcasting Services and is exempted from paying licence fees.

### **5. CONCLUSION**

The Licensee has generally complied with the South African Music Content Regulations, Regulations regarding Standard Terms and Conditions and the licence terms and conditions except for clause 6.1.1, broadcast of religious programmes.

### **6. APPENDICES**

Appendix A: Good Hope FM's broadcasting service

Appendix B: Good Hope FM's frequency spectrum licence

Appendix C: Training and Skills Development Report

Appendix D: South African Music Content Regulations

Appendix E: Regulations Regarding Standard Terms and Conditions for Individual Licensees