



HOT 1027 FM

ANNUAL

COMPLIANCE REPORT

MARCH 2025

2023/24 ANNUAL COMPLIANCE REPORT

HOT 1027 FM (PTY) LTD BROADCASTING AS HOT 1027 FM

Licence Period: 17 December 2018 – 16 December 2028

1. PREFACE

The Independent Communications Authority of South Africa (“Authority”) has a statutory mandate in terms of the Constitution, the Independent Communications Authority of South Africa Act¹ (“ICASA Act”) and the Electronic Communications Act² (“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 ECA, the ICASA Act and any relevant legislation or regulation.

This report will give an account of Hot 1027 FM’s compliance with the terms and conditions as set out in its license for the year ended March 2024. In this report, the Authority will look into the Licensee’s compliance with the following books of statutes: Hot 1027 FM’s Broadcasting Service License Terms and Conditions, Local Content Music Regulations, the Regulations Regarding Standard Terms and Conditions, Universal Service and Access Fund Regulations (USAF) and General Licence Fee Regulations.

2. BACKGROUND

Hot 1027 is an Individual Broadcast Service Licensee broadcasting in and around Johannesburg. Hot 1027 FM has an obligation to carry out its service as per the terms and conditions of the broadcasting service licence granted to it by the Authority. In 2018, the Authority received an application to

¹ Act No. 13 of 2000, as amended.

² Act No. 36 of 2005.

renew the above-mentioned licence as it would have expired in December of that year.

In handling this renewal process, the Authority found other parts of the application that required handling by processes outside of that of the renewal itself. This resulted in a delay in the issuance of the renewed licence which was subsequently issued in, April 2021.

Previously known as Classic 102.7 FM, the Licensee now carries a new identity while still keeping relevance to its audience and beneficiaries.

2. COMPLIANCE ASSESSMENT

2.1 Ownership and Control

Clause 1.1 of the licence stipulates that the licence is issued to:

"The name of Company/Entity: Hot 1027 FM (Pty) Ltd."

Clause 1.2 of the schedule to the licence provides that the shareholders are as follows:

- | | | |
|------|--|---------|
| i. | Indigo House Group Holdings (Pty)Ltd | - 51% |
| ii. | IQ Group Holdings (Pty) Ltd | - 24.1% |
| iii. | Africa Media Entertainment ("AME") (Pty) Ltd | - 19.9% |
| iv. | Kelthar Holdings (Pty) Ltd | - 5% |

Clause 1.3 of the schedule to the licence stipulates that:

"Ownership held by persons from historically disadvantaged groups:

- | | | |
|------|---------------------------------------|----------|
| i. | Indigo House Group Holdings (Pty) Ltd | - 30.09% |
| ii. | AME (Pty) Ltd | - 2.45% |
| iii. | Kelthar Holdings | - 0.02% |

In the year under review, the Authority received no submission indicating a change in the Licensee's Shareholding.

The Licensee complies with the licensed shareholding as recorded in clauses 1.2 and 1.3 of the licence.

3.2 Name of Station

Clause 1 the schedule to the licence prescribes that the name of the station shall be:

“Hot 1027 FM”

A process to change the name of Classic 102.7 FM to Hot 1027 FM that started in 2021 was eventually concluded in July 2023 when Classic 102.7 FM officially became Hot 1027 FM within the Authority’s records. The reasons behind the delay were that, in 2021 as the Licensee was busy with changing its identity and brand, ICASA’s Complaints and Compliance Committee (CCC) received an urgent application from fellow Licensees on the unlawfulness of the name change and rebranding among other things. In concluding this case, the CCC found fault with the Licensee’s conduct and ruled in favour of the applicants.

The CCC ruling was then the subject of Hot 1027’s application to the High Court seeking that the Court review and set it aside. Hot 1027’s application in this regard failed and the Licensee was found to be in the wrong for changing the name of the Licensee and rebranding it without a successful amendment application by the Authority. A process to now amend Classic 102.7FM’s trading name to Hot 1027 began and was successfully concluded in July 2023 by the Authority with the issuing of an amended licence to Hot 1027 FM for a service to be known as Hot 1027 FM. The Licensee is still known as Hot 1027 FM on air and in its official communication.

The Licensee complies with clause 1 of the Schedule to the Licence.

3.3 Geographic coverage area

Clause 3 of the schedule to the licence provides that Hot 1027 FM’s coverage area shall be...:

“Johannesburg, as defined in the coverage map attached to the Licensee’s radio frequency spectrum licence³”.

³ HOT 1027 FM’s Frequency Spectrum Licence

In its submissions, Hot 1027 FM maintains that it broadcasts in and around Johannesburg as specified in its radio frequency spectrum licence. In the year under review, the Authority did not receive complaints indicating interference by the Licensee in areas outside its footprint.

The Licensee complies with clause 3 of its licence.

3.4 Language (s)

Clause 4 of the schedule to the licence provides that the Licensee's language of broadcast shall be:

"Principal language: English"

The Authority's monitoring exercise carried out on the Licensee's programming profile confirmed that Hot 1027 FM broadcasts all its programmes in English.

The Licensee complies with clause 4 of its licence.

3.4 Format

Clause 5 of the licence makes the following provision:

"The Licensee shall provide 50% Classical Music and 50% Old Skool and R&B Music."

The Licensee's log sheets indicate that the Licensee strikes a fair balance in their selection of classical, old skool and R&B music. The Authority's last report recorded that *"a noticeable inclusion of non-classical music provided a refreshing change to Classic 1027's usual music scheduling"*. This finding was made at a time when the Authority had not yet finalised the name change process from Classic FM to Hot 1027.

The Authority's monitoring exercise found a fair selection of the 1960/70s blues, 80s Jazz and 90s into the early 2000 R&B songs. Old-school jazz and blues music was also found. The likes of Bles Bridges, Caiphus Semanya,

Tshepo Tshola, Brian Temba, Tamara Day, Hugh Masekela, Bobby Van Jaarsveld, Nadine, and the Bright Blues. Hot 1027 FM continued to offer classical music as prescribed in its Licence.

The Licensee's music lineup featured a lot of international classical music while sufficiently providing for local classical music lovers. Classical music was found in the four hours between 19h00 and 23h00 during the performance period, every weekday. Discussions with the Licensee on the fact that the music is not spread out into the actual performance period yielded a High Court ruling⁴ in which Primedia had made an application against the mix of genres in Hot 1027 FM's music output. According to the judgement "*the performance period is not a yardstick in terms of which ICASA should measure the compliance of licensees with their programme obligations, but it should measure compliance with local content*".

Based on the finding of the High Court in the above-mentioned ruling, Hot 1027 FM complies with clause 5 of its licence.

3.5 Local Content Obligation

Clause 6 of the schedule to the licence provides that:

As part of Classic 1027's Local Content Obligations; "*the Licensee shall contribute towards the development of local artists by providing on-air advertising for concerts or live interviews at no cost or a reduced rate to the value of at least four hundred thousand rand (R400 000) per annum*".

According to Hot 1027 FM's submission, an amount of one million nine hundred and ninety-two thousand eight hundred and forty-two Rand (R1 992 842.00) was made available in fulfilling the obligations of clause 6. The following music artists and groups were beneficiaries by way of approximately ten (10) minute interviews during the Breakfast show: Ross Learmonth, Rubber Duc, Louise Carver, Ben from Goodluck, Ndlovu Youth Choir, Belinda Davids and PJ Powers.

⁴ High Court ruling dated, 13 January 2023.

The Licensee complies with clause 6 of its licence.

3.6 General Programming Obligations

Clause 7.1 of the schedule to the licence stipulates that:

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

In the year under review, Hot 1027 FM's programming log sheets suggested that the Licensee scheduled at least 37 minutes of news per day during the South African Performance Period. The entries on the Licensee's submission indicate that the bulk of their news output is national news, followed by regional news content and that most of their news content is self-originated.

The Authority's monitoring exercise found that Hot 1027 FM schedules at least 13 news bulletins per day between 06h00 and 18h00. The full news bulletins air at the top of the hour with new headlines at every other half hour. Hot 1027 FM's full news bulletins are approximately 4 minutes long and this translates to 52 minutes of news per day during the South African Performance Period and this excludes the time allocated to news headlines half-hourly.

The following news excerpts were found during monitoring:

- *Two mothers are receiving trauma counselling after their babies were swapped at South Africa's biggest hospital. One of the babies was discharged from Chris Hani's Baragwanath Hospital with the wrong family earlier this week. Gauteng Health MEC, Nomantu Nkomo-Ralehoko says one of the security guards sounded the alarm [cross over to a live recording of MEC Ralehoko]. Health checks were carried out on the baby before he was reunited with his thirty-one-year-old biological mother; they are still in hospital. Both families are receiving trauma counselling to help them deal with the ordeal. An*

investigation is now underway to try and work out how the babies ended up with the wrong mothers in the first place.

- *There's frustrating news coming from Mega Watt headed into the weekend. Eskom says it's carrying on with its stage 6 state-controlled blackouts in some areas due to high demand and urgent maintenance at some power stations. We were supposed to go back to stage 5 loadshedding at 5 am this morning but our state-owned utility says our fragile grid [audio unclear] and severe strain experience at the Thuthuka, Kriel, Duvha and Kendall Power Stations [audio unclear]. Meanwhile, Deputy President, Paul Mashatile, says the government acknowledges that [audio unclear] alone will not return Eskom to financial sustainability. [Cross-over to a pre-recorded interview with the deputy president, Paul Mashatile].*
- *The defence ministry in Moscow has admitted that a Russian Fighter Jet has accidentally bumped the City of Belgorod near the border with Ukraine. The BBC reported last night that a blast left a huge crater – about 20 metres wide – in the city centre. Three women were injured, and several buildings were damaged. Belgorod is a city about forty kilometres from the Ukrainian Border and its three hundred and seventy-thousand-strong population has been living in fear of [audio unclear] since the Russian invasion of Ukraine last year.*
- *South African Radio Nuts living in the States are celebrating Hot 1027 recognition at the New York Festivals Radio Awards. We have been nominated for seven awards this year and we found out yesterday that we have been awarded in four categories. Our station ID has been recognised as among the best in the world, [audio unclear but sounds like a person's name or name of the show] has been acknowledged in the Best Music Personality category alongside Virgin Radio in the UK. And here at Hot 1027 News, our month-long bulletin stories have been awarded in the Best Special Report category while our [audio unclear] literacy feature has been acknowledged as one of*

the Best News Documentary Specials besides offering some Al Jazeera and BBC.

The Licensee complies with clause 7.1 of the licence.

Clause 7.2 of the schedule to the licence stipulates that:

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

Hot 1027 FM discloses news material that it obtains from sources other than its journalists during the relevant news bulletin. The Licensee's news sources are:

- i. The British Broadcasting Corporation (BBC)
- ii. News24; and
- iii. Reuters.

The Licensee complies with clause 7.2 of its licence.

3.7 Training and Skills Development Obligations

Clause 8.1 of the schedule to the licence makes the following prescription:

"The Licensee shall train its staff on an ongoing basis."

The Licensee submits that training is provided to its staff on an ongoing basis. The Licensee reports training its staff on a wide range of training offerings from administration to on-air preparation. However, for the period under review, the Licensee's report does not mention any training interventions sourced for their staff.

Clause 8.2 of the Licensee's schedule to the licence stipulates that:

"The Licensee shall provide free training to the value of at least four hundred thousand rand (R400 000) per annum through the Hot Radio Training Academy or similar institution."

In the year under review, Hot 1027 FM reports to have spent nine hundred and fifty-six thousand, one hundred and ten Rand, ninety-one cent cents (R965 110.91). The training interventions were provided by various service providers through the Licensees training academy. The following training interventions were sourced for the Licensee’s staff, as per table 1 below.

Table 1: Training for Staff

No.	TRAINING PROVIDER	DESCRIPTION	MONTH OF TRAINING	TRAINING VALUE
1.	Taylor Engineering	Technical Team Upskill	May 2023	R15,000
2.	Black Knows	Aqira Training	June 2023	R5,000
3.	Tara Penny	News Dept Upskill	July 2023	R6,500
4.	The Tax Faculty	Company Income Tax and Annual Financial Statement Reporting	August 2023	R5,173.91
5.	Tara Penny	News Department Upskill	September 2023	R5,000
6.	Azledine Services	BIC Reporting Training	October 2023	R4,437
7.	Advanced Assessments	ICT Sector Learnership	October 2023	R450,000
8.	Tara Penny	News Dept Upskill	October 2023	R8,000
9.	Advanced Assessments	ICT Sector Learnership	November 2023	R450,000
10.	Tara Penny	News Dept Upskill	December 2023	R3,000
11.	Black Knows	Aqira Training	January 2024	R5,000

12.	Tara Penny	New Department Upskill	March 2024	R8,000
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The Licensee complies with clause 8.2 of its licence.

Clause 8.3 of the schedule to the licence stipulates that:

"The Licensee shall contribute towards the development of local artists by providing on-air advertising for concerts or live interviews at no cost or at a reduced rate to the value of at least four hundred thousand rands (R400,000) per annum.

Hot 1027 FM reports to have spent an amount of one million nine hundred and ninety-two thousand, eight hundred and forty-two Rand (R1 992 842.00) on live interviews with local artists. The Licensee's report lists the following artists as having been recipients of discounted airtime value interviews:

- i. Ross Learmonth, eleven minutes of airtime valued at R284 674.50.
- ii. Rubber Duck, fourteen minutes of airtime valued at R362 313.00.
- iii. Louise Carver, thirteen minutes of airtime valued at R362 433.50.
- iv. Ben from Goodluck, seven minutes of airtime valued at R181 156.50.
- v. Ndlovu Youth Choir, eight minutes of airtime valued at R207 036.00.
- vi. Belinda Davids, eleven minutes of airtime valued at R284 674.50.
- vii. PJ Powers, twelve minutes of airtime valued at R310 554.00

The Licensee complies with clause 6 of its licence.

3.8 Community-related obligations

Clause 9.1 of the schedule to the licence stipulates that:

"The Licensee shall make contribution to the "Hot Cares" charity which was created by the community radio station of the same name which manages

various charitable community initiatives, or such other institution of similar aim and benefit.”

Hot 1027 submits to have spent airtime worth nineteen million four hundred and fifty-two thousand seven hundred and thirty-one Rand and sixty-eight cents (R19 452 731.68) on Hot Cares initiatives. At time of publishing this report, the Licensee was still to submit a detailed report of their spend in the year ended March 2024.

Clause 9.2 of the schedule to the licence makes the following prescription:

“The Licensee shall provide ongoing assistance to the broader community in the form of annual fundraising events or such other initiatives as may similar aim and benefit.”

The Licensee’s Community Service Initiative Report shows that the following community-based initiatives are among the many that received assistance from the Licensee in the year under review:

- 1) South African National Parks Honorary Rangers,
- 2) Reach for a Dream Slipper Day,
- 3) Bells of Hope Charity Ride,
- 4) Ladles of Love Mandela Day,
- 5) Conserve Earth Generic Campaign,
- 6) Breadline Africa,
- 7) Paws from Heaven,
- 8) South African Guide Dogs Association for the Blind.

Hot 1027 FM donated airtime valued at around one million thirty-eight thousand, six hundred and eighteen Rand and ten cents (R1 038 618.10) to advertising around twenty (20) Community Service Initiative campaigns in the year under review.

The Licensee complies with clause 9.2 of the Licence.

4. REGULATIONS

4.1 ICASA South African Music Content Regulations, 2016

Regulation 3(2) of the ICASA South African Music Content Regulations, 2016⁵ 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."

The Authority's monitoring exercise found a fair selection of the 1960/70s blues, 80s Jazz and 90s into the early 2000 R&B songs.

Old-school jazz and blues music was also found. The likes of Bles Bridges, Caiphus Semenya, Brian Temba, Tamara Day, Bobby Van Jaarsveld, Nadine, and the Bright Blues. Hot 1027 FM continued to offer classical music as prescribed in its Licence. The Licensee's music lineup featured a lot of international classical music while sufficiently providing for local classical music lovers.

The Licensee broadcasts 35% of the South African Music Content. In addition, the Licensee's promotion of local artists and local music shows, contributes satisfactorily to its compliance with South African Music Content Regulations.

The Licensee complies with the South African Music Content Regulations.

4.4 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"*⁶.

⁵ ICASA South African Music Content Regulations, 2016.

⁶ Universal Service and Access Fund Regulations.

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"*.

Hot 1027 FM paid its contribution to the Universal Service and Access fund for the year ending March 2024.

The Licensee complies with Universal Service and Access Fund Regulations.

4.5 General Licence Fees Regulations

Regulation 3 (1) of the General License Fees Regulations⁷ 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."

Hot 1027 FM paid its annual contribution towards the General Licence Fees.

Hot 1027 FM has complied with regulation 3(1) and schedule 3 (4) (b) of the General Licence Fee Regulations.

5. CONCLUSION

Hot 1027 FM complied with all its licence terms and conditions, Regulations on the Standard Terms and Conditions for Individual Licensees, South African Music Content, the General Licence Fee and the Universal Service and Access Fund.

⁷ General License Fee Regulations

6. TERMS OF REFERENCE

Appendix A: Hot 1027 FM Service License

Appendix B: Hot 1027 FM Frequency Spectrum License

Appendix C: High Court Ruling 13 January 2023

Appendix D: Hot 1027 FM's Programming Log Sheet

Appendix E: South African Music Content Regulations

Appendix F: Universal Service and Access Fund Regulations

Appendix G: General License Fee Regulation