ICASA

# KFM ANNUAL COMPLIANCE REPORT

## MARCH 2017

**2015/2016 ANNUAL COMPLIANCE REPORT**

**PRIMEDIA (PTY) LTD BROADCASTING AS KFM**

**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 Constitution, the ICASA Act, the Electronic Communications Act (ECA) and the Broadcasting Act to regulate broadcasting activities in South Africa in the public interest. One of the main task of the Authority is to ensure compliance by broadcasting service licensees with the terms and conditions of their licence, any relevant legislation and regulations.

The purpose of the report is to ascertain the extent to which PRIMEDIA broadcasting as KFM, has complied with the terms and conditions as set out in its licence for the 2015/2016 financial year. To the extent that KFM's assessment and compliance with terms and conditions as well as other relevant regulations is largely drawn from the radio station's own account of its activities, duly analysed by the Authority, imperative to note is the Authority's analysis of the Licensee's programming profile and promise of performance.

Against this backdrop, aspects of compliance that are measured comprise of Geographic Coverage, Broadcasting Languages, Format, General Programming Obligations, Training and Skills Development, Community Related Obligations, Ownership and Control, South African Music Regulations, Regulations Regarding Standard Terms and Conditions, Universal Service and Access Fund (USAF) Regulations and General Licence Fees Regulations.

## 2. BACKGROUND

The Licensee is in its sixth year of licence since the conversion process and the issuance of an Individual Commercial Sound Broadcasting Service licence and a radio frequency spectrum licence in terms of the ECA, in December of 2008. The Licensee provides a programming format of talk and music in an adult contemporary format providing a programming mix of music and information (including coverage of community affairs) to the audiences in the greater part of the Western and Southern Cape. Its broadcast name is KFM. The Broadcast Research Council of South Africa's (BRCSA) Radio Audience Measurement (RAM) figures for the past 7 days- January to September 2016, the radio station's listenership is 675 000.00[1].

## 3. COMPLIANCE ASSESSMENT

### 3.1 SHAREHOLDING AND OWNERSHIP

In terms of clause 1 of KFM's licence, the name of Company/Entity: PRIMEDIA (Pty) Ltd. The Shareholder is PRIMEDIA Holdings (Pty) Ltd and ownership held by persons from historically disadvantaged groups is 39.81%.

There were no changes made by the Licensee to the name of the entity, shareholding or equity stake in respect of historically disadvantage groups (HDGs) during the period under review.

**The Licensee has, during the year in review, complied with clause 1 of its licence.**

### 3.2. GEOGRAPHIC COVERAGE AREA

Clause 2 of the schedule provides that the Licensee's coverage area is: *"Greater part of the Western and Southern Cape, as defined in the coverage map attached to the Licensee's radio frequency licence."*

The Licensee confirmed that its coverage area is as defined in its frequency spectrum licence. The Authority is not aware of any reports and or complaints that have been instituted against the Licensee suggesting that the Licensee broadcasts outside its coverage area. T**he Licensee has, during the period under review, complied with clause 2 of the schedule.**

[1] www.brcsa.org.za

### 3.3. BROADCAST LANGUAGE

Clause 3 of the licence states that the Licensee's broadcast language/s is Afrikaans and English. The monitoring exercise confirmed that the Licensee broadcasts in both languages.

**The Licensee has, during the period in review, complied with clause 3 of its licence.**

### 3.4. FORMAT

Clause 4 of the schedule to the licence stipulates that KFM's programming format is:

*"talk and music in an adult contemporary format providing a programming mix of music and information (including coverage of community affairs)".*

The monitoring exercise confirmed that KFM provides a service as contemplated in clause 4 of its licence and is **therefore in compliance with clause 4 of the licence.**

### 3.5 LOCAL CONTENT OBLIGATIONS

Clause 5.1 of the schedule to the licence stipulates that:

*"The Licensee shall ensure at least thirty percent (30%) local content in its music output."*

For the year under review, the Licensee maintained that KFM averaged 41% local content in its music output. This percentage was, according to the Licensee, made up of local music plays on-air, live interviews with both emerging and established local artists, live in studio performance and/or coverage of local music events.

The monitoring exercise revealed confirmed that during the period under review, the Licensee exceeded minimum quota. An average 40% local content music was monitored. Some of the Artists identified during this period were AKA, Lebo Mathosa and Lira and Freshly Ground.

**The Licensee was found to be in compliance with the above clause.**

## 1.6. 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".*

KFM broadcasts 14 news bulletins per day every hour on the hour on weekdays between 06h00 and 19h00. The licensee has reported that further full news bulletins were, during the period under review, broadcast at the bottom of the hour between 06h30 and 08h30 and 15h30 and 18h30.

Among the news stories covered for the period under review were excerpts from certain broadcasts, as follows:

- *"Mohammed Ali died has died this morning at the age of 74 in the Phoenix hospital, in the US. Mbalula has labelled Ali as a leader saying he transcended the sport of boxing";*
- *"Two people including a 14-year-old boy have been killed on the Western Cape roads since the start of the weekend. Both fatalities were pedestrians"; and*
- *"ANC Western Cape leaders will use the next use the next two weeks to visit the local branches following the last minute postponement of the launch of its manifesto. Deputy Cyril Ramaphosa was scheduled to deliver the key note address at the launch in Khayelitsha tomorrow but the event was set aside following some branches voices their unhappiness with the Ward Council nomination process";*
- Gauteng ANC Chairperson Paul Mashatile has promised more opportunities for young people in honour of the 40th anniversary of the June 16 Soweto uprising".

In total, 80 minutes of news was monitored per day between 05h00 and 23h00 during weekdays.

**The Licensee was found to be in compliance with clause 6.1 of the schedule to the licence**

Clause 6.2 of the schedule to the licence provides that:

*"The Licensee shall include news from the African continent and related coverage area."*

During the period under review, the Licensee included stories from the African continent as contemplated in clause 6.2 above.

**The Licensee has, during the period under review, complied with the above clause.**

## 3 .7 Training and Skills Development Obligations

Clause 7 of the schedule to the licence requires the Licensee to:

*"spend one percent (1%) of its annual salary payroll over its licence period on staff training and development, particularly on staff from historically disadvantaged groups."*

In its submission to the Authority, the Licensee reported that KFM's total annual payroll amounted to R22 996 038.11 and 1% of this annual payroll was R229 960.38.

The Licensee reported that several different training interventions were delivered to 79 staff at a cost of R1 124 107.57. This constitutes 5% of KFM's annual payroll. According to the Licensee, of the total training spend, R501 574.16 constituting 45% of the training spend was spent on training 61 staff from historically disadvantaged groups, constituting 77% of all staff trained. The Licensee duly submitted detailed information of its performance in this regard. Training ranged from Media Management to Content Marketing, the art of promos, Legalities around social media, Programming show comments and Senior Management training amongst others.

Looking at the amount spent on training for the period under review, it is evident that training spend was 5 times higher than the stipulated 1% of the annual payroll. **On this basis, the Licensee was found to be in compliance with Clause 7 of the schedule to the licence.**

## 3.7 COMMUNITY RELATED OBLIGATIONS

According to clause 8.1 read with clause 8.2 of the schedule to the licence, the Licensee shall offer community sound broadcasters the following training:

*"8.1.1 programme presenting and production, news, sales, marketing and sound engineering through mentoring and on-the-job training that is, having such staff "shadow" 94.5 Kfm's presenters, producers, news reporters, sales representatives, marketing staff and sound engineers while at work.*

*"8.1.2 in-house training by way of internships to cover sales marketing, traffic news, and broadcasting production and presentation.".*

In the year under review, KFM supported communities in its coverage area through various initiatives. A total of R419 000.00 in cash and goods for this purpose. Of this amount, R339 000.00 was raised which assisted community organisations includin those that benefit animals, children, the terminally ill and women. The value of the goods amounted to R80 000.00 which benefited organisations for children, the elderly, schools and animal welfare. The list of in respect of the foregoing was duly submitted.

**The Licensee was found to be in compliance with clause 8.1.1 and clause 8.1.2 respectively.**

Clause 8.2 requires that the Licensee must provide airtime worth R250 000 annually, towards supporting community organisations such as those benefitting:

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

(g) Natural/environmental disasters such as fires and flood.

The Licensee maintains that it conducted interviews with various organisations amounting to R389 370.00. According to the Licensee, some of the community organisations supported through allocation of airtime included the terminally ill, children and elderly as reflected in the table below:

| Beneficiary Entity Name | Date of Interview | Value of Airtime |
|---|---|---|
| Habitat for Humanity | Jul-15 | 78,650.00 |
| Sunflower Fund | Jul-15 | 66,960.00 |
| Chaeli Campaign | Aug-15 | 167,720.00 |
| Kids of the Cape | Sep-15 | 23,960.00 |
| Ikamva Labantu | Sep-15 | 52,080.00 |
| CANSA | Oct-15 | 47, 920.00 |
| Newborns Groote Schuur Trust | Oct-15 | 119, 800.00 |
| PATCH - Child Abuse Centre | Oct-15 | 47, 920.00 |
| Cancer Shavathon | Feb-16 | 71, 880.00 |
| Red Cross Children's Trust | Mar-16 | 143, 760.00 |
| Break-thru Sports | Jun-16 | 107 820.00 |
| Out of Dance Academy | Jun-16 | 119 800.00 |
| Salessian Life Choices | Jun-16 | 119 800.00 |
| **TOTAL** | | **389,370.00** |

Further, the Licensee flighted public service announcements (PSA's) worth airtime R2 134 488.00. The airtime was allocated to organisations such as those supporting children, schools, the terminally ill and animal welfare. The list with various organisations that the Licensee supported under the period under review was duly submitted.

**Accordingly, the Licensee has, during the period under review, complied with clause 8.2 of the schedule to its licence.**

### 3.8 OWNERSHIP AND CONTROL

Clause 9.1 of the Schedule to the licence provides that:

*"The licensee shall ensure that at least 50% (fifty percent) of its board of directors are persons from previously disadvantaged groups."*

The licensee's Board of Directors comprises 8 directors 6 of whom are from previously disadvantaged groups constituting 75%.

**The Licensee was found to be compliant with clause 9.1 of the schedule to the licence.**

According to clause 9.2 of the Schedule to the licence: "*The licensee shall ensure that the majority of all senior management and staff are persons from historically disadvantaged groups.*"

KFM is part of PRIMEDIA Broadcasting. The Licensee's structure at senior management level is made up of the Executive Committee, Management Committee which operate across all 4 PRIMEDIA stations and a senior management team for each city working across the two stations except for the Programme Managers who are station specific.

The Executive Committee and Management Committee is made up of 12 people. Of this number, 7 are female constituting 58%. Four are Black constituting 33%.

During the year in review, Cape Town senior management was made up of 7 managers. Four managers constituting 57% were women and 2 constituting 42% were black.

Of the overall total of 19 executives and managers 12 constituting 63% are persons from historically disadvantaged groups. Against this backdrop, the requirement in terms of senior management has been complied with.

According to the Licensee, KFM's staff compliment for the period under review totalled 82. Sixty-six were persons from historically disadvantaged groups constituting 80% of total staff.

**Based on the above, the licensee was found to be in compliance with clause 9.2 of its licence.**

## 4. REGULATIONS

### 5.1. South African Music Content Regulations

Regulation 3.2 of the Regulations on South African Music Content[2] 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".*

During the period under review, KFM played an average of 40% South African music. The Licensee featured the following artists amongst others: Prime Circle, AKA, Lira, and Freshly Ground.

**The Licensee was found to be in compliance with Regulations 3.2 of the South African Music Content Regulations.**

## 5.2 Regulations regarding Standard Terms and Conditions for individual broadcasting licences

The Authority is satisfied that the Licensee did not contravene any provision of the Standard Terms and Conditions for Individual Licences. Accordingly, t**he Licensee was found to be in compliance with the Regulations regarding Standard Terms and Conditions for Individual Licensees.**

## 5.3 Universal Service and Access Fund

Regulation 3 (1) of the Regulations[3] in respect of Prescribed Annual Contributions of Licensees to the Universal Service and Access Fund as published in the Government Gazette, no 31499 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 (the Fund)"*

Further, Regulation 3 (3) stipulates that:

2 Appendix D: South African Music Content Regulations

3 Appendix E: USAF Regulations

*"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".*

The Licensee paid its contribution of R2 170 205.73, equivalent to the 0.2% of its annual turnover – to the Universal Service and Access Fund. The payment was received by the Media Diversity and Development Agency ("MDDA") and Proof of payment was duly submitted to the Authority.

**The Licensee was found to be in compliance with regulation 3(1) and 3(3) of the USAF Regulations.**

## 5.4 General Licence Fees

Regulation 3 (1) of the General Licence Fee Regulations[4] 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 and class ECNS licences and individual commercial BS licence.*

Schedule 2 of the Annual Licences Fees regulations provides for Licensees to pay an annual licence fee in accordance with its licensed revenue.

While Regulations 7(a), 7(b) and 7(c) of Schedule 3 provide that: *Annual payments*

*(a) Are due annually based on the licensee financial year;*
*(b) 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 R649 127.52 towards the annual general licence fees.

**The Licensee was found to be compliant with the provisions of the Licence Fee Regulations.**

4 Appendix H: A copy of the General Licence Fee Regulations

**COMPLIANCE WITH THE PROCESS AND PROCEDURE MANUAL REGULATIONS (CPMR)**

During the period under review the Licensee was found to be compliant with all provisions of the CPMR.

## 6. CONCLUSION

The Licensee has complied with its the licence terms and conditions, applicable legislation and regulations.

## 6. TERMS OF REFERENCE

**6.1** Appendix A : KFM Stereo 's Broadcasting Service and Spectrum licences