



Independent Communications Authority of South Africa ("ICASA")

Blocks A, B, C and D, Pinmill Farm, 164 Katherine Street, Sandton

Attention : Mrs Fikile Hlongwane – Project Manager

16 May 2018

Dear Madam,

**RE: Composite Application for an Individual Commercial Free to Air Television Broadcasting Service and Radio Frequency Spectrum Licence ("the FTA Licence and MUX3 Spectrum")**

Free to Air Television (Pty) Ltd (FTA-TV) notes the comments and considerations from the other stakeholders and applicants with respect to our application for an Individual Commercial Free to Air Television Broadcasting Service and Radio Frequency Spectrum Licence ("the FTA Licence and MUX3 Spectrum").

In particular from:

1. Kwese Free TV (Pty) Ltd (Kwese Free TV)
2. Tshwaranang Media (Tshwaranang)
3. SABC

FTA-TV is 100% black owned media company that has the strategic intent to provide an accessible and equitable media platform for all the citizens of South Africa. It is for this reason that the consortium comprise of black people and women (Ms Nadine Kisten - a 10% shareholder) and youth represented by Mr Amos Mohulatsi. We have addressed the issue on youth, black women and mothers.

FTA-TV acknowledges that there are communities that have been denied a voice in the media. These communities have effectively been silenced. We wish to address the disenfranchised youth, black women and mothers and the black child with content designed for them with sufficient mechanisms to create an interactive and engaged environment. FTA-TV has the intent to recognise the heroes that have preceded us by curating their stories and retelling them respectfully and creatively on a date that memorialises their time with us.

Kwese Free TV has raised the following issues:

- a. BBBEE Status of FTA-TV
- b. The Validity of the Shareholders' Agreement of FTA-TV
- c. Effective Control of FTA-TV
- d. Participation of the Youth in FTA TV
- e. Funding
- f. Content Programming and Research (Tshwaranang's Key concerns emanates from the research and is therefore addressed here)
- g. Experience of FTA-TV Management
- h. Will the proposed services of FTA-TV be delivered in Standard Definition or High Definition



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### **BBEE Status of FTA-TV**

1. As set out in the Applicant's General History, FTA-TV was formed through the convening the Free to Air Television Consortium (FTA TV) as a grouping of various business persons as well as entities seeking opportunities in television broadcasting and intend to own a broadcasting free to air licence. FTA TV has been incorporated into and formed Free to Air Television (Proprietary) Limited.
2. The Broad-Based Black Economic Empowerment (B-BBEE) Scorecard for the Marketing, Advertising, Public Relations and Communication sector should be read in conjunction with the Amended B-BBEE Codes of Good Practice available on <http://www.acasa.co.za> and [www.prisa.co.za](http://www.prisa.co.za).
  - a. Eligibility as an exempted micro enterprise (EME)
    - i. Any enterprise with an annual Total Revenue of R10 million or less qualifies as an Exempted Micro-Enterprise. Any Exempted Micro-Enterprise is deemed to have a B-BBEE Status of "Level Four Contributor" having a B-BBEE recognition level of 100%. Enhanced B-BBEE recognition level for an Exempted Micro-Enterprise: An EME which is 100% Black owned qualifies for elevation to "Level One Contributor" having a B-BBEE recognition level of 135%. An EME which is at least 51% Black owned qualifies for elevation to "Level Two Contributor" having a B-BBEE recognition level of 125%. An EME is allowed to be measured in terms of the QSE scorecard should they wish to maximise their points and move to a higher B-BBEE recognition level. An EME is only required to obtain a sworn affidavit or Companies and Intellectual Property Commission (CIPC) issued certificate on an annual basis, confirming the following: Annual Total Revenue of R10million or less or R5 million if it is in the Public Relations sector; and Level of Black ownership.
3. FTA-TV have submitted the BBEE sworn affidavit as prescribed by the Act.

### **The Validity of the Shareholders' Agreement**

1. All the shareholders have signed clause 35.
2. The Shareholders and Directors have separately demonstrated their commitment to the business with their signed declaration of their willingness to accept their respective positions.
3. The Shareholders and Directors are committed to the agreement.



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## **Effective control of FTA-TV**

The following submissions sets out the control of FTA-TV

1. As per the submitted Shareholders' registers and share certificates for each of the shareholders each shareholder is able to exercise their voting rights according to their shareholding.
2. The shareholders forms the Board of Directors.
3. Appendix 3.3 (The Shareholders Agreement) and Appendix 3.4 indicates how the Board is appointed and how it exercises its decision making powers.
4. The Agreement with African Network Television and Africa XP is a cost-effective and fair mechanism to acquire content for the platform. It does not assign nor confer any decision making nor executive powers, nor any means of control of FTA-TV to those third parties.

## **Participation of the Youth in FTA TV**

1. The majority shareholder of FTA-TV is Amos Mohulatsi, who is the founder of the Greater Alexandra Media Network (a community based media organisation) and a youth leader in the Greater Alexandra Area. The Greater Alexandra Media Network (GAMN) sees its role as the guiding of community media brands within the Greater Alexandra Township and Neighbouring Areas. GAMN believes that it needs to support its media partners' financial viability and sustainability by:
  - Nurturing and developing business networks (both local to the community and external commercial interests);
  - Market its media partners in the community to enable audience, listenership and readership growth;
  - Develop engagement with national, provincial and local government partners to support community media and communication initiatives; and
  - Source content and content production capacity for all its media partners.
2. The majority of the GAMN stakeholders are youth-orientated organisation as is evidenced by the participation of the following majority youth organisations in the activities and management of the GAMN:
  - AlexFM;
  - Alex TV;
  - Youth Advisory Centre; and
  - Arts Gallery Alexandra.

## **Funding**

1. All the costs and overheads for the establishment and incorporation of FTA-TV was underwritten by the shareholders in the business.
2. The funding requirement for the rollout and implementation of the project is approximately R408 million and will be underwritten by a financial institution as per the submission to the Regulator.



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## Content Programming and Research

1. Given the significant fragmentation of the television viewing market driven by the proliferation of services – it made sense for FTA-TV to focus on a view niche target markets – specifically those that have been disenfranchised to date.

2. FTA-TV identified 3 Target Markets that it wants to address its content to.

- Market 1: Black, 18 – 34, Youth, Metropolitan.

This is for the Dololo and the The 99 offering the speaks specifically to the urban youth target market.

- Market 2: Black, 20 – 35, Mothers, Township

This is for the oMama offering that speaks to the young black mothers, expectant and single.

- Market 3: Black, 18-34, Parents, Non-Metro.

This is for the Kidz Afrika service directed at children but the research need to be tested against the parents who typically approves what the children consume on television in that Age Group.

3. The research team then used the TGI 2016C database that is a demographically representative database of the South African population that live in communities 8,000+ to identify where the most significant concentrations of these target market exists. Once this profiling exercise was complete, the research team could then draw statistically representative samples from these communities. In other words, one can have confidence that the samples accurately represent the target markets. These samples were then used to determine if there was an appetite for the proposed services within the proposed target markets.

TGI is unique in that it is a single source survey. Single source means that all the information on the database comes from one source, one person that answers detailed questions on broad areas. These include product and brand consumption, lifestyles/attitudes and habits over a wide range of topics, media consumption and demographics. This method allows us to create a very detailed profile of your consumer that cannot otherwise be achieved. This results in gaining a deep understanding of the South African consumer and your particular target market.

TGI annually interviews 15,000 respondents, aged 15+ living in urban areas. TGI uses a stratified random probability sample and the data is weighted to the STATS SA population estimates. To ensure a nationally representative sample, the survey is based on enumerated area (EA) sampling. The data is collected in six waves of 2,500 interviews each and is collected over a 10 month period, through continuous fieldwork.



TGI adheres to a gold global standard that is audited regularly by TGI Global. This audit covers all aspects of the research process to ensure that best quality data is collected. In this endeavour we are supported by our loyal partners which include Ask Afrika in South Africa, IMRB in India and BMRB in London.

The measurement's data is updated bi-annually ensuring its relevance and flexibility. Custom-made segmentations can be included in the survey, allowing you to analyse the TGI data by your own target audience profile.

4. Below is a summary of the content offering:

<b>Channel</b>	<b>Differentiated Positioning</b>	<b>Local Original Content</b>	<b>Acquired Content</b>
<i><b>oMama</b></i>	<p>A unique channel for single and expectant mothers. The research identified the dissatisfaction they felt with various aspects of their lives e.g. work and career situation, health, fitness and social life. This channel will aim to:</p> <ul style="list-style-type: none"> <li>• Enhance self-esteem, self-confidence and self-worth;</li> <li>• Inform and educate with respect to health and fitness;</li> <li>• Reduce isolation through interactive, relevant and engaging content; and</li> <li>• Inspire with stories from others in a similar situation that have managed to overcome.</li> </ul>	59.6%	40.4%
<i><b>Babenze Kahle</b></i>	<p>A channel for viewers wanting to express themselves in terms of their heritage, and viewers that want to explore and understand the cultural diversity of South Africa. This channel will aim to:</p> <ul style="list-style-type: none"> <li>• Showcase diverse South African cultures and how they interact;</li> <li>• Highlight special moments in South Africa's history;</li> <li>• Explore South Africa's past through documentaries, biopics and docu-dramas; and</li> <li>• Celebrate the lives of heroes that have gone before us and those that are still here.</li> </ul>	54.4%	45.6%



<b>Channel</b>	<b>Differentiated Positioning</b>	<b>Local Original Content</b>	<b>Acquired Content</b>
<i>Dololo</i>	A fully local comedy channel. The channel will feature content developed by South Africans for South Africans. The content will express our unique brand of humour often in the vernacular.	67.7%	32.3%
<i>The 99</i>	This channel that truly reflects the perspective of the so-called millennial, giving a voice to opinionated South Africans that don't have a platform to express themselves, whilst provoking conversation and debate on the topics that matter.	55.9%	44.1%
<i>Kidz Afrika</i>	A channel with content for black and coloured South African children. This channel will source its content locally and from the continent to create a viewing experience that addresses its audience directly and often in their mother tongue in a way that no other channel has.		100%

5. As can be seen from the split between local and acquired content – the majority of the content per proposed service will be original local content – in other words produced by the platform (either itself or through commissioned producers. The only service that will be completely acquired will be the Kidz Afrika service. The Acquired Content per proposed service will be supplied through the engagement with African Television Network (and its Channel Distribution division, Africa XP).
6. Africa XP as the delivery division of African Television Network has put in a writing a firm commitment to supply the content and that letter of intent as was submitted in Section 8 of the submission.



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### **Experience of FTA-TV Management**

1. The Greater Alex Media Network participated or had active interest in the community radio station, AlexFM, the community television station, Alex TV and the newspaper the Greater Alex Today. GAMN and these partnerships were actively managed by the majority shareholder, Amos Mohulatsi.
2. Lekoete Thabo is a television guru is producing five shows for Moja Love, Channel 157, broadcast on the DStv platform. His company is responsible for 24 hour channel playout. Lekoete Thabo has participated in Content Development and creation at the International Broadcasting Conference in Amsterdam and in Dubai. He was a stakeholder in Digital Migration Standards analysis, digital video broadcasting –Terrestrial (DVB-T), Integrated Standards of Digital television terrestrial (ISDB-T) etc. He has ownership of Broadcasting infrastructure, TV and music studios/ facilities.
3. The National Association of Manufacturers in Electronic Components (NAMEC) is in partnership with Skyworth producing local original content for local channels such as Moja Love, Channel 157 on DStv and is responsible for the manufacture of set top boxes for Multichoice. NAMEC was formed on the 29 October 2009 as a lobby and advocacy association for black SMME's in the Energy and ICT sectors. NAMEC is represented by a body of leaders that have been in the sector for over 40 years, with requisite experience in policy, regulation, research, development, operations including manufacturing and services. NAMEC have up to three hundred employees (300) in the sector and our structure is spread throughout the country in all nine provinces.
4. In addition, given the network that the shareholders and directors are exposed to, it will be possible for the management team to source the best available skills to support it in this broadcast endeavour.

### **Will the proposed services of FTA-TV be delivered in Standard Definition or High Definition?**

1. The proposed services will be delivered in High Definition.

FREE TO AIR TELEVISION (PROPRIETARY) LIMITED

Reg No: 2009/0234544/07

Directors: Lekoete Joseph Thabo, Motlotlegi Amos Mohulatsi, Nadine Kisten and Tony Booysen



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**SABC Objection to Introducing New Licence Holders after dual illumination**

The applicant must urge the Regulator to consider the significant advantages that the incumbents have experienced through the delays in the DTT migration and the consequent delay in the issuing of the ITA for the Free to Air New Licence Holders. It is common cause that South Africa has missed the deadline for analogue switch-off through a variety of factors. It is therefore critical that the process of issuing the FTA Licences and the completion of the Digital Migration be completed as soon as possible.

FTA-TV wishes to thank the Regulator for proceeding with the ITA and hopes that the process will be speedily concluded. FTA-TV commits to participate in the public inquiry and any other public participation forums related to the ITA.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'A. Mohulatsi', with a long horizontal line extending to the right.

**Amos Mohulatsi**

**Director**

Free To Air Television (Pty) Ltd