



702 ANNUAL COMPLIANCE REPORT

MARCH 2017

2015/2016 ANNUAL COMPLIANCE REPORT

PRIMEDIA (Pty) Ltd BROADCASTING AS 702

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 Talk 702, has complied with the terms and conditions as set out in its licence for the 2015/2016 financial year. To the extent that Talk 702'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 talk based format to the audiences of Johannesburg and Pretoria. Its broadcast name is Talk Radio702.

3. COMPLIANCE ASSESSMENT

3.1 SHAREHOLDING AND OWNERSHIP

In terms of clause 1 of 702's licence, the name of Company/Entity: PRIMEDIA (Pty) Ltd. The Shareholders 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). Accordingly, **the Licensee has, during the year in review, complied with clause 1 of its licence.**

3.2. GEOGRAPHIC COVERAGE AREA

According to clause 2 of the schedule to its licence, provides that the licensee's coverage area is: "*Gauteng as defined in the coverage map attached to the Licensee's radio frequency spectrum licence*".

702 Maintains 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. On this basis, a conclusion is drawn **that the Licensee has, during the period under review, complied with clause 2 of the schedule.**

3.3. BROADCAST LANGUAGE

Clause 3 of the licence dictates that the principal language of broadcast of the licensee be English. The licensee broadcasts in English and **thus in compliance with clause 3 of its licence.**

3.4. FORMAT

Clause 4 of the schedule to the licence stipulates that 702 is:

"A talk-based service with a maximum of fifteen percent (15%) music programming".

Talk 702 provides a talk based service to the audience in Johannesburg and Pretoria. The radio station's target primary target market is LSM 6-10, age 35 and above. According to 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 530 000¹.

The monitoring exercise found that the music played by the radio station is below 15% of the radio station's programming content.

The Licensee has complied with clause 4 of the schedule to its licence.

4. 5. GENERAL PROGRAMMING OBLIGATIONS

Clause 5.1 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".

The Authority's monitoring exercise confirmed that the radio station discloses its sources of news, whenever it reports on news that has not been obtained by its own journalists. During the period in review such sources comprised Reuters and Cable News Network (CNN). **The Licensee has, during the period under review, complied with the above clause.**

Clause 5.2 of the schedule to the licence requires the radio station to broadcast News every hour daily".

The Licensee broadcasts its full news bulletins every hour on the hour daily, with additional full news bulletins every hour on the hour between 06h30 and 08h30 and between 15h30 and 18h30 Monday to Friday. The news bulletins last for approximately 4 minutes each.

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

- *"Police remain on alert at Wits University and no looming strike in Gauteng";*

¹ www.brcca.org.za

- *"The National Taxi Alliance says it has not had a meeting with taxi bosses regarding a strike later today. The Alliance confirmed that taxis will be operating as normal despite reports of an apparent strike";*
- *"The Johannesburg Roads Agency has warned motorists to consider to use public transport to avoid the anticipated congestion on the M1 highway";*
- *"Government has questioned the credibility of the information the US embassy has relied on to issue a terror alert for South Africa; and*
- *"Finance Minister Pravin Gordhan has warned that cutting the government expenditure too much can damage the prospect of economic growth".*

Generally, Licensees are expected to exercise full editorial control in respect of their news and current affairs programming and broadcast matters of international, national and regional significance. Most importantly, meet the highest standards of journalistic professionalism and lastly provide fair, unbiased, impartial and balanced coverage.

The monitoring exercise for the period under review of the Licensee's news bulletins revealed that Talk Radio 702 broadcasts diversity of news, characterised by regional dominance, followed by national and international news coverage and where applicable news from Africa. The monitored period further revealed that the Licensee provided, factual, fair and impartial news coverage, which is attributable to, amongst other things, the Licensee's own news reporters / eye witness account whose reports are based on events and or stories as they happen and are reported in an objective manner. The Licensee prides itself for reporting on news objectively, truthfully and factually. Cautioning against the potential of reporting on what has recently become known as "fake news" (although on internet) the licensee on its website highlights the following:

- *One of the easiest ways to make sure the story you are reading is legitimate is to check its URL and domain name. A quick look at a website's 'About' page will also give you a good idea of whether it's reputable;*

- *Keep in mind the reputation that a news source enjoys– is it known to be a tabloid that plays fast and loose with the truth, or is it a trustworthy news agency that deals with facts only?;*
- *Check out other stories published by the same company to ensure it isn't taking you for a ride. Then check the story you're reading against others posted by reputable news sources to see if they add up;*
- *Check the time stamp on the article you're reading; if it was published way back in 2008 but is still being shared as a 'new' or 'breaking' news story, it's definitely fake².*

Given the above, and having regard to the fact that the Licensee uses its own news reports (Eye Witness), Reuters and Cable News Network (CNN) which are reputable news agencies. The monitoring exercise confirmed that Talk Radio 702 provides a diversity of news heralded by the highest standards of journalistic professionalism, fair, impartial and objective in nature.

In addition, the monitoring exercise confirmed that **the Licensee broadcasts news every hour daily as contemplated in clause 5.2 of the schedule to its licence.**

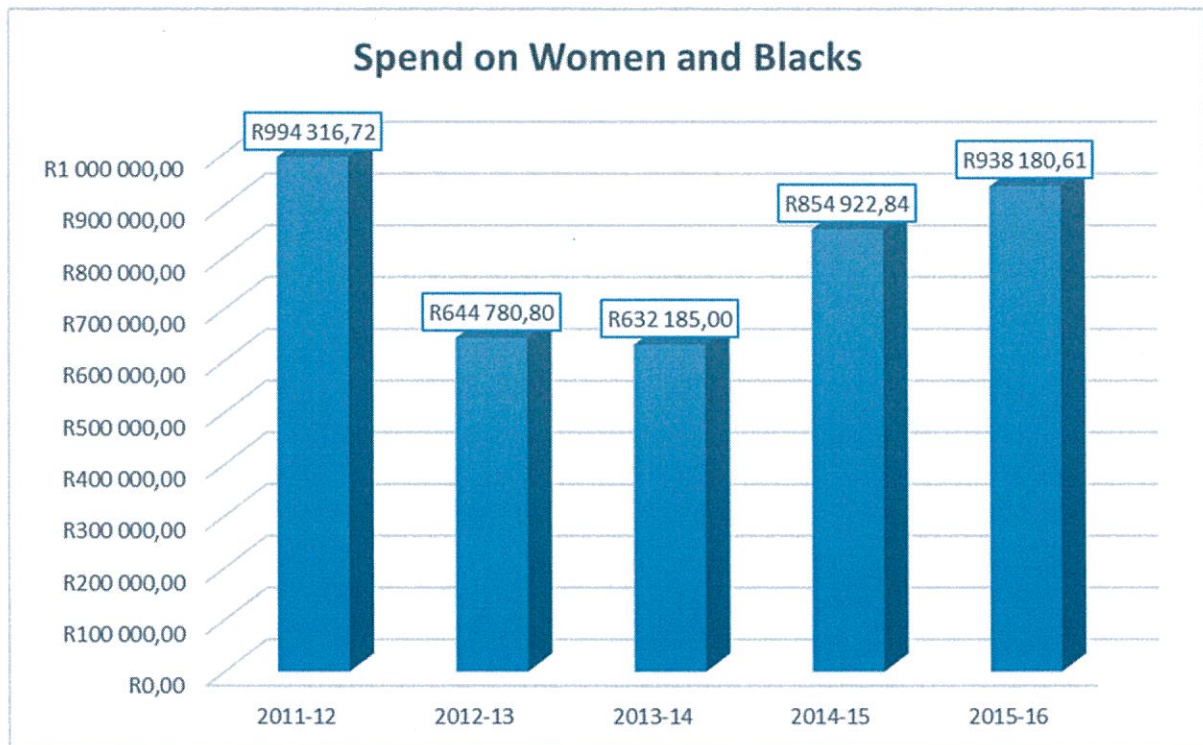
3.6 Training and Skills Development Obligations

The Licensee is required in terms of clause 6 of the schedule to its licence to allocate R400 000 per annum, over its licence period, toward staff training with emphasis on women and Blacks.

For the year under review, the Licensee spent a total amount of R1 148 602.53 on training. Of this amount, R576 773 58 constituting 50.2% of the training spend was spent on 87 women constituting 61.7% of all staff trained. According to the Licensee, R938 180 61 was spent on training 99 (70.2%) staff from Historically Disadvantaged Groups.

² Bath, C. (2017). Important Notice: How to spot a fake news story. *Eyewitness News*. <http://ewn.co.za/2017/01/27/important-notice-how-to-spot-a-fake-news-story>

The Licensee has consistently spent more than the required amount on training of women and Blacks as depicted in the graph below.



This graph shows that in the 2011/12 fiscal year, the Licensee exceeded the requirement at 248,5% followed by 161,19% in the 2012/13 fiscal year and 158,04% in the 2013/14 fiscal year. There was an escalation in the 2014/15 fiscal year of 213,7% followed by 234,5% in the year under review (2015/16).

These figures demonstrate the licensee's continued commitment to its training and development promise of performance with regards to women and Blacks.

The Licensee has, during the period under review, demonstrated compliance with clause 6 of the schedule to the licence.

3.7 COMMUNITY RELATED OBLIGATIONS

According to clause 7.1 of the schedule to the licence, the Licensee is enjoined to raise at least R250 000.00 in cash and goods annually.

In the year under review, a total of R2 075 000 00 was raised in cash and goods for various community organisations. Below is a breakdown of cash raised and goods contributed during the period under review; illustrating the strides taken by the Licensee to comply with the above obligation:

(A)CASH RAISED

Beneficiary Entity Name	Date	Amount	Contribution
Cradle of Hope	Aug-15	R125,000.00	The Dischem Foundation through the Random Acts of Kindness Programme, donated cash which will be used rent payments for the women and children's home for a period of a year
Ninth Day Dog Shelter	Oct-15	R50, 000.00	Dischem Foundation through the Random Acts of Kindness Programme donated cash to the shelter to assist in building new kennels.
Trinity Health Services	Nov-15	R100, 000.00	Dischem Foundation through the Random Acts of Kindness Programme donated R25, 000 per month in cash for four months to the centre which services the homeless of the Johannesburg inner city area
SA Depression and Anxiety Group	Feb-16	R1, 000,000.00	Discovery through the Random Acts of Kindness Programme donated cash to SADAQ to assist the organisation keep its help line open

African Children's Feeding Scheme	Mar-16	R150, 000.00	Dischem Foundation through the Random Acts of Kindness Programme donated cash to the feeding scheme.
Akunamlilo Fire Fighters	Apr-16	R120, 000.00	The Dischem Foundation contributed cash towards supplying 342 homes with fire extinguishers and conducting fire education.
TOTAL		R1 545 000 .00	

(B) GOODS CONTRIBUTED

Beneficiary Entity Name	Date	Value of Goods	Type of goods contributed
Cradle of Hope	Aug-15	R90, 000.00	The Dischem foundation through the Random Acts of Kindness Programme donated a variety of products to the women and children's home.
Ninth Day Dog Shelter	Oct-15	R20, 000.00	Dischem Foundation through the Random Acts of Kindness Programme donated R20, 000 worth of pet and hygiene products.
Soweto Home for the Aged	Dec-15	R60, 000.00	Truck of Love: Spar sponsored the goods for the home.
Epworth Children's Home	Dec-15	R60, 000.00	Truck of Love: Spar sponsored the goods for

			the children's home.
Bienvenu Shelter	Dec-15	R60, 000.00	Truck of Love: Spar sponsored the goods for the shelter.
Tshwane Home of hope	Dec-15	R60, 000.00	Truck of Love: Spar sponsored the goods for the home.
Gordonia Home	Dec-15	R60, 000.00	Truck of Love: Spar sponsored the goods for the home.
The Green Door Centre	Jun-16	R120, 000.00	The Dischem Foundation through the Random Acts of Kindness programme contributed goods to the centre which assists victims of domestic violence, rape and domestic abuse.
TOTAL		R530 000.00	

As with the training and development obligation, the licensee has far exceeded the requirement as contemplated in clause 7.1.1 of its licence **and thus compliant in this regard.**

Clause 7.1.2 dictates 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; and/or
- (f) Animal welfare".

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

During the year under review, the Licensee maintains that it conducted interviews with various organisations valued at R15, 915, 196.00. According to the Licensee, some of the community organisations supported through allocation of airtime included the terminally ill, children, elderly and animal welfare.

Further, the Licensee flighted public service announcements (PSA's) worth R4 040 068.00. The Licensee submitted an exhaustive list of organisations it supported during this period.

On this basis, the Licensee has, during the period under review, complied with clause 7.1.2 of the licence conditions.

3.8 TRAINING OF STAFF FROM COMMUNITY SOUND BROADCASTERS

Clause 7.2 of the schedule to the licence provides as follows:

"The Licensee shall train staff from community sound broadcasting services in its geographic coverage area in the areas of: programme presenting and production, news, sales, marketing and sound engineering through mentoring and on-the-job training that is, having such staff "shadow" Radio 702 presenters, producers, news reporters, sales representative, marketing staff and sound engineers while at work".

The Licensee submits that it conducted a talk radio programme seminar for the Wits Journalism Department which runs as a post graduate course for students with a radio background. The Licensee asserts that attendants were individuals who have worked in a community radio and the course / seminar focused on programming within a talk radio station.

Radio 702 together with 947 Highveld Stereo, conducted a workshop for Lekoa FM in April 2016. The representatives from the radio station comprised the Station Manager, Production Manager and Content Manager. The workshop covered topics such as music programming, talk radio programming and producers' roles. Lekoa FM representatives also received training at Eye Witness News on news story gathering, packaging as well as Eye Witness News digital platforms.

The Licensee has, during the period under review, complied with clause 7.2 of the licence conditions.

4. FINANCES

The Licensee submitted its audited financial statements for the period ended June 2016. The financial statements indicate that the Licensee's main source of revenue is advertising. A quick glance at the financial statements shows that of the revenue generated for the year in review, the Licensee retained profit (after taxation) of R102 070 857.55, a slight decrease from the profit of R111 278 955.21 in the previous financial year. These figures, it can be argued, are reflective of a healthy financial status.

5. REGULATIONS

5.1. South African Music Content Regulations

Regulation 3.2 of the Regulations on South African Music Content³ 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"*.

702 is exempt from the above requirement in terms of Regulation 3.6 which stipulates that:

"The Authority may, upon good cause shown by the holder of a sound broadcasting licence, vary any condition imposed by 3.1, 3.2, 3.3, 3.4, and 3.5. if it is satisfied that the variation is consistent with the objects of the Act".

702 is a talk radio station which plays less than 15% South African music. During the period under review, the Licensee featured artists such as Judith Sephuma, Lebo Mathosa, Abdullah Ibrahim, Hugh Masekela, Ray Phiri and Stimela, The Specials, Lira, Lize Beekman and Danny K.

³ Appendix D: South African Music Content Regulations

The Licensee was found to be in compliance with Regulations 3.6 of the South African Music Content Regulations.

5.2 Regulations regarding Standard Terms and Conditions for individual broadcasting licences

In the year under review, the Authority could not find any non-compliance by 702 with the standard terms and conditions for individual licences. As such a conclusion is drawn that **the Licensee complied with the Regulations regarding Standard Terms and Conditions for Individual Licensees.**

5.3 Universal Service and Access Fund

Regulation 3 (1) of the Regulations⁴ 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:

“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 to the Universal Service and Access Fund equivalent which equivalent to the 0.2% of its annual turnover. 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.

⁴ Appendix E: USAF Regulations

5.4 General Licence Fees

Regulation 3 (1) of the General Licence Fee Regulations⁵ 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 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 provides 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 R672 607.26 towards the annual general licence fees and **thus complied with the provisions of the Licence Fee Regulations.**

6. CONCLUSION

The Licensee has, for the period under review, complied with its licence terms and conditions, applicable legislation and regulations. The Licensee’s continued contributions towards the social responsibility obligations and the strides to remain self-sufficient in a competitive environment is commended.

6. TERMS OF REFERENCE

6.1 Appendix A : 702’s Broadcasting Service and Spectrum licences

⁵ Appendix H: A copy of the General Licence Fee Regulations