

# **2011/2012 ANNUAL COMPLIANCE REPORT**

## **TALK RADIO 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<sup>1</sup>, the ICASA Act<sup>2</sup> and the Electronic Communications Act<sup>3</sup> ("EC Act") 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, any relevant legislation and regulations.

The following report is intended to give account of Talk Radio 702's performance for the 2011/2012 financial year. Aspects of compliance that are measured comprise of Shareholding, Geographic Coverage, Format, Local Content Obligations, General Programming Obligations, Training and Skills Development Obligations, Community Related Obligations, South African Music Content, Regulations Regarding Standard Terms and Conditions, Universal Service and Access Fund Regulations and General Licence Fees Regulations.

### **2. BACKGROUND**

In December 2008 the Authority issued Primedia with an Individual Commercial Sound Broadcasting service licence and a radio frequency spectrum licence in terms of the Electronic Communications Act (EC Act) of 2005. The Licensee broadcasts as Talk Radio 702 and provides a talk-based format to the audience of Johannesburg and Pretoria (*See Talk Radio 702's service licence attached as Appendix A*).

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<sup>1</sup> The Constitution of the Republic of South Africa No 108, 1996

<sup>2</sup> ICASA Act No 13, 2000 as amended

<sup>3</sup> Electronic Communications Act No 36, 2005

### **3. COMPLIANCE ASSESSMENT**

#### **3.1 Shareholding**

Clause 1.1 of the service licence stipulates that:

*"The licence is issued to: Primedia (Pty) Ltd".*

The Licensee is PRIMEDIA (Proprietary) Limited; the radio station complies with clause 1.1 of the service licence.

Clause 1.2 stipulates that the shareholders are as follows:

<i>"Shareholders:</i>	Mine Workers Investment Company	(32%)
	Kirsh Consortium	(27.9%)
	Primedia Management	(20.1%)
	Brait SA – Entities	(20%)".

The Licensee has advised the Authority that has been changes to its shareholding equity; which matter is being attended to by the Authority. The changes are as follows:

Mine Workers Investment Company	(49.1)
Kirsh Consortium	(25.1%)
Brait Entities	(19.8%)
Titan	(3%)
Sabvest, BPESAM 1 Ltd and BPESAM II Ltd	(1.0%)
KV & GR Direct	(2%)

Clause 1.3 of the schedule to the licence stipulates that:

*"Ownership held by persons from historically disadvantaged groups : 38.6%".*

The radio station submits that the Mineworkers Investment Company (Pty) Ltd's beneficiaries are historically disadvantaged persons from the mining and construction sectors, holds 49.1% equity shareholding.

The radio station complies with clause 1.3 of its licence.

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

Clause 2 of the schedule to the licence stipulates that the coverage area is:

*"Gauteng as defined in the coverage map attached to the Licensee's radio frequency spectrum licence".*

The Licensee confirms that its coverage area has not changed.

The radio station complies with clause 2 of the Schedule to its licence.

### **3.3. Broadcast Language**

Clause 3 of the licence stipulates that the language of broadcast is as follows:

*"Principal Language: English".*

The Authority's monitoring exercise confirmed that Talk 702 broadcasts principally in English.

The radio station complies with clause 3 of the Schedule to its licence.

### **3.4 Format**

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

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

The Licensee maintains that it provides a talk-based service with a maximum of fifteen percent (15%) music programming. The Authority's monitoring exercise confirmed the radio station's format and the fact that music constitutes approximately 15% of the radio station's programming content.

The radio station complies with clause 4 of the Schedule to its licence.

### **3.5 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 Licensee submits that whenever it reports on news that it has obtained from other sources other than its own journalists, such sources are disclosed during the relevant news bulletin.

The Authority's monitoring confirmed that the radio station discloses its sources of news, whenever it reports on news that has not been obtained by its own journalists (Eye Witness). News sources include Reuters and South African Press Association (SAPA) and Cable News Network (CNN).

The radio station complies with clause 5.1 of the schedule to its licence.

Clause 5.2 of the schedule to the licence stipulates that:

*"The Licensee shall broadcast news every hour daily".*

The Licensee submits that the radio station broadcasts news bulletins every hour during week days and the schedule changes during weekends. Half hourly news bulletins are only broadcast during the morning drive shows during the weekend.

The Authority's monitoring revealed that the radio station broadcasts eighteen (18) news bulletins every hour on the hour from 05h00 to 22h00 on weekdays

on each day of the week i.e. Monday to Sunday, between the hours 05h00 and 22h00. The news bulletin lasts for approximately four (4) minutes and headline news last for one and a half (1.5) minutes. In total, seventy two (72) news bulletins were monitored. The following are examples of news items identified:

- *"Motorists have been advised to take extreme care when travelling long distances this weekend as heavy rain is forecast in many parts of the country and over Gauteng. Over seven hundred people have already died on South African's roads since the start of the holiday season. WeatherSA forecaster, Carl Loote, says its set to be a wet Christmas";*
- *"The Jackie Selebi media briefing scheduled for today has been postponed. The national Press Club Chairman, Yusuf Bramjee, said the briefing by Correctional Services Minister, Nosiviwe Maphinsa-Nqakula was postponed due to new developments and the need for consultations with doctors"; and*
- *"An advanced team from the Arab League monitors will be checking the situation on the ground between protesters and government security forces. It's an attempt to put on a halt to the violence that's left many Syrian civilians dead. The director of the Brooking institute in Delhar, Sal human Shaik say, there is a tipping point for the Bashar Alasir regime".*

### **3.6 Training and Skills Development Obligations**

Clause 6 of the schedule to licence stipulates that:

*"The Licensee shall over its licence period, allocate R400 000 (four hundred thousand rands) per annum toward staff training with particular emphasis on women and Blacks".*

The Licensee submits that during the year under review, it has spent an amount of one million sixty three thousand, two hundred and seventy nine rand and

forty one cents (R1,0631279.41) on training of the its staff members. Of this amount, approximately eighty nine percent (89%) was utilised on empowering the entity's Black and female staff members. Below is a breakdown of trained personnel based on race and gender:

PERIOD OF TRAINING	NUMBER OF INDIVIDUALS TRAINED	HDIs TRAINED (%)	AMOUNT SPENT ON HDIs
July 2011 to June 2012	167 People of which 104 were Black, 37 White	84.3 %	R 994,316.72

During the period under review, the Licensee has complied with clause 6 of the schedule to its licence.

### **3.7 Community Related Obligations**

Clause 7.1 of the schedule to the licence stipulates that:

*"The Licensee shall:*

*7.1.1 raise at least R250 000 (two hundred and fifty thousand Rand) in cash and goods annually*

*7.1.2 provide airtime worth R250 000 (two hundred and fifty thousand Rand) 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 submits that it raised cash and goods to the value of one million, three hundred and seventy five thousand, three hundred and fifty rand (R1, 375 350.00). Furthermore, in its Corporate Social Investment report submitted to Honeycomb, a BBBEE verification company the radio station maintains that it donated an amount of nine million, two hundred and thirty eight, four hundred and thirty one rand and sixty eight cents (R9, 238,431.68) to the on air promotion of charitable initiatives (See *Appendix B and Appendix C*).

The radio station has complied with clauses 7.1.1 and 7.1.2 of its licence.

### **3.8 Training of staff from community sound broadcasters**

Clause 7.2 of the schedule to the licence stipulates that:

*"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 radio station did not host any training sessions for community broadcasters during the period under review. The radio station has indicated that its plans to host community broadcasters for training fell apart owing to "operational reasons".

The Licence does not expressly indicate as to whether training is to be conducted annually, or during the licence period.

Due to the above stated fact, the Authority cannot conclude on the Licensees compliance with clause 7.1 in the year under review.

## **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 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".*

Talk Radio 702 is exempted 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".*

Talk Radio 702 is a talk radio station and plays approximately 15% South African music as per the exemption granted by the Authority. The monitoring exercise identified approximately 16% South African music during the performance period. The following artists are among the artist identified during the period under review: Lebo Mathosa, Bles Bridges, Ed Jordaan. Nomfusi, Die Antwoord, Lira, Lize Beekman, Judith Sephuma and Danny K.

### **4.2 Regulations regarding Standard Terms and Conditions for individual broadcasting licences**

During the period under review, the Authority did not identify any non compliance by Talk Radio 702 with the standard terms and conditions for individual licences.



The Licensee complies with the Regulations regarding Standard Terms and Conditions.

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

Regulation 3 (1) of the Regulations 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)" (See Appendix D).*

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 made a payment of one million, seven hundred and ninety two thousand and seventy three rand and nine cents (R1 792,073.09) to the Media Development and Diversity Agency (MDDA) towards the Universal Service and Access Fund. This payment was effected on Monday 01 October 2012 (see Appendix E) Proof of payment was duly submitted to the Authority on even date.

The Licensee complies with the USAF regulations.

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

Regulation 3(1) of the General Licence Fees Regulations stipulates 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 licences" (See Appendix F).*

Schedule 2 of the Annual Licences Fees regulations provides for Individual Commercial Broadcasting Service Licensees to pay an annual licence fee of 1.5% of gross profit to the Authority.

Regulations 4 (b) and (c) of Schedule 3 stipulates that:

*"(b) In respect of Annual Payments 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"*

During the period under review, the Licensee made a payment of four million, three hundred and nine thousand, nine hundred and sixty two rand and fifty three cents (R4, 309, 962.53) towards the annual general licence fees on 26 September 2012. Proof of payment was submitted the Authority on 26 even date (See *Appendix G*).

The Licensee complies with the Licence Fees Regulations.

## **5. CONCLUSION**

During the year under review, Talk Radio 702 has complied with the licence terms and conditions, the Electronic Communications Act, the ICASA Act and all the relevant and related regulations.

## **6 APPENDICES**

Appendix A : Talk Radio 702 Licence Terms and Conditions;

Appendix B : Report on money raised on Cash and Goods;

Appendix C : Talk Radio 702's CSI Report;

Appendix D : Universal Service and Access Fund Regulations;

Appendix E : Proof of Payment (USAF);

Appendix F : General Licence Fee Regulations; and

Appendix G : Proof of Payment (Licence Fee)