

REASONS FOR THE PROPOSED AMENDEMENTS TO THE LICENCES

1. INTRODUCTION

1.1 Kfm 94.5 (Kfm) is applying for amendments to:

1.1.1 clause 2 of its Individual Commercial Sound Broadcasting Service Licence (“the broadcasting service licence”); and

1.1.2 clause 3 of its radio frequency spectrum licence (RFS licence) as well as to the technical specifications and coverage map thereto as is more fully set out in Annexure A of Form A2, submitted herewith as part of the application to amend Kfm’s RFS licence which is contained in Appendix 4.2 to the main licence amendment application.

1.2 In essence, these amendments aim to achieve two key goals, namely to:

1.2.1 improve the signal with Kfm’s existing coverage area by obtaining the Authority’s approval for four gap-filler transmitters and frequencies; and

1.2.2 extend the licensed coverage areas to cover four towns in the Northern Cape that are not currently part of Kfm’s coverage area. Kfm is already licensed to broadcast in a number of other towns in the Northern Cape and so parts of the Northern Cape already fall within Kfm’s existing coverage area.

2. GAP-FILLER APPLICATION

2.1 As is clear from **Annexure A[2] of Form A 2** which is an annexure to Appendix 4.2 to the main application, application is being made by Kfm for four gap-filler transmitters and frequencies to improve Kfm’s coverage in its *existing* cover area, namely:

2.1.1 Simonstown – 107.4 MHz;

2.1.2 Seapoint – 100.7 MHz;

2.1.3 Plettenberg Bay – 107.5 MHz; and

2.1.4 Franschoek – 89.8 MHz.

2.2 All of the above areas fall squarely within Kfm’s existing coverage area and so we trust that ICASA will recognise the need for Kfm’s listeners to have uninterrupted and clear access to

the content provided by Kfm's sound broadcasting service in these four towns in its existing coverage area.

3. APPLICATION TO EXTEND THE COVERAGE AREA IN THE NORTHERN CAPE

3.1 As is clear from **Annexure A[2] of Form A 2** which is an annexure to Appendix 4.2 to the main application, application is being made by Kfm for five new transmitters and frequencies which aim to extend Kfm's coverage beyond its existing coverage area in the Northern Cape, namely:

3.1.1 Colesberg - 97 MHz;

3.1.2 Kimberly - 95.4 MHz;

3.1.3 Kuruman – 98.4 MHz;

3.1.4 Kuruman Hills – 104.2 MHz; and

3.1.5 Uppington – 93.5 MHz

3.2 We submit that it is critical for ICASA to bear in mind that Kfm's existing broadcasting service and RFS licences already allow it to broadcast to many towns in the Northern Cape and this part of the application is to allow it to extend its existing Northern Cape coverage to cover four towns where its FM signal does not reach, namely: Colesberg, Kimberly, Kuruman (which requires two transmitter sites and frequencies due to topographical issues) and Uppington.

4. HISTORICAL OVERVIEW OF THE LICENSING OF COMMERCIAL SOUND BROADCASTING SERVICES IN THE NORTHERN CAPE

4.1 The Northern Cape is a second market for commercial sound broadcasting services.

4.2 The Authority has repeatedly attempted to encourage the development of a stand-alone commercial sound broadcasting service in the Northern Cape.

4.3 As is clear from the Authority's Reasons for Decision on the Licensing Process for Individual Commercial Free-to-Air Sound Broadcasting Service Licences: Northern Cape¹ (the Reasons for Decision):

4.3.1 ICASA issued an Invitation to Apply (ITA) for the provision of commercial sound broadcasting services in the Eastern and Northern Cape Provinces and in the Free

¹ Dated February 2017.

State². However no applications were received in respect of the Northern Cape Frequencies³.

4.4 ICASA republished an ITA for the Northern Cape in December 2015. Again no applications were received in response⁴.

4.5 ICASA republished an ITA for the Northern Cape for the third time in 2016⁵. This time, three applications were received. However ICASA found that none of the applications had complied with all of the requirements stipulated in the ITA⁶ and that it did not have the discretionary power to condone such non-compliance⁷ and therefore none of the applicants was successful.

4.6 ICASA does however, have a history of granting access to commercial sound broadcasting services to transmitter sites and frequencies which enables them to reach areas inside the Northern Cape. ICASA has done this on a number of occasions:

4.6.1 Radio Algoa, and Ofm for example, reach listeners in Colesberg;

4.6.2 Ofm reaches listeners in Kimberly, Kuruman and Uppington;

4.6.3 Kfm itself already has five transmitter sites and frequencies in the Northern Cape and has established a loyal following of Northern Cape listeners where its signal is heard, including in: Alexander Bay, Calvinia, Carnarvon, Garies, Pofadder and Springbok; and

4.6.4 In 2018, the Authority assigned one of the frequencies being applied for in this (Kfm's) application, namely Kimberly – 95.4 MHz, to Beat FM, whose coverage area, according to clause 2 of the Schedule to its commercial sound broadcasting service licence is "Free State". In this regard:

4.6.4.1 Beat Fm's application faced opposition from African Media Entertainment (AME) and from Ofm.

4.6.4.2 AME queried why Beat FM "has not shown good cause as to why it should continue to keep spectrum that it is not utilising and receive 'yet more spectrum for areas in which they are not licensed to operate and could not have been licensed to operate in by virtue of the scope of the Invitation to Apply for licences, in response to which the Applicant made application'"⁸. AME argued that this was

² At paragraph 1.2.6. of the Reasons Decision

³ At paragraph 1.2.7 of the Reasons for Decision.

⁴ At paragraph 3.6 of the Reasons for Decision.

⁵ At paragraph 3.8 of the Reasons for Decision.

⁶ At paragraph 6 of the Reasons for Decision.

⁷ At paragraph 5.4 of the Reasons for Decision.

⁸ At paragraph 4.1.1.3 of the Reasons for Decision: Application for the Amendment of a Radio Frequency Spectrum Licence Issued to Beat FM. Dated October 2018 (the Beat FM Reasons).

a clear violation of the “use it or lose it” principle applicable to radio frequency spectrum⁹.

Nevertheless, ICASA awarded all of the additional frequencies applied for by Beat FM in its amendment application, including Kimberly 94.5 MHz¹⁰.

4.6.5 As we have set out more fully in Appendix 3.3 to this application, Beat FM has yet to commence broadcasting on Kimberly 94.5 MHz or on any other frequencies it has been assigned by ICASA since it was first licensed in 2015.

4.7 It is clear that the Northern Cape listeners have the least access to diverse commercial sound broadcasting content by virtue of the difficult market conditions that exist in the province as is evidenced by the Authority’s historical inability to license a Northern Cape-based commercial sound broadcasting service despite three previous ITAs, due to a lack of uptake from potential Northern Cape-based broadcasters.

5. APPEAL OF THE KFM SERVICE

5.1 Kfm is one of Primedia’s flagship broadcasting services and is a fixture, already, in the hearts and on the radio dials of listeners in the Western, Southern and Northern Cape.

5.2 Kfm is a successful commercial sound broadcasting service and has built a reputation among its many advertisers for providing a solid return on advertising spend because of the loyalty of its listeners and the strength of its brand.

5.3 Kfm is a talk and music station (adult contemporary music format) which broadcasts in both English and Afrikaans. It is positioned as playing a lot of music and making its audiences feel great, as demonstrated by its tagline: “The Most Music. Feel Great.”

5.4 According to Kfm’s own commissioned data, 45% of Kfm’s current audience is below 35 years of age. The station’s music positioning has driven audience acquisition and retention - attracting youthful audiences whilst retaining older audiences. Kfm also attracts audiences across the SEM™ spectrum, with 20% SEM™ 4-6, 24% SEM™ 7-8, and 52% SEM™ 9-10.

5.5 Kfm is deeply embedded in its community through its many charity, upliftment and other community initiatives and its audience derives a strong sense of being in relationship with the station and with other Kfm listeners who are similarly community-minded.

5.6 As part of the Primedia stable, Kfm is seamlessly integrated with Eyewitness News (EWN) as a national news brand. This allows Kfm to carry breaking and relevant news at any time

⁹ At paragraph 4.1.1.4 of the Beat FM Reasons

¹⁰ At paragraph 5.1.1 of the Beat FM Reasons

of the day. This includes international and national news, as well as local and hyperlocal news stories across the coverage area.

- 5.7 We have provided herewith as Appendices 3.2[2] and 3.2[3] the results of in-depth research carried out by Ground Control Research on behalf of Kfm in support of this licence amendment application.
- 5.8 The research reports speak for themselves, and the highlights thereof reflect the following:
- 5.8.1 A clear majority of respondents surveyed said that they liked the sound of Kfm “a lot” – going up to 82 percent of respondents at the Kfm outdoor broadcasts which were undertaken in Colesberg, Kimberly, Kuruman and Uppington.
- 5.8.2 Music was a significant factor in respondents’ enjoyment of Kfm with many responses along the lines of “my kind of music”, “my favourite music” etc.
- 5.8.3 Other factors mentioned by respondents were “the vibe and energy”, the “sound quality’, the “humour”, its “catchiness”. This is in line with Kfm’s brand tagline: “The Most Music. Feel Great.”
- 5.8.4 Another factor that potential Kfm listeners were looking for, according to the research was “news that is local to their area”. Again, Kfm’s access to the award-winning EWN and the ability of EWN to tap into and report on hyperlocal news will undoubtedly be a great boon to listeners from those parts of the Northern Cape not currently within Kfm’s coverage area.
- 5.8.5 The appeal of Kfm to the people in the four Northern Cape towns which Kfm would like to broadcast do but which are currently outside of its coverage area is manifest.
6. HOW WILL KFM SUPPORT SOCIO-ECONOMIC DEVELOPMENT IN THE NORTHERN CAPE
- 6.1 Kfm, as is the case with all Primedia stations, are committed to uplifting the community that they serve and broadcast to.
- 6.2 Kfm has already approached existing national chains and brands that advertise on the station to gauge their interest in an expanded footprint to cover the four additional towns which are targeted in this application.
- 6.3 The advertisers response has been overwhelmingly positive with many bemoaning the lack of advertising platforms targeting the Northern-Cape.
- 6.4 Advertising is not just good for the advertisers, it is also good for the community served by the advertised business. More awareness of locally-available/advertised goods and services means more consumers thereof and that will drive increased spend in the Northern Cape

which in turn will lead to higher demand, more jobs and ultimately increased prosperity in the province.

- 6.5 But Kfm, in keeping with its existing community initiatives, aims to become an active:
 - 6.5.1 participant in the communal life of the Northern Cape; and
 - 6.5.2 contributor to the socio-economic development of the citizens of the Northern Cape.
- 6.6 To this end, Kfm has develop a set of Additional Promises of Performance (contained in Appendix 5.1 to this application) which aim to directly impact vital sectors of the Northern Cape economy, namely:
 - 6.6.1 the local music scene – through its Northern Cape-focused gig guide;
 - 6.6.2 the community sound broadcasting sector in the province – through its training and internship programmes; and
 - 6.6.3 the tourism sector – through its generous airtime initiative aimed at solely benefitting Northern Cape tourism ventures.
7. We trust that ICASA will approve Kfm’s application and in so doing ICASA will recognise the contributions that Kfm can make to the lives of people of the Northern Cape by supporting the various objects of the Electronic Communications Act, 2005 (the ECA) as has been more fully set out in Appendix 3.3 to this application.