



ICASA

**Public Hearing for Individual
Commercial Free-To-Air
Broadcast Services**

22 NOVEMBER 2018

ICASA Q&A

Chairperson: Finance you may go ahead, you can make it start.

Mpho Mgwebi: Good afternoon and thank you for the lovely presentation. I will just go and start of with your funding. I know you requested confidentiality. I won't go into the details. I will just simply asked do you have a funding contingency plan? And if you want to respond or do you want to respond in writing?

Towy Booyesen: We are happy to respond in writing as was mentioned this is part of the confidentiality agreement. But I think as I have mentioned you know we are, we do have contingency plans in place and we are happy to provide that information to the Council within the next few days.

Mpho Mgwebi: Then my next question regard on your role out strategy. I would like to find out how is it, I don't know how to do with this because you have requested confidentiality, but how is it funded? If you don't account for it in your books, your projections?

Towy Booyesen: Sorry I don't think I hundred percent understand. So how do we fund which strategy? The role out of the channels?

Mpho Mgwebi: No. Basically you've got a roll out plan, implementation plan that you have and that you have submitted. But where is it accounted for in your projections?

Towy Booyesen: So, what I can say is we have a very detailed financial model that we have set up and in that financial model we looked at all the costs and income of the roll out and the roll out plan. That includes all the channels, the content, the marketing, everything related to our business. So, ja, I think. Ja, I don't know if I am. I am misunderstanding the question. But the detail financial model has all the costs, and all the strategy in.

Mpho Mgwebi: For you Councillor, I think it would be better if we sent them the questions, because we cannot be clear and, we would like a detailed model about how everything else is accounted for, treated. Because the information that we have does not address those issues. And this question would open the things that were requested confidentiality on. So, I think going forward we could through you Chair, if we could just send them all the questions and then they could respond to those ones?

Chairperson: I think that approach would be acceptable, mainly because now we are running the risk of eventually getting into confidential information. So, the authority will then be sent you questions you will then get back to us within the next seven days. Thank you very much.

Towy Booyesen: Thank you. We are happy with that.

Chairperson: Is that Mpho? Do you have any more questions maybe?

Mpho Mgwebi: The only question I would have was in relation to market research. I just want to find out from the sample drawn do you think you can draw; can you make confident inference about the population that you are trying to target?

Towy Booysen: So, we used a reputable company Asked Africa to do all our research for us. And based on what we discovered from the research I think we can very confidently say that we are. We can in fact substantiate every finding and every channel and all the programming related to these channels. So, what might not have been clear from some of the presentations is that we have detailed schedules of all our content and all those things have been tested thoroughly with our target market. So, I think confidently we can say yes. We are happy that we will be able to substantiate from our research.

Mpho Mgwebi: Oraait. One of the findings from your research is that. Or from your sample with that 52% of your target market is unemployed. On that basis if you take the two sudden nature of the broadcasting market, I would like to find out do you think that the 52% of the unemployed audience is going to attract enough revenue to keep you sustainable going forward?

Towy Booysen: Okay so you can fill in. So, based on that question I think on our operating model its very clear that there are a few options that we have for revenue. So, one of them is obviously the airtime or the add revenue. One of them is the co-branding and sponsorships. The other one is story line integration, product placement, on sale content and all those things will assist with the revenue model you know and the operating model to make it work. So, I think we not necessarily relying so much on the unemployment number because it is Free to Air (Pty)Ltd that we are presenting and we are relying a lot on co-branding sponsorships and those kinds of things that I just mentioned.

Percy Mthethwa: I think just to also add onto that, of course we got ecommerce strategy in place. Obviously, I cannot go too much into that because there are competitors that are sitting around. But ecommerce allows us to be able to use the platform to sell products. You know via short codes or anything like that without going into it too much. So, we are not necessarily hinging all our revenue, you know with the advertiser model. And, we are looking at producing content obviously with the help of **Contralesa** that allows us to export our content. So, we are not relying on just advertising as a revenue.

Percy Mthethwa Ja, I just also add on to what one of my colleagues have said. Remember as an organisation we come up from job summit and investment summit by the president. And some of our submissions as black business council and likewise to look at youth and look at how best can we use things like grants from your load and applications are been done on terms of skills

development across the broadcasting space. We also looking at the SETA's to look at rural and township areas whereby we can apply all the SETA's that can be there. The employments supplier in relation to this content. So, there are different models, which means investment, which means grants, which means levies that is needed from the SETA's. I think this is a revolution that most speaks about change the landscape of poverty in the country.

Chairperson: Stanley do you have a... Do you want to do a follow up Mpho? Okay, go ahead.

Mpho Mgwebi: With the addition of the DTT platform what do you think is going to happen to the distribution of advertising revenue as it currently stands? Do you think...

Towy Booysen: Ja, so. Ja so please add. But I think I just maybe want to say in the financial model and obviously which we are going to share with you. The take up of and the distribution of the add revenue is very low. As I said I can not disclose the numbers, but the take up is very, very low you know from in the first few years. In fact, up to the end of the operating model you know its very, very low. Ja.

Percy Mthethwa: So, the research from PWC also has mentioned that a lot of the advertising revenue is going to be online. So, being relying on advertising for revenue is old. Because, as we speak there are companies advertising on YouTube, there are companies advertising on Facebook, Twitter and all of that. So, already the pie is already broken up into small pieces. So, I am saying the reason why we are not hinging much of our revenue on advertising and we looked at ecommerce. We have looked at exporting our content. We already have a partnership with China coming out of the Briggs Summit that allows us to start distributing our content and our culture you know outside of South Africa. So, just to address that issue, because I know traditionally advertising is the way that broadcasters make money. but we realised that even the media buying companies or industry, you know, would not necessarily always make a conscious decision to put their money, you know onto platforms that might not necessarily be owned by their own. So, it's the reality. So, besides that, we understand that we are going into the future. We want to be able to sell products using television through codes and all of that. And I think that is why it was important for us to show you that township techy video. Because what we are currently doing there is building the capacity and they know how to be able to address some of those limitations that we might have on traditional television. Thank you.

Percy Mthethwa: Ja. Just in addition in terms of the sustainability of the channel and tv station. I was approach by the CEO [unclear]that they got the one billion for youth content development across the grant. As soon as we got the

licence, we will be able to activate that money for across the country. But what is key to us. I was in Beijing three months ago with the President and the President Chief of China. He has put 15 Billion grants and he said he wants collaboration between filmmakers, story telling between Africa and China. He also wants our theatres or museums to be in China. There are grants that are sitting there. As we are speaking, we are already putting up applications which the Chairman of Broadcasting to FFACC, which is Forum for Africa China Corporation. So, there are partnerships and there is level of work that's been done onsite. We believe that with such partnerships within that 15 Billion dollars as grants we should be able to get a piece of a pie. But we are also working with other broadcasters across the continent. We are also looking at from our side to launch an Africa Business Channel which I have also engaged the President of Africa Development. We are meeting on the 1st to put a framework. So, there is a money lying out there that is awaiting us to see the platform licenses that we are people who can roll out these programs it thinks.

Chairman: I know that the finance team has several questions. Mpho I would request that you consolidate all the questions that you may have so that you can be able to move to the next sections of the application. But can we allow them to then to ask the last question that they have? Thank you.

Percy Mthethwa 1: Begging your indulgence Chair. Could we just make it two questions instead of one please? Okay. So, the first question. You have indicated that you are not going to be solely relying on your advertising revenue and that the take up of that in the initial years of your projections is that the assumption is that it will be slow and it will not form most of your revenue stream. This is however completely at odds with what you have said in your application. So, we would like clarity as to whether what you are saying in your application is erroneous or whether you have changed your assumptions with the spec to your projections pertaining to revenue?

Mpho Mgwebi: Okay my last question is you stated that you are going to focus on your application. You stated that you are going to focus on LSM5 to 7. Now considering, these are the consideration I want you to consider when you are responding to my question which I will get to last. Your earnings and your disposable income of this group. And there is a question you asked in your research, where it asked the last seven channels. That the last channels that are watched by individuals the last seven days. Now if you looked at those channels, they fall within the normal analogue available channels on SABC and ETV. But there are also some of the channels that were last watched that fall within Easy View which is available, which is the R29 package on DSTV platform and then there is the access and then it goes up to family. Now my question is? Your service offering does you think it is neat enough or does it offer such valuable content to attract viewers from watching what they are

currently watching to watch what you guys are offering? That's my last question.

Towy Booyesen: Thank you. Thank you for the questions. So, just a clarification on I think on what I am saying is. I am saying that the take up is slow initially and then it grows. So, I think if I understood the question. The question was that the bulk of the revenue will be from advertising? So, I am not disputing that fact, but what I am saying is that the take up is very slow and there is a lot of discounts that was incorporated in the advertising and that revenue when we did the modelling of that. I hope that clarifies what I was trying to say. So, we are not saying that what we have in the application is in anyway different or wrong. What we are saying is that the take up initially is very, very slow and then it expands. Regarding the second question. So, based. I think the best way to answer that, is to say yes. We are very aware of the fact that we are requesting another slice of the pie so to speak. And in that we regard, based on our research and we are very confident still you know that there is enough appetite for our content and our offering to attracted viewers of all, the whole of South Africa. So, I think as I say we are very confident. So, I understand a concern that we are taking another slice of the pie so to speak. But ja. We are very confident we will be able to do that.

Percy Mthethwa: Just to add on the contents side is that opportunity we have of course is that indigenous content that I was talking about Contralesa is currently quite unique because you don't find that sort of content anywhere in South Africa currently. So, we do have a unique selling point in that regard. But also, what is important is the fact that there is lot spill over. Let me rather say it this way. The issue of LSM's without going too much into it, is that when you are speaking to, and I mentioned it a bit my presentation. When you are speaking to someone who is living the township who might be LSM4. We also addressing the aspirations of that LSM's. So, we understand that our viewers are transitioning all the time. You get people coming out of Soweto to go and live in the suburbs because its transitional. So, you are not really locking an LSM down because you also understand that people are migrating from one LSM to another, to one you know affordability and all of that one another. And so, it's important to not just look at what we are saying. Of course, that we are targeting. But what I also mentioned is that with the channel Yebo Mama for example I don't know how many times men talk about shows that women would generally watch because the family is watching those shows. So, its that is also important. I don't know if I would be out of term if I mentioned that in my other business, we were supplying one of the big broadcasters with educational material that they need to use to sell to the media buyers. Because the media buyers don't understand that market. They. When you don't speak Zulu you are not educated, you are not smart, therefore you have no affordability. The first advert that was ever put on one of the big

radio stations YBMW was two years ago. So, there is still a lot of education that needs to happen about the market we are talking to. To the media buyers which I think it speaks to how we then need to approach them while we educate and how do we position ourselves in that place. You know if I may add that with that understanding it then allows us to have the freedom to use the different partnerships, we have with these organizations that are on the ground. To understand the aspirations of our people, therefore being able to inspire them. So, I hope this answers your question. But at the same time, I wanted to add that we are not trying to do what everyone is doing. We want to change the narrative. We also understand that its going to be difficult at the beginning but we know that we need to start loving ourselves. We need to start appreciating ourselves. There is a whole movement of ethnic care that people never thought was going to start. So, it's already happening whether broadcasters are catching up on it or not. But it's a bandwagon we need to jump on because we have influence coming in from social media that is uncontrollable. So, every other day you need to do research about viewing patterns of people. As it stands five years ago the video that was watched, most watched on social media was only one minute. Right now, people are watching ten-minute videos on small screens. So, I am just saying that the research that is done quickly becomes outdated you know after a couple months because the world has been globalized and is changing quickly. So, of course we need to adapt to certain things that we might have mentioned in the application. But its been a long time and we never stopped preparing to come and sit in front of you. So, I think if. And I mean I am not that much educated about how ICASA works. But I would like to mention that we must appreciate how dynamic the world is today. And appreciate that its changing. So, if we do mention something that is not too far off from what we have mentioned, you know, or completely different, please appreciate the fact that we are in technology. So, we understand how quickly that changes and we cannot keep quite when we come to present. Because we already outdated with some of the things that we have mentioned in the application because of where the world is going. So, I hope that also adds value to what my colleague has just said.

Percy Mthethwa Ja, I just. You see colleagues I believe there's so much of an appetite for African content. Everywhere I went in Amsterdam or Dubai for an IBC I get buyers. In South Korea I was with Korea Broadcasters Service and Broadcasting corporations are two different entities. They still want that content from us. They also wanted to buy content from Multichoice. They told me that they were highly charged. We believe with this youth we can developed a model, grow SETA's, export it. Every year in Amsterdam, everywhere you buy this IBC is happening. We meet with Brazil. So, there is a lot that we can offer but when I interact in my position with African leaders, business leaders. Also, from DTT they want us to help them on DTT on how

to roll it out in other countries. I was with the DG of DEOC. There is in every African country a country that is looking up on us to help them. I agreed to help them. you know. Familiarise, regulate their systems. We are base therefore, our believe in ourselves and our youth that they can bring magic in global. I think that is something that we should all consider as a stepping stone to change the narrative about a black person. I think.

Chairperson: Thank you very much. I think we have exhausted the finance questions. I had requested that we put up your slide one just to reconcile it with what we have on paper. I think I am satisfied. But I just realised it that NAMEC is on of the shareholders which holds about 9% of the shares. But also realised that NAMEC within its shareholding there is amongst others NAMEC NPO. But we did not seem to have the details of who comprises NAMEC NPO. It's a 10% shareholding within NAMEC Telecoms. So, if you could provide us with the information unless if its going to be cumbersome if we request you to provide it now. But can we have that within the next seven days. Who comprises NAME NPO. Thank you. Councillor Mokhele do you have a question?

Councillor Botlenyana Mokhele ICASA: I just want to pick up on the nature of your channels. Granted the fact that you maintain that you not gong to be solely reliant on other types of revenue you still need to have a sizable audience base to exist as a channel. What I just want to establish is how sustainable these are given the figures that you have given of the rich the largest being 24% for Dololo. That's the first thing. The second thing given the markets you have identified. The three markets that you identified and the fact that you maintained the fact that those markets have an appetite for SABC1, 2 and 3. Now the question is how sustainable is your niche approach to channel packaging when your competitors can leverage a full service. So, the question is not so much the advertising that you are able to attract. But your existence as service by virtue of having an audience for your channels?

Percy Mthethwa: Okay. I am just going to start Dololo and trying to explain this. So Dololo is obviously dealing with comedy. 4-5 years ago, when Coke came out with campaigned "Open Happiness" they did a study and they found that the majority of the world is depressed, hence then the campaign "Open Happiness". Coming to South Africa if I am looking at the unemployment rate, if I am looking at the murders that are happening, if I am looking at abuse, if I am looking all of that, comedies is an ever-growing genre. Its not as big as it was about 5 or 10 years ago. But it keeps on growing. So, the projects are modest compared to you know what the reach could be in that light because we are looking at Comedy Central, which is obviously within Multichoice. Its also limited to the number of people that are on the box. But

there is not anything that speaks to the public with regards to comedy. And I think the saddest thing is that their people who go through the day and go through the week and not have laughed a day. So, I think it's okay to appreciate that when we said 24%, we were being modest, we realised that this is something that is growing. You know. When we are looking at. Let me not take Obama because we have exhausted that. If I. Let me just find another one that is here. So, if we are dealing with the youth, again I have spent the last 10 years being very close to my father and the reason why I mention this is that in the past 10 years I have limited my risks by almost 70%. Because I am spending time with someone who is older than me, who knows better than me, who has been through what I have been through. And what we have realised is obviously, like I have mentioned with all the partnerships we have had is that there is a big gap between [VANS] and [VANS] you know. And for us this youth channel is an opportunity to gather the youth. It is for the youth. It is about the youth. But when I say it is for the youth, it's also information that they need to bridge the gap between where they are and where it is that they need to go. So, for me I am also saying that the channels that speak to youth that are available now are not speaking to the age group that we are targeting. So, I think in that light it opens it up to most young people that we are not addressing. And when you are looking at skills development. Let me take an example the SETA's have. Or maybe let me start it this way. If you are looking at the unemployment rate, it's the youth and at the same time they might not even know where to go for unfortunately reasons. But partnering with the SETA's as we have mentioned we are going to be able to let's say, I am making an example, in the morning use video to educate, so if there is someone, the SETA that is dealing with Plumbing, been able to in the morning from 8 till about ten o'clock give them information that they need in terms of those skills. Whether they put that online later for when they are available. But we have it on our channel. Secondly is that there is so many platforms where youth can apply to get funding for their businesses but they do not know where to go. So, for us we are, you know, becoming a place where they can go because they are gaining information by being there. Over and above the entertainment that is there. So, when I looked at, and the reason why we strike that partnership with Digital Artists that has a license of those of that music, we know that young people are the guys that are downloading music the most. So, I cannot disclose too much of how the model is but when I am looking at the content we have of music in their appetite for music and the fact that they are the ones who are downloading. You know. It does not limit to us to then just viewership in the first go. But we can generate income from downloads that are there from the songs, you know, using our strategy. So, I am saying that we are modest in the numbers that we are putting out. Because it is a gap you know that is there and issues that we seek to address. I hope I have answered you.

Councillor Botlenyana Mokhele ICASA: Not really. But I just get the sense of how you intend to generate income beyond advertising. But the question that I was asking was how are you going to establish an audience base, based on the way that you packaged your offering? Because your competitors provide full service programming. Which means that lets say for argument sake if you are going to be dealing with Ubama me as a separate channel and say for argument sake SABC or even ETV provides a women's program, that women's program whatever audience lost or financial lost that it makes, that it then can be sustained by all the other programs that the broadcaster is offering. So, the question was not so much around how you going to generate income. But how are you going to establish yourself as service by having a set audience base. But I think you answered the question.

Chairperson: Thank you. Can we go onto need and demand? Stanley.

Stanley Mufamadi ICASA: My question is related to what the Jupiter Chair just asked. In your application you have indicated that almost half of the Free to Air (Pty)Ltd audience is younger than 49 years and once fifth younger than 35 years? And your target market is between 18 and 35 years? So, considering that they are limited to Free to Air (Pty)Ltd services how is the decision to target this youth people demographic justified and how is that in the public interest? Thank you.

Towy Booysen: I am sorry. Can you kindly just clarify. So, are you asking because of the limited target market that we have, why is that in the public interest? The age? Are you asking the question around the age?

Stanley Mufamadi ICASA: That they are limited through to SABC's. why are you targeting this youthful demography?

Percy Mthethwa: Free to Air (Pty)Ltd services.

Councillor Botlenyana Mokhele ICASA: Let me. Can I assist? I think the idea is that Free to Air (Pty)Ltd services are intended to provide services for a broad audience base. Not just limited to a niche market like the one that you have outlined. And that different policing **[unclear]** that are apply to Free to Air (Pty)Ltd in the sense that when you provide your service over and above your commercial imperatives you are also provide it in the public interest. So, if you limit your service to a certain demographic by default you depriving the rest of the population access to your service. So how would you say that by structuring your audience base that you are meeting the public interest mandate?

Percy Mthethwa: So, I hope I answer you directly this time. So, the channels that we have obviously proposed is, let me see, is five channels and I do believe that because of the LSM issue and the migration of people. For me it ceases to be niche in the sense that when I am speaking to someone who is in the

township that is watching Free to Air (Pty)Ltd, and I think I made an example about myself and through the research of these partners, that, that person has an aspiration of being a 5-7. 5-7 has an aspiration of being a 7-10. So, the audiences that we are talking to is not so much about only about income but its also about aspiration. And for us we hope that the content here at Contralesa that is going to allow us. Because we are going to watch the indigenous sort of content. We are going into preserving our culture, language, and all of that and looking at the appreciation of African language stations, we can appreciate that people love their languages, they love their culture. So, we are as much as the channel might seem to be niche, but in terms of the content we seek to extract from the partnership with Contralesa allows us to speak to a much wider audience in that regard. I hope I have answered you.

Towy Booyesen: Sorry if I can just add to what my colleague has said. I think in addition to that you know that the demographic we identify does mark the majority of South Africans as well.

Chairperson: Are you covered Stanley?

Stanley Mufamadi ICASA: Could you please provide clarity in page 136 of your application you indicate that your target market for Kids Africa is black parents? And in page 2 you indicate that its children. Could you please clarify? Thank you.

Towy Booyesen: So maybe just on that. At the end parents do decide what their children watch. So, when you do the research, you do the research on the parents. So, although your target market is the children, the parents need to approve you know what the children watch. So that is clarification on why it was structured that way.

Chairperson: Thank you. We will move to the next section which is programming.

Stanley Mufamadi ICASA: Thank you Chair. I've got two questions in relation to programming. The first one is in relation to the languages of broadcast. May you please explain how you going to cater for languages especially vernacular per channel? And indicate how Contralesa contribution in terms of your language distribution? Okay. Can I go to the second question? My second question is what is your understanding of local television content regulation, especially in relation to your answer to question 32.1? and considering that you are not going to broadcast current affairs in children's programs?

Towy Booyesen: Okay. So, I am going to. Regarding the first question. So, it may. As part of the application what we did is what we had very detailed program schedules, you know, and based on those program schedules we did detailed calculation to say you know regarding vernacular languages versus English as well. And I don't know if the information in front of me now, but

its clear in the application, I think it's a 60/40 split if I recall correctly, to say that the English language will be 60% and then the 40% will be in vernacular languages. And as I say we are happy to provide those, I think it should be part of the application, but if its not, we are happy to provide those details schedules that we do have or proposed schedules that we do have regarding that. I don't know regarding Contralesa if...

Chairperson: May I just interject on the issue of languages because you are speaking about vernacular and then you are saying that vernacular will also be used in most of the channels? We need specifics and I [unclear] that you provide us in writing. What is vernacular, what does it mean? Can you unpack that for us? And then how are you planning then to spread the language issues across the channels and in specific terms than rather than vague terms that we seem to be having currently. You may go ahead on the Contralesa question.

Contralesa Representative: So, Contralesa obviously I an organisation that represents all cultures or languages and think they important because when for example we are doing a documentary or a drama series that speaks to the migration of the Zulu's when they split from O'Shaka to end up in Zimbabwe. It is of interest of course because it is the history of South Africa and how that has happened in South Africa and its shape today. But also when you look at the norm at especially [unclear][VANS] to some extent Batswana these days you area able to create a drama series with different languages spoken and representing different cultures as well within one sort of like, whether it's a drama series, whether it's a reality show, whether it's a movie, you know so, in that way if you are telling the story of South Africa you are telling the story of culture, language, fashion, music and so, and in that we are able to then allow each language and culture, you know to be addressed. Of course, I am not saying in one minute we are going to have 9 languages spoken but I am saying in a program when you know we curate the programs we are conscious of the fact that we've got an organization that we are partnering with and all their members need to be represented in the contents that we want to produce. So, I am hoping that in that light I have at least attempted to answer your question.

Towy Booysen: Sorry the second question was around the regulation was there something in our application that. Sorry I am not understanding why you asking the question?

Kgomotso Mokitle ICASA: The reason why I am asking this question is that there is a question which is question 32.1 which requires you to indicate if you are going to comply with the South African Tv Content Regulations and their genres and percentages per genre that you must comply with. Okay the question is, question 32.1 of the ITA requires applicants to provide information on how they are going to comply with South African TV Content Regulations and regulation 5.1 and 5.2 requires applicants to indicate how they are going to

comply with certain genres. For instance, there is drama, there is current affairs, there documentary, there is knowledge building, as well as children's programmes and they all have percentages that you must meet.

Towy Booysen: So, I think the best way to answer that is that we do have detailed schedules, you know, and when set up, when the schedules was set up, we did take into consideration all those percentages. So, we did go through that whole regulation and we did do that. So, I think. We are happy to provide those schedules in writing to be able to show, how we did that.

Chairperson: That is acceptable. In addition to what Kgomotso has just asked you, because you seemed to be also saying that you shall not be broadcasting news as well as current affairs based on the regulations that he cited as well as the public interest mandate that comes Councillor Mokhele speaking too. We just need you to advise us as to why is it that you will not be broadcasting news as well as current affairs? So, we will await that information. So, I suggest that you familiarise with yourselves with the local content regulations so that you can be able to advise how you will be providing local content in your channels. Busi?

Busisiwe Mashigo: Thanks Chair. I get a sense from the presentation that you are more community service based? Which is a little bit of a concern from where I am sitting because the service you that you would require to offer or to give the South African public is more of a general service. Not of a community broadcasting service because that is already there and there is a reason why it is separated. So, if you can just base when you respond to the programming needs and those genres that you would need, especially on the news and current affairs aspect. Because as a Free to Air (Pty)Ltd service you will be required to have news especially during prime time where that is where you competitors are expected to provide currently. Therefore, in your, and yes you say you have provided, but we didn't see it in your submission. It is not there. So, you would need to then make those consideration and remembering that at the back of your minds that you are not, we are not necessarily giving away a community-based television licence. We are more Free to Air (Pty)Ltd. So, your direct competitor be ETV.

Chairperson: A follow up from you?

White Female 2: Thank you Chair. So just answer to get clarity as well and its also around the issue around being a community, the sort of community elements that are coming out. I just wanted to get clarity on the greater, so back to the slide that you had up earlier, I think the first slide of your presentation. The greater Alex Media Network, if you could just give, just unpacked that for us a little bit in terms of do you have any sort of affiliations or any kind of, I won't call it an ownership interest because you don't really have an ownership

interest in a community station. But just to help us understand your relationship with community broadcasters if any, if you can please unpack that for us. Especially around the greater Alex network. Thank you.

Percy Mthethwa: So basically, the Game Networks was formed in 2015 and the idea was to basically bring in all the media house within Alex together, because they were working in silos. So, the idea was to bring them in to sit in a structure where it's a board leaders of all their representative of all the media houses, sitting on one table, including other organisations. Organisations like disabled people, including YAC. YAC is the Youth Advance Centre. We formed a partnership with them. of courses to realise the opportunities that are within the history and media houses. So, those were our partners. And we were and we are still looking to grow of course in strengthening our partners within the community. The idea was to create, to partner rather with NPO's that are representing sort of people like I have mentioned the disabled people. You know to form part of the programming, to form part of engaging the media houses within the very same community. So that's basically how it came about and that is how actually we created a partnership with NPO's within the community. I don't know if that make sense?

Busisiwe Mashigo: Thank you for that clarity. So just to understand. So, are we saying then that through the shareholding of greater Alex Media Network would one be able to say that a community station indirectly has ownership in this particular entity? So, assuming this licence would be awarded, would it then mean that indirectly there are community radio stations that would then have an interest or an equity interest in the station? Just to get clarity.

Percy Mthethwa: Maybe not necessarily interest. But it would have then an opportunity to then get some sort of training through our platform. You know. Just to carry them as a radio station and try to build them. Because we can see that there is a challenge within the radio stations. Especially community radio stations in terms of governance and all of that. So, we looked at ourselves as a body that would therefore add value to those community radio stations, those three community media houses. Adding value to them. You know. So yes, to a certain extend there is some sense of ownership but I think in sort of getting opportunities within the platform, which is the FTA. I don't know if I make sense?

Leah Maina ICASA: I hear what you saying. But I think that the direct question that I am asking is not answered. So, what I am saying is greater Alex Media Network is comprised of various entities? Of which their community radio station is in those entities. Greater Alex Media Networks I don't know it eluding me, owns 51% of this entity. This entity that is seeking the commercial station. So, what I am trying to understand is, is it correct to say that there is indirect

control of community stations in this entity by virtue of the shareholding by greater Alex Media Network. I apologise if I butchered the name but. Yes.

Percy Mthethwa: Indirect control, but I would say they would benefit in the sense that we would help them out via resources and make sure they live. They exist and they exist properly and correctly. You know. Because in understanding the challenges that were there, by then within the very same community houses, so we are trying to help them stand and allow young people opportunities. Because when they have challenges, they can't do that. As a body we would be there for help them in making sure that they are sustainable, and they can therefor address opportunities. So, through them we would be able to get young people coming to us. You know.

Leah Maina ICASA: May I request that in your responses and your written responses maybe if you can just unpack for us that greater Alex Media Network and its composition and how that shareholding translates into this entity as part of your shareholding. Thank you.

Chairperson: Just in line with what Leah has just asked you. And I would just like to advise when you answered that question also see what extend you are complying on. You, okay, do whatever you do inline with section 66 of the lettering communications because it got a lot to say about cross media ownership. So, unpack the 55 because Alex is owned by AMUS, 51%, but we need to know who makes up this Alex, Media Alex. Yes. And then Busi has got a follow up question.

Busisiwe Mashigo: Thanks. So, what will be the difference between yourselves and for instance once KZN in terms of the services that you are offering and your programming offering. One KZN also totality. What would be the difference I just need to?

Percy Mthethwa: I think maybe in making a lot of emphasis around communities I have possibly planted a seed in your mind we are seeking to broadcast to single communities. But before I address what the difference is, is that why I was speaking about communities, because communities you know built provinces and provinces build a country. So, I was merely explaining how these programs such as township techy are in the communities as a result I think even with us as a brand we have an opportunity to have a footprint in those communities in terms of visibility. So, its not so much that we are broadcasting, we are creating content just for those communities. As its now there is, the most watched show currently is **Zozalo**, its set in Durban, but its not necessarily for Durban. You know what I am saying? So, I hope that I minimize the though you putting that we are seeking to be a community tv station. But we are seeking to be involved in the communities as a result creating, making ourselves a reliable brand because if we are involved in these

programmes that are helping [VANS] as a result we become a trusted brand and knowing that we are up against massive competition such as the SABC, ETV and the likes, we understand that we have to be aggressive and very innovative in how we approach South Africa at large. So, that is the reason why we are partnering with these programs that go into the communities. The difference between us and one KZN is that firstly we are not looking at, one, it would be access to funding that they don't have that allows us to create content that speaks to South Africa in a competitive way with all the other broadcasters that are there. So, I am hoping that the first statement and what I am saying now in terms of programming is that we are not addressing AmaZulu, we are addressing the whole country and when I am mentioning Contralesa, I mean all the other monarch, or cultural leaders will not be excited about us addressing one sort of culture. And I think the reason why we partnered with them it was also for them to keep us in check to say are you guys fair to South Africa or are you addressing you know one sort of cultural group and then demeaning the other cultural group. So, when we are creating content [VANS] we don't like the way you are presenting us. That is not how we are. We are different from that and when we are answerable to cultural leaders then the standard is kept high from a representation perspective. I hope have answered your question.

Towy Booyesen: I think just to add onto that as well from a technical perspective we do have the footprint you know throughout the country. So, we not just a local station. We do have a wider footprint.

Stanley Mufamadi ICASA: Okay thank you Chair. My last question is in relation to the program schedule that you submitted. I have noted that your programs would start from 6 in the morning until 23:30. What I am interested in knowing what is going to happen between 23:30 and 6 in the morning?

Percy Mthethwa: Thank you. Of course, around those hours not a lot of people are active but the reason why we got the licence for music is that it allows us to have fillers of that music. You know in that hour. But of course, we got repeats just in case that there are security guards that are up watching tv at that times. So, we are looking at playing repeats, we are looking at playing music and I think that is why we thought of that partnership to cover that gap.

Chairperson: Any more questions on programming? No more? Okay we will deal with technical aspects of the application.

Stanley Mufamadi ICASA: Thank you Chair. My first question Chair is related or well FTA's related to efficient use of the spectrum. You have indicated that you are going to have 5 channels and the capacity that you have been provided with it allows for more? Can you please clarify as to what happens to the remainder of the 55%? And then the other two questions are more of

ascertaining awareness because it is very important to note that the signal distributor that needs to be appointed by the prospect licencing will then be shared among, with the licensee of the subscription. So, I just wanted to make sure that Free to Air (Pty)Ltd is aware of that. And secondly since SENTEC is their signal distributor and on the application you, SENTEC has raised that they will be using annexure as per their ITA. And there is also an obligation on the ITA that indicated that after the analogues switch off there should be an implementation of annexure which allows for seven mast plain. I just want to make sure that those two last questions that FTA is aware of that. Thank you very much.

Chairperson: Just an additional question on the technical aspect. Just to find out what roll will NAMEC be playing and as a technical partner in the scheme of things?

Towy Booysen: Thank you very much for the question. So, regarding the spectrum that you refer to. So, we need to look at a sustainable business and in that we were saying you know to have a sustainable business it does make sense to have the se 5 channels. We are having. So, as Percy has said before we are, or we have in the last year thought about the development plan as well. You know. To see how can we develop other channels and other things that comes into this licence that we are able to maximize that. So, we are working on that and we will use the full max for our channels. I regarding the other two questions we are are aware of that and we are happy with that as well.

Percy Mthethwa: So just to add on to what my colleague has just said. Obviously its part of our growth plan. Its mentioning community considering the contents that we are going to generate. We need a business channel that speaks to SMME's and addressing issues that they are facing advise, dealing with investments and all of that. So, by going into the townships and understanding what sort of, and not only townships, communities and understanding what their limitations are around certain issues. It allows us to gain the research therefore creating channels that speak to that market. You know the best possible. So, thank you.

White/Colour Male: From a NAMEC perspective on a technical support for FTA TV NAMEC is an ICT specific body especially where we in NAMEC Telkom where this come to play into a core network. Telecommunication core network build. So, where we focus on especially now if you move in evolving of technology where we look at the next generation services, we call it now IOT (Internet of Things). So, where we move telecommunications and the broadcasting infrastructure as one where they converge. So, from a broadcasting prospective NAMEC got the capacity, NAMEC Telkom's, of 35 years in telecommunication and broadcasting. So, we got the capacity where we can say assist FTA to do the compliance of the network to roll out that services if you look, or hear in his presentation where we look on services,

where we want to roll out to say to establish a smart tv that is services on that network. Interactive tv, that is where come in as a technology party based on our capacity and technology to roll out with them. That is in short.

Chairperson: Are you covered? **[unclear]**

Stanley Mufamadi ICASA: Just to clarify. I think the SENTEC's roll is in terms of the maintenance. Well the signal distributors roll is in terms of the maintenance and the roll out of the network. So, if you are saying that, well, NAMEC is more, well capable on that space, does that mean that somehow SENTEC will be disregarded in this process?

White/Colour Male: Not really. We will work in partnership. We already engaged SENTEC especially in the DTT rollout where NAMEC is manufacturing set-top boxes based on ultra-smart set-top boxes. How can we then maybe evolve and be part on the roll out of that network? And that is where NAMEC can play a crucial role. Especially in the broadcasting. Okay.

Chairperson: Thank you very much Free to Air (Pty)Ltd (Pty)Ltd. Are there more questions from the panel before we allow FTA to close? We got a question?

Black Lady: Chairperson I think it would be prudent Free to Air (Pty)Ltd to advise us as to their content acquisitioning and/or commissioning strategy. Taking into consideration that they need to comply with the 40% in terms of commissioning of local content. But I am also keen Chairperson to understanding what influenced their choice of programming genres in terms of what Kgomo asked earlier on. Was that informed by the research that you conducted? Thank you Chair.

Percy Mthethwa: I think there were two questions there? The first question is talking to dealing with the 40% that is required local content generation? Independent **[unclear]** yes. So, I think I mentioned that part of our strategy is partnering with producers. I also mentioned that we are going to allow producers to have an opportunity to own content. Having for us its then important because it is an opportunity for us to interact an industry in a way that they have not been interacted with before. We are hoping that we are going to attract the industry's best producers as the head of broadcasting I understand that the issues that are facing producers today is having a three-month contract, then when it ends you are not making an income. And so, what is important to us is for producers to have ownership of their content so that as and when they are not online working, they are able to generate income that allows them to generate further content. For us we want to create a partnership with producers that are independent thinking. There is a community of producers that are producing content independently. Like I have mentioned before the biggest issue is that the platforms are not open to having partnerships with the likes of us in away that we can own our content. I mean I've got over 5

shows, 13-part series that are shot with my own money that I am obviously speaking to Africa P and Distributing because of the limitation. I don't want to put up content that I have generated with my own IP and then its owned by someone else. So, I think in that regard there is a community of producers and creatives that we are speaking to that have been waiting for an opportunity such as this and therefore growing the industry and keeping people working. The other question you asked? You saying what informed the genres of channels that we have? Okay. So, I think without being too lengthy, I think for me when we are dealing with women and looking at the research that we have. Is that we know that women have been oppressed for a long time and we think that it is about time that there is a platform that seeks to inspire, inform and educate them. Not from a perspective being patronised. Also, what is important to us is that there aren't a lot of women practitioners in the industry of television that are doing the work. Slowly but surely, they are coming up. I hope is that we do not fully understand all the content as men. You know if you can even read the research. But you want to have more and more women coming into this space participating and creating content. Going on certain filming, they would have a different temperament than the men that are out the shooting. And I think sometimes the content is misplaced because we don't know. So that is why we went with the [unclear] link. Currently our kids are been taught by [unclear]stuff and its not bad idea. But its what's out there right now. And we want to be able to create content that speaks to our kids in language that they understand. If I am looking at the, my own kids, and saying to me why isn't there good animation that I can watch that speaks in Zulu, Sotho, Tswana or any of those languages so that I can better appreciate my language and culture? You know. I think its important to be able to get the audience at that age. And our hope is always as they grow, they move onto the youth channel. As they grow and they become mothers they go onto the mother channel. So, for us we are looking at the growth pattern of human being that they never get an opportunity to leave our platform. You know. They are taking care of when they young and they are taken care of when they youths and they are taken care of when older and the issues that affect them at any given time. So, I think that is why we went with that thinking.

Towy Booyesen: So, if I may just add onto that. So yes, as we mentioned we are look at the research. The other thing is also around education. You know. I think that is a very important topic in general that we can educate our children as was mentioned. And then I think lastly. I think its very important that note at the age of 7 I think we are aware that its very difficult from then onwards to learn different languages. So, before that age it's very important that children are exposed to various languages and vernacular languages and whatever languages they want to speak to going forward. So those are some of the considerations we also took as part of the strategy of our content and our schedules and the content acquisition.

Chairperson: Are you sorted **[unclear]**. okay fine. Thank you very much Free to Air (Pty)Ltd. We really appreciate the presentation. I will then handover back to you to make your closing remarks.

Percy Mthethwa: Thank you.....