



ICASA

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

23 NOVEMBER 2018

KWESE TV QUESTIONS

Chairperson: Welcome, Kwese. Please introduce yourselves and then kick start with your questions. Thank you.

Mgqibelo Gasela: Thank you very much chairperson and good morning everybody. I'd like to introduce myself and my team. My name is Mgqibelo Gasela and I represent Kwese and on my team who are going to be asking the questions, on the far left is Adrian Marais and next to me is Siphon Tsotsetsi. Thankyou. I will hand over to Siphon Tsotsetsi to kick off.

Siphon Tsotsetsi: Chair thanks for the opportunity. Once again we're making these oral representations on the basis that ICASA needs to arrive at informed decisions and again not with the intention of trying to embarrass anyone. Firstly we would like to note chairperson the written response from Tshwaranang dated 16 May. Despite that written response chairperson there are still a number of issues that we would want to raise but we still believe that the contents of our written submissions still obtains in this regard. The issues that we want to address chairperson firstly is that in terms of section 42 of the ITA, it is very clear chairperson that it requires the applicants to submit signed confirmation from a proposed or prospective employees confirming their willingness to accept employment should the applicant be granted a license. We just want to indicate chairperson that of the 11 senior management positions that the applicant had submitted to the authority only six letters of acceptance were signed and submitted to the authority and this has also been accepted by the applicant in terms of their written response dated 16 May 2018. The second issue chairperson that we would want to raise is the requirement in terms of appendix 3.3 of the ITA which provides that each and every applicant has to submit the BBBEE verification report. It is common knowledge that the intention of this particular report is for the authority to be able to establish the extent of participation of the historically disadvantaged groupings in the form of black people, youth, women and people with disabilities and I think again what happened in this regard is what the applicant did is they simply submitted the affidavit confirming that they are at level 2, in terms of the BBEEE status. We believe that this is in contravention as we have indicated in our original submission. Chair, Tshwaranang in its own admission and as encapsulated in their written responses to our representation, they have indicated that there's got to be reliance in international advisors in this regard and in terms of their presentations I think they've gone to details in outlining the extent of the assistance that I will be getting from those international experts. If you go through their written response you will indicate that they've made it very clear that they will be relying on this international experts for them to be able to ensure the successful venture from a commercial, technical and content perspective. This in our view is an admission that the South African senior management team does not have the requisite experience for them to be able to support the license in case the authority decides to grant

them that license. With respect to their finances, chair we are of the considered view that the finances of Thswaranang are extremely over optimistic and we don't want to delve into the nitty gritty of the presentation that we had this morning but for an example we're just raising one issue. They speak of a turnover of about 1.5 billion in year one and they've adopted a model of producing content internally and we all know that producing local content is capital intensive and we would actually leave that area to be able to tease out whether or not the financial projections as presented to the authority are they realistic or not but we take a view that those financial projections cannot be supported in any way given the fact that they are also a greenfield licensee, applicant in this regard. Chair I think one of the issues that concerns us is the role that AEEI is playing within the applicant itself. It's a JSE listed company and there is a provision in terms of the application that has been lodged with the authority that as a listed company at any point in time they can dispose of their shares in the applicant. Our view is that that in itself puts the applicant in a very very dicey financial position because of they are the ones who are going to extend a loan of about R300 to the applicant. Should they decide tomorrow or today or at any point in time to dispose of their shares, the question that we need to ask ourselves is what was going to be the financial position of the applicant in this regard because we're not sure who will actually be willing to take over that shareholding. It might be someone who is not even interested to advance that kind of loan to the applicant and therefore the financial projections or commitment made in the application is quite questionable. It also begins to question the solidness of the applicant itself. If they are a majority shareholder and they are the ones who are at the centre of this very same application should they decide to move away, we questioned whether or not this application will still be able to withstand the test of time. Lastly on my side if you look at the annual report together with information that has been submitted by the applicant in terms of their application, AEE has an interest in a business called British Telkom SÁ. We just wanted them to confirm if they don't have other interests within the media broadcasting and Telkom so that the authority can be able to take a view as to whether or not there is any piece of legislation in terms of the act that has been violated. Thank you chairperson. I will hand over to Mr Gasele.

Mgqibelo Gasela: Thank you chairperson. I think it concludes our submission. Thank you.

Chairperson: Thank you very much. We will then call upon Tshwaranang to come and respond to the questions posed. Thank you very much.