



**ICASA**

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

**23 NOVEMBER 2018**

**ICASA QUESTIONS TO  
TSHWARANANG**

QUALITY: Good

Chairperson: Thank you.

Then that concludes the session with Kwese. Now I am going to open up to my panel to pose questions at yourselves regarding your application. But I think just to kick start is by way of having had regards to your presentation around your international partners as you have indicated and considering the fact that they are also going to be a content partner, I wonder whether you will also be obtaining content from them or is it just going to be on an advisory basis but whether it is on an advisory basis or an actual content provision basis, I just need to find out from you how will you ensure that there's a balance, bearing in mind that you will have an obligation to broadcast local content, seeing that you'd be having such strong, heavy international partners, how will you then balance in such a way that local content still takes precedence as per regulations?

Tshwaranang CEO: Thanks very much Chair for that question. I think in terms of our submission we have a 90/10% split in terms of local content. 90% In favour of local contents. So, although we do have these partners like BRICS TV, their contribution would not exceed 10% and it would also be based on what we need at the time. Because it's more of an exchange partnership of content than them being a content provider for us. So, we will keep to our commitment to local content because we believe that what is needed currently is more of a regional news because I our people in the regions are currently fed mostly a national content. If you look at provinces like Limpopo, Mpumalanga, Northwest, the Free State, they are under reported and they don't have news that talk to them in their own languages, that talk to their applied, they are forced to watch mostly nationally and international news. So, we want to focus on that market, while not also robbing them of the opportunity to get exposed to at least 10% of international content.

Mr Rampedi: Hello Madam Chair. I just want to clarify. So, there is a breakdown within our ETA per channel. So as my colleague stated for news there will be 90% and 10% split. As for entertainment we are going to go with a 55% local and 45% international within just the first year. So, you will see in appendix 32, in the ETA, that we have state how we comply each year with children's programming, current affairs, drama, documentary and knowledge-based content. So just in the first year those will be the split, but we are implying to increasing it more and more local. Like locally, because we need to look at how we establish certain networks to fill those other channels that we are looking at and for an example is with films you could have several films

within that year. So, we need to increase our networks in order to get that content. So, it is varying but in the 5<sup>th</sup> year we plan on having 90% local children's content, 80% current affairs local, 80% drama, 65% documentary and 75% knowledge. So that is our 5-year projection. And that's what we hope and aim to stick to.

Tshwaranang Male 2: Sorry madam Chair just to add. We also submitted with our ITA application. Because it was to show how we calculated our production cost. We broke down from here what percentage for each channel we will getting the content from. So, in year 1 like for entertainment we started of with inhouse production, which is Local 15. We said OvuSizwe Africa outsource was 30%. So, in each year we have broken it down and how it looking, because we needed that as mentioned earlier cost management is important for us to be profitable. So, we really did look at from upfront.

Chairperson: Thank you very much. I will open to my panel to ask questions. Yes David.

David ICASA: Thank you Chair. And good morning to [inaudible]. [inaudible] two issues with you and those are issues are managed from your responses to section 64 and section 66 of the ECA. In your application, in your response, the application to section 64.

Mr Rampedi: Sorry Chair, can I ask him to get the mic clearer to him. We can.

David ICASA: Okay. Sorry. You have indicated in the application when you responding to 64 that you are in an advance stage of discussion with some of the biggest broadcasters in Europe and the United States to be strategic equity and content partners. So, what I want you to do here is, that I want to elaborate on this part, intended partnerships, bearing in mind the previous of section 64. That is as you know section 64 deals with the limitations on foreign control of commercial broadcasting services. You just go further and tell us what kind of relationship are you going to enter with these other biggest broadcasters. So, called biggest broadcasters in Europe and the United States. On section 66 you have indicated that Mr. Rampede, he is a director of Mohlakamotala Media (Pty)Ltd, and you went further to say that Mohlakamotala Media owns times, African Times. African Times is a weekly regional news paper that was launched in August 2016. African Times is 100% black owned newspaper with stories told by African for African in South Africa and beyond. You went further to indicate that African Times leadership and circulation of its publications is a significantly small amount across a selective province. My concern is where it is a smaller amount across selective provinces. I want to know what do you mean by small amount, significantly small amount across selective provinces? Or I want you to also. I want you to give us some figures as to your ABC circulation, considering the ABC circulation in terms of the act. Thank you.

Mr Rampedi: Thank you for the question Sir. If I can just respond to the first part of your question. So, the advance stage of discussions that was referred to in that document culminated in the Douly Foundation 3% shareholding in Tshwaranang Media. So, the Douly Foundation is essentially our associates in the United States that would link us with potential broadcaster partners, content partners in the United States. So, I hope that answers your question

David ICASA: Yes. You can proceed to the second one.

Mr Rampedi: Okay thanks Chair I will answer the second one regarding my shareholder in [inaudible] media. Yes, I am a director of [inaudible] Media and this company which I started in 2016, we started with African Times, which is. We started as a community paper and then later we expanded to make it regional. Regional being inland. We are publishing in Limpopo, Gauteng, Mpumalanga and Northwest. So, this paper currently has in terms of the ABC figures which we can share with you. At some point we had about 4000 copies sold and now I think we have dropped around 3700 and the reason is why is not necessarily a problem. It's because in terms of the rules of cross ownership, the overall market share is taken into consideration of that newspaper and currently in South Africa we, there are about 2 million newspapers that are sold weekly. And if you look at 4000 copies compared to the other copies that are sold by the other media houses, clearly, we don't have, we are not part of the dominant players in the market. We are just a fraction of that market. So, it is not necessarily, it doesn't necessary amount to cross ownership, because it's less than a percentage of the total market share in the print media industry. And if you can check, it is more of a local paper. We just distribute outside Limpopo to serve people who are in Gauteng, Mpumalanga and Northwest who are originally from Limpopo. So, it we are not necessarily part of the dominant. It will have been something else had we been part of the big 4 in the country which is your independent media<sup>24</sup>, Caxton, as well as the Sowetan Black Star because collectively they publish or they dominate the market. They publish about 70 to 80% of the newspapers in the country. So, the rule of cross ownership does not necessarily apply because we are not part of the dominant fraction in the market.

David ICASA: Thank you very much for your responses. I want to repeat what the Chair has said that the aim is not to punish you. We just want to verify a few things that we are not. We feel they need further elaborations. Thank you very much.

Tshwaranang Male 2: Sorry madam Chair. If I may just add on to, to just latch onto with what my colleague has mentioned. I think we have submitted sales reports in our ITA to ICASA so just to verify what he just said also. And then to also just reiterate for clarity purposes. Compliance with section 66. So, subsection 2 specifically states that no person who controls a newspaper, and this person

would be the juristic entity applying for the ITA. So that would be Tshwaranang. Tshwaranang is not able to control a newspaper, however we, subsection 3 then come into play. We are in no position, no person who is in the position to controlling a newspaper. We can see that Tshwaranang is able to control a newspaper. However, it does not end in that section and that's where my colleague has further elaborated that, that is one part of the question of cross media ownership where we are in the position to control a newspaper. However, and very importantly, the critical aspect of section 66, subsection 3, it states as follows and that is if the license area of the commercial broadcasting service overlaps substantially. That is very important, substantially, and substantially meaning 50% and more, with the set circulation area of the newspaper. So, for the tv license of the commercial feed to the tv license will be broadcasted. We envisioned for South Africa. We would specifically state that the license area for the broadcasting service is for South Africa and has result us as the applicant is unaffected by the section due to the fact that African Times circulation will not overlaps substantially with the broadcasting service as the collected in the act. Thank you, madam Chair.

Mr Rampedi: Just to add a little bit I am sorry Chair. This should also be considered along my shareholding in Tshwaranang. I am not the biggest shareholder in Tshwaranang. So, I am one of the minority shareholders. So, the issue of overlapping of ownership there would not necessarily apply because in Tshwaranang I won't have the final say and as a result the cross ownership would not necessarily be a problem. Thanks Chair.

Chairperson: Councilor Mokhele follow up?

Councilor Botlenyana Mokhele ICASA: It's just a follow up request. If you could provide us the information around your newspaper distribution footprint. And these are envisaging footprint for the television channel. And, those distribution figures that you mentioned. As part of your supplementary information.

Mr Rampedi: Okay. We will send you the proof from the audit period of circulation. Which will then show how much we selling currently.

Councilor Botlenyana Mokhele ICASA: Not only just the numbers, but the footprint as well. Thanks.

Male. Okay. Thanks.

Chairperson: Any more questions from the panel? Yes Ru?

Ruvengano Mandebvu ICASA: Thank you Chair and good morning to Tshwaranang. Now there are some of the issues that I am going to raise, you have already addressed in your presentation and in your responses to Kwese. However, there are some of these things, it may look like I am not picking but we would

just like clarity on that. So, the first issued is regarding your revenue growth and the underlying assumptions that you have clarified here in the presentation today in the public hearing. The report on which you base these assumptions in your application you state or referred to the 2016/2020 PWC report and yet this morning you made mention of a later one. So, I would like clarification as to which study or conformation, as to which study those assumptions are base on. Then second issue is with respect to content production costs. Now in year 5 of your projections there is a stock decrease in the costs of your content production. Could you kindly provide an explanation for that as you did no provide one in the application? This is bearing in mind that part of your business model includes producing contents. So, one would expect that that cost you know be steady throughout or at least increase marginally. Then the third issue which you have clarified as well today to your credit is in respect to Serobeng Health. And how it is to come in with respect to funding your working capital. My question is it appears that in your submission this working capital from Serobeng was not taken into account in terms of your cash flow projections. If you could either explain why this is the case or submit slightly revised financials that include that cash flow. It would be appreciated. Then the last issued is surrounding the depreciation of your assets. Now within your projections you did not explicitly state what your depreciation was for your different asset classes and it does not appear like that the depreciation is in line with **[inaudible]** or industry parameters. The assumption I am making here is that it's in line with staffs wear and tear allowances. I would like you to clarify whether this is correct because you did not mention that in your application. Thank you Chair that is all.

Chairperson: Just and add on. On the financial aspect of things, you spoke about alternative revenue streams coming from OTT placement and so forth. I just want to find out whether these operations are already in operation or is it still something that still needs to be started? And how far within your commencement period of the license will you then able to tap into the OTT's and be to be revenues? As a revenue stream?

Female: Thank you madam Chair. Thank you for the questions. In terms of the OTT I can answer that. We projected it for the second year of operation. Just due to the fact and the reason why know this is going to be. We are going to be able to do it, is due to our major shareholders mentioned before and for just having the capital to have the technology to be able to launch the OTT. And due to the fact that it does have subsidiary which are digital and have the technology to assist with this avenue of revenue been established within the company. In regard to the PWC outlook, can I respond to you in 7 days. Because honestly there is year and I am not too sure I might have gotten mixed up within the 2017 to 2021 or it was just me looking at a period because of my projection years from 2016 to 2020. So, I will clarify that for you.

Ruvengano Mandebvu ICASA: Okay with respect to application just so I am clear. It was a specific reference to a study. It wasn't an assumption. So, I just like to note which period, because as you are well aware these reports come out every year.

Female: Yes. So, if I did indicate it then it is 2016 to 2020 and then in my response to Kwese I will just have to go back to the reporting, check what the total revenue was then in 2016 to, 2017 to 2021. Because my whole point was just saying in terms of the projection it is not significant in terms of what's actually in the market. But I will clarify that for Kwese. In regard to. Sorry. Quite a few questions that came through. In regards to the production, as indicated to madam Chair what we did, we did indicate within our submission, there was blocks where we indicated what kind of. Where we will get our sources of content from. From year 1, year 2, year 3, year 4 and year 5. In year 5 specifically, the outsourced content was reduced and just to get to the exact line. Sorry let me get there. I can, I will just submit the excel spreadsheet so just you could able to see, because its calculated. But in terms of student film licensing it was quite a. no sorry. In terms of, we got a quote for documentaries and in terms of that kind of content in year 5 that is drastically reduced. And you would see that. And that's why there is a large drop in that and it just goes back to my point in the beginning when I did say that in terms of our cost management, it's very important. We are looking at annually to ensure that we are reducing our content cost to make sure profitability still stays up.

Ruvengano Mandebvu ICASA: Okay through you Chair may I request that you just send that through then so I can interrogate it.

Female: Okay I will. Sorry was there another question that I left out here? I just want to confirm that I?

Ruvengano Mandebvu ICASA: The other question is with respect to the working capital facility that Serebeng Health was going to. That Serebeng Health is providing to you. My question was twofold there. It doesn't appear to have been incorporated into your cash flow projections in the application and if this was an oversight can you just resubmit the amended.

Female: I kindly appreciate the opportunity to resubmit taking into account the working capital. Is that okay. Thank you.

Chairperson: Thank you very much Ru. Any more questions from the panel?

Ruvengano Mandebvu ICASA: Chair my final question wasn't answered with respect to depreciation that appears to be out of line with the industry standards.

Female: Yes. I can confirm that I didn't use it at first. I stuck to [inaudible]. Just because I didn't want to taken into account different tax in terms of my projections. I will send it to you guys.

Ruvengano Mandebvu ICASA: Okay. Thank you Chair that is all.

Chairperson: Ru are you still having questions? Okay Mpho? Yes, go ahead Mpho.

Mpho Mgwebi ICASA: Morning. I just want to find out from you that did you fully rely on the PWC report in doing your top down or did you do a bottom up also? In doing your revenue projections?

Female: Sir in terms of revenue growth that. So, in terms of the PWC outlook I used that more in terms of projecting our growth going forward. in terms of how we calculated our cost that is base on what we wanted to do in terms of CAPEX and the content we wanted to do and the staff members that we wanted. So, it had nothing to do with the PWC outlook. That was basically just in terms of what is revenue available in the market in terms of the industry and what the growth pattern is. Because it wouldn't make sense if we were trying to exceed an industry if we just entered an industry. So that guide me in terms of growth and what we certainly can achieve.

Mpho Mgwebi ICASA: Then my follow up question would then be I am looking at the same report currently and they provide no assurance and guarantees about the report that they provide and that projections. Then secondly, I am going into a question I am just building up to it. and then secondly what would you say if I said 60% of the revenue that is projected there is actually taken up by subscription tv or maybe 40%? And then the remaining shares are shared between the free to air space. So, which revenue would you be getting. Do you think you would be also capturing some of the revenue that would be available to pay tv?

Female: So, I am looking at the PWC outlook. In terms of the slide they showed for tv revenue, they literary breaking down to pay tv subscription, physical home video, public licence fees, internet, they actually break it down detail. So, the amount that I was talking about, even referring to the latest one, the 7.8 billion that they say is available in the market, that is only for broadcasting, tv, advertising.

Chairperson: Thank you very much Ru and Mpho. Lufuno you had your hand up? Thank you.

Lufuno Sigwavhulimu ICASA: Okay thank you Chair. And good morning. I have number of questions. Okay. First of I just would like to get your understanding of the market and industry and the competition landscape. And in that where do you see yourself in the market or the industry. And who do you think your direct and indirect competitors are. And what is your view that



free to air and subscription play in the same market and compete aggressively for advertising revenue and content. That is my first question. And my second question. In your submission you indicated that you will provide for your team movies channel that you are going to showcase local producers. But you also make mention of premium films. So, what I would like to is have your definition or understanding of what is meant by premium films. And, how you plan to provide the premium films. And then my next question. In your submission again, you indicated that you plan to break and lobby. Lobby to break the monopoly of a sports right and viewership. What I like to get understanding is how you plan to do that in terms of lobbying to break the monopoly. And my next question. In your submission you indicated that your competitor DSTV have exclusive rights to high demand sports and movies, what I like to understand is how this will impact your business. Since you also indicated that there is a cost of high-quality content and long-term exclusive agreements. Which forms a major barrier to entry. I would also like to understand what other barriers to entry do you think exist in the market. And my next question. In the submission it was indicated that local content is an expensive but high quality, you could use that for your content. So, what I would like to understand is do you see local content for example sports, or movies as substitutable to what is referred to premium content, or international sports. And my last question refers to section 24, point 1, point 3 of the submission which refers to the online petition. Which refer to the signatures of support. You conducted an online petition of 182 samples and you indicate that the proof of the signed online petition can be provided on request. Could I please ask for the proof of this signed online petitions? And while still on that online petition. With that survey you asked the sample two questions where in the first one you wanted to find out if they would watch your proposed 5 new channels and then your second and last question you asked them if they were too tired of paying lots of money to DSTV? So, my first question regarding that is that do you not think that your second question was misleading? And then in terms of your sample since your second question was only directed to DSTV, was your sample only paid tv subscribers or did it include other viewers? And was it only targeted to pay tv subscribers as oppose to free to air subscribers also. Ja, that is all.

Female: Thank you madam Chair. I will just talk about the overview of the industry. You are going to sick of me. Hangs this PWC outlook study up. But the reason why I rely on it, I feel like it is a third party that has the finances to do a proper research that is not just based on opinion. So that is why I keep going back to it. in terms of competition, in terms of tv advertising, there is. So, in the PWC outlook, they looked at the different types of the market and they look at how much revenue there is for each type of tv. So as mentioned the pay tv, the physical home video. So, in terms of the landscape we don't see we are directly competing with pay tv subscriptions, reason being is that there

is revenue allocated to broadcasting tv advertising. And the reason, and the OTT even on top of that, they talk about online tv advertising. So, in terms of the advertising landscape, its broken down to what revenue is available in the market and the industry for those specific things. In terms of long term pay tv is going to grow and we are aware that it has grown better than tv advertising in terms of broadcasting. But we don't see it as direct competition. Because there are some advertisers who still feel to get a search and reach on tv. And in South Africa most advertisers do get a better reach from tv than they do from online. The slowly moving to online because the South Africa in terms of data, in terms of internet were not there yet. We are getting there. But we are not there yet. And that is also indicated in this study. So that is how we view the industry in terms of tv advertising. And advertising at large between the different areas. I hope that answers your question in term of how we view the industry in terms of advertising.

Female 2: Hello. I just would like to talk about the movies. So, we have made it clear that our movie channel is focused solely on, largely on independent emerging filmmakers as well as students. So, we are looking at independent and start up filmmakers from South Africa from the continent and internationally. So, through partnerships like the Black Filmmakers Collective we would have access to filmmakers' content locally that has not been sold yet. So, we are not trying to compete with Hollywood films. That is not the type of premium content we are talking about. We are talking about independent filmmakers who have not found their platform yet. Because it is a very competitive platform, so if you are now making sales into the cinema houses or sales outside of different territories then your content really has nowhere to go. And more so with student filmmakers, because what they do is, they send their films out to festivals, but what happens after that they don't have no way to life. And I think a lot of the filmmaker community wants to see content that they create. There is so much content that its just shelved. Because there is no platform that takes it, because everyone is interested in Hollywood films and we don't want to show repeats. We would rather want to showcase the talent that exist already with people who haven't been given the platform before. Institutions like UCT has told us that they will partner with us in terms of student content. We can also look at AFTA. We have been in talks with TV BRICS's so they can help get us in touch with filmmakers in the BRICS Nations that does not form a large percentage of our television showcase. And you will see in our program how it is cut up. So, we are still very much sticking to high levels of local filmmaking and so we don't, we don't look at quality the same way that it's commercially looked at. So, we think that our independent filmmakers are, are the people making the quality content. So, we are not comparing it to Hollywood [inaudible]. that's my point. Thank you. Is that, are you satisfied with that? Do you have a follow up? No just in terms of the movies. You okay?

Chairperson: Maybe just a follow up on your explanation of movies. Because you speak about the fact that you are going to unlock content that is locked in premium, premium content that is locked in long-term arrangements. So, the understanding then is you are looking at the Hollywood movies and that kind of content that is regarded as premium in the true sense of the word, rather than the premium that you are referring to it been content that's already available but its not tapped into. So how do you then contrasted what you have just said with the fact that you say you are going to lobbying to unlock that content and the spot content in the premium movie content that is locked up in long-term arrangements?

Female 2: Sorry, would you mind making clear where in the document it speaks about premium film content? And then my colleague will speak on sports? Just so I, I speak directly to the point.

Lufuno Sigwavhulimu ICASA: Its on page 114, under the section channel 3 key sports on the second paragraph.

Female 2: Sorry mam, can we, can I speak to movies. So, if there is a section on the movies Pete will speak about the sports. But in terms of premium content for films I would like to speak on that. If you. Like which section outline premium in terms of unlocking premium contents.

Lufuno Sigwavhulimu ICASA: Okay on the next page on 115, the first line, it's that same question where I asked for you understanding of premium films because you indicated there that you will be broadcasting premium films.

Female 2: Would it be just acceptable if I can write it down fully, so you can understand where we were coming from? So, I think I should merge the sections together for better understanding. Because our focus is emerging premium content. We don't want to take part in necessarily in locked up contracts, because the platform was created to feed those who did not have a platform before. So, Chair would it be acceptable to you if I submit within 7 days?

Chairperson: It will suffice. Just for you maybe now for the record to confirm whether you will not be looking into content that is locked up, that kind of premium content we know it to be. And then you can then follow up and provide additional information based on the kind of premium content and how you define it as such. So that we an know for sure what kind of content you, the movie content that you are going to be providing.

Female 2: I want to confirm that in the future there is potential that maybe we unlock content from Hollywood. But at the very basis now we strictly want to mainly focus on emerging premium content. That has not been showcased before. So, it would not be Hollywood blockbuster content.

Chairperson: Thank you very much. Lufuno you may continue.

Lufuno Sigwavhulimu ICASA: Thank you for that response. Probably in addition to my question on premium movies. I am not sure if you still going to the question I have asked regarding substitution, because now you are mentioning that you are not, your plan right now is not to go after the locked up premium content or sports content. Okay premium movies. So, my question is that do you now see the locked up premium movie content substitutable to your movie content that is not been showcased. Do you foresee people moving from for example DSTV and STAR SAT to watch your content that is not been showed case before?

Female 2: So, the film industry in South Africa is small, well-connected and we all know each other. And I think what has been missing is that people want to see content that they have created. So, in terms of student films for an example, family members in other people's close communities, do want to see that. So, I feel like you are not taking away necessarily from the people watching premium Hollywood films but you are in fact creating another space. we are not sure it's not competitive in that way. I think people can do both. And I think there is, the same audience that watches your premium films is very likely to watch the independent filmmakers' films. And I will put that in the submission too. Just for your clarity.

Mr Rampedi: Thanks madam Chair. I will talk to the local news as well as sports. I think there were questions there? The reason why we opted for local news is that although we acknowledge that currently there at least two 24-hour news channels, because of the AN7 problems, they largely, I am talking about ENC and SABC. Our view is that they largely cover the urban centers, which is you Cape Town, Joburg, Pretoria and Durban, with very little concentration in what is called the rural provinces. I mean you can check how many of them got offices or even correspondents there, it will just be the SABC. And even that if you move away from the physical presence per say, you look at the content. They seem to be largely covering the same stories, speaking to the same sources and commentators. And with very little diversity of content, voices and you know, new voices, especially people who are in the rural areas. And when we check why this has been happening, we realized that it appears they seem to be servicing mostly the elites and people who are the decision makers at the expense of the poor. And these has been confirmed because our own research done [inaudible] has revealed that 70% of news consumers in this country prefer regional and local news. Whether tv or radio. And when then decided to serve this market because currently their marginalized. I mean if you look at you watch our news today, with the exception of a few occasions, such as when a young boy from Limpopo fell into pit toilet a year or two ago, or when a group of racist killed some guy in the Northwest and another story I think took place in the Eastern Cape, where a mother killed a rapist who was there to, I think raped her or raped the daughter. Most of the

time those kinds of [inaudible] are happening in these so-called rural provinces hardly make news headlines. And we think taking into account that research which shows that people prefer local, the majority at least, prefer local and regional news. We can then tailor our news to talk to them and without necessarily neglecting national news stories. So, opted to have a 70 to 30, 70/30 news split. 70% regional and local news. 20% national and 10% international. So, we are actually responding to what people need currently and then not necessarily getting that for various reasons, whether it's a lack of resources or lack of will. We don't know, but currently as things stand, the majority of people in these unreported provinces, the so-called rural provinces, need this service and they are not necessarily getting it. And coming back to the question about sports. The reason why we are talking about lobbying to break monopolies and also covering sport in a way of celebrating excellence. If you can check currently the major channels in the country are all concentrating on the so called big 3. That is rugby, soccer and cricket. These are the sporting codes that are taking huge investments and at the expense of you know your netball, tennis for example in the rural areas, and even hockey. So, what we think and even boxing. What we want to do is to focus on these so-called Cinderella sports and unreported huge potential, you look at rugby in the Eastern Cape for example. It's a huge rugby following in the Eastern Cape. But the people in that province are not necessarily been serviced because local and provincial rugby it not televised and you look at boxing in a province like the Eastern Cape and at some point, in Limpopo. A lot of guys like Vuyano Bungu and lot of other people were produced by this province, but what has happened? Today on SABC you can not watch boxing, because the SABC would tell you that it doesn't bring in revenue, it doesn't attract corporate sponsors. And the problem there is that it becomes more of a chicken and egg scenario, where corporates are saying you must get broadcasters to broadcast these little sporting codes, then we will come on board. And then the broadcaster is saying corporates are not coming on board, so we don't have money, its difficult to run with these sporting codes. So, we can't broadcast them. So, what we want to do is to zoom into these under reported sporting codes, starting with your university soccer, varsity rugby, moving to boxing especially in the Eastern Cape and look at women soccer for example. Broadcast them. build a huge viewership and then take these viewers to big corporates. And in doing that we are hoping in the long run we can be able to lobby all the stakeholders to break the monopolies, because currently our view is that its unacceptable to have Multichoice for example enjoying or owning soccer rights in the country. Rugby rights, EUFAFA, Champions League rights, the Worldcup, we think at some point these kinds of monopolies should be broken down but we must give our people reason to push for this breakdown. Because if we start broadcasting other sporting codes that area small, we do it correctly, we hype up female's soccer, we broadcast boxing and take it back to the people and take it back to where it belongs, within that we can be able to

make a case for these monopolies to be broken down. But we are actually inspired currently because EUFA have been saying, or contemplating breaking down the monopolies by refusing to have one broadcaster per country as a rights holder in favour of breaking it down between a couple of broadcasters. And we think in that way we can be able to make a case to lobby both the regulators like yourselves and other stakeholders to ensure that it doesn't happen. We are also inspired by what the PSL has done recently. Because there was a time when there were fears that they would actually give SuperSport the exclusive rights to the PSL for example. But we saw them saying that we are giving you these rights on condition you subcontract SABC or any other public broadcaster. So that's the context of the lobbying that we are talking about. Thanks madam Chair.

Tshwaranang Male 2: Madam Chair if I can just respond to the question regarding the marketing research sample. Just for the sake of clarity that sample was amongst South African, was repetitive sample amongst South African audiences. Not just paid television viewers. Thank you.

Chairperson: Thank you. Are you covered? Follow up? Okay. But I think the other question was whether you are aware of who your competition is? I am not sure if that answered. If that question has been answered? But she's got a follow up then you may then co- answer to that as well.

Lufuno Sigwawhulimu ICASA: O okay. In terms of that online petition. My question was that you only offered the respondents two possible answers in terms of. I think it was a yes or a no. are you tired of paying too much money for DSTV? So, would it not have been more prudent to include Star Sat as another pay tv offering. And probably also include free to air also in the, in case that if your respondent in there is not a DSTV subscriber. The choice that they have in term of that question is a yes or a no. there is no other possible answer that there is to give. Which could also skew the results of your survey.

Tshwaranang Male 2: Thank you madam for that question. So, I agree that the methodology might sound skewed but bear in mind this was a dipstick survey prior to the market research conducted by an external research agency. So, we didn't necessarily rely on that data to the same extent that we rely on the externally commissioned Epsource marketing research. Thank you.

Councillor Botlenyana Mokhele: As a start can I request if you could give us the actual study in your application you provided. Your findings in some or other format. We would appreciate to have the actual study so that we can get some of the underlying assumptions in your methodology and how it aligns to other aspects of the licence application such as demand needed in supply. And the alignment to your programming choices as well. That the first thing. And the second thing its around your target audience. You have indicated that you

have your target audience is the youth gap who have access to television but are not necessarily using it. and given the reality that in our current environment the youth tend to be multiplatform and multi device users. I just want to find out to what extend your research took that into account, given that the gap could exist not because there is not any offering television space that is fulfilling their needs. But rather their preference for accessing content in other platforms. I am asking this particularly given the fact that you also in your revenue projects you indicated that you are looking to use OTT's as a second source of revenue. So, to summarise my question is having you considered the fact that the gap exists not because there is nothing on tv but the fact that the audience would prefer to access their programming elsewhere? And then secondly to what extend would that then have influenced the OTT offering that you are proposing.

Tshwaranang Male 2: Thank you madam. So, the first part of your question, just remind me it was about market research?

Councillor Botlenyana Mokhele ICASA: The first question is to ask you to provide us with your research. So, the research that we can. There are certain things that we are not able to establish in your application by looking at the findings in summary format.

Tshwaranang Male 2: For the sake of clarity would you like the raw data set that was send from AppSource? Or would you like the questionnaire?

Councillor Botlenyana Mokhele ICASA: The actual report. The report that Epsource did. Because what you have provided us was a summary of your findings. So, we would to like to have a more detailed report. I would imagine that they would have given you a more detailed report.

Tshwaranang Male 2: Okay sure. And then the second part of your question.

Councillor Botlenyana Mokhele ICASA: The second part of your question is how you went about to define your gap and rather or not that gap actually exist, given the fact that that age group tend to use multiple devices and multi platforms. So, it could be that it is not so much that they are looking for another television service but that they are already catered for elsewhere. So, I just want to find out in defining that gap did you take into account.

Tshwaranang Male 2: Yes, most definitely. I mean that gap, the reason for that gap is exactly as you say. In terms of our understanding the reason for that gap is because the young audiences are actually sitting on their mobile phones and that is why part of our content delivery strategy through our strategic technology partners is to mirror our free to air content on all platforms and all devices. So that we can actually tap into that audience. So, it's a mixture of the fact that maybe the

content is not speaking to that audience needs, as well as the fact that they actually not on the platform. So, we well aware of that. Thank you.

Female: Madam Chair I think you asked about whether we know who our competitors are? Just on that point on our business plan we did a. We talked about our competitors and what they are doing. And we also talked about their weaknesses and strengths and how they compete with us. So, we are, we did submit that. Should I run. Would you like me to run through it? It's a bit detailed. But we did talk about SABC, we talked about community television, we talked about commercial free tv, that is ETV, we talked about commercial subscription. We took into account ETV's offering in terms of subscription. And then after that we looked at the different strengths. So we talked about SABC 1 strengths and their weaknesses. SABC 2 and SABC 3. ETV. We talked about DSTV, we talked about Crazy TV, we talked about DOD which is decoded that actually competes with us. He is a competitor. We talked about Eroco and we talked about their strengths and their weaknesses. So, we looked at everyone who is actually playing in the space of tv. Whether its paid or subscription.

Councillor Botlenyana Mokhele ICASA: I just want to find out and you have acknowledged that looked into the possibility that OTT's. Your competitor. I want to find out if in your research you had actually looked at the uptake of OTT services amongst your target market. Did you in any way consider how the target market is adopting OTT services? I am asking this based on two things. The first thing is you have identified a gap and you have acknowledged that that gap actually uses OTT service. And I just want for us to establish to what extend those OTT services been utilised. And then secondly you in your business model have indicated that you are going to rely on OTT's as a secondary source of revenue. And I just want to find out what extend will that uptake the influence the amount of revenue you are able to realise and when?

Female: Thank you. So much as we are, I think in terms of relying on OTT, I think its beyond the 2020 that we are projecting. Because in terms of that growth that is growing. So, in terms of the revenue we did project. Its not a significant amount compared to tv broadcasting. Because as we know right now it is where we are lying on our revenue. And in terms of what we are looking at. What we did was we did look at Netflix, in terms of OTT, because it is in the market. And the offering we are trying to. We are trying to be the local Netflix, if you want to put it that way. So that is our stand point and what we are coming in. So even on our projection in terms of subscriptions, our growth is, we basically looked at almost half of what Netflix has in terms of. Because we are not anywhere near there. And based on that, and based on a very low pricing margin, because in terms of we are not going to have Hollywood content, as we mentioned. In terms of the pricing of what we cannot charge



them the same. But its been able to give South African, even Africa, because part of the reason why we want this platform for South African content to be able to go to the rest of Africa and giving them a platform to do that. So, in terms of the revenue model that's why we did in terms of pricing. Its lower than Netflix and what is available and based on subscribers. Which is almost half of what Netflix is able to achieve at the moment. I hope that answers your question.

Chairperson: Thank you very much. Any more questions? Lufuno are you covered? One more question? Okay asked it and then we will move to the next set of questions.

Lufuno Sigwavhulimu ICASA: Yes, it was a question I asked with regards to. You mentioned that you will see to major barriers to your business, which is the cost of high-quality content and long-term exclusive agreements. What I wanted to find out was what other barriers to entry do you foresee in this industry?

Mr Rampedi: So of course, I mean, the fact that you know we need a license that of course is also a barrier to entry. And then of course secondly the costs of capital. So, capital definitely remains a barrier to entry, fortunately we know in our submission we feel we've got the financial backing in order for that not to be a barrier. Thank you.

Chairperson: Busi, you want to ask questions?

Busisiwe Mashigo ICASA: Thank you Chair. With regards to the news. You focus is on original news. In other words, news programs in provinces. Is that my understanding, in the various provinces across the provinces?

Mr Rampedi: Yes, so in our definition of a region is not necessarily a province. If you look at the Northern region for example, we will be talking Limpopo, Mpumalanga, Northwest. And then we think these are amongst the under reported regions. You look into the Free State for example is also under reported. So, when you look at the Eastern Cape for example when we talk about an under reported region, we just looked at the old Cape, minus the Western Cape. So Northern Cape, Eastern Cape is a region which is under reported alongside the Free State in that part of the country. But you investigate a region like KZN for an example is well reported. Gauteng as a whole is well reported and then the Western Cape is also well reported. So we are going to look into these under reported regions, especially the rural areas where most of the people are currently are forced to read about developments in the other areas or watch stories about other people in other provinces without necessarily been told about their own regions or watching stories that talk to their own plight or talk about their own environment, except on a few occasions when kids fell into pit toilets.

Busisiwe Mashigo ICASA: Okay. But then. Okay.

Female: May I add to that. So, we will be focused on regional news as stated to. But we will incorporate national continental and as well as national news. So, if you look at our program, I have divided exactly how its going to work and what language we sell in.

Mr Rampedi: So, there is that split that I spoke about earlier that is 70% regional, including all these provinces that I mentioned. 20% national would be what is happening in parliament, we will need to know even though you stay in Limpopo, you will need to know what's happening parliament. National also talks to what is happening within the national government departments. You need to know what's happening there. Even though you are in Limpopo. You also need to know what's happening, like there was a cabinet reshuffle yesterday, it's a national story of importance for everybody. Although you be sitting in some little corners somewhere. Currently there were the midterm elections in the US, they will be covered within that 10% split of international news but it won't be stories that will then dominate your headlines every night for people who are sitting in the rural areas or the under reported provinces.

Busisiwe Mashigo ICASA: Okay. And then you then, you are aware that there are community broadcasters for that kind of service and the service that you are competing with is more for a national kind. You must be able to cover the nation. For instance, where ETV stands right now, they cover about 87% of the population. So, ultimately that is where you want to get to or even more. But the spectrum that you would be utilising allows you to cover a wider range. So, will it not be a you creeping in to another somebody else's space who is suppose to be covering issues on your local community space?

Mr Rampedi: Okay let me just clarify that. I think there could be confusion around our definition of a region. You see currently like I said earlier on. If you look at our competitors, they only have offices, the majority of them in Cape Town, Durban and Joburg, stroke Pretoria. They then parachute a reporter or two to Mpumalanga if there is a problem and that person will land there, cover the story and come back. Then the same thing happens in Coligny, they will parachute a reporter there, that person will cover the story and come back. There is no consistent coverage of developments, stories of excellence, stories of development, corruption, whatever constantly coming out of Limpopo, Mpumalanga, Northwest, Free State and Eastern Cape. Except when there is a huge story of a child falling into a pit toilet as I said earlier on. So, when we emphasis on the regions, what we have in mind is that we will have permanent representation within these regions, and this people will feed national basket every night. You will have story or two almost every night coming out of these under reported regions. Not on a single occasion when there is something big and then you parachute a reporter there, covers

the story, even before you know what happened to the VPS Funds, they are back. Although they were there to see who chowed the VPS Funds and then they don't tell you how that problem has affected the local rural stock fell. We are staying there and then how are these people coping now because that their bank has collapsed. And how have the lives of people changed because of this bank. They just get parachuted in there, cover the story once and for all, and then they are out. So, what we wanted to have permanent representations in these regions. People who will give you variety of stories. People in these regions are not necessarily existing when there is one story of corruption. They also do arts, they also aspirant business people, there are stories of business development and SMME's there. And then there are also soccer players, they are nice stories of them playing soccer there. And then there are also taking part in entertainment. We hardly see stories of development on non-corruption stories coming out of these regions consistently. So, we want to use our cumbering presence in these regions to give you a complete picture of what is happening on South Africa and we believe that currently you only get a picture of what is happening Gauteng, the Western Cape and KZN from our competitors. Thanks Chair.

Busisiwe Mashigo ICASA: Okay just on that one. Then ETV does the same thing. That's why they've got that news24, that 24-hour channel. How are you going to be different?

Mr Ramped: You see madam. There is a difference between being a 24-hour news channel by name and covering the country by name and covering the country tangibly by having a permanent presence in those regions. Currently like said to you. ETV doesn't have an office in Limpopo. They used to, they shut it down. ETV doesn't have an office in the Eastern Cape, they've got one correspondent at least now. They don't have an office in Mpumalanga. They don't have an office in the Free State. They don't have an office in the Northwest. What this means is that if there is a breaking story in these regions, they will have to shuttle somebody from Gauteng to go and cover that story. The first thing which played itself out with the VPS story. The first thing that person does when they arrive there, people there speaks TsiVenda. That person in most of the time can't speak even the local language. They not from there. Things are done differently there. So, all these means that they consistently, and I am talking about, I am not just picking on ETV. I am just using them as an example. They consistently give us a half picture of development in the country because they don't have permanent presence in the other regions. They only drive there, do a story. Its like a fire fighter. They are like fire fighters. There is fire and then you will rush in there, spray off the fire, then the fire is fine and then you leave. What you don't tell us is how this fire has affected the people. How are these people rebuilding their lives? You know are they getting support. Are they staying in, are they still staying in

some community halls where they have been housed by the government? You know there is no aftermath of the fire. You know you just come there you do your story about this fire and then the firefighters are doing their job, and then off you go, you go back to your commitment in Joburg. So, I don't think they are actually living up to what they are promising. Which is to be a 24-hour news channel covering the entire South Africa. I don't know which part of the country original come from, but in case you not from Gauteng, lets say you come from Northwest, how often do you see stories about your own province unless there is a rebellion against Supra and then the journalised are shuttled there, they spend a month in some hotel, they tell you Northwest is burning and then next thing its off. We don't know currently whether Northwest has recovered. We don't know whether Northwest can still pay service providers. We don't know whether Northwest the health department there is still put service on. We are told that its burning, people have barricaded the roads, it was a lovely story, it was a story of problem Northwest burning. But now sitting here, I am from Limpopo I don't know whether Northwest has recovered. I don't know whether those Pakistani shop owners have recovered. Whether they are rendering services there. Whether they have gone back to their communities or whether they are still housed in some Town hall in Mafikeng. I don't know. Because the people who are shuttled into Northwest, who were parachuted in there who gave me a nice story about Northwest burning. They are not there anymore. They went back to their respective homes in Joburg and their office in Joburg. So that is the kind of problem we want to solve. Thanks madam.

Female 2: Additionally, another unique feature about the news is that we are offering millennial news hour. So, this will be done with you reporters on contenting news that effect the youth directly. So that will be driven by that target audience. And you will see in our programming where it would be. Where it is stated.

Lufuno Sigwayhulimu ICASA: With regards to movies in vernacular you stated that there would be movies in vernacular. Can you just try and break that down for us? Considering that it's a national tv sort of. And then the second thing your children's programs you are proposing a much higher quota then what I required in our local content regulations. There is been concerns around costs, especially in the production of children programs. Especially the local ones and what is you take then on that but also your high quota does it mean now you are also going to repeat a lot of the content maybe to then cut down on the costs? Considering also the studies around children's programs that you don't have to necessarily do them regularly because there are children in that age group every single day. You might have 2 to 4 today, but will you still have them again next year and the year after and the year after. So that is why we find the same content for children. It never really changes because

it's the same. There are always children in those ages. So, it's the movies and the children's programs.

Chairperson: Maybe just a follow up based on the explanations that we just had. And I think one of the key objectives of regulations, one is to value [inaudible]. But I think also particularly for free to air it is ensuring that there is a public interest that is covered within the broadcasting offering. That you are offering. And I think it quite refreshing to realise that your strategy is to go into the untapped, whether its sport, whether its news, whether its movies. Its very well and good. But clearly if you are going into an untapped territory, it goes, it got a cost element to it. I just want to find out whether you have factored this in your cost modelling. Whether you factored the fact that you are still going to be going into. For example, you say you want to have provincial in a presence in as far as your news reporting is concerned. We are going to be looking at movies from the AFTA's of this world and you know that local kind of movie production. All of those are, got a cost, a price tag you know associated with them. Just to find out high level from finance whether have you factored that into account and also bearing in mind that its going to take quite a long time for you to get into operation mainly around those things. So, I just want to find that out form you.

Lufuno Sigwavhulimu ICASA: Sorry it is just and add on to what the Chairperson ask. So, it all comes back to the question around when you anticipate breaking even. So, and in the presentation around the sports you mentioned that obviously the chicken and egg question, what comes first? Do you create the demand or does the demand come first? So, bearing all of that in mind and all the new ground that you are looking to break does the question then that was asked earlier around your projections of when you will break even and when you will be able to start making a profit being a little bit optimistic? Does that erase or was that already factored into that projection? Thank you.

Female: Thank you for that. I will just talk about the cost. So, in terms of when we talked about our licensing and commission costs, we broke down the cost over each type of film. So, we have taken into account student films from UCT and what the cost would be to license it on average and that's what we have put into our cost model. We have taken into account what it means to license such. Because obviously in the first year its not. We are not looking at inhouse production, because we are not going to established. So most of it is going to be licensed and most of it is going to be commissioned. And we have broken down each line item to how much we think its going to cost an average and each year we have actually included that. So, we have taken all of that into account in our cost model.

Mr Rampedi: Okay Chair, just to add. You spoke about the possible cost implications to our desire to have physical presence, especially when coming

to news in the other regions. You see madam Chair, that the difference between having someone been based in a region like the North for example. I will give you an example with the Limpopo. I am a former bureau chief for City Press myself between 2008 and 2011. I was based in Limpopo, in Polokwane. I did not have an office. I didn't have a PA or anything like that. All what City Press did to pay for my data, which is unlimited access to data and also get me a cellphone contract. Currently, there is an FNB contract which is round R400, give you unlimited calls. The difference is that you can just move somebody physically from an office in Gauteng and say you are going to stay in the Northwest, I want to be part of that community but in terms of the cost's implications, there is very little, because this person is on your payroll, this person relocates. They stay in their own house wherever they stay. You pay for their data, you pay for their, you give them a laptop and then you pay for their calls and then they can make unlimited amount of calls and that is all it takes. The difference is that if you have somebody that is part of a community. I give you an example with Limpopo again. TsVenda is not an easy language. So, if you just arrive there and you have never spoken to TsVenda speaking people for the first time, you might miss the little nuances about that area, the culture there, and how people speak and the language itself. And then if you are not based there again you might not necessarily be able to interpret how things are done there in the North. But if you are part of a community, you stay there, its easy for you to understand how they do their things. Its easy for you to understand the thinking of the people there. Its easy to get those hidden gem kinds of stories. I mean there is a story currently about, I think it's a nice nature kind of thing in Venda. I will get to the name later. That story is not reported because most of the people are not aware of. Its something to do with Baobab tree and what it discovered of some sort. But just imagine if a story like that or an area like that where in Gauteng for example would be all knowing about it because its in Gauteng. And then there are also stories about the dance group they are called Tshigona for example. They even called them the he leaps of faith. They dance up and down you know. But those kinds of stories are not told because very few people would want to move their reporters from Joburg to go and cover Tshigona or go and cover the Beer fist fight. I don't know what it is called in TsVenda. It happens around December. Those are the kind of stories we want too cover. But if we don't have somebody there you won't be able to cover them. And again, there are also nice stories about land redistribution in these areas. There are nice stories about lack of water for example these stories are not covered unless there is a big tenders scandal involving the Mopani Municipality which is worth R400 million. That is when you see the mainstream media going there and they cover the story about that tender and the story will tell you who was the recipient of this tender and then how politically connected they are and how they used that money and that is it. You never get a story how that mess that is that tender, actually affected the

people Giyani who currently don't have the water. You don't get stories of these people now spending a huge fortune of their pension funds for example on water. Pensioners spending R2 to buy a single drum of water from local borehole owners. We want to tell that kind of stories. Not just tell them that there is a huge tender, it was given to Amit, Amit knows Gwede, and then this how they spend that money. Amit brought a boat somewhere and that is it. What tells the stories of the people how they are affected. The social consequences of corruption and if you are based in these areas you know the role players. You know the people who are affected. You know the local chiefs. You know the people who can even speak to you about these stories because they know you. Life amongst themselves and they you are not just a stranger who is parachuted to Giyani to come and cover that story. When they look at you and even speaking IsiZulu. [VANS]. But if you are there you also know how to speak IsiTshonga. Like myself. Because you stayed there.

Chairperson: Mr Rampedi a journalist tact.

Mr Rampedi: Thank madam Chair.

Chairperson: Thank you very much. Do we have anymore questions for Mr Rampedi? One question and then I will hand over to. Okay a follow up? Okay. Fikile and then Ru and then we will handover to Davis thereafter.

Fikile Hlongwane ICASA: With regards to what you mentioned earlier regarding the, your relationship with international producers. If that is what your content partner. How is this going to work if you can just clarify me on that one. Secondly and the reason why I am asking this is, is because I want to find out the extent to which or how are they going to influence your independence.

Chairperson: Double **[inaudible]** only.

Fikile Hlongwane ICASA: Where? To what extend are they going to influence your editorial independence, such that you don't end up broadcasting more of the international films to compromise for the lack of a better word of local films. Secondly, are you going to dub any of those international films that you spoke to earlier and the reason why I am asking is because you kept on saying more films will be in vernacular languages. And lastly in terms of your codes, complaints and codes, I have noticed that you don't talk of appeal mechanisms where complaints are concerned. If a complainant is still not satisfied with how you are dealing with their complaints what is their appeal mechanism. Or what will be their appeal mechanisms. Thank you.

Tshwaranang Male 2: Thank you for the question. I will address the last question with regards to your complaint's procedures. So, we have.

**[speaking in the background]**

Chairperson: In the interest of time Ru please make your follow up question and then they will answer both at the same time. Thank you.

Ruvengano Mandebvu ICASA: Thank you Chair. I do not think that the question that you initially raised and with I think with a follow up from Leah was properly answered. Thought there was a lengthy response. So, allow me to be blunt. Your application mixes financial provision for satellite studios. You say you are going to have countrywide presence or would like to have presence in every province. You are asked with respect to costs what the implication would be and whether you have included that in your projections. And so, I will ask again. Given that it is clearly stated that your projections are based on 4 satellite offices, these extra presence in the other provinces has it been accounted for. The cost linked to that. Has it been accounted for in your projections?

Female: To answer that. We have actually accounted for 6 satellites. We got two main big satellites which we will apparently have in Joburg and in Cape Town and then we got 4 satellites which we planning to spread in Eastern Cape, Limpopo, and Soweto and Free State. So those 4 regions. So, we actually accounted for 6 in our CAPEX it broken down in terms of the costs of all those 6 satellites.

Ruvengano Mandebvu ICASA: Okay thank you. Now it has been adequately answered Chair. Thank you.

Chairperson: Fikile question around editorial independence in as far as your international partners are concerned?

Female 2: Sorry is that as relates to films you said right? Yes? Okay. So, we have a threshold of how many international films we plan on licensing and showcasing our platform and that is on ours. It is in our bid document and you will see the split. And so, in terms of dubbing we have every intention of dubbing content. Because it is normal practice for international films to add subtitling to their content. Does that answer your question in terms of dubbing? We don't intend to dub. The costs of dubbing are extensive and I feel like their will be such a diverse offering of films that I believe that there will be an audience who will be okay watching titled films. Films with English subtitles.

Chairperson: You still have not answered the nature. The nature of how exactly is your relationship with your international content partners going to work? Are you just going to buy content that is all?

Female 2: Yes, I fell like unless. I guess it will be case to case. So, on African continent for example. If the producers are in line with our Afrocentric ethos then there is potential for us to commissioned its creative content. But on a basis where



we are getting content from other nations there might not necessarily align with South African believes. There is potential that we will be licensing it. So, it depends on the provider and what nation it is coming from.

Tshwaranang Male 2: If I can just add specifically. I mean the only content partner that we have that international is TV BRICS. In terms of our relationship with TV BRICS it is a content exchange and essentially, they share with us content that has been produced in Brussels, Russia, India, China. Obviously, all English subtitled content. That would be applicable to our audience and that is how it works. And we in exchange we can share with them content that we have the license to share with those respective markets. Thank you.

Chairperson: Thank you very much. I think we just have one round, last round of questing and then we will close. You've got a question Davis?

Davis ICASA: Thank you Chair. Chair I think it is important to note or to add that there was a reason why we indicated that there should be a 55% of mastering. Because they still be sharing that as we done subscription or prospect subscription licensee. So, with regards to the 5 proposed channels which are high definition, without a doubt subscriber like to see high quality programs and so forth however I would like to know as to. To find out with Tshwaranang as to how they will achieve carrying 5 HD channels with the limited bandwidth capacity since it must be shared with the subscription. So perhaps that could be an additional with answered after 7 working days. And then the other two questions are just for us to setting clear awareness that since I have already mentioned that there is a sharing of the capacity of the mastering with the subscription and that boils down to the fact that there should be one signal distributor. And I just want to make sure that Tshwaranang is aware of that. And, the technical parameters stipulated in annexure g of the ITA it is before the analogue switch off. And post analogue switch off the authority has taken the stance that it needs to roll out the network the mashing network as per annexure J which allows us a 7 mast plain and a single network frequency. So, I just want to make sure that Tshwaranang is aware of that. It was also indicated on the ITA. Thank you Chair.

Tshwaranang Male 2: I confirm we are aware of that. Thank you.

Female 2: Also, I never got to answer Mr [inaudible] question. Wold you like me to put them down for you also add them to the document? Okay.

Chairperson: David follow up from you?

David ICASA: Yes, just a from the first question. Perhaps if you could just substantiate as to how are you going to accommodate 5 high definition channels with the limited capacity bandwidth. Thanks.

Female: With the Chairman's permission can we submit that to you in 7 days. The roll out plan? Thank you.

Chairperson: That is acceptable. Any more questions from the panel? Okay yes?

Male ICASA: Good morning. I just have one question for you and its in relation to clause 2.1 read with 12 of your shareholders agreements. Basically, provides that the shareholders agreement is suspended pending the award of the license. I would just like some clarity on how the relationship between the shareholders is regulated now since you have applauding your agreement that says it will not be effective pending the award. As the situation stand right now how is the relationship governed and can you provide clarity on how practically that works.

Tshwaranang Male 2: So, perhaps we should just provide you with the bases of the clauses. Each of the shareholders of Tshwaranang is duly aware of the fact that the company's business is dependent on the awarding the license by ICASA. And as such the clauses incorporated in order to protect the shareholders of the company in a situation that the license is obviously not provided to us. So, clause 2.1 for everyone else maybe sitting here, stipulates that the entire agreement is conditional upon the successful awarding of the license to Tshwaranang Media. However, clause 12 is excluded from the application in order to provide the shareholders an opportunity to convene and as said earlier to decide on the future of the company as we are putting a lot of time and effort and we would like to see that this company is a success. So, the shareholders will then have an opportunity to use their knowledge and their expertise within the TBS fields in order to make a success of the company and at this stage I think the relationship is quite effective between all the shareholders and they all understand the principal behind the clause and understand what the consequences are of the clause. I am not sure if that maybe answered the question if?

Male ICASA: Not really. Because clause 12 itself states that agreement shall only become effective and binding on the date of affirmative condition. So that very clause seems to suspend the effect of your agreement you know. So, it is difficult for me to see in the agreement what basis there is for the authority to assess the shareholders agreement. Considering the fact that it is very terms provide that it shall be suspended pending the award.

Tshwaranang Male 2: Perhaps I should have look at the agreement again and maybe I can provide you with a more detailed response?

Male ICASA: Subject to the Chairs.

Tshwaranang Male 2: If the Chair permits. The reason why I am asking that is I did not draft the shareholders agreement. My colleague was unfortunately not

with us here over these two days and perhaps he could shoot some more light on that. So, if it be permitted, I will consult with you in the next few days and then provide you with an adequately response.

Chairperson: That is acceptable.

Tshwaranang Male 2: Thank you Chair.

Male ICASA: Okay and one more thing. With your response could you just provide us with certified copies of your share certificates and the MOI. Submit it with the application. Because the ITA does require certified copies of those.

Tshwaranang Male 2: So, the share certificates will now be a problem. I will provide that. The certified copy of the MOI was indeed sent to ICASA in our response to ICASA dated the 14<sup>th</sup> of September. But I will include it again with the submission.

Male ICASA: Thank you.

Chairperson: Are you satisfied. Any more questions from the panel? What a long session. Thanks very much Tshwaranang for your time. For your indulgence and all of the questions were clarity seeks questions so that the authority can be able to reach a determination as far as the application is concerned. And we just want to thank you for your cooperation. On that note I would like to hand back to make your closing remarks so that we can move to the next session.

Mr Rampedi: Chairperson on behalf of myself and our management team, we just really would like to thank you for you and the ICASA panel for the opportunity and for the time to represent ourselves. And thanks to the audience as well and our partners in the room. If there is anything else my colleagues want to say. Perhaps you can indulge them.

Tshwaranang Male 2: Madam Chair somebody told me something quite funny this morning and he said that we should thank the panel for allowing us the opportunity to present on black Friday so that we don't have spend all our money.

**[laughing]**

Chairperson: They saying the best way to save 100% is to stay at home? Thank you. So, the next order of proceedings we will break for tea now, I have seen my panel member have been in and out and I am sure even member of the public needs to have comfort break. So, we will have a 15-minute break and then we will come back, have Kwese make their presentation and then we will have a question and answer session after lunch. So, we can break for tea now for 15-minute session and then come back thereafter. Thank you.

