



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

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ICASA QUESTIONS TO
KWESE TV AND CLOSING
REMARKS

QUALITY: Good

Session 2

Chairperson: Welcome back to Kwese. Now its an opportunity for the ICASA panel to pose questions at you. Based on the presentations, the oral presentations as well as the written submissions that you have made. I will let – open up to my panel to ask questions. Yes Shedi?

Resheditwe Kgomo: Thank you Chair. Afternoon I just have two questions regarding the shareholding. I note from your application that there is 20% shareholding, foreign shareholder ship, which obviously doesn't exceed the requirements of section 64. But I just wanted to get some clarity. Sorry, particularly with regards to clause 4.4 of the shareholders agreement and clause 9. Clause 4.4 – it states that the parties or the parties, which I suppose are the shareholders, will be leveraging from Econet group. Which is the wider foreign shareholder. And I just wanted to find out how this leveraging will be happening in a way that doesn't contravene section 64. Particularly with relation to control. Just making sure that there isn't any control from the side of Econet group. And then clause 9 which deals with the finance committee and stating that there will be a finance committee formed by agreement through the shareholders. And I just want to read quickly some of the responsibilities of the finance committee which includes the determining the CEO's remuneration package and associated benefits. Determining the remuneration of benefits of all other employees and staff and determining managing and managing working capital requirements and providing guidance to the board regarding the establishment of best practice guidelines. Or policies for the business. And I am just noting that this finance committee which will be run by the shareholders in a sense affords the shareholders an unquantified - because it doesn't say pro - per your interest in the company. So, it's an unquantified and potentially controlling the responsibilities or controlling the board and essentially Kwese Free TV. So, I just wanted to find out what measures will be put into place to ensure that it does not infringe on section 64.1 which states that a shareholder should not directly or indirectly control the commercial broadcaster.

Chairperson: Before you go, I just have based on the line of questioning that Shedi has been asking. In terms of your HDI Empowerment how are you focusing on the needs of the persons of disabilities, women and youth in terms of your management structure? You can also speak to us about that if there is any thing that you are doing towards that.

Ms Mandi Krebs: Thank you madam Chair. I'll take the first question regarding corporate governance and I will leave it to my colleagues to address your question Chairperson. So, firstly we take the restrictions and obligations that

in terms of section 64 seriously and for that reason we've really worked very hard to ensure that from a corporate governance perspective, not only about shareholding and how we structured our shareholding and what the shareholders rights and obligations are. But certainly, also what the boards rights and obligations are. So, just to clarify any point regarding control. The control of the company rests ultimately in board. You will see in the shareholders agreement what we have provided for is that each shareholder will nominate two directors and any decision made by the board is based on majority and each director has one vote. And that is very standard in sort of commercial dealings and you know in the board of the company they have their auditing duties and they are the ones task with operating the company. From a shareholding perspective what we have done is we have said that where there is a special resolution to be adopted it needs to be done antonyms. Obviously given the weight of what we are requesting here being the first FDA license issued in 21 years we understand that as a company we have a great responsibility to make sure that we do an absolute phenomenal job should we be granted the license. You know to fulfill the mandate of what's been put to us. But each shareholder comes with a unique set of skills background that they can uniquely lend in order to make this company an absolute success. So, I have spoken to special resolutions, ordinary resolutions, we have a 65. Again, you will see that being, Econet being the foreign shareholder having the minority shareholding there is no slant towards giving them anymore or less power than what is allowed in terms of the restrictions of section 64. To your question regarding financing. In the ITA we have, you know we've tabled the fact that our shareholders will be stepping in regarding funding according to their shareholding and this is been confirmed in our shareholders agreement. Although the board of directors are the ones who make the decision regarding what funding might be required, and you know obviously they have guiding term to whether they going to be seeking it from you know proceeds, or shareholders or financial institutions etcetera. We are not relying on the financing of the foreign entity only. Which is why we have given so much thought as to the shareholders that we have partnered with. Because we feel that you know that they come with, you know, the ability to provide financing, they have relationships in the market, they have an understanding and we can work together to best leverage on all those abilities. In respect of. Yes absolutely.

Mgqibelo Gasela: Thank you Chair. Just on the - in respect of clause 9 the establishment of the finance committee. First let me start with regards to leveraging. Firstly, I am sure you have seen in terms of the shareholders that none of the shareholders other than the foreign shareholder, the 20% shareholder, are involved in the broadcasting space at the moment. So, the idea was precisely because there are certain assets of a broadcasting major that the 20% shareholders has and those would be the assets that would be used to be [slated

0:08:02.01 and that's what is meant by leveraging. And that leads into clause 9 of the shareholders agreement, was to give comfort to the other shareholders that in doing so leveraging those it is not going to simply be a decision made by the 20% shareholder on who is the CEO, what that CEO is paid and how that is done. But the committee set up by shareholders and by virtue what that means is that committee may well be members of the board. As subcommittee of the board set up by shareholders which will look into those kinds of things relating to what the CEO, how other staff members are employed, what their employment policies are and for the board to implement. The other question was in respect of HDIs. Chair I think the starting point here is to state categorically that the shareholders, the component shareholders of this entities already meet the members of historically disadvantaged groups. They meet that particularly the South African ones. An in terms of its practice up to so far including QWESA it subscribes into employment equity, employing people with, I don't know whether it's the right term is people with disabilities or with different abilities? Youth they form a major component of the operations and that ethos will be carried through in terms of how the board implements in terms of the applicant. Because that is something that would be drilled down directly from the shareholders.

Chairperson: Have you got a follow up question Shedi? Okay fine thanks you.

Resheditse Kgomo: Just in relation to what you explained about the finance committee and what you also said about the foreign shareholder having only minority 20%. I think I was just trying to establish how will you make sure that whatever influence that the foreign shareholder has in the finance committee it doesn't exceed 20% and you also mentioned that each shareholder would be able to pick two directors. But then ends up meaning the foreign shareholders would in essence have an equal interest in who the directors are and that is not limited to 20% anymore. I don't know if I am -

Mgqibelo Gasela: Thank you Chair. I am not sure that is technically correct. What it means, you know, the decisions of the board are certainly going to be taken based on consensus. And I think that's what the shareholders agreement says. You know and, in any case, there is absolutely no way that the foreign shareholder will exercise control because it will only have, you know, the least of the representation in any case. And the voting in any board is based on the equity that one holds. You know. In terms of the finance committee itself, the finance committee will be set up, it's exactly to ensure that the decisions of the - that are taken on the employment, on how the station is run and everything else. It's not a decision that is based on what the foreign shareholder does, even though you are leveraging their existing infrastructure and their leveraging their existing technology. It's a balancing act to actually counter act exactly that.

Mandi Krebs: If I may just amplify just one point. The fact that each shareholder has the right to nominate two directors means that if you have to weigh it up should, you know, the two non-foreign shareholders essentially, you know, get their board directors to nominated or to vote on a specific matter, the foreign shareholder would never be able to match it, because the majority will draw and its 4 against two. So that is the measure of control in favor of. Ja, not breaching the requirements.

Ehi Enabor: Just to clarify. So, do you accept that by virtue of the foreign shareholder being entitled to participating special resolutions to the extent that any special resolution taking by the board, sorry by the shareholders, must be 100%? Doesn't that essentially lead to an interpretation that it can exercise indirect control? Look and I am happy for you to provide a clarification response in writing, but it seems in the face of it that it can exercise some sort of indirect control over the affairs of the company. Can you clarify that?

Mandi Krebs: Madam Chair with your permission we would like to give you two response, you were the very considerate response to explain our position which is that is not the case. But I think it would be best if we could respond to you in a fair amount of detail as to what informed our decision making and how we concluded that this would be the right commercial and still legislative de-compliant wait proceed.

Ehi Enabor: Okay. So, in your response I would probably like to see some clarity on maybe the following issues. Clause 22.13 of the MOI. Clause 22.1 and 21 of the MOI. And then basically you can then just explain to us your view and whether or not by virtue of this provisions the foreign entity is able to exercise indirect control or it has an interest, which is very broad exceeding the 20% threshold, provided for by section 64. So, we would appreciate some clarity on that.

Mgqibelo Gasela: Chair we would certainly provide the clarity. But the one point I just want to make is certainly that if the shareholders and I just want to Chair ICASA to consider the point I am making. And we will give a considerate response. Is that if you have a shareholder that owns 20%, if a special resolution of the board, in respect of this question, a special resolution the shareholders decide that we want to ensure that everybody participates and it says, you know, it must be 80%. You know the effect of that would certainly be that by implication the foreign shareholders might be prejudiced. And I think one needs to consider that. If you then want to try and protect the minority shareholder and you say the vote must be 81%, the issue you are raising, arises again the local shareholders will not meet the 81% without the vote of the - so, if we accept that, you know, the fact that a special resolution requires consensus, that is an indication of control then by implication we are saying there is something wrong with the legislation.

Chairperson: Alright thank you very much. I do agree that if you could provide the information further in writing within 7 days and we will really appreciate that. Are you covered? Revu got a follow up question with that.

Revegano Mandebvu: Thank you Chair and good afternoon Kwese. First of all, the caveat I am comfortable with Kwese providing its response in writing. But if you can you can answer orally. As a follow, up to my colleagues. My nuances are slightly different. So, in respect to the financing via equity there is a portion that you say will be financed by shareholders loans. My concern regarding that is the nature of those shareholders loans and whether those loans are convertible and if so that would have an impact on the capital structure of the company. Now, you can provide your response in writing because it was not adequately, I feel addressed in your application.

Mgqibelo Gasela: Thanks Chair. We will provide a written response. But just to get clarity on the question itself. Chair, are you, is the concern that in the event that the other shareholders are unable to follow through, that then there will be dilution? Is that the concern?

Revegano Mandebvu: Yes, ultimately my concern is partly based on dilution of other shareholders' equity. However, of course there are measures which can be implemented to mitigate against that. My concern is you have indicated shareholders loans as a source of potential financing. So, I would like to know specifically the terms surrounding those shareholders loans if that is possible. Because as you all know if shareholders loans are convertible to equity, what form of equity does that take A. And does it impact the ownership or the control of the other shareholders. So that is essentially what we trying to establish.

Mgqibelo Gasela: Thanks Chair. As I said we will come back to this question in more detail. The one thing we are manifestly aware of is that the section 64 of the act is prescriptive in terms of the foreign ownership limitations and anything that would jeopardize the license is not something that the shareholders will do. So that is just by way of background. But we will elucidate in more detail. The other issue is certainly that the preference of all the shareholders is to, and I think if you look at the shareholders agreement you will see we had enunciated, you know, the different kinds of funding. It, the shareholder loans would certainly be right at the tail end. But we will certainly give you a considerate response.

Chairperson: You may go ahead Ru.

Revegano Mandebvu: Thank you Chair. So, with respect to the, your financials, I will not delft deeply into the figures. They are well presented. However, your projections and estimates that had derived from your primary research from, is it Geopole? And I think in your application you also put Overtness? Is it Ove

or Ovu? Tomato, tomatoe. But with respect to those survey reports that you establish your findings or your projections on would it be possible for you to provide us with those survey reports in the original form? That is the first question. The secondly are you not of the opinion that your revenue growth projections are overly optimistic or too aggressive in a nutshell for the span of your investment horizon? That is all Chair.

Kwese male 2: I can take it and we can again follow up with a lengthier explanation. So, we feel and we start out essentially with that two and half percent of what Nielsen has. So, we must just also realize that there are two sources of poles. There is the pole that kind of determines programming decision and that was Geopole. And then there is Nielsen for the advertising revenue side. And we have gone with two and a half percent of Nielsen advertising spend for Free Television and that goes up to 9% discounted by roughly 50%. So, we end up thinking here 5 to 4 and a half percent of the total share. Which we feel is conservative enough to justify the plan. That answers. So essentially, we go from 1 and a half to 4 and a half percent in 5 years of total advertising pie.

Mgqibelo Gasela: Just maybe to add on that. Chair I think you need to be mindful that in exactly the same way that we had explained the leveraging of one of the shareholders' businesses is that Kwese Free Sports channel is already operational in about 16 countries. You know and it means should we get the license it means we then add a market and we already have addressable advertisers that we are talking to and it just means you then able to add another market. And South Africa is considered a bigger market. Some of the advertisers have said to us, if you have South Africa we will advertise with you from other territories and we will do this. And so that is why maybe our projections appear as though they are aggressive, but what we've done is to have gone with a conservative approach. And then on the research reports. We will submit those.

Revengano Mandebvu: That is all Chair.

Chairperson: Mpho has a follow up question.

Mpho Mgwebi: Good afternoon. Hope lunch was lovely. Ja, I just have two question for you. I like to find out from you and you can respond in a written format because you have requested confidentiality. The accounting treatment for your assets that you are going to leverage how are you going to account for it in your projections? Are you going to add them at a zero value, is it an interparty relationship? So how are you going to treat that one? That is the first question. And my second question speaks to the acquisition of content. Specifically, the how are you going to account for it in your books and I would like you to make in responding to that, are you going to expense it immediately, are you going to treat it as an asset and you will understand the

question with the view of what is presented in your projections. And I would like you to tell me what in your view or in your projections, how are you going to treat it in your income statement, balance sheet and cashflow statement? And then in the figures that are actually presented there, is it going to change your payback period, your break-even period, the impact that it's going to have depending on how you treat it. That's the only question I actually have.

Kwese male 2: Madam Chair I can -

Mgqibelo Gasela: We will revert with the written response in detail. Sorry you want to talk to the -

Kwese male 2: Ja, I think I can talk to the leverage assets. The leverage assets in this case is mainly the studio infrastructure that Kwese has in Randburg and that is built into the local production that sits as a direct cost line in our income statement. So, it's part of the programming cost. It's not onto our balance sheet and not amortized. So as that contents are required, it's almost like acquiring content from a third party. But just from the Kwese studio. So, we don't have a studio infrastructure on our balance sheet or equipment infrastructure or anything. You will see on there is mainly the administrative assets, PCs, tables etcetera. So, it's built into content cost. On the treatment of the content costs on the balancing sheet cashflows I will get back in writing. Thanks.

Revengano Mandebvu The acquisition when you acquire content how is it recognized? The accountant treatment and the impact on the different levels.

Kwese male 2: Ja, madam Chair if we can get back in writing on that. Thanks.

Chairperson: Yes Lufuno?

Lufuno Sigwavhulimu: Okay thank you Chair. Okay my first question is with regards to your sports channel. In the submission you indicate that your selling point will be basically be that you will be the first business to offer 24 hours free to air sports channel and that you envisage that sports channel to be the driving channel behind your business. And that from your market research that sports was one of the most watched channels by your respondents. So, my question is that. And, you promised to offer a variety of sports programming to your viewers. So, my question is could you kindly take us through how that will happen in terms of the actual acquiring of the content. In terms of do you foresee any challenges in terms of acquiring sport content and okay that is my first question. And then my second question. In your presentation one of the slides, I don't have the slide number, but it's the channel strategy segmentation slide. You indicated that on that same sports channel you will be offering a local content of 49%? What I would like to know is what informed

that figure and how will you be acquiring the rest of the 51%? Will that be international sport content or basically where will that 51% content have sourced from? And okay my third question. In terms of your market research, you have indicated that you were not really trying to profile your audience in that you are not taking into account the income levels and the gender and those demographics. So basically, your target market is adults over the age of 18 and beyond. My question then is with such a broad target market what informed your specific channel offerings? I think that is it for now. Sorry, there is just one question. And in the question regarding the potential advertisers you indicated that you had support from two advertisers. Potential advertisers and one of them was Feel Is Media? I just like you to provide more information on that consulting firm, because apart from the letter that was provided from the submission there is not much information that we could source from our side. So, if you can just verify that consulting firm. Thanks.

Robyn Smith: Okay quite a few answers there. So, the first one I will take is about the sport. So yes, we did see as driving genre. We looked at sports so we have in the capabilities of the various business, we can do various kinds of sports shows in terms of life, we can do magazine shows, we can do talk shows, there is a variety of types of shows first of all that we are able to do. Secondly, we have already acquired sports rights for as we have mentioned before Kavest channel. Not all those codes and not all those agreements have South Africa in its ambit but some of them already do. So, we already have rights for some big sporting codes that are included in another channel. The third part was the variety of sports. So, we I think we have said that soccer when we did our research came out incredibly strongly. So that we can tick that box. Because we already know that that sport has to be covered. But secondly there are other sporting codes that have huge resonance. So, and we mentioned cricket, rugby and boxing and athletics which also have resonance. How the sports rights work is that over time the sports rights, the either two year contract, three year contract, five year or up to 7 years in terms of some forms of cricket and we would have to as soon as we know that the license is doable, implementable, we would then have to look at, very quickly how we can acquire those rights within the time frames that these rights come up for negotiation. So, we, because we already have relationships with most of the codes because of the Kwese free sports, we already have good relationships that we can we go to as soon as we know that we need those sporting rights.

Mgqibelo Gasela: Thanks Chair. I just wanted to add. The question on the sports channel and how the acquisition would be done. Is that currently we have rights for the South African market but because we don't have a license in the South African market, we sublicense some of those rights to SABC. Okay. And those include the English premier league, some of the NBA games and so

you know we are not going to be starting out to try and acquire rights. It's something that we acquired for some of the territories. Thanks.

Kutlwano Mzolo: Thank you. Just to address your question around the demographics in the research. You are quite correctly mentioned that we didn't go into all social economic demographic's factors like income and education level. But just to correct you we did include age and gender. So that was the prerequisite of how we informed our decisions around the channels. As you will note in our channel's strategy a lot of our channels were skewed either female or male. Hence those were the prerequisites for our skewing on demographics. Because of the free to air nature that we are playing in the aim was to be inclusive of a larger population size, hence that we didn't want to go into the temptation of getting the channel to be too niche once you use too many demographic metrics. So that was the reasonable.

Mgqibelo Gasela: Thank you Chair. If you may indulge in the last. Please I just want to ask my colleague Albert Mokwena who deals with the agencies to explain the agencies that Lufuno has just asked about and how they are structured and how they feed in.

Albert Mokwena: Thank you so much for the opportunity. We have commitment deals with major agencies and part of the submission was to give reach and contents. So Filles Media has a couple of accounts, SA Tourism, Distill in this region, South African, rest of Africa. So that is an agency that we working with. Current commitment deal with them. I can not disclose the amount and we also have a big one with AgenDensu. I think Celia provided that. Who is one of the biggest spenders across our portfolio currently. Thank you.

Mgqibelo Gasela: And maybe to just clarify. It is just an advertising agencies or sales that we already have relationships with. And those are the ones that are saying that if you had South Africa as a market, we would go with you and they would want South Africa as a market.

Chairperson: CouncilorMokhele has a follow up question. But just maybe inline with what have already been the line of questioning that we have posed to the previous presenters. You under Kwese [unclear 0:38:15.7] to be focusing on movies and you are speaking about a strong selection of series and movies and its is also common knowledge that good content or premium movies are a lot happen in long term deals. I don't know what is your strategy towards acquiring such content? Councillor Mokhele.

Councillor Botlenyana Mokhele: So, mine is in relation to your audience profile how you went about profiling them to the exclusion of the economic profile. And the argument of the nature of you to have to provide services for everyone. But I just want to also point you out to the fact that your competitors, particularly in the free to air space, actually do use income as a tool of structuring of

segmenting that audience. So, it is finding that SABC the three channels and ETV, even if they provide a wide range of programming still target certain LSMs, for their particular offering end and it's in kind a strategy to attract advertising to those channels. So, advertisers will tend to follow people that are well off economically regardless of the service offering over a channel. I just want to find out from your perspective do you not view that as a disadvantaged to yourselves and this is people that have already been established actually do use economic profiling as way of drawing advertise revenue. And you are not.

Mgqibelo Gasela: Sorry Chair. There was another question that was asked before which I am not sure if we have answered fully and that was in relation to the local content sports that in year one. So, these amounts, the numbers that we are talking about are based on what we are setting aside as a budget. It is based on that and that what we will cover. We want this to grow about to 65% and what we will actually seek out will be local opportunities. You know. Things like your university leagues, schools, other rights, I mean for example one of the things that. One of the rights that we had in some of the sporting codes that we showcased here in South Africa was the extreme sports and things like that. So, we had acquired some of the local content rights already in certain respects, but we could not obviously showcase that here and I would just like to handover to my colleague to respond to the research question.

Kutlwano Mzolo: Thank you. I do agree with you that socio-economic particularly around income is a strategy that our current FTA providers use to segment the market further and its crucial from an ad sales perspective, particularly in targeting specific ad groups and markets. So, I don't think that it's a weakness from our end that in this stage of the process are that our primary incentive was to get the needs of the market to gauge appetite, to gauge if there is a demand for the service to begin with. I absolutely agree that qualitative research would need to follow up and get into the intrinsic aspects of the research and what people want on a more detailed level but for purposes that we were answering in the application and the ITA it was very much centered around the need for the service and the demand for the service. So that was what we spoke to and chose to go that direction for the reason.

Mgqibelo Gasela: Robyn are you going to take the question on the -

Robyn Smith: So, to touch base on the premium question and the question on the content around the brave channel. So, I would like to if you give me the levity of just explaining what we mean by premium content. Because I know we use the term quite like adhoc and we not sure if we all kind on the same page about it. There are two versions of it in the industry. The one is an industry standard that you would find the Hollywood, the Studios use, the buyers use, that is a buying term. And the buying term for premium content is in one of the buying

windows. So, the premium content is the one that goes to a theater first, it goes to video, like box office, if goes to pay tv and then the free to air comes later. That are the buying windows that premium content gets filtered down. In the context of what we speak about it in our localized industry is from a consumer way. It is from our customer way. It's what the kind of content that they think has great value, is relatable and they want to watch. So, give me. I would like to the example of Black Panther. Black Panther was premium when it went it into theaters, it was premium when it went into pay tv, but now in industry standard it is not premium anymore. But in our local context its still premium. It still something that we would say is premium content for viewers. So those are the two distinctions. So, coming back to your brave channel, we have many good relationships with content suppliers, whether its independent, Hollywood or in Europe. So, we have been able to access that content. It may not be in the window right after theater as that buying industry dictates but it will still be that blockbuster content that our viewers in South Africa, and we have a very consumer centric approach to what viewers want. We will be still buying premier content for our local viewers. Ja.

Mgqibelo Gasela: So, Chair, maybe just to answer the question you were asking more succinctly that the pay tv operators operate in terms of certain content genres. They operate in a different space as it were. In respect of. So, some of the content you might be able to get at the same time. So, some people define premium content as being that content that is time sensitive and all of that. But in terms of the series and the kinds of things, what we in terms of brave when we talk about premium, we are talking largely content that we think will bring in large numbers of people. Whether that content is local. Whether that content is brought from overseas. But high demand content. Thanks.

Councillor Botlenyana Mokhele: Just a follow up on the question that the Chair asked around premium content. I think what we are trying to establish is whether or not the nature of existing contracts with the existing players, incumbent players, regardless of whether they from the paid tv platform or any other platform, would service a hinderance towards you being able to acquire content that is compelling enough for you to attract viewers. I think it is common cause that certain rights have been locked up by existing players. Regardless of. Let's not look into the platform issue, but its whether that would service a returned for you to bring out similar channels.

Mgqibelo Gasela: Thanks Chair. It is a very complicated question to answer and it's a very good question to ask Chair. The truth of the matter is really that the existing relationships in the acquisition of content plays a role and there certainly are barriers, whether those barriers are intended or not intended that arise when you are an upstart. You know. Firstly, you have to prove that you can do the job. Secondly whether you would be able to pay the amount. Generally, when you get into a market the suppliers will want to work people,

they have a track record with. So that does create a little bit of a barrier and certainly it does. Coming into the market late makes it very difficult to breach those barriers. The issue though is certainly that because we are operating already. Well, Kwese one of the shareholders is already operating in other markets and already has some agreements, some arrangements with other suppliers, this, although it's a barrier and it not as big of a barrier as if we were just starting out from scratch. I hope that is very clear. The truth of the matter is that the almost all broadcasters do require an ability to distinguish themselves. You know on what it has, what their unique selling proposition is, and that sometimes can be content, it can be how you engaged with your audiences, or the number of platforms you that you use. And so those are some of the things that the strategies that we will be looking into to try and minimize the impact of the barriers. We certainly think that we could make this a successful business. We certainly think that, you know, that both the shareholder partners expertise, their funding capabilities as well as the fact, that you know there is some leveraging that's going to be done on existing broadcasting services makes it a lot easier for us to traverse some of the difficulties.

Chairperson: Kgomo.

Kgomotso Mokitle: Thank you Councilor and good afternoon to Kwese. From my side I have two program related question. They are clarity seeking questions. The first one I would like to check if Kwese planning to use some of your content on OTT as well on mobile offering for a proposed free to air service and if yes how are you going to do that? And the second question is how Kwese is address compliance with regulation 5.1 as well as regulation 2 of the local tv content regulations? And that is considering that you indicated in your submission that you are doing less local programs during your first year of operation.

Chairperson: In fact, just to edify and add to what Kgomotso has just questioned. You are saying that it is going to be difficult to achieve a local content of real across 5 channels and what are your strategies in terms of trying to achieve that? But I also see that on the slide you do indicate that by year two you would have achieved all those percentages? But at the same time your submission, your written submission indicates that you may not be able to achieve the local content offering across all 5 channels?

Mgqibelo Gasela: Thank you Chair. On the first question on the use of the content on other platforms I am going to defer to my colleague to respond to that. But I would like to address the question on the compliance with the regulations. And Chair you will correct me if I am wrong. Our understanding is that if a licensee is granted a license, they have up to 24 months to comply with the local content requirements. You know. And, or in any time that ICASA may

determine and what we were saying in terms of our submission is that we will struggle to meet the local content requirements in the first year of operation. But we will certainly be able to meet those requirements in subsequent years. You know by year two and that is essentially what we are trying to put across. We certainly have every intention to comply with the requirements. But on that question Chair we had raised during ICASA's information sessions, we had raised a question in respect of how thematic channels are going to be considered in terms of local content requirements. And unfortunately, we still haven't got a response on how ICASA intends to deal with those requirements. We certainly submit respectfully that the local content requirements when they were drafted, were drafted for the purposes of a single channel, full spectrum channel. Not necessarily in the context of DTT, Mutli channel environment where there are thematic. Thank you.

Chairperson: Well, you are indicating that there is no clarity from the authority side, but I think it will also assist if you could give us your interpretation of how local content should play in a multi-channel environment.

Mgqibelo Gasela: We would be happy to do so. Thank you.

Chairperson: Kgomotso?

Male: There is a question on the go DTT... yes.

Kgomotso Mokitle: Okay. Through you Chair.

Robyn Smith: Can I answer your question? So, I don't think you can live in a South African environment without knowing that millions of people have access to cell phones. So mobile is a place where we will place. So, there are two aspects of it. Within our group we do have, or within our operating companies we do have access to a mobile platform. And the mobile platform won't only run in South Africa, but for the rest of Africa. That gives us two opportunities. The one opportunity is to showcase the content, showcase and here we can bring in lots of local producers, where we can showcase the content that is ready to be seen into the rest of Africa of South African producers. But there is also another aspect of using the mobile platform as a marketing tool where it is a branded content, or ad funded content. So, there is various opportunities around that. On the second part of OTT, we also mentioned that we do have access to a platform, an OTT platform within our company of, within our group of companies. And we will be making that. Who have made that available to us as well. Again, we can use it as a content platform, we can use it as branded content platform and in various ways of making that content space work for us. That assist us in reaching other markets. Not only the 18 million households have smart phones, but also the roll out of fiber in the industry where we can access other households with the same linear content.

Kgomotso Mokitle: Just to provide clarity on the answer on local content. The regulations require new applicants or new licensees as well as the encumbrance to comply from year one. The 24 months is for new licensees to launch, not to start complying. That is the clarity that want to put through.

Mgqibelo Gasela: Chair if you would permit me to read the regulation? I have a copy that of. It is possible that my reading is incorrect. But clause 5.1 says: “a commercial television broadcasting licensee must ensure that after 24 months of gazeting of these regulations, in the case of an existing licensee, or within 24 months of the issuing of a license to a new licensee, or within such longer period as the authority may determine”, so this certainly to us says that we have a period of 24 months within which, unless the authority gives us an additional longer period of time. I just wanted to emphasize the last point here. I have just - my learner colleagues here just said I must continue reading. “a minimum weekly average of 45% of its programming measured over the period of a year, during the South African television performance period, consists of local television content.” So certainly, our understanding from what I have read is that we have 24 months to comply with these requirements, or such longer period. But that we certainly think that we will be able to reach the percentages that we had outlined by year two. Thank you.

Chairperson: We do note the fact that you are saying at launch, you are very attempted to do some kind of [unclear] because you are saying that with sports you will have 10% at prime, 5% on brave and then 5 on focus, 5% on vibes as well as 5 on drama. So, we are believing that it will be incremental as time goes by. As I compared it to the slide that you’ve produced here, which already shows that in year two you will be having 49, 13, 63, 50 and 70. If my interpretation is correct?

Mgqibelo Gasela: Thank you Chair for that. So, when we submitted that was our conservative approach. Which we had considered. But with the passage of time we’ve really sat down and considered how we can deal with it. And we certainly think that within, you know, two-year period we would be able to reach the percentages that we presented today. So, what it was is that the time we were preparing for, when we submitted the application, we had opted to take a conservative view, which we said we would launch. But we always intended to be incremental and having gone with the passage of time we’ve also determined with little tweaks here and there it would be possible to do something better. But we don’t want to commit to 45% by year one.

Chairperson: I do get you and maybe just for you to clarify. Because as I am referring to this slide that you presented here. We’ve got year two, so your interpretation of the regulations is you must start complying from year two, of you being licensed. Which is common knowledge. So, in terms of what you have presented in your slide, for example you are saying for free sport you will

have 49% in year two. Meaning in other words between zero and 2 you will not be properly broadcasting any local content. But in year two you will then start of with 49%. Is that what my understanding is?

Mgqibelo Gasela: Sorry Chair and sorry for not being so clear. And I will try to be very brief in my response so that there is no possibility of misunderstanding. We are saying from launch we will put local content, which will by year two reach the figures that we presented today.

Chairperson: That is understood. Any more questions? Yes Busi?

Busisiwe Mashigo: Thanks Chair. Good afternoon. Just for the local contents regs, just to provide also now what, how we understand the implementation of the 24 years. Yes, we get what- 24months.

[general discussion]

Busisiwe Mashigo ICASA: 24 months. Yes, however, the license conditions that you will get will already have these requirements or promises of performance. And when we looked at your video about the channels that you will be providing, the 5 and 4 high definitions sports, there was no clear indication of where just like any free to air, where the news and current affairs will be placed in this, or across 5 channels. Yes, you are saying you have reports on sports and entertainment and however, when you go back to our opposition papers on free to air, you are required to have news. That news segment during the prime-time slot, you are required to have on a weekly basis 50% of current affairs, but we didn't see any demonstration of that even in your own application with your proposed programming schedule we don't see that aspect. Which is an important part. Because remember your direct competitors are required to do the same. So, they will expect you to also do the same. And I think we expected to also implement, because I think two years ago ETV for instance wanted to change their news, what their prime-time slot from 7 to after 10 and we refused them based on the position paper. So, if you we consider that and we are looking at what you have presented we don't see that coming through. So, if you can just outline that for us. That's the first question. I think I might as well go to the second question. The second question and how would you then balance our regulatory restrictions to your other business in Africa, because you then mentioned that you have 16, you are also existent in 16 other countries and I know it's through subscription from what I understand. However. Oh and free to air. But then how would you be able to balance what we are, what our restrictions are and what are you doing in your other businesses models outside of South Africa? Because that will obviously have an impact on the business and what you take from Africa and what you are bring here, what you take from here, what. So, it's a bit of a. So ja. So, just some sort of view on how you, on how you would be able to

balance the two. Especially considering the restrictions that we have right now. And then also. Just one last thing. The sports. Because we don't have currently, we don't have a quota on sports in South Africa, what was the reasoning behind them. Besides what you found in research. What was the other reason behind you having such a high percentage of local sports in your offering when it's not even a legislative imperative currently? Yes.

Mgqibelo Gasela: If I may Chair, I will start with the last question. The simple answer is that we are good corporate citizens. On a serious note Chair. One of the things we have learned in this business is certainly that people want to see themselves on tv. And I know there is a term that is often used and sometimes abused that local is lekker and certainly that's the position. Local is lekker and so it's a business imperative. It's not a regular dream imperative that what we want is a commercial imperative. It's precisely because we know that people like to see themselves participating and like to be reflected back to themselves. And you find that people, you know, will pay for that. So, certainly it is a commercial consideration, and not so much a regulatory consideration. Is that what we want to do is. On the question on restrictions on other territories. We already operating in deferent territories with different restrictions. You know. And that is the beauty about terrestrial even if it is DTT, even it is digital, is that you can customize the feed that you are pushing out in a territory. So that element is sort of easier to deal with. That you meet the restrictions so we will even in the other countries, we have a channel specific for that country. What we then do, we are then able to leverage certain content or certain live events that are happening at the same time, that we then leverage the buying power in different territories. But I think on of the things that is important to note that the licensee or the applicant in this case is not the operator in the other territories. I hope that's - can I try that again? Distill it? Chair? So even though we going to be. So, the decisions of the channel, the editorial decisions would sit with the applicant with the juristic person that is dealing with. Even if what they do is to leverage what exists everywhere else. So, they will still need to make the editorial decision that we put this here. This is what the law says and therefore we deal with the restriction in this manner. So, it will not be just one feed that is going through out all the other territories in other words. So, and that is how we are going deal with the restrictions. Ja, my colleague has just corrected me. That is how we've been dealing with it up to so far. In terms of compliance, the compliance question. The first question which relates to the news. I mean Chair this takes us back to the point we made. That the regulations were drafted in the context of an analogue channel and analogue full spectrum channel. You know. And because it was this kind of environment you needed to provide all these services. And we are saying our strategy is to deeper profile the channels the businesses. You know. And everywhere in the world people are already. You know. They are not only theming channels. Some of the channels are no longer music channels. You

also get a jazz channel, you know. And there is also a possibility because there is not spectrum shortage. Particularly after the DTT, after analogue switch off. Somebody else could want to put in a Nina Simone channel. You know. And certainly, in this instance we certainly believe that regulation has actually lacked what industry is doing everywhere else. And that comes back to that question. We currently have not been - we not planning on providing the kinds of hard news services. You know. The news in terms of hard news. What we want to do is to provide thematic specific types of services. But its certainly something we would be willing to look at if it's a requirement. But the caveat Chair is really that the production of news is extremely expensive and particularly for a startup. And so, the submission we would make is certainly that. You know. If it is within ICASA's powers to be able to exempt particularly because the regulations have been superseded by time.

Busisiwe Mashigo: Thanks Chair. Okay just a little bit on that, that the regulations were made with analogue in mind. Not necessarily. They were made with the DTT error in mind. However, the reason why we still decided to maintain these requirements were to ensure that during that phase, the DTT phase, our own local content production and quotas and authenticity, for a lack of a better word is not lost in all these many channels. So, a correction and I think maybe you should just go back a little bit as Kwese to consider that even with DTT coming. Even if it had to start tomorrow, we would still require you to have this genre. We would still require you to be on the same level as the other free to air competitors that are currently in the market. So, it was considered, because it was 2016. Remember by 2016 everybody was expecting us to already have migrated. So, when these regulations were really reviewed it was considered that there will be a time where there will be DTT. But however, there will be a channel like for instance what we have on ETV right now. Where there is, they have their general channel where they still have these obligations. Even if you look at their licence right now it has two schedules attached. One schedule is to accommodate the DTT error but the other schedule is to then accommodate what we have right now in our local content regulations. So just note that and probably, you shouldn't ask for an exemption. Because -

Mgqibelo Gasela: Chairperson. The point is certainly noted. My colleague on my left want to point out just a conflict. But the point is noted. And we certainly will take it under advisement.

Kwese male representative: Thank you Mr. Gasela. Chairperson. Thank you for the opportunity. I think this is one area that has been giving us sleepless nights so to speak. How do we balance the position paper on commercial broadcasting services, specifically on television? Visa vie the local content regulations and the ITA itself. Just to give you a simple example. The ITA that the authority has published requires us that whenever we are presenting a programing

proposition as to yourself as the authority it must be informed by a well thought out primary research. Whereas on the other side we have regulations on local content and prescribes the type of program and genres that we have broadcast. I think it's greater a challenge for us as the applicants would say, how do we make sure that we present a programming proposition to you that is informed by research visa vie the policy position that we have taken as well. Where as to say, whilst you are a commercial broadcaster, you still have a responsibility towards certain elements of the public service mandate. I think over and above what the question that Mr.Gasela has raised about clarification in terms of how do we deal with multi channels within the context of this application, we will try and tease out those challenges. And look at whether the policy position. I know it still in place. Whether the policy position is in terms of commercial broadcasting services, is it still relevant within the current context. And I would just suggest that as part of - because we have been requested to provide some sort of our own positions as Kwese as to what it is, we consider to be relevant in terms of how we are dealing with multi channels. We also include those kinds of challenges that we are facing. Because of I can come to you and bring a programming proposition that is informed by the local content regulations. Only to find that research that I have conducted simply says to me that the content that you are going to be providing in term so of the local content is just not going to make your business to fly. So, we will include that kind of a frustration from our side and then possibly come up with a possible solution on how we can be able to deal with those kinds of issues.

Mgqibelo Gasela: Sorry just to conclude on this matter and I just don't want to labor to point. The, and I had made the point, jokingly earlier, that we are a good corporate citizen. We want to ICASA to rest assured that we will comply with whatever requirements are there in law. And we have, you know, we have every intention to do that. The, and really the point is and it's really just an appeal to ICASA to consider whether being the strict requirement that even in the era of DTT notwithstanding the fact that we understand the public service obligations that we will have if we get the license. Because we will be using still a national resource. Notwithstanding that. Whether it is appropriate for the regulator to be prescriptive or the context of what is required. Because somebody may else just want to put up a news channel only and therefore it doesn't make sense to require them to comply with drama, local content requirements. Just to point that out. Thanks Chair.

Chairperson: Thank you Kwese. I think it is very important to note that in as much as the applicants may want to apply based on what it is that they have researched on and they found that its desired by the market out there. But one must also bear in mind is the fact that when the authority looks at the applications, we look at the applications broadly represent what it is that we believe that the society at

large would be able to enjoy and consume. And I think news are one of those. But also, to amplify the fact that their position papers were very specific in as far as the genres that are concerned and news and current affairs is one those. And you may also be aware that in face your direct competitor ETV at one point did come to the authority for an amendment of its license, mainly because they wanted its news bulletin to be removed from their terms of license, terms and conditions. And based on the regulations, I mean based on the position paper the authority could not allow that. Mainly because we still have as an authority the mandate and the responsibility to share and ensure public interest and to ensure that there is broader and proper representativity across the entire platform of our incumbent licensees. So maybe just to say maybe whether its tongue in cheek or what, but to say the authority will not consider an exemption for news and current affairs. Thank you.

Mgqibelo Gasela: Chair thank you for that and again like we had indicated we will certainly take this point under advisement and will come back to the authority on this. Just to understand, just as a point of clarity. And it's a theoretical question that I am asking. If we had to, would it be permissible for us to, or is it a requirement to cover news in each channel or can we cover the news in one single channel? Just to contextualize the theoretical question. Is that in our Kwese focus which, you know is looking at, it may be possible to, which is an information based, information sharing, it may be possible to accommodate news and current affairs in that channel. Would that, if we are to do something like that, would that be considered ample?

Chairperson: We would not want to delve into that area. We believe it's a business call, a business decision that can be made by yourselves and then you can then present whatever model that you feel would be suitable to you for us for consideration. Fikile has a question?

Fikile Hlongwane: Thank you Chairperson. It is not related to programming at all. I just want to get your view in what I am about to say. ICASA has been by and large criticized for having licensed some operators to fail. And given this fact and should you be successful what strategies do you have in place to ensure that you will remain viable? Thank you. And first it is your view on what has been said out there to say we have licensed some operators to fail but coupled to that should you be successful, what strategies do you then have to ensure that you remember.

Mgqibelo Gasela: Chair with your permission I will answer this not on the basis of, I will give my personal view. Not necessarily the view of Kwese. If you permit me? And I will start by saying that my, you know, my view chair is that the role of ICASA is to regulate in the public interest. And it is to open the market, to enable operators to lay the foundations, lay the ground work for operators to operate. It certainly is not the role of the regulator to ensure licensees succeed

or fail. In any normal business environment, businesses fail, and some businesses succeed. And there are many factors you know that contribute to their failure or the success of the business and those should not be issues that are attributed to whether the regulator has listened entities or not. Having said that are however quite a number of things that relate to regulation. The fact of the matter is that regulation is never neutral. It is never neutral. It is either enabling or it is constraining. You know. And when regulation constrains there is a greater risk of market failure by many operators. However, when regulation enables again it is possible that some operators will fail, and some operators will succeed. But the burden of whether operators fail or succeed should never ever be borne by the regulator. Because businesses fail sometimes because of very bad management decisions or very bad business plans or whatever a number of reasons. So, my sense is that that criticism on ICASA that licenses people to fail is certainly misplaced. It should not be the role of ICASA to determine whether operators succeed or fail. Thank you.

Kwese male representative: Chair my colleague Robyn would to add. I wanted to say something, but I rather ask her to.

Robyn: Thanks. Purely on a practical level we as a company or as an entity, we have the partnerships that know will sustain us and build us. We carefully picked them. From a competency level we have gone across the industry and many of has worked across pay tv, free tv, across Africa, in Africa, in South Africa particularly. So, we really do feel that we got the competencies within our group. We got the supplier relationships, we have over years, and years over countless executives, who have worked over the rank and file in our group, we really got the supplier relationships that we have worked with, and we have good working environments with them. We got resource and skills which I have mentioned. And it is granular. It is not just from, I'm speaking from a contents side, but it is the management of the business and coupled to that is the fact that we are not going to talk about going to a little village in wherever and we are not going to say that that specific little incident or a something that has be highlighted there is not insignificant. But what we are saying is that we know the aunty in Polokwane who does not know anything about artificial intelligence, but she knows Archie Moroka. Right we know she watches Generations. We know that the viewers out there are watching something. So, from a programing side we have the skills and we have been in the industry long enough to know that we have to give people what they want to watch. Not just partnership that we like with outside entities. Sure, they can be very helpful, but we need to give people what they want to watch. What they want more of what they want to watch. We will also need a, we also know there is mandate that we have to build communities, that we must built infrastructure that we must do nation building. We realize that because we are South Africans and we have lived here for a while and we have worked in this

industry and finally we are business people as much as we take that mandate seriously. So that we want build a business that is sustainable, that once you license it you can look back at it and say that is amazing. That business has worked not in just reaching our mandate but in building an example of building a sustainable tv entity that has legs, that has flown over into the mobile space, into to the OTT space. So, just in summary I think we have the will, we have resources, we got the supplier relationships and we certainly wouldn't be here if we were already thinking of failing. And most importantly we know our customers and we are very engaged with our customers, our consumers to know that we are going to give them what they want.

Kwese male: Chair mindful of the fact that you are about to stop us saying that we are a little, way long passed 60 minutes, but.

[general discussion]

Kwese male representative: Chair on a serious note. I did not want to belabor the point. I think Mqibelo and Robyn have answered this, but I think it is still important to point out that like Mqibelo said that accusation is misplaced certainly. There is a tendency out there by players to underestimate the costs of running a broadcasting service and it is big. I am not going to get into details, but you know content costs, broadcasting technology costs and a whole lot of other you know dynamics that impact on the viability of the sector. You know there has been changes in viewing patterns by viewers. I can guarantee you the few people that would rush back home now purely because there is a particular show that is coming on at about time, simply because of the way the issue of multi platforms and content on demand being available. So, there is number of things that impact on the viability of a business and if management of that business does not take those kinds of things into account, then they are bound to experience problems. I do not think it is a correctly place criticism Chair.

Chairperson: Thank you very much. I hope that is not just a statement to entice authority or even to. But really do appreciate that because as you know the authority is always in the news for the wrong reasons and for misplaced, you know, accusations. But we really appreciate that input. Any more questions from Leah. Got a question? Busi is your hand up? Lufuno? O its Davis's. Let's give Leah because I am sure it's a follow up from the previous discussions and then we will handover back to Davis.

Leah Maina: Thank you Chair. It is a brief question. Just one of positioning. I think in your presentation you seem very clear that your direct competitors are ETV and SABC. Am I correct in making that presumption or do you also see yourself as being, as competing. Are you positioning yourself to compete also with pay tv and OTT services? Just to get a bit of clarity on that. Thank you.

Mgqibelo Gasela: Okay. Thanks Chair. What we have done is to point out the direct competitors. We certainly understand that we compete for viewing or for people's time with several other, all entertainment products. But what we are doing was to just drill down to the direct competitors. Thanks. Sorry on the OTT, I mean it included in this notion, but one of our partners is already involved in OTT and so one of the things that certainly in terms of this service we certainly want to leverage on those kinds of services and be available in that space too.

Davis Moshweunyane: Thank you Chair. I've got two direct technical questions Chair and I've also got one question that is more related to the discussion that we have been having. Chair the one that is not technical, its more directly related to the research. Notwithstanding the credibility of Geopole, notwithstanding the footprint that Kwese has already built. Chair, Kwese I just want to find out, with the research that you made taking into consideration the population size of South Africa, 1000 respondents to the survey that you have conducted do you foresee, do you see that as the adequate sample size that assisted you with your channel strategy and target market segmentation? Do you believe perhaps if the sample size could have been increased, perhaps your channel strategy could have changed and perhaps maybe more interest could have been indicated with regards to the local content? And then technical questions which are more direct and basically just need a yes or no answer. Are you aware that the channel capacity for mark threes, must be shared between free to air and the subscription licensee and the signal distributors? And then the last one is with regards to post analogue switch off that the [unclear] specification outlined on the ITA will change to annexure which [unclear] which is taking into consideration the seven mark plan? Thank you very much.

Chairperson: Thank you just before you or do you need clarification first? Because I was going to add onto the questions, he has asked you? Okay so we realised that you have, you going to be broadcasting the sports channel in HD and then the other three will be standard definition. What informed that choice and that variety? Beg your pardon the other four. Not three.

Kwese male representative: Okay Mgqibelo will deal with the question the Chair has just raised now. The answer to the two questions that you raised that are require a simple answer. The answer is yes. Yes. And Ntukwana will deal with the research.

Zolile Ntukwana: Thank you for the questions. With regard to sample size I just want to highlight that we did also encompass secondary data as part of our considerations. So, we used Census data from 2011 and the community survey from 2016, which is widely published. That's obviously on a much wider scale in the millions in terms of sample size. So, the primary research was 1000

sample based, which is deemed as a stable sample size in relation to the population of South Africa. It's deemed as reliable in terms of that, but the supplementary aspect of the research that we felt was necessary because its widely sampled is the census data and the community survey from 2016 and in addition we also used terms data to help corroborate the data that we had.

Mgqibelo Gasela: Just maybe to add on that. If you look at the representativity of that in terms of the error margin, it came in about 3%. With a 95% confidence level. So, and the idea was to get a sense of what people are looking at. If we certainly go forward, we will certainly as Ntukwana has said previously we would do other qualitative research to inform that. So, we certainly, we are confident that we wouldn't have gotten different results. Oh, I am supposed to answer the question on the sports. Ja. If we had the full marks Chair, we would have considered doing all HD. So, there is a consideration of the limitations of the capacity. The other considerations certainly related to the fact that sports content is available in HD in other platforms and we wanted to be able to give, you know, sport viewers a similar experience even on free to air.

Chairperson: Thank you very much. Davis are you covered?

Davis Moshweunyane: Can we just add madam?

Zolile Ntukwana: Okay I just wanted to quickly speak to our caller friend. We spoke to our third party that did the research for us which was Geopole and I would want to ask him for the margins that are deemed for a sample size to be stable and he just mentioned to us that 384 was representative of the South African sample, especially if you are not honing into specific LSMs as we didn't. we spoke to the whole population at large.

Chairperson: I beg your pardon? Please come again.

Zolile Ntukwana: The whole thing again?

Chairperson: The South African population. You say you sent -

Zolile Ntukwana: A sample size that is deemed as stable 384. So, we did 1000. Correct

Chairperson: So, you went overboard?

Zolile Ntukwana: We were well over.

Chairperson: Okay.

Zolile Ntukwana: We just needed that figure for reference.

Chairperson: Sorry mam we were intending to close. But there's that picture of yours of the map, the South African map, which then shows the various

percentages. Yes. So then in other words those various percentages then represent the 1000, the sample of a 1000 that you are speaking about?

Zolile Ntukwana: Correct. there was a heavy emphasis on Gauteng because of the populace of that region. But that is just to show how we split the survey across the country.

Chairperson: So, the percentages don't necessarily mean the demand for the service?

Zolile Ntukwana: Not at all.

Chairperson: It's the sample size?

Zolile Ntukwana: Correct.

Chairperson: Anymore questions? Aggie, Shedi, Kgomotso, Councilor, Leah? Fikile? Anymore questions? No more questions? Alright. Thank you very much Kwese. The 60 minutes end here. We really thank you for your cooperation and the clarity seeking questions were well answered. And we just want to thank you and thank the audience as well. I know the next question is what are the next steps? Can I please in that instance, I will ask my project leader, Fikile to then give us what the next steps are in terms of the process going forward. But this is the end of hearings. We've had four representations as you have seen. There will be a closing, but I am sure as stakeholders you want to know where to from here. So Fikile will then take us through that.

Fikile Hlongwane: Thank you Chairperson. I will allow Leah to add on in the event I leave out something from this point on and notwithstanding other issues which are internal. We are going to deliberate and make recommendations and we envisage to finalize this process by end of the financial year. I don't know if you want to say something. End of March 2019. Thank you.

Leah Maina: Yes, I think the in any event hasn't materialised. But as Fikile said, in terms of the process, she correctly says that committee will deliberate, we will obviously receive your responses within 7 working days. I think there is one applicant that we committed to sending questions for clarity on financials and we'll send those to that applicant. Latest Monday. But for everyone else for those who presented today, it will be 7 working days from today. That we'll be expecting your responses and for those who presented yesterday it will be 7 working days from yesterday. Once we receive all the information, we will then review the information and deliberate and make recommendations to council. At the point at which we, after which once council has taken decision, we will communicate with the applicants first and then obviously make a statement, a public statement to the effect that we have made, we have taken a decision. Whether that decision is to, that we awarded a person that we have not found anyone to be suitable. It could go either way. But yes, we

will then communicate that decision has been taken and reasons for the decision of the authority will be published for, within 90 working days. Within 90 days sorry as per pager. So, I think that in a nutshell the process and as Fikile said the decision would be taken on or before the 31 March 2019. Thank you.

Chairperson: Thank you. I'm not opening this session for questions. As the Chair I am really on that one. But basically, ladies and gentlemen that is how it is. So, we really as we said thank all the presenters from yesterday up until today for the cooperation, the collaboration and even my panel. I think that they done a very good job and I just want to thank everybody for your participation. On that note I will give Kwese to make their closing remarks and then we will declare the meeting closed. Thank you.

Mgqibelo Gasela: Thank you very much Chairperson. On behalf of the Kwese team I would like to take this opportunity to thank the ICASA and the panel for the robust debate we have had in these two days and the engagement. And, for hosting us and the lovely food we have had. Thank you very much. We certainly look forward to this. We are eagerly waiting, anticipating this process. We are very grateful for the time and we would like to beg your indulgence for the last time that as we close, we close with a video of what we have done with the welcome. Thank you.