



FILM AND PUBLICATION BOARD

ANNUAL REPORT

17/18



Film and Publication Board™

We inform. You choose.



**WE INFORM
YOU CHOOSE**



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GENERAL INFORMATION

SECTION 1





PUBLIC ENTITY GENERAL INFORMATION

Registered Name:	Film and Publication Board
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Contact Details:

Head Office:	420 Witch Hazel Avenue Eco Glades 2 Eco Park Centurion 0157 Tel: 012 003 1400 Fax: 012 661 0074
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Cape Town:	9 Long Street 3rd floor Cnr Riebeek and Long street Cape Town Tel: 021 418 3083 Fax: 021 461 8126
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Durban:	4 Silver Oaks 36 Silverton Road Durban Tel: 031 201 2158 Fax: 031 261 7130
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Email:	clientsupport@fpb.org.za
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Website:	www.fpb.org.za
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External Auditors:	Auditor-General of South Africa (GRAP)
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Internal Auditors:	Audit and Risk Management Services
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Bankers' Information:	Absa
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Council Secretary:	Mr T Mokutu
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LIST OF ABBREVIATIONS

AGSA	Auditor-General of South Africa
AGM	Annual General Meeting
APP	Annual Performance Plan
ACEO	Acting Chief Executive Officer
AVE	Advertising value equivalent
CPU	Child Protection Unit
CWU	Communications Workers Union
CSAM	Child Sexual Abuse Material
DIFF	Durban International Film Festival
DTT	Digital Terrestrial Television
DoC	Department of Communications
ECPAT	End Child Prostitution and Trafficking
ERMS	Electronic Report Management System
FCS	Family violence, Child protection and Sexual Offences Unit
FPGs	Films, Publications and Games
FPB	Film and Publication Board
GRAP	Generally Recognised Accounting Practice
HR	Human Resource
INHOPE	International Association of Internet Hotlines
IARC	International Apps Rating Coalition
ICT	Information and Communications Technology
KM	Knowledge Management
KING III	King Code of Corporate Governance
LGBTQI	Lesbian, Gay, Bisexual, Transgender Queer and Intersex
MMA	Media Monitoring Africa
MTEF	Medium-Term Expenditure Framework
OCR	Online Content Regulation System
ORP	Online Regulation Policy
PFMA	Public Finance Management Act
SADC	South African Development Community
SAPS	South African Police Service
SARS	South African Revenue Service
SCM	Supply Chain Management
SID	Safer Internet Day
VAT	Value Added Tax
VOD	Video on Demand
S/VOD	Subscription Video on Demand



PERFORMANCE INFORMATION

SECTION 2



STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY

FOR THE YEAR ENDED 31 MARCH 2018

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the annual report are consistent with the Annual Financial Statements audited by the Auditor-General.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements ([Section 6](#)) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) standards applicable to the public entity.

The Accounting Authority is responsible for the presentation of the financial statements and for the judgments made in this information.

The Accounting Authority is responsible for establishing and implementing a system of internal control that has been recognised to provide reasonable assurance as to the integrity and reliability of the performance information, the human resource information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2018.

Yours faithfully



Acting Chief Executive Officer
Mr Sandile Nene

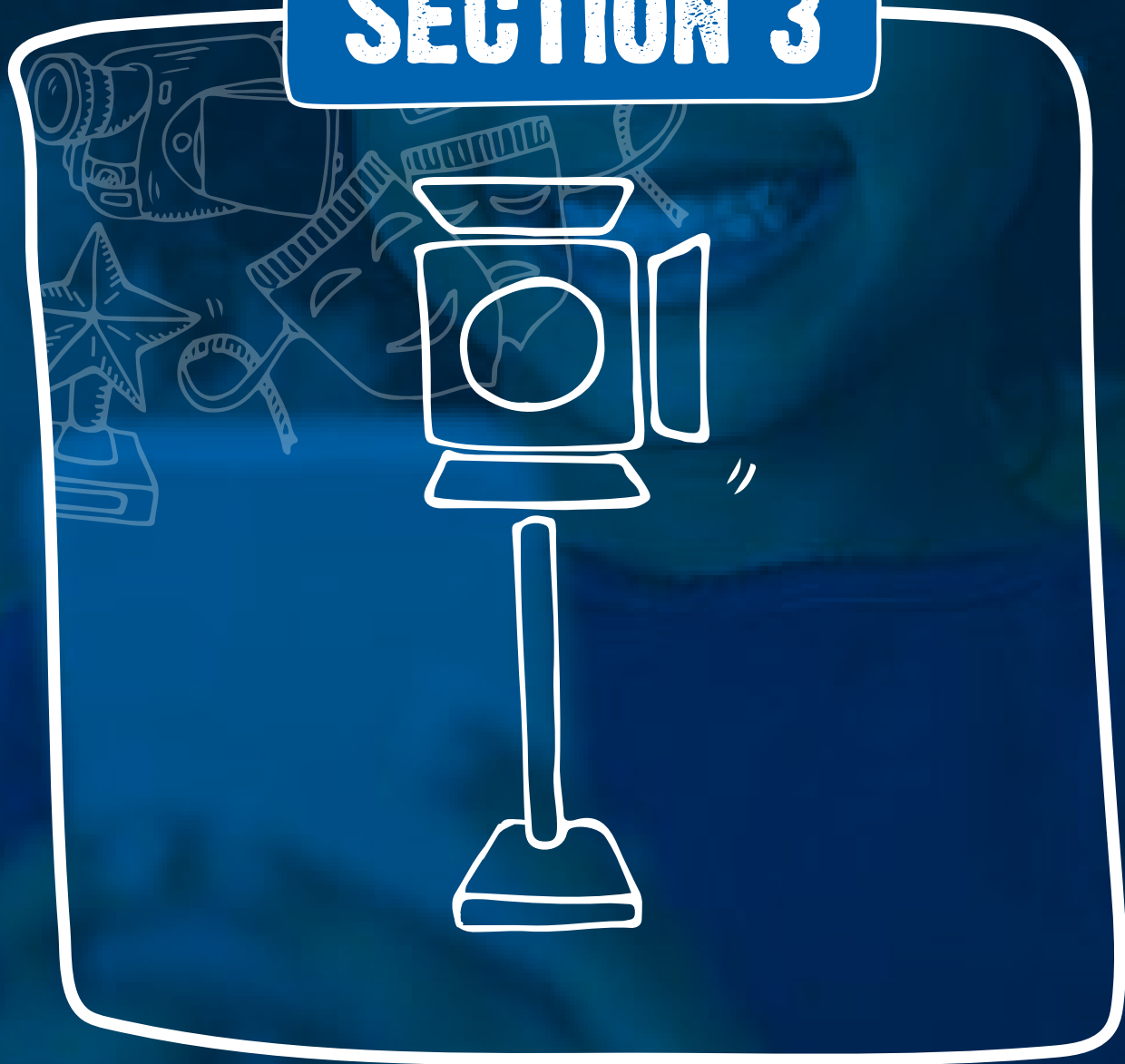


Council Chairperson
Mrs Thoko Mpumlwana



STRATEGIC OVERVIEW

SECTION 3



STRATEGIC OVERVIEW

FPB Mandate

Derived from the Films and Publications Act 65 of 1996 as amended in 2004 and 2009, the FPB is mandated to regulate: (1) the creation, production, possession and distribution of certain publications and certain films by means of classification; (2) the imposition of age restrictions and giving consumer advice; and (3) make exploitative use of children in pornographic publications, films, or on the internet punishable. Therefore, the mandate of the FPB can be summarised as follows:

- (i) Regulate the creation, production, possession and distribution of films, games and certain publications by way of classification,
- (ii) Protect children from exposure to disturbing and harmful material and from premature exposure to adult material,
- (iii) Render the use of children in and exposure of children to pornography a punishable offence.

Vision

“A leading and credible content regulator”.

Mission

“Ensure effective child protection, empowerment of consumers and a contribution to the economic growth of the industry through regulation of media content”.

Key priorities for the next five years

The FPB Council endorsed the following key priorities as strategic priorities to influence the application of the strategy;

- a) Technology-driven content classification.
- b) Consumer education (empower adults and protect children).
- c) Legislative review (platform neutral legislative regime).
- d) Local and international partnerships (to ensure better regulation of the web).
- e) Research, compliance monitoring and monitoring and evaluation to inform future priorities.
- f) Funding and resource mobilisation.
- g) Integrate informal business into formal business.

Principles central to FPB Regulations

- a) Protection of children from early exposure to adult material and use in child pornography productions – child pornography punishable by law.
- b) Provide consumer advice on media content – ‘We Inform, You Choose’.
- c) Provide designated areas for distribution of adult material (pornography).



Values

The FPB embraces the Batho Pele (People First) principles of government as the core values of the organisation that are to be observed at all times and demonstrated by all employees in all its engagements with both internal and external stakeholders. The above



principles are key determinants that are meant to enable effectiveness. The strategy will promote the following values:

- a) Accountability
- b) Human Dignity
- c) Social Justice
- d) Integrity
- e) Transparency
- f) Professionalism.

Legislative and other mandates

Constitutional mandates

The FPB does not have a direct constitutional mandate as the FPB is a classification body, a regulator and a quasi-judicial body, because it licenses, regulates, adjudicates and issues sanctions.

However, the FPB carries out its work with due regard for the rights contained in the Constitution of the Republic of South Africa, which recognises and protects the rights of every citizen, thereby ensuring an open and democratic society.

Of particular importance are sections 16, 28, 32 and 36 of the Constitution of the Republic of South Africa and Act No 108 of 1996, which stipulate that everyone has the right to freedom of expression. This includes freedom of the press and other media, artistic creativity and the freedom to receive or impart information or ideas, the right to have access to information, the right to human dignity and the right to freedom of choice.

Section 16 of the Constitution contains limitations to the right to freedom of speech, namely: propaganda for war; incitement of imminent violence; or advocacy of hatred that is based on race, ethnicity, gender or religion, and that constitutes incitement to cause harm.

These limitations can be found in numerous pieces of legislation issued since 1994, notably in the Equality Act and, more specifically, the Films and Publications Act 16 of 1996 as amended.

Section 28 of the Constitution guarantees that every child will be protected from any degradation, abuse, exposure to harmful materials or exposure to child pornography and that the child's best interests are of paramount importance in every matter concerning the child.

Moreover, the FPB's work is aligned to Outcome 14 of the National Development Plan, which seeks to achieve social cohesion and nation building. As a suboutcome, fostering constitutional values forms part of what the FPB does in schools with its key messaging regarding cyber safety, which outlines the right to privacy and integrity.

Legislative mandates

It is important to locate the role of the Film and Publication Board, as mandated through the Films and Publications Act of 1996 (as amended), in the context of a raft of legislation that is relevant and related to the business of the FPB. This section outlines the following pieces of legislation that form part of the FPB's mandate.

- Constitution of the Republic of South Africa
- Child Justice Act 75 of 2008
- Criminal Law (Sexual Offences and Related Matters) Amendment Act 32 of 2007 (for example sections 10 and 19 of the Criminal Law Act of 2008 and Section 15 of the Child Justice Act of 2008).

The Protection of Personal Information Act proclaims that the right to privacy includes a right to protection against the unlawful collection, retention, dissemination and use of personal information (POPI Act 4 of 2013).

This Act has implications for the increasing incidences of online abuse, such as the so-called revenge porn, the distribution of explicit images of people without their consent and the distribution of cyber-bullying content – all of which manifest in multi-layered victimisation.

Taking action against such abuse is within the mandate of the FPB. The Electronic Communications Act of 2005 as amended regulates electronic media, particularly in the milieu of media convergence. The Prevention and Combating of Trafficking in Persons Act, 2013 pronounces on the recruitment and exploitation of children in sex trafficking and in the production of pornography.

In pursuing its strategic vision, the FPB will be guided by these laws, while upholding the values of our constitution.

As a credible content classifier, the FPB is responsible for executing activities and initiatives aimed at successfully monitoring the creation, production, distribution and



possession of legal adult entertainment, through the classification of the content of films, publications and interactive games. To ensure the objectives of the Act are carried out successfully, the FPB is responsible for developing policies, procedures and processes.

In its pursuit of key outcomes and objectives, the FPB is further tasked with the protection of children and the empowerment of adults against exploitative and harmful material, and it thus plays a key leadership role in implementing anti-child pornography campaigns. The organisation operates in an environment that is largely influenced by rapid technological innovations in media communication channels and a proliferation of a variety of media platforms.

One of the FPB's challenges is occasioned by noncompliance and limitations on the technology platforms, for which the content is regulated or due for regulation. A key programme of this strategy is the legislative review process, which will ultimately lead to an enhanced legislative framework for the organisation. The legislative review will focus on empowering the FPB to institute penalties in the event of non-compliance. Further, it will ensure that the legislation and technology are neutral in ensuring that the legislation remains relevant, despite changes in technology.

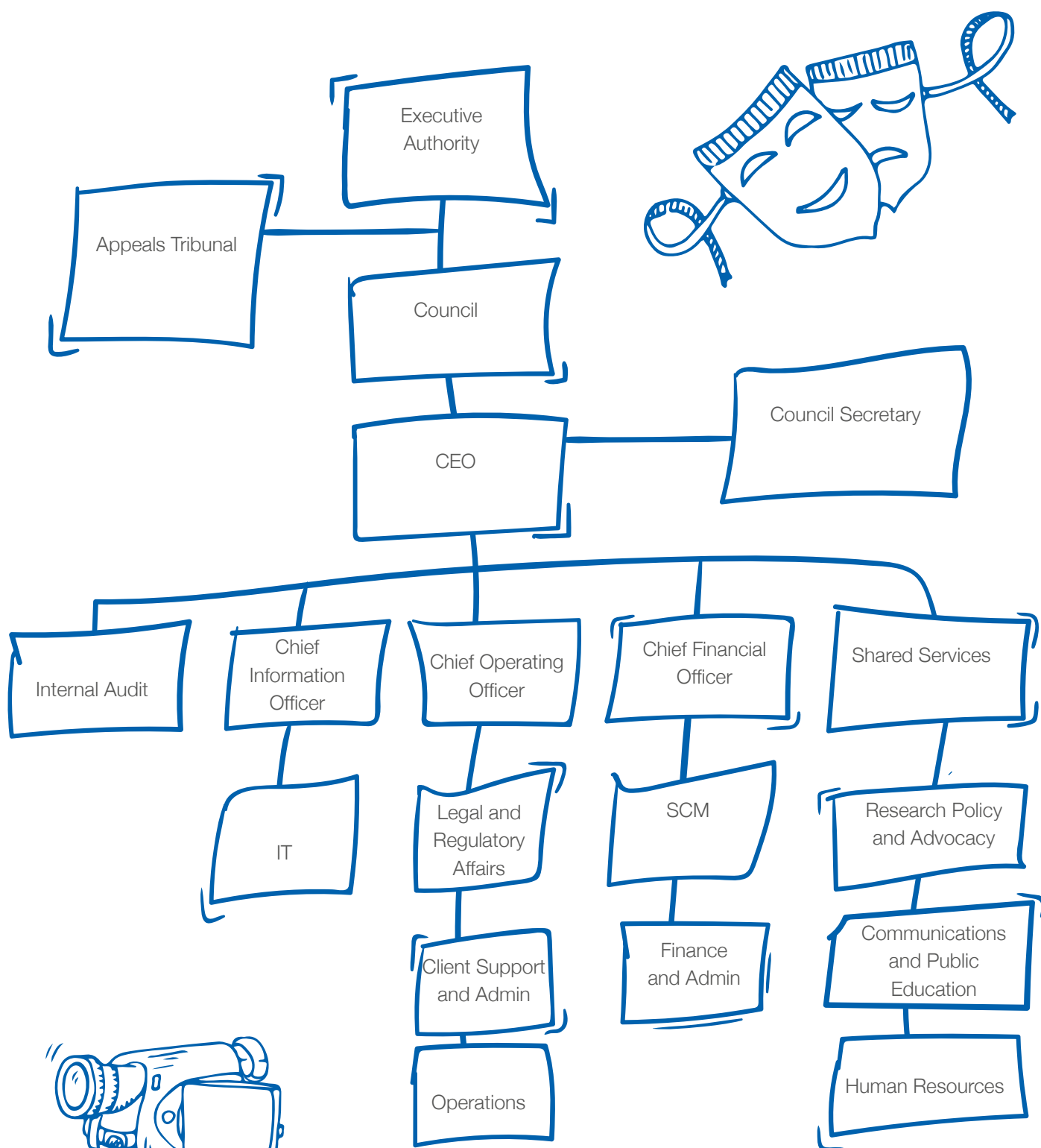
Policy mandates

There is no policy mandate, as the FPB is an implementing entity for the Department of Communication (DoC).

The FPB's work seeks to achieve social cohesion and nation building. As a sub-outcome, fostering constitutional values forms part of what the FPB does in schools with its key messaging regarding cyber safety, which outlines the right to privacy and integrity.



ORGANISATIONAL ENVIRONMENT



MINISTER'S FOREWORD



The children of any nation are its future. A country, a movement, a person that does not value its youth and children does not deserve its future.

The Film and Publication Board (FPB) is a statutory body established in terms of the Films and Publications Act of 1996, as amended. The Board is entrusted with the regulation of production, creation and distribution of films, games and certain publications through classification. In terms of the Act, the FPB's mandate is fundamentally to protect children. It is for that reason that all media and entertainment content is classified for

age-appropriateness. This, in turn, provides parents, caregivers and children in their care with sufficient knowledge to make informed viewing, gaming and reading choices.

At the heart of the FPB's mandate is the imperative to foster national social cohesion in terms of the National Development Plan (NDP) 2030, and to align the



distribution of content across all platforms with the norms and standards of South African society. This deliberate focus on children is aimed primarily at empowering them and ensuring that they are not prematurely exposed to adult experiences, violence and other socially inappropriate media content. Most importantly, the Act makes the exposure of children to, and their use in, pornography unlawful and criminally punishable. In this case, the definition of commercial sexual exploitation of children in the Children's Act of 2005, is instructive. The Act defines commercial sexual exploitation of a child as "procurement of a child to perform sexual activities for financial or other reward, including acts of prostitution or pornography, regardless of who receives such a reward, or trafficking of a child for use in sexual activities, pornography or prostitution". It is noteworthy that any person who allows such commercial sexual exploitation of a child on his or her property, or anywhere else, is equally guilty of that crime.

This report provides an overview of the activities of the FPB over the 2017/2018 financial year, and reflects the work undertaken by the FPB in dispatching its child protection and content classification mandate.

The Council of the FPB was fully constituted during the reporting period, and has complied with all its statutory obligations, which included the timeous submission of quarterly performance information and financial reports to the Executive Authority and Parliament. The FPB has supported the Ministry in its community outreach programmes, which include Digital Terrestrial Television (DTT) awareness and rollout.

The Appeal Tribunal is fully constituted and has been able to perform its duties as mandated by the Act. I have been informed that in the reporting period, the Tribunal heard only four appeals against classification decisions issued by the FPB. In the bigger scheme of things, this shows that, as a society, we are maturing and have a better understanding of a regulatory body such as the FPB. This is testament to the united efforts of all stakeholders, including government, the legislature and the broader civil society in ensuring that we collectively protect our children, who represent the future of our great democracy.

On 6 March 2018, the National Assembly finally adopted the Films and Publications Amendment Bill, which has now been referred to the National Council of Provinces

for further processing. This is a huge milestone that must be celebrated, given how far the process has come. In addition, the Online Regulation Policy is receiving attention, and will most likely be finalised once the Bill is approved and signed into law.

Statistics SA 2016 General Household Survey reported that only 3.5% of households across the country do not have access to either landlines or cellular phones. Most of those were in the Northern Cape (9.7%) and the Eastern Cape (6.9%). The same report notes that 59.3% of households had at least one person with internet access, and that 87% of households exclusively used cell phones.

An internet study by World Wide Worx, conducted in July 2016, found that 21 million South Africans were using the internet, and that the majority were accessing the internet using mobile devices. This has marked an increase of about 7% since 2012, thereby increasing the amount of content distributed and consumed online. The number was projected to reach 22.5 million by the end of 2017.

If anything, these developments place children at an even greater risk of being lured into dark and dangerous pursuits by unscrupulous sexual predators, who use the internet as their hunting ground. Through the internet, a number of children are abducted for use in the illicit sex-trade industry which, unfortunately, takes place across borders. This, therefore, calls for parents and caregivers to exercise extra vigilance and monitor the online activities of their children and those in their care.

This year marks the centenary celebration of the birth of our former president and struggle icon, the father of our democratic nation, Dr Nelson Rolihlahla Mandela, as well as that of Mama Nontsikelelo Albertina Sisulu, one of the most dedicated heroines of our liberation struggle. I, therefore, urge each member of our society, regardless of colour, creed, political or religious pursuit, to dedicate time to doing acts of kindness as part of celebrating the legacy of these giants.

I am satisfied that, despite the challenges faced by the organisation during the reporting period (including the departure of the entire Executive Management team), the entity was able to focus on its core business, which is evident in its achievement of 80% of its annual performance milestones.



Given the recent trend of all media content being mainly transmitted online, the FPB needs to invest more in its IT infrastructure to ensure that it continues to be an effective regulator. In October 2016, the Department of Telecommunications and Postal Services, supported by the Department of Communications, released a White Paper on National Integrated ICT Policy for public comment. Work in this regard is still ongoing.

In November 2017, the Department of Science and Technology released a White Paper on Science, Technology and Innovation. The White Paper sets the long-term policy direction for the South African government to ensure a growing role for science, technology and innovation (STI) in a more prosperous and inclusive society. It focuses on using STI to accelerate inclusive economic growth, make the economy more competitive and improve people's everyday lives. It aims to help South Africa benefit from global developments such as rapid technological advancements and geopolitical and demographic shifts. Finally, the Electronic Communications Act of 2005 is currently under review, with the objective of strengthening national policy and legislation regulating ICT in general and access to information and communication in particular. The above pieces of legislation and policy documents are but some of the key initiatives undertaken by our government to ensure that developments in, and the use of, information and communications technology, with all its promised benefits, are properly regulated and geared for the advancement of our country's socio-economic developmental priorities.

The Department will continue to avail resources within its means to ensure that the FPB's public service function is effectively performed.

Let me conclude by quoting one of the leading stalwarts in the fight for democracy in our country, Oliver Reginald Tambo, when he said of children: "The children of any nation are its future. A country, a movement, a person that does not value its youth and children does not deserve its future."

I would like to thank the Chairperson and the members of the Council for their commitment, resilience, stewardship and leadership in ensuring that the FPB continues to fulfil its mandate. Let me thank the staff and management for having kept their eyes on the ball, thus ensuring that the FPB's mandate is delivered in a challenging environment.

Finally, let me thank the Portfolio Committee on Communications for its continued support and persistence in ensuring compliance with the principles of good governance not only by the FPB, but by all DoC entities at all times. On our part with the Deputy Minister, we will continue to hold the Council accountable to its statutory obligations, and for sound financial management.

Thank you



Ms Nomvula Mokonyane (MP)

Minister of Communications





DEPUTY MINISTER'S FOREWORD



Let us get to work and safeguard a brighter future for our children and young people. We owe them that much.

The Film and Publication Board (FPB) is a statutory body established in terms of the Films and Publications Act, Act 65 of 1996, as amended, to regulate media content and protect children through classification of films, games and certain publications. Such classification serves as consumer advice to parents, caregivers and children in their care, to empower them to make informed viewing, gaming and reading choices.

The FPB's mandate falls within Outcome 14 of the NDP 2030, which talks to nation building and social cohesion. Its mandate is derived directly from

Section 28 of the South African Constitution, which provides, among others, that "every child has a right to be protected from maltreatment, neglect, abuse or degradation, as well as exploitative labour practices". Section 28 provides that children should not be required or permitted to perform work that is inappropriate for their age or places their wellbeing at risk. Finally, it states that the child's best interests are paramount in all matters affecting them [Subsection (2)]. This, therefore, calls on all of us as a society to vigilantly protect the interests of our most precious assets, our children.



The NDP's vision is that by 2030, South Africans will have universal early childhood education, high-quality schooling, further education and training. Outcome 1 of the NDP emphasises basic education, comprising Early Childhood Development (ECD) and school education as the bedrock of the education system. The NDP advocates training and education of the highest quality, characterised by significantly improved learning outcomes, as education is instrumental in ensuring that all individuals have equal access to life's opportunities.

Therefore, all of us, black or white, young or old and regardless of our ideological and political preferences have an obligation to unite our efforts in ensuring that we afford our children the most effective protection. In line with the NDP, we have an obligation to infuse education in the daily lives of our children. It is in this context that the FPB has an extensive public outreach, education and awareness programme spanning the whole country. We will be failing as a democracy if we neglect ECD and education in general. However, in pursuance of this noble developmental goal, our government has already allocated significant resources to ECD and education. This is manifest in generous funding for the primary education phase through no-fee schools and the extended school feeding scheme programme. The FPB is, thus, a vital cog in the national movement to ensure that our children are protected as best we can.

When armed with knowledge, our children are empowered to make wise decisions, which in certain instances, can be life-saving. I find the following Nigerian proverb very useful in illustrating this point: "Home is where life is found in all its fullness". In short, this means that, since the FPB cannot be in every corner of our country, or indeed in every household, parents and caregivers bear the primary responsibility of ensuring that children are exposed to good teachings. This is further illustrated by the following African proverb: "A child is a parable of the life of a parent".

Therefore, in line with the imperatives of our much-revered Constitution, I implore all of you, fellow South Africans, to ensure that the most basic education and the teaching of values that should take place in our homes, do indeed take place. Let us empower our children to become mature, responsible and productive adult citizens as envisaged by the NDP, Vision 2030.

Our children live in a world littered with all kinds of evil creatures, including those whose sole mission is to inflict pain and the cruellest forms of violence on innocent children. It is our collective duty as a nation, therefore, to say "not in my name".

I am pleased to note that in the reporting period, the FPB has achieved no less than 80% of its annual targets, but was able to spend just over 93% of its allocated budget.

Partnerships remain critical to the government and all public entities delivering on their respective mandates. Let us, therefore, form lasting and meaningful partnerships in assisting the FPB to achieve its mandate. I would like to call upon scholars and research institutions to allocate more resources to the study of the ills afflicting the most vulnerable members of our society, as well as explore possible solutions.

As the Ministry, we will continue to support and guide the FPB in attaining its goals and ensuring that its reach is broadened to even the most rural of our communities. Parents, educators, civil society, the religious sector and industry all have an important role to play in this regard.

Let us get to work and safeguard a brighter future for our children and young people. We owe them that much.

I would like to thank the Chairperson and the members of the Council for their commitment and focus in providing leadership to this important entity, thus ensuring that our people receive the services they expect from a caring state such as ours. I would like to thank all the FPB staff and all stakeholders who contribute to the work of the FPB.

Here's to another fruitful and service-oriented year, underpinned by the principles of Batho Pele.

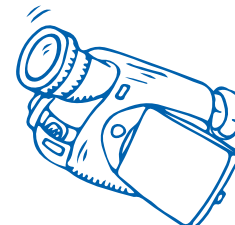
Thank you



Ms Pinky Kekana (MP)

Deputy Minister of Communications





MEMBERS OF THE COUNCIL



Ms Thoko Mpumlwana
Council Chairperson



Ms Sarah Mangena
Deputy Council Chairperson



Ms Yoliswa Makhasi
Council Member



**Adv
Anderson Mudunungu**
Council Member



Ms Nobuntu Dubazana
Council Member



Mr Matone Ditlhake
Council Member



Dr Natalie Skeepers
Council Member



**Adv
Lufuno Nevondwe**
Council Member



Ms Nomvuyo Mhlakaza
Council Member



EXECUTIVE COMMITTEE



Mr Sandile Nene

Acting Chief Executive Officer



Mr Vuledzani Matidza

Acting Chief Financial Officer



Ms Abongile Mashele

Acting Chief Operations
Officer



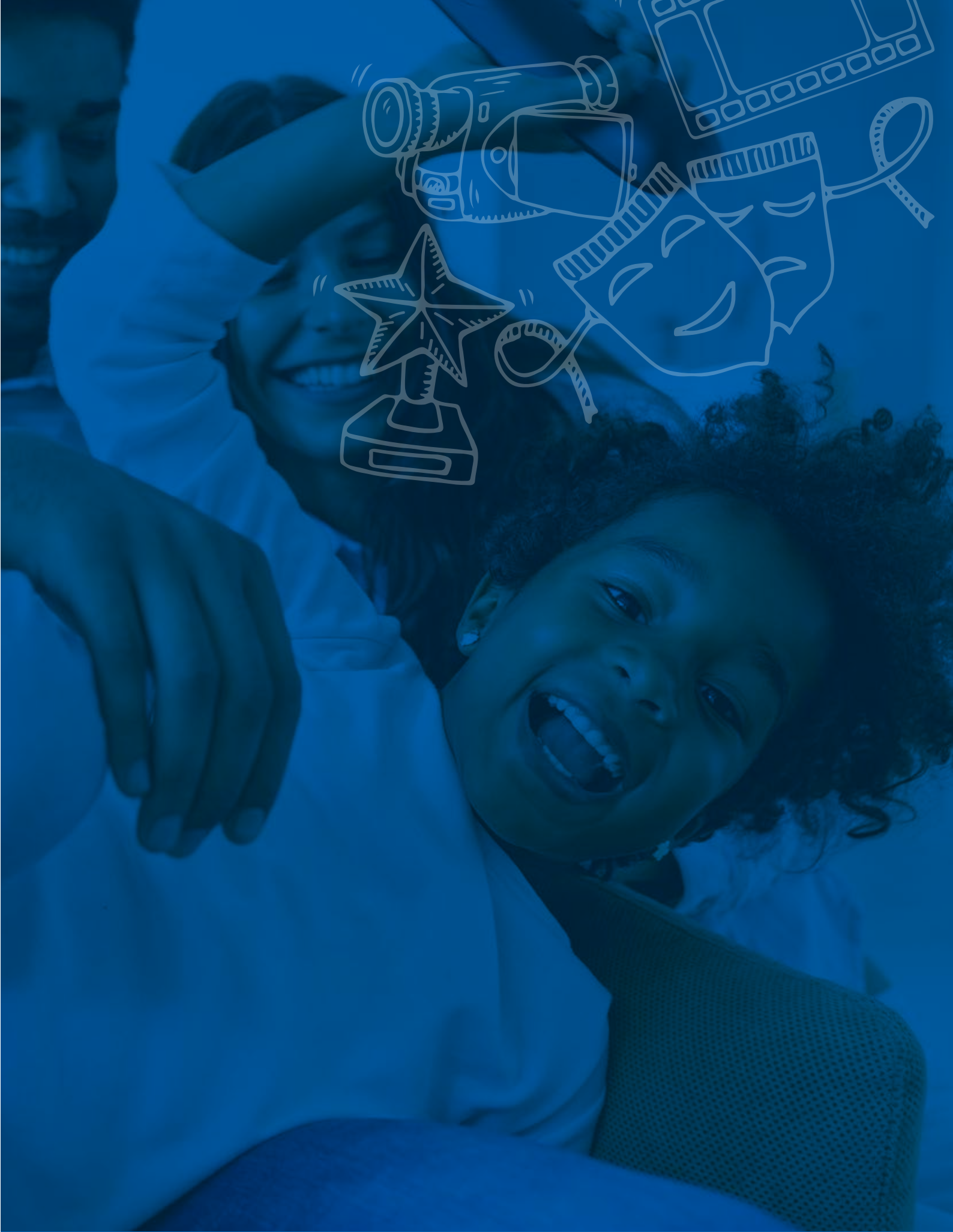
Mr Khensani Khoza

Acting Chief Information
Officer



Mr Tlale Mokutu

Council Secretary



CHAIRPERSON'S FOREWORD



Our mandate entails classification, provision of consumer advice and compliance monitoring, and through these, we seek to provide full information to parents and caregivers, so that they can adequately protect children in their care.

Introduction

Three years ago, the FPB embarked on a process to review and propose amendments to its founding legislation. The Films and Publications Amendment Bill was adopted by the National Assembly in March 2018, and has since been referred to the National Council of Provinces (NCOP) for further processing. At this stage, we are waiting for the NCOP process, and we hope that the Bill will be finalised during the 2018/2019 financial

year. The new, amended legislation will add much-desired impetus to our focus on regulating content distributed through the internet and other online platforms.

Mobile phones have become a popular and prevalent form of voice and data communications among many sectors of the population in South Africa, especially for use in informal business. Cell phones are, in fact, taking the place of computer internet access and, as recent reports show, more than 75% of South Africans own or

have access to cell phones and other mobile devices. Statistics reveal that South Africa has one of the largest telecommunications markets on the African continent. A 2013 study by Imagi-social, an online research platform, shows that over 60% of cell phone owners regularly use cell phones to access the internet, and that over 75% of informal businesses use social media. They estimate that there are more active users of the mobile internet in South Africa than there are traditional internet users. The study ranked South Africa as the fifth-highest mobile data-using market, behind Russia in the first spot, and followed by the USA in the seventh.

According to a survey by parenting site, Netmums.com, the average age at which children start to use the internet is three, and most children spend twice as long online as their parents think they do. The study has found that many children view self-harm, violent pornography, animal cruelty and eating disorder websites and that more than a quarter admit they pretend to be older to access certain sites. The study has found that many children are spending so much time online that one in three now struggles with offline activities that require concentration, such as reading a book. Although two thirds of the children surveyed said they had had a negative experience online, only 22% of parents realised this. This proves that parents are rarely aware of their children's internet activity.

It is a known fact in our society that children are regularly exposed to inappropriate online behaviour such as cyber-bullying, child abuse images, identity theft and cyber-racism. There are sexual predators who lure children online using false personal profiles. This often leads to children being abducted and exposed to all sorts of nefarious activities, including slavery, pornography and prostitution, if not callously killed. Inadequate parental supervision therefore, contributes to the vulnerability of children.

The FPB is a strategic partner in the battle to minimise the exposure of children to harmful media and entertainment content. For that we need the cooperation of all sectors of our society, including parents, educators, and law enforcement agencies. It should be noted that, given the enormity of the task at hand, FPB simply does not have resources to go it alone. We cannot reach every corner of our vast country, or indeed be in every household. It is in this context that we call on the legislature to strengthen the punishment regime for

crimes perpetrated against children. In the same vein, we call on industry and internet service providers to implement filters and blocking mechanisms to prevent children from being exposed to inappropriate content.

As the FPB, we are fully aware of the need for, and importance of, partnerships in implementing our mandate. We, therefore, continue to reach out to all relevant entities who share our objectives. We engage robustly with government departments to extend our reach and make a meaningful impact in society.

We are called upon to strike a balance between conflicting constitutional rights, which include the rights of children contained in Section 28 of the Constitution on the one hand, against the broader socio-economic, commercial and artistic rights on the other.

Former State President, Dr Nelson Mandela, at the launch of the Nelson Mandela Children's Fund, in May 1995, aptly summed up the need for cooperation in protecting children and young persons, when he said: "We come from a past in which the lives of our children were assaulted and devastated in countless ways. It would be no exaggeration to speak of a national abuse of a generation by a society which it should have been able to trust." He proceeded to state: "As we set about building a new South Africa, one of our highest priorities must therefore be our children. This is essentially a national task. The primary responsibility is that of government, institutions and organised sectors of civil society. But at the same time, we are all of us, as individuals, called upon to give direction and impetus to the changes that must come."

We will all do well to heed the statesman's wise counsel in our endeavour to build a better, safer and more secure society where our children have an opportunity to reach their full potential.

Political mandate and reporting

The FPB reports to the Minister of Communications as its Executive Authority, as well as Parliament as the ultimate oversight body. In the reporting period, we shared platforms with the Ministry and Department of Communications (DoC) in joint community outreach, awareness and Imbizo campaigns across the country. These involved all other entities reporting to the Minister.



Key activities for 2017/2018

Phase one of the Online Content Regulation system was fully implemented and the rollout of phase two had commenced. Through this we had created a seamless and quicker process of distributor registration and content classification submissions.

We have managed to register and license no fewer than six online content distributors, two more than in the previous financial year. Engagements are ongoing to bring even more distributors on board.

FPB has remained the only member of the International Association of Internet Hotlines (INHOPE) on the continent. Through this membership, we are able to get undesirable, inappropriate and offensive online content taken down. FPB had a seat on the INHOPE Board until the end of August 2017.

In the reporting period, we launched a public consultation process on the revised draft tariffs, which will form the basis of our new funding model.

The one-year certificate course in classification launched in conjunction with the University of South Africa (UNISA) has received satisfactory support, with our counterparts in Kenya showing an interest in enrolling their classifiers.

As stated above, the Amendment Bill has been adopted by the National Assembly and is currently before the NCOP. The Council is still fully constituted and continues to dispatch its mandate in accordance with the dictates of the Act.

The Appeal Tribunal is fully constituted and this year, the Appeal Tribunal received and adjudicated over four appeals, a slight increase on the average of two appeals per annum over the last two years.

The only blight on the organisation for the reporting period is the fact that we lost our entire Executive Management team during the 2017/2018 financial year.

However, due to the resilience of staff and the stewardship of Council, I am happy to report that we achieved almost 90% of our overall annual targets.

Conclusion

In conclusion, I would like to state that even though we have had more than one Minister during the financial year, our accountability instruments remained robust, and there was no interruption of service delivery. On the contrary, the transition in the Department was smooth and Council is satisfied with the level of support it has continued to receive.

We remain focused on the task at hand and we believe we still have a lot to contribute in shaping the necessary societal awareness about the benefits and potential dangers of the internet and access to online services. Finally, we will complete the tariff review process and ensure that all stakeholders are taken on board as we build a better society underpinned by the key principles included in both the Constitution and the NDP.

At this stage, I would like to thank Council, the Minister, Appeal Tribunal, staff and management of the FPB, for ongoing dedication and support for all the initiatives put in place to fully achieve our mandate.



Mrs NF Thoko Mpumlwana

Council Chairperson



CEO'S FOREWORD



Media engagement has improved considerably and we have created dialogue on our social media platforms through numerous campaigns.

The level of public interest and conversation that the 'Inxeba' appeal garnered has shown to South Africans that the process of classification is a complex system that has to reflect broad societal norms and values. The FPB must contribute to social cohesion in South Africa without unreasonably or unjustifiably limiting other rights. Classification includes examining content against the purpose, guiding principles and classifiable elements of the classification guideline, yet proportionally balancing rights enshrined in the Constitution, other Acts and legal prescripts.

The 'Inxeba' (The Wound) appeal proved an interesting case study for the FPB in its efforts to contribute to cohesion in contemporary society. The appeal was a rare occurrence in that it was submitted not by the distributor, but by the public. Our last deliberations on public appeals were in 2012, on the painting entitled The Spear, and in 2014, in the matter of CONDEFSA on the website www.ulwaluko.co.za.

The 16 LS classification decision given by the FPB for 'Inxeba' – The Wound was overturned by the



Appeal Tribunal, which assigned an X18 restrictive distribution category. The Appeal Tribunal decision was opposed by the distributor in the Northern Gauteng High Court. Prior to the set-down date for the heads of argument, all parties settled for an 18 age-restriction to allow for the film to be screened and sold in registered premises. Judgment was made by Judge Raulinga, overturning the decision of the Appeal Tribunal. The judge overturned the decision based on the contravention by the Appeal Tribunal of the key principles of the Protection of Administrative Justice Act. The judge ruled that the process undertaken by the Tribunal to be null and void and the original decision by the FPB of 16 LS now stands. The judgment, and the entire process, has provided many lessons for the FPB. It has made it apparent that the mandate to classify in line with societal values and norms is a complex matter in a diverse society such as ours.

The Spear, 'Ulwaluko' and 'Inxeba' were significant challenges to the FPB in its efforts to create social cohesion in a country that is still deeply divided across racial, cultural and socio-economic class divisions. Furthermore, these works create a debate on the proportional balancing of rights against the purpose of the classification guidelines that must balance classification of content with the rights to freedom of expression, access to information, equality and human dignity.

OVERVIEW OF PERFORMANCE

Classification Guidelines Review

It is for this reason that classification guidelines are continuously reviewed to assess their alignment to societal norms and standards. The current classification guidelines were last reviewed in 2012, with partial additions in October 2014. Historically, the guidelines were reviewed every two years, but the FPB Council changed this to every five years as it felt that two years is too short a period to enable the organisation to test and assess shifts in societal norms and standards.

The review of the guidelines started in the 2017/2018 financial year with a discussion paper launched in

Gauteng, followed by public consultations in all nine provinces. The discussion paper launched in February provided an opportunity for the FPB to illustrate research that has been conducted on the impact of media material on children, public perception surveys (convergence surveys), as well as classification and film distribution trends. The discussion document has raised some pertinent questions, which we used to canvass public input. These have ranged from the suitability of the FPB age rating and the psychological development of children, to how we should consider cultural rights in future. Stakeholder inputs will inform the revision, after which public consultations will be conducted on the revised document.

Appointment of New Classifiers

Classifiers are appointed on four-year independent contracts by the FPB Council. The public is invited to nominate candidates to be Classifiers. They must be South African citizens as determined in Chapter 2 4A (2)(b) of the Films and Publications Act and comply with any other requirements of the Act.

Following an intensive recruitment exercise, Council appointed a new pool of 38 classifiers in October 2017. This diverse and representative team of South African professionals – comprising 13 classifiers (appointed for a second term), 15 new classifiers, five gamers and five persons with disability. They will undertake the content classification on behalf of the FPB for the next four years. The group is representative in race, gender and age, and hails from a wide range of academic and professional work backgrounds.

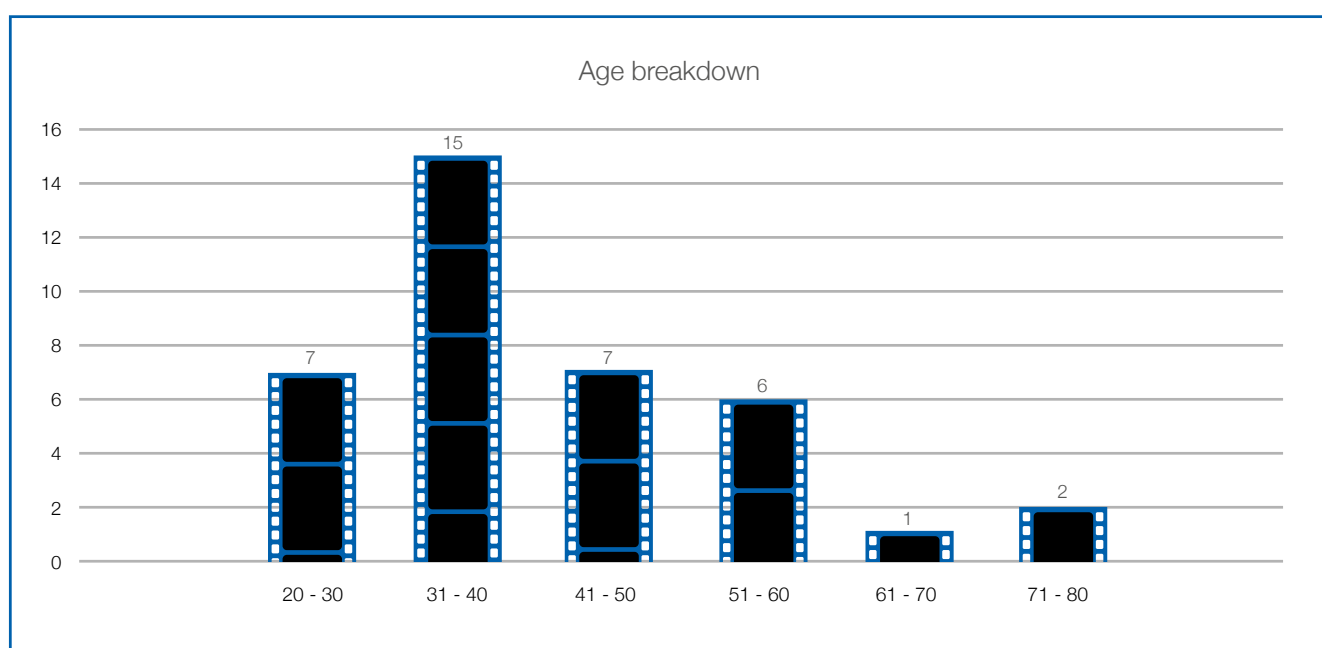
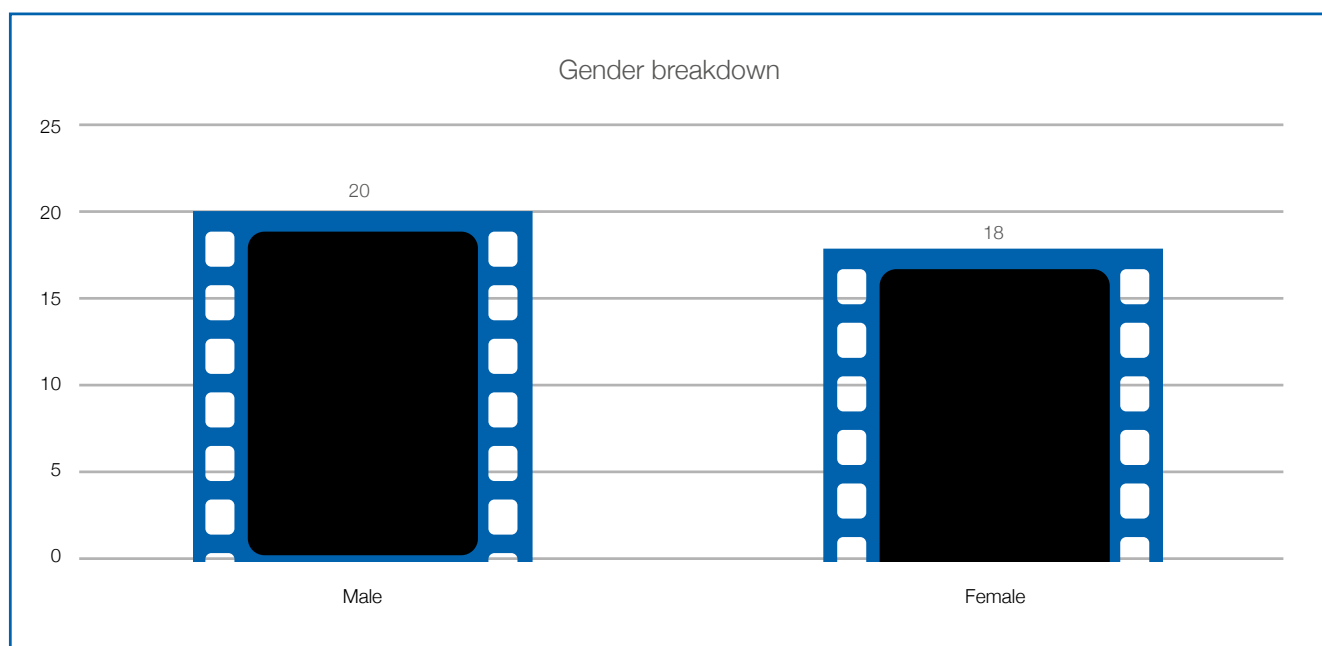
Classifiers should have a broad understanding of South African Constitutional principles, knowledge of FPB legislation, the classification guidelines, the Films and Publications Regulations, and the ability to interpret and apply legislation. In addition, they should have excellent report writing, critical thinking and analytical skills, and strong personal and professional integrity and work ethic. Classifiers must have a good understanding of visual and digital media and new media technologies.

Classification Trends

For the financial year 2017/2018, FPB classified a total of 1 886 eligible submissions, which amounted to 2 726



Below graphic illustrations indicate the breakdown of the pool of classifiers in terms of gender, age and race.

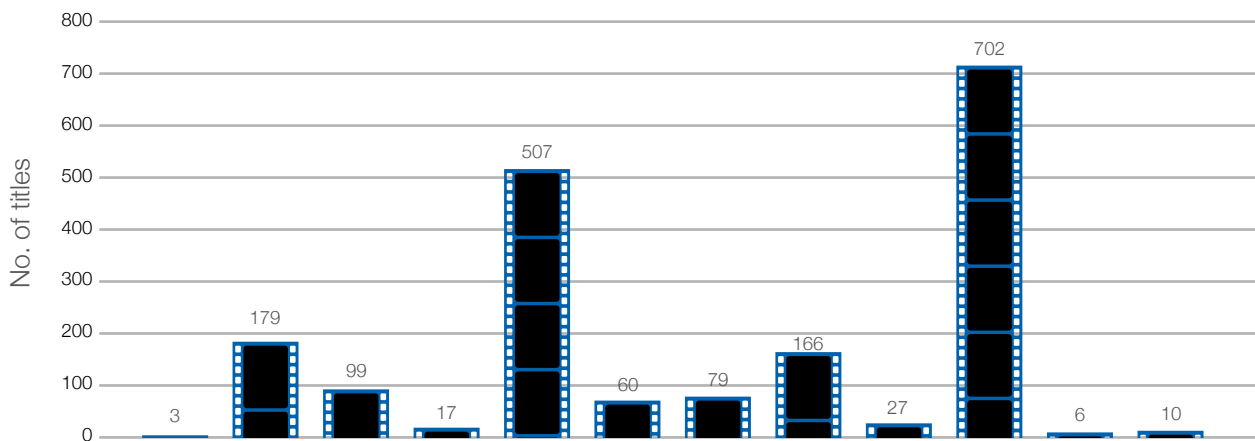


hours (163 566mins) of feature content equalling 341 working days, excluding value added materials (VAM) and trailers. Of the total features hours, only 378 hours were content suitable for family viewing (A - PG) whilst 1 620 hours were for 13 - 16 years. Interesting is that 247 hours of feature content supplied to, and consumed by, our society were classified as adult viewing (18) - 131 hours (16 working days) more than what is

supplied to the market for family viewing. Of concern has been the escalating violent content, followed by strong language, encountered by FPB classification committees. Considering the high levels of violent crimes in South Africa, there is a need for us to try and understand whether early exposure to certain types of content contributes in any way to the challenges the country currently faces.



2017/2018 consumer advice: general material



	CT	D	H	IAT	L	N	P	S	SV	V	B	PPS
% of total	0.21	12.78	7.07	1.21	36.19	4.28	5.28	11.85	1.93	50.11	0.43	0.71
No of total	3	179	99	17	507	60	74	166	27	702	6	10

Classifiable elements

The classification process takes into account the scourge of child abuse in South Africa and the revictimisation of sexual abuse survivors when assigning consumer advice for sexual violence (SV). This goes beyond child abuse to gender-based violence, abuse and victimisation based on sexual orientation.

In the year under review, we saw an emergence of content that contained elements of gender-based violence and violence against children. The most challenging classification that FPB had to deal with that had these elements articulated above was the Afrikaans short film titled 'Langsaan' featured at the Silwerskerm Fees. The film was originally submitted as part of a group of films for exhibition in a film festival. Upon examination of the synopsis of the film, the committee referred it for full classification.

The film 'Langsaan' highlights hidden dangers faced by the youth around sexual exploitation. It is a compelling drama that brings to life the story of a girl who becomes a victim of sexual exploitation by those she most trusts – her closest family living next door. The film featured a child actress in a scene of sexual conduct simulated and implied through the use of breakaway camera

scenes. As it was a short film, it portrayed a young girl losing her innocence, the perpetrator never being brought to book and family members never knowing about the sexual exploitation.

Due to the thin line between sexual exploitation of minors classified as child pornography, the FPB had to subject the examination of this film to two different classification committees. The results examined the title and were conflicted. One committee felt there was a bona fide storyline that raised awareness of just how close the dangers were, whilst the other contemplated the definition of child pornography in refusing classification of the film in the absence of a concrete pro-social outcome. The final decision assigned to 'Langsaan' by the FPB was 18 SV.

Appeals Received

In the year under review, the Appeal Tribunal received four appeals from the total number of titles submitted for classification. The Tribunal upheld only one of these classification decisions. Appeal rulings serve as an important tool for the FPB classifiers to identify shortcomings in the interpretation and application of the FPB Guidelines.



Movie Title	Applicant	Application Date	FPB Classification Committee Decision	Appeal Tribunal Decision	High Court Ruling
Despicable Me 3	United International Pictures (UIP)	14 June 2017	7-9PG	PG V	
Jumanji: Welcome to the Jungle	Ster Kinekor Entertainment	7 December 2017	13 LV	13 LV	
Inxeba – The Wound	Men and Boy Foundation House of Traditional Leaders	6 March 2018	16 LS	X18 LNPSV	16 LS
Gringo	Empire Entertainment	12 March 2018	18 DLSV	16 DLSV	

Registrations and renewals

A total of 573 new registrations was processed during the 2017/2018 financial year, a 21.9% increase over 2016/2017. There was a decline of 17% of new registrations between 2015/2016 and 2016/2017. Gauteng had the most registrations (211), followed by KwaZulu-Natal (161) and Western Cape (106). The lowest number of registrations nationally was from North West (six).

There were three international registrations for the financial year, a 16.5% decline compared to 2015/2016 to 2016/2017, due to distributors closing and market shift. However, 2 363 annual renewals were processed during the 2017/2018 financial year, which is a 25% increase compared to the 2016/2017 financial year. Gauteng had the highest number of renewals (1 079), followed by KwaZulu-Natal (386) and Western Cape (373) renewals. There was only one international renewal in 2017/2018. Some 465 applications were rejected for non-compliance and no longer conducting business. A strategy has been put in place to refund distributors who no longer require a licence and to follow up on those who require supporting documents.

Tariff Review

The FPB has reviewed and revised the pricing model of its current regulation fee structure and has developed an

appropriate and justifiable pricing model for all platforms and distributor sizes to ensure that the organisation remains viable. The revised tariffs structure will establish a penalty system in line with international standards.

Public and stakeholder consultations were held to solicit inputs to the draft tariff structure. Inputs have been incorporated into the draft tariff document, which will need the Minister's approval before being gazetted.

Online Content Regulation

During the year, the FPB licensed five online content distributors that will form part of the co-regulating, to ensure compliance by online streaming services to the FPB Classification Guidelines. A distributor registers with the FPB as a distributor of the content in terms of Section 18 of the Films and Publications Act. A mutual execution of the agreement between the FPB and the online distributor constitutes such registration and authorises the distributor to act as a licensed distributor of content. A distributor's licence is renewed annually by the signing of an online distribution agreement and payment of the annual licence fee determined by the Minister.

Workshops were conducted with online distributors as per the co-regulation agreement and 25 classifiers and content aggregators were trained on the application of the classification guidelines.



The FPB has gone a long way in developing an automated system that will ease FPB processes when servicing industry and will better service the online content distribution market. The FPB has successfully launched a first-of-its-kind Online Content Regulation (OCR) system in Africa. This system will assist the FPB to meet the demands of an industry undergoing rapid transformation towards online-driven platforms. The OCR allows distributors to submit film content online from anywhere around the globe for classification by the FPB. It is envisaged that the system will improve turnaround times and service delivery to the FPB's clients and stakeholders.

In addition, the FPB has set its sights on improving organisational efficiencies and intends to be increasingly tech-savvy, using technology more broadly by creating mobile platforms to reach out to stakeholders and effectively reducing the cost of doing business whilst delivering on its mandate.

Labelling Strategy

A labelling strategy has been developed to safeguard the FPB logo and its use by distributors after the classification of content. The strategy will be incorporated into the OCR system as part of phase two of its development.

The trademark policy defines and identifies the patented FPB trademarks (FPB classification triangle and the slogan 'We Inform. You Choose'), confirms ownership of these trademarks. The policy further regulates the right use by authorised users and defines prohibited actions and uses by authorised users of the FPB trademarks by juristic and natural persons.

Child Protection

The FPB has a child protection unit that consists of two child protection officers and two online compliance monitors. The FPB is a member of INHOPE, which is an international network of hotlines operators that deals with child pornography content distributed online. The network is committed to ensuring that child pornography is eradicated from the internet.

The child protection team of the FPB works very closely with law enforcement agencies. Their partnership includes analysis of suspected child pornography images for criminal cases under investigation by the

South African Police Service (SAPS). Members of the team acquired their content analysis skills and have been certified and accredited by INHOPE as internet content analysts. The child protection team manages the anti-child pornography reporting tools: the toll-free hotline and the child pornography website. These reporting tools allow members of the public and stakeholders to report child pornography websites discovered on the internet.

In the 2017/18 financial year, 456 cases of suspected child pornography were reported through the FPB hotline website. Eighteen of these cases had to be referred to other INHOPE-affiliated hotlines for analysis. Sixteen of the cases were subjected to analysis for child pornography, a total of 116 960 images and videos were analysed and expert analysis reports were generated to form part of the evidence for the courts. As a result of the expert analysis reports issued by the FPB, three cases were successfully prosecuted and three convictions issued. Two prominent cases were in Gauteng at the Boksburg Magistrate Court, where the perpetrator was given 32 life sentences and an additional 170 years' imprisonment; and another in the Western Cape, Bellville, where a paedophile was sentenced to three life sentence and an additional 57 years' imprisonment.

Compliance Monitoring

The FPB online monitoring sub-unit continues to ensure compliance with the Films and Publications Act, conducting inspections of online distributors and monitoring compliance. Distributor compliance is monitored for registration, submission of material for classification and display of classification details on material displayed for consumption. A total of 3 886 online inspections was conducted, which were made up of 1 861 online inspections, 752 analysis verifications, 456 FPB hotline reports and 817 social media inspections.

The physical compliance monitoring team conducts inspections of more traditional distribution platforms such as DVD shops, cinemas and internet service providers (ISPs). A total of 11 183 inspections was conducted, which included 8 118 inspections on registered distributors (3 430 unregistered distributors were identified), 1 386 ISPs and 2 115 publications. Some 116 notices were issued for non-compliance of



unclassified material, unregistered distributors and non-renewal of licences. The FPB conducted 93 raids with law enforcement agencies, which resulted in 41 559 discs being confiscated and 60 cases being opened. A total of 113 686 discs with a street value of R11 368 600 were destroyed. Our regional coordinators were asked to testify in court cases as a result of the 101 analysis reports they had written.

Research Focus Groups – Awareness on FPB Classification Guidelines

The research unit's three-year focus group programme closed at the end of the 2017/2018 financial year, with 186 learners, educators and parents from 15 schools in four provinces (Eastern Cape, Gauteng, KwaZulu-Natal and North West) having participated. Issues discussed in depth included challenges associated with smartphones in school and home lives.

Objectives of the programme

The programme set out to ensure continuity in the relationships between the FPB and participating schools, once-off visits to schools having been deemed

inadequate to ensure that the FPB's mandate and its cyber-safety messaging would have the desired effects.

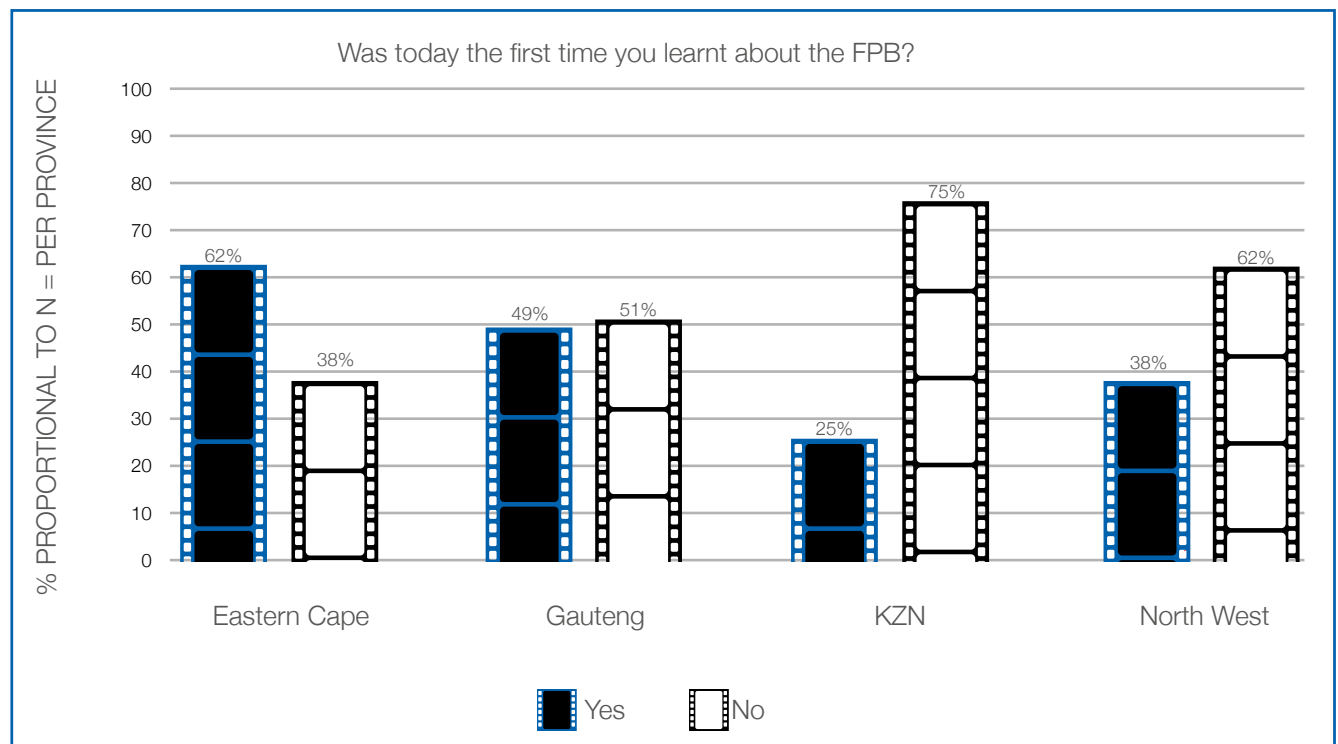
Focus group discussions supplemented the data gained through our quantitative methods, giving us insight into attitudes to, and reasons and motivations for online behaviour, and the extent of knowledge of good cyber-citizenship for all three stakeholder categories.

Summary of key findings

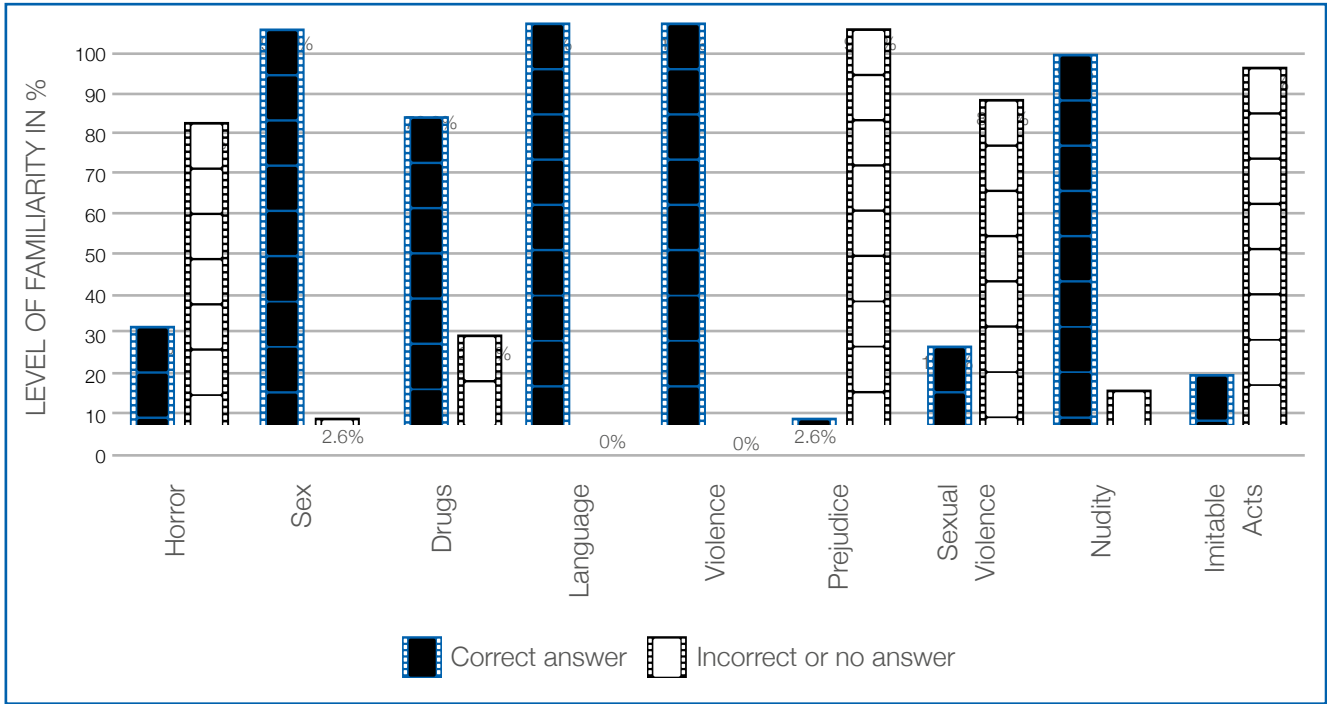
Understanding of the FPB's mandate was advanced among the selected cyber-champions. Educators and learners reported improved sensitivity to online abuse, with some reporting marked behavioural changes.

Life orientation educators and school principals are enthusiastic about ongoing engagement with the FPB, as they feel cyber-safety education is critical. We intend to use the findings from these focus groups to lobby for integration of greater media literacy in the life orientation curriculum, enabling learners to be responsible media consumers. We will use the information from the focus groups to better inform the content and structure of the FPB outreach and awareness campaigns.

Prior knowledge of the FPB and its mandate



Familiarity with the FPB’s classifiable elements



Human Resources

The human resources (HR) unit has focused on supporting the capacity and capability components of the strategy and ensuring that the required human capital resources, skills and performance requirements are in place.

The organisational structure was reviewed in terms of future capacity requirements and the FPB has decided to undertake a formal organisational design review process, which will confirm that the structure supports the business plans and strategy in future. This exercise will be a prerequisite for addressing current requests by staff for a job regrading exercise at the FPB.

The FPB has continued to take cognisance of equity profiles in its recruitment and staffing processes. For the 2017/2018 period, the organisation reported generally equitable representation across race and gender. Currently, 56% of staff are female. For some time, the organisation has been under-represented in the area of persons with disability. During the reporting period, good progress was made and persons with disability now constitute 2.4% of the staff complement (against a target of 2%) and 13% of the classifier pool as a result of the aforementioned targeted selection programme.

The FPB ran its fourth internship programme from 1 October 2016 through to 30 September 2017. Ten interns were appointed to the following units: Finance, Legal, Client Support, ICT, HR, Research, Communications, Governance, Classification and Operations. This team of young professionals settled in well and enjoyed a broad-based learning experience at the FPB. In return, the interns provided the FPB with significant administrative support for a variety of projects and programmes. The programme was supported by a career development and personal excellence intervention that assisted the interns to prepare for post-internship careers.

Of the eight interns who completed their full internship, two were appointed permanently in the organisation, while three were appointed on fixed-term contracts.

Team-based training interventions for the reporting period included the abovementioned career development programme for interns and selected junior staff members, internal audit training for the Internal Audit team, Prince2 project management foundation course and a staff values workshop process that started in Q4.

The recruitment function is handled in-house and this resulted in a response handling and placement cost saving of R343 265.

The in-housing of the payroll administration and query function since October 2014 continues to constitute an annual cost saving of approximately R520 000.

Communications and Public Education

We have continued to implement the communication strategy of improving the FPB's brand by delivering high-visibility and high-impact campaigns. This was delivered through multi-unit campaign approaches implemented in the previous financial year. Through these campaigns, we launched digital literacy campaigns on social media with cutting-edge themes and digital concepts that increased and improved online traction and impressions.

The gender-based violence stakeholder dialogue hosted during Women's Month in partnership with the Commission for Gender Equality proved one of our most successful multi-unit campaigns. The robust conversations carried on social media through #GBVInMedia #FPBDialogue saw us trending number two on Twitter. The theme for the dialogues was 'Sexual violence and its prevalence in the media'. The dialogue launched the review that will measure whether the classification guidelines are still reflective of South Africa's societal norms.

Safer Internet Day (SID) was celebrated in the Western Cape with the theme 'Create, connect and share respect: A better internet starts with you'. Children are growing in a connected, digitalised society where they are exposed to technology before they even understand the risks associated with online activities, and are often exposed to inappropriate content. Teachers, parents and learners pledged to practice safer internet habits and report child pornography. The pledge took on special significance when DeafSA taught all delegates to make the pledge in sign language. We continue to chair the Safer Internet Day Committee in South Africa. Our country is one of more than 100 worldwide that mark SID, which is celebrated on the second Tuesday of the second month annually.

The schools outreach programme is still one of our most successful campaigns and we have started

engaging schools for the deaf. In the next financial year, we are planning to include schools for the blind and disabled.

Workshops and Engagements conducted

Stakeholders engaged	Engagement number
Number of parents	1 148
Number of educators	728
Number of schools	65
Number of learners	19 711
Law enforcement workshops	598
In-cinema workshops	271

Media Relations and Social Media

Media engagement has improved considerably and we have created dialogue on our social media platforms through numerous campaigns.

The release of the Kalushi movie afforded the organisation an excellent platform to position itself as a thought-leader that encourages robust conversation on social ills and supports local content. Also trending was the #Backtoschool campaign, which educates parents, learners and teachers about the dangers of posting images of minors in uniform on social media. The campaign was received positively by media and led to various interviews, resulting in both broadcast and print media coverage.

Unfortunately, a tweet that we released as a hoax was misinterpreted as inferring that the Lesbian, Gay, Bisexual, Transgender, Queer and Intersex (LGBTQI+) community was adding pedosexuals to its acronym. This created quite an uproar, particularly among international Twitter users. We subsequently deleted the tweet and apologised for the furore it caused. This was a lesson learnt in content verification and contingency measures have been put in place to prevent a recurrence.



Media Coverage

Media Statistics	% Annual Increase (Target)	2016/2017 baseline	2017/2018 Targets
Advertising Value Estimate (AVE)	944%	R20 745 741	R216 607 575
Circulation	368%	276 244 830	1 294 387 749
Number of Clips	150%	1 380	3 458

Social Media

Social Media Platform	% annual increase
Facebook	20% increase in page engagements
Twitter	354% increase in page impressions



Strategic Partnerships

The year under review saw the development of a partnership with the United Nations Population Fund (UNFPA) and the Commission of Gender Equality. The main aim is to drive conversation with society, especially youths, on social issues. The partnership was responsible for the Women's Month 'Gender-based violence in media' dialogue and the 16 Days of Activism 'Gender violence and the usage of technology' dialogue. These two dialogues included non-governmental organisations (NGOs) in child protection, youth development and gender equality.

In terms of our two flagship projects – the review of the tariff structure and the review of the classification guidelines – we implemented a more interactive relationship with our stakeholders, visiting all nine provinces to engage industry stakeholders, society, civil society, caregivers and law enforcement agents on the impact of the FPB on their daily work and interactions.

International engagements were implemented in line with the approved schedule. In terms of the memorandum of understanding between the FPB and the Kenya Film Classification Board (KFCB), the FPB attended and presented at the inaugural Kenya Film Convention. We participated in the Commonwealth Telecommunication Organisation's ICT forum to engage ICT stakeholders and keep abreast of trends. As media convergence requires us to proactively seek ways of classifying content on different platforms, we attended the Southern African Development Community (SADC) ICT Ministers meeting and the Classification Conference in Sweden. In line with our INHOPE membership, we attended the annual general meeting, forum and training.

FINANCIAL TRENDS

Revenue Collection

Sources of Revenue	2017/18		
	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000
Operational grant	91 684	91 684	-
Regulation fees	8 016	7 741	275
Other revenue	-	9	9
Interest income	626	864	(237)
Total	100 327	100 298	29

Sources of Revenue	2016/17		
	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000
Operational grant	86 472	86 472	-
Regulation fees	6 065	6 718	(654)
Other revenue	-	80	(80)
Interest income	772	1 062	(290)
Total	93 309	94 332	(1 024)

The total revenue of R100 298 878 received by FPB for the year came from operating subsidies granted by the DoC (R91 684 000), regulation fees (R7 741 329), interest received (R863 674) and other income (R9 875). This income was, however, not sufficient to meet the rising operating costs.

A grant subsidy increased by 6% on the R86 472 000 received in the previous financial year. Regulation fees of R7 741 329 were generated in the current financial year compared to R6 718 708 in the previous financial year, an increase of 15%. The increase on regulation fees is attributable to online licensing fees and classification fees.

Registration fees continued to decline in line with the drop in the number of new registrations of movies and games distributors. FPB invested its surplus funds with the Corporation for Public Deposits (CPD) and generated interest of R863 674, less than the R1 062 566 of the previous year, but attributable to most projects in the year under review being executed on time.

The FPB is piloting an online content regulation system, which is scheduled to go live in the 2018/2019 financial year. This initiative will ensure that content is classified anytime and anywhere, which is expected to boost our online licence revenue.

Operating Expenditure

Operating expenditure increased by 7%, the main cost driver being personnel. Administrative costs were brought down by 5%, from R32 752 165 to R31 091 309, and an accounting surplus of R7 466 311 was recorded compared to R3 840 748 in the previous financial year.

Cash Flow

Cash and cash equivalents in the statement of financial position at the end of the year were only R15 297 830, all committed.



GOVERNANCE

SECTION 4



CORPORATE GOVERNANCE REPORT

Council and Committees

The FPB's Council was established in terms of Section 3(1) of the Act and is the Accounting Authority in terms of Section 49(1) and (2)(a) of the Public Finance Management Act. The Council reports on the FPB's performance to the Executive Authority in terms of Section 4A (1) of the Act. Council and its committees are fully effective in carrying out their work.

A new Appeal Tribunal was appointed during this financial year and members have started their work in earnest.

Institutional Governance

The following is a brief outline of the activities of Council and its committees for this reporting year:

Council

Council is fully constituted and has continued to do its work diligently. Our relationship with the Ministry and Parliament has remained cordial, and our reporting has been strictly in line with legislation and applicable National Treasury Regulations.

Audit and Risk Committee

The Audit and Risk Committee continues to play a pivotal role in ensuring general compliance with financial regulations and governance obligations. The Committee continues to be thorough and rigorous in ensuring that we adhere to sound financial controls and mitigation of risks. The in-house internal audit unit has gained momentum, and the process to gradually do away with the co-sourced model, with limited financial auditing, is ongoing.

Council has continued to receive assurance that FPB was compliant with the provisions of the Public Finance Management Act and to that end, quarterly compliance reports have been confirmed as accurate and meeting all regulatory requirements by National Treasury.

Chairpersons Committee

This Committee, comprising Chairpersons of all Council Committees, has the responsibility of attending to

urgent corporate governance matters in between Council meetings. The Committee focuses mainly on monitoring strategy implementation and compliance with the Code of Ethics. During the year under review, the Committee held four quarterly meetings and three special meetings.

Finance Committee

The Finance Committee is one of the most important Council Committees as it ensures that the organisation is financially sound. The robustness of the Committee in scrutinising financial statements and ensuring accurate financial reporting remains one of the key pillars of FPB's success and financial sustainability. During the year under review, the Finance Committee held four quarterly meetings and two joint meetings with the Audit and Risk Committee in line with the Annual Council Schedule. The joint meetings considered the Annual Financial Statements, Annual Performance Information Report and the Auditor-General's Management Report.

Human Resources (HR) and Remuneration Committee

The HR and Remuneration Committee is primarily responsible for monitoring the human capital management policies and all related aspects of organisational capacity, including training and remuneration. During the reporting period, the Committee held all four scheduled meetings. The Committee has continuously reviewed policies to ensure compliance and alignment with relevant legislation and the national policy framework. The Committee held four quarterly meetings.

Operations and ICT Committee

The Operations and ICT Committee is responsible for overseeing all aspects of the organisation's strategic operations, which include classification, distributor registrations, compliance monitoring, child protection, communications, research, ICT governance, as well as stakeholder relations. During the period under review, the Committee oversaw the launch of the concept document for the review of the tariff model.



Corporate Governance

All governance structures, which include Council, its committees, as well as the Audit and Risk Committee, are in good standing.

The Appeal Tribunal is in place and is fully constituted.

All Council members filed their declarations of interests within the stipulated time in compliance with the PFMA and Public Service Act of 1994, as amended.

Council members were remunerated based on National Treasury Guidelines.

The Council Charter, Code of Conduct and Ethics, as well as Terms of Reference for committees were reviewed and updated. The governance agreement, with the Executive Authority was reviewed and adopted for the year under review.

The FPB's governance instruments are, therefore, up to date and valid. I can confirm that the FPB is in a healthy state of finances, and therefore remains a going concern.

Meetings

Council and all committees held meetings in accordance with the Annual Council Programme as follows:

Council – 11 Meetings

Ordinary Meetings

14 June 2017
14 September 2017
06 December 2017
02 March 2018

Special/urgent Meetings

17 May 2017
27 September 2017
19 October 2017
30 November 2017
25 January 2018
26 February 2018
16 March 2018

Workshops

21-22 August 2017 – Council Strategy Review
October 2017 – Council Strategy Planning

Audit and Risk Committee – 6 Meetings

11 May 2017
26 May 2017 (Joint meeting with Fincom)
27 July 2017 (Joint meeting with Fincom)
05 September 2017
28 November 2017
30 January 2018

Chairpersons Committee – 7 Meetings

Ordinary Meetings

12 June 2017
14 August 2017
07 October 2017
16 February 2018

Special/urgent Meetings

15 March 2018
06 April 2017
26 June 2017
28 August 2017

Finance Committee – 6 Meetings

11 May 2017
26 May 2017 (Joint meeting with AC)
27 July 2017 (Joint meeting with AC)
05 September 2017
28 November 2017
20 February 2018

Human Resources and Remuneration Committee – 5 Meetings

16 May 2017
16 August 2017
21 February 2018
08 March 2018
06 November 2017 (Special meeting)
17 November 2017 (Special meeting)

Operations and ICT Committee – 4 Meetings

29 May 2017
29 August 2017
28 November 2017
08 February 2018

Appeal Tribunal - 4 Hearings

28 June 2017 – Inxeba - The Wound (Film)
17 October 2017 – Gringo (Film)
21 December 2017 – Jumanji (Film)
13 February 2018 – Inxeba - The Wound (Film)
13 April 2017 – Training Workshop



ICT Steering Committee – 5 Meetings

20 April 2017

15 August 2017

08 November 2017

26 January 2018

07 February 2018 (Special meeting)

Member Attendance

Council	Number of Council and Committee meetings attended
Mrs NFT Mpumlwana (Chairperson)	14**
Ms S Mangena (Deputy Chairperson)	20
Mr M Ditlhake	19
Adv Mudunungu	12*
Ms Y Makhasi	18
Ms N Dubazana	19
Adv L Nevondwe	15*
Dr N Skeepers	20
Ms V Mhlakaza	10

Note: Attendance above includes all Council and Committee meetings.

** Council Chairperson attends only Council and Chairpersons Committee meetings.

* These members belong only to one Council committee each.

Audit and Risk Committee	Number of meetings attended
Ms Z Nkosi (Chairperson)	6
Dr N Skeepers	5
Mr MG Dhladhla	6
Ms S Mangena	5

Internal Audit

The Internal Audit activity of the FPB obtains its mandate from the Public Finance Management Act (PFMA) and its regulations. The Internal Audit function was established in terms of Section 51 (1) (a)(ii) of the PFMA.

The FPB has established a system of Internal Audit under the control and direction of the Audit and Risk Committee. As such, the Committee has during the financial year ended March 2018 reviewed:

- The activities and effectiveness of the Internal Audit function;
- The accounting and auditing concerns identified as a result of the internal audits; and
- The effectiveness of internal control systems.

The primary function of Internal Audit is to give objective assurance to the Audit and Risk Committee that adequate management processes are in place to identify and monitor risks, and that effective internal controls are in place to manage those risks. Internal Audit independently audits and evaluates the effectiveness of the FPB's risk management, internal controls and governance processes. In addition, Internal Audit provides consulting services to add value and improve the FPB's operations.

The Internal Audit Unit has executed 100% of the approved Internal Audit Plan. Based on the work performed, Internal Audit would like to report that the systems of internal control for the period under review were effective and efficient.

Risk Management and Fraud Prevention

Risk Management

Risk management is at the core of the operations and management of the FPB. The FPB has developed an enterprise risk management framework and risk management policy, which guide the process of identifying and managing risks. The FPB continued to implement risk management processes as per the approved Risk Management Policy and Strategy.

A formal risk assessment was carried out to identify the strategic and operational risks of the FPB. Action plans were developed by management to mitigate the risks identified. As a result, a strategic risk register and operational risk registers were developed which are monitored by Internal Audit for effectiveness and by the Audit and Risk Committee in its oversight role. While progress has been noted in mitigating certain risks, there were challenges in mitigating some risks due to human resource constraints.



Fraud Prevention

The FPB is aware of the dangers of theft, corruption and fraudulent activities that will negatively affect its business performance. It has, therefore, developed a Fraud Prevention Strategy and Plan which it evaluates on a continuous basis. The Fraud Hotline continues to be implemented and appropriate action taken to investigate and resolve all received complaints, which are treated in the strictest confidence. There is a Code of Ethics, which is used to manage the declaration of interests by Council members and staff to manage FPB transactions and ensure ethical business practices. Fraud awareness is conducted by Internal Audit via presentations at the quarterly staff workshops and regular fraud-related articles via email to all staff.

Conclusion

In conclusion, may I say that the FPB continues to make an impact in the lives of ordinary South Africans. We have made strides in ensuring that content classification is recognised as a necessary intervention in nation building and fostering social cohesion, especially as it pertains to the protection of children.

The next step for the FPB is to attain a single classification system, which will ensure that there is a general standard of content classification throughout the country, which is not based on any specific platform.

With the impending finalisation of the Amendment Bill, the FPB will be in a much stronger regulatory footing than it is now.



Mr Tlale D Mokutu
Council Secretary





HUMAN RESOURCE MANAGEMENT

SECTION 5



HUMAN RESOURCE REPORT

The HR Report provides an overview of some of the activities and trends that have occurred over the 12-month reporting period. These include statistical data relating to staff movements, employment equity and race/gender representation, staff-related expenditure patterns and labour relations.

Expenditure

The following tables summarise final audited expenditure by programme and by salary bands. In particular, they provide an indication of the amount spent on personnel costs in terms of the programmes or salary bands within the department.

Table 1 Personnel Costs by Programme 2017/2018

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Personnel Costs as a % of Total Expenditure (R'000)	Average Personnel Cost Per Employee (R'000)
Staff	47 637	46 340	1 297	0.00	97%	521
Classifiers	6 902	6 902	0.00	0.00	100%	192
Total	54 539	53 242	1 297	0.00		

Table 2 Personnel Costs by Salary Bands 2017/2018

Salary Band	Personnel Expenditure (R'000)	% of total personnel cost (R'000)	Average personnel cost per employee (R'000)
Classifiers	6 902	13%	192
Support Staff	33 364	63%	452
Senior Management	8 621	16%	958
Executive	4 355	8%	726
Total	53 242	100%	

Employment and Vacancies

Table 3 Employment and Vacancies by Salary Bands, 31 March 2018

Salary Band	Number of Posts	Number of Posts Filled	Vacancy Rate %	Additional to the establishment – (added to FPB structure)
Support Staff	74	67	9.40%	5
Senior Management	11	9	18.18%	0
Executive Management	5	0	0.00%	0
Programme Total	90	76	15.56%	5



Table 4 Job Evaluation

				Posts Upgraded		Posts Downgraded	
Salary Band	Number of Posts	Number of Jobs Graded	% of Posts Evaluated by Salary Band	Number	% of Posts Upgraded	Number	% of Posts Downgraded
Executive Managers	1	0	0%	0	0%	0	0%
Senior Managers	9	0	0%	0	0%	0	0%
Support Staff	74	12	17%	0	0%	0	0%
Total	84	12	14%	0	0%	0	0%

Table 5 Employees whose Salary Level Exceeds the Grade Determined by Job Evaluation, 01 April 2017 to 31 March 2018

Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation
Executive Assistant (AF)	1	C3	C4	Posts reviewed as part of the FPB turnaround implementation
Administrative Officer – Assistant to Council (AF)	1	B4	C1	Posts reviewed as part of the FPB turnaround implementation
Legal Admin Assistant (AF)	1	B3	B4	Posts reviewed as part of the FPB turnaround implementation
Regional Coordinator (CM)	1	C3	C5	Posts reviewed as part of the FPB turnaround implementation
Regional Coordinator (AM)	1	C3	C4	Historic
Publications Monitor (AF)	1	C2	C3	Posts reviewed as part of the FPB turnaround implementation
Assistant Manager: Client Support (IM)	1	C3	C4	Posts reviewed as part of the FPB turnaround implementation
Admin and Client Support Officer (AF)	1	C1	C2	Posts reviewed as part of the FPB turnaround implementation
Coordinator Strategic Partnerships (AF)	1	C3	C5	Posts reviewed as part of the FPB turnaround implementation
Assistant Manager Inspection and Public Education	1	C4	C5	Assistant Manager salaries benchmarked for retention purposes
Assistant Manager Classification (WF)	1	C4	C5	Assistant Manager salaries benchmarked for retention purposes

Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation
Assistant Manager Supply Chain (AM)	1	C4	C5	Assistant Manager salaries benchmarked for retention purposes
Total number of employees whose salaries exceeded the level determined by job evaluation in 2017/2018				12
Percentage of total employment 12/90				13.33%

Table 6 Profile of Employees whose Salary Level Exceeds the Grade Determined by Job Evaluation – 01 April 2017 to 31 March 2018 (from table 5)

Beneficiaries	African	Indian	Coloured	White	Total
Female	7	0	0	1	8
Male	2	1	1	0	4
Total	9	1	1	1	12

Employment Changes

Table 7 Annual Turnover Rates by Salary Bands for the period 01 April 2017 to 31 March 2018

Salary Bands	Number of Employees per Level as at 01 April 2017	Appointments and Transfers In	Terminations and Transfers Out	Turnover Rate %
Support Staff	74	16	16	20%
Senior Management	11	0	2	18%
Executive Management	5	2	7	100%
Total	90	18	24	22.2%

Note: Turnover stats include the completion of the internship contracts x 10 and termination of fixed-term contracts

Turnover rate = Terminations divided by (number of employees + appointments)

Actual Turnover (excluding interns and FTC)	90	18	10	9.2%
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Table 8 Reasons why Staff are Leaving the Department

Termination Type	Number	% of total
Death	0	0%
Resignation	7	29%
Expiry of Contract	15	63%
Dismissal - organisational changes	0	0%
Dismissal – misconduct	0	0%
Dismissal – inefficiency	0	0%
Discharge due to ill-health	0	0%
Retirement	0	0%
Other	2	8%
Total	24	100%
Total number of employees who left as a % of the total employment		27%

Employment Equity

Table 9 Total number of Employees (including People with Disabilities) in each of the following Occupational Categories as at 31 March 2018:

Occupational Categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Support Staff	23	3	4	1	40	0	1	2	74
Senior Management	3	0	1	1	4	0	0	0	9
Executive Management	1	0	0	0	0	0	0	0	1
Total	27	3	5	2	44	0	1	3	84
Persons with Disabilities – included in the above table	0	0	0	0	2	0	0	0	2

Table 10 Recruitment for the Period 01 April 2017 to 31 March 2018

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Support Staff	6	0	0	0	9	0	0	0	16
Senior Management	0	0	0	0	0	0	0	0	0
Executive Management	1	0	0	0	1	0	0	0	2
Total	7	0	0	0	10	0	0	0	18

Table 11 Terminations for the Period 01 April 2017 to 31 March 2018

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Support Staff	2	0	0	0	12	0	1	0	15
Senior Management	0	0	0	0	0	1	0	1	2
Executive Management	3	0	0	1	3	0	0	0	7
Total	5	0	0	1	15	1	1	1	24

Table 12 Disciplinary Action for the Period 01 April 2017 to 31 March 2018 – disciplinary register

	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Disciplinary Action	0	0	0	0	5	0	0	0	5

Table 13 Skills Development for the Period 01 April 2017 to 31 March 2018

Occupational Categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Support Staff	22	0	4	0	43	0	1	2	72
Senior Management	3	0	1	1	3	0	0	0	8
Executive Management	2	0	0	0	0	0	0	0	2
Total	27	0	5	1	46	0	1	2	82
Persons with Disabilities	0	0	0	0	2	0	0	0	2



Performance Rewards

Table 14 Performance Rewards, by Race, Gender and Disability, 01 April 2017 to 31 March 2018

	Number of Beneficiaries	Total Number of Employees in Group	% of Total Within Group	Cost	Average Cost per Employee
African					
Male	20	27	74%	380 794.59	19 039.73
Female	37	44	84%	671 290.36	18 142.98
Indian					
Male	4	5	80%	83 246.95	20 811.74
Female	2	1	200%	39 067.67	19 533.84
Coloured					
Male	3	3	100%	52 775.81	17 591.94
Female	0	0	0%	0	0
White					
Male	3	2	150%	100 177.41	33 392.47
Female	2	2	100%	39 855.39	19 927.70
Total	71	84	84.5%	1 367 209.38	19 256.00
Employees with Disability	0	0	0	0	0



Table 15 Performance Reward by Salary Band for Personnel below Senior Management Service, 01 April 2017 to 31 March 2018

Salary Band	Number of Beneficiaries	Number of Employees	% of Total Within Group	Cost	Average Cost per Employee	Total Cost as % of Total Personnel Cost
Support Staff	60	68	88%	943 587	15 726	2.8%
Total	60	68	88%	943 587	15 726	2.8%

Table 16 Performance related rewards by salary band, for Senior Management Service, 01 April 2017 to 31 March 2018

Salary Band	Number of Beneficiaries	Number of Employees	% of Total Within Group	Cost	Average Cost per Employee	Total Cost as % of Total Personnel Cost
Senior Management & Executive Management	11	16	69%	423 622	38 511	9.7%
Total	11	16	69%	423 622	38 511	9.7%

Leave Utilisation for the Period 01 April 2017 – 31 March 2018

Table 17 Sick Leave, 01 April 2017 to 31 March 2018

Salary Band	Total Days	% Certification	No. of Employees Using Sick Leave	% Of Total Employees Using Sick Leave	Average Per Employee	Estimated Cost
Support Staff	602.5	76%	65	88%	9.27	833 464.90
Senior Management	62	67%	11	100%	5.6	196 832.12
Executive Manager	10	60%	2	40%	3.3	46 216.98
Total	674.5	76%	78	87%	8.5	1 076 514

Table 18 Annual Leave, 01 April 2017 to 31 March 2018

Salary Bands	Total Days Taken	Number Of Employees In Grade	Average per Employee
Support Staff	1 589.3	74	21.5
Senior Management	158.5	9	17.6
Executive Management	0	1	0
Total	1 747.8	84	20.8



Table 19 Leave Payouts for the Period 01 April 2017 to 31 March 2018

Reason	Total Amount	Number of Employees	Average Payment per Employee
Leave payout for 2017/18 due to non-utilisation	0	0	0
Capped Leave payouts on termination of service	0	0	0
Current leave payout on termination of service	443 459.04	21	21 117.09
Total	443 459.04	21	21 117.09

Table 20: HIV/Aids and Health Promotion Programmes

Details of Health Promotion and HIV and AIDS Programmes (tick the relevant boxes and provide the required information)

Question	Yes	No	Details, if yes
Has the department designated a member of the SMS to implement the provisions contained in Part VI of Chapter 1 of the Public Service Regulations, 2001? If so, provide his/her name and position.	X		Andre Michaux HR Manager
Does the department have a dedicated unit or has it designated specific staff members to promote the health and wellbeing of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		HR Unit
Has the department introduced an Employee Assistance or Health Promotion Programme for employees? If so, indicate the key elements/ services of this Programme.	X		Health and Wellbeing Survey Wellness Days Monthly Wellness Newsletter Wellness Call Centre On-site Counselling Services EAP Referral System Health Awareness Interventions Compulsory Trauma Debriefings for Specified Job Categories.
Has the department established a committee(s) as contemplated in Part VI E5 (e) of Chapter 1 of the Public Service Regulations, 2001. If so, please provide the names of the members of the committee and the stakeholder(s) they represent.	X		Judas Matlakale Mpho Mooketsi Zange Mgolombane Nosipho Dladla Nomfundo Ralante Thando Mlambo Kagiso Mmitsi Komilla Moodley Jacqueline Steyn Andre Michaux Stakeholder = FPB Employees.

Question	Yes	No	Details, if yes
Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	X		Health and Safety Policy Bereavement Policy Employee Wellness Policy Employee Assistance Programme Leave Policy Sexual Harassment Policy HIV/AIDS Policy
Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination. If so, list the key elements of these measures.	X		Covered in the HIV/Aids and other applicable policies.
Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	X		VCT conducted annually 0% response for Voluntary Counselling and Testing in the previous reporting period.
Has the department developed measures/indicators to monitor and evaluate the impact of its health promotion programme. If so, list these measures/indicators.	X		Employee Assistance – counselling referrals and call centre utilisation HIV VCT Wellness Programme Annual Report Productivity – Sick Leave trends to be within 2% of days worked (actual = 3.2%)

Labour Relations

Table 21: Collective Agreements, 01 April 2017 to 31 March 2018

The following collective agreements were entered into with trade unions within the department.

Subject Matter	Date
Multi-Year Wage Settlement Agreement – 2017/2018 and 2018/2019	08 September 2017

Table 22 Misconduct and Disciplinary Hearings Finalised, 01 April 2017 to 31 March 2018

Outcomes of Disciplinary Hearings	Number	% of total
Correctional Counselling (included letters of caution in this)	0	0%
Verbal Warning	5	100%
Written Warning	0	0%
Final Written Warning	0	0%
Suspended without Pay	0	0%
Fine	0	0%
Demotion	0	0%
Dismissal	0	0%
Case withdrawn	0	0%
Other	0	0%
Total	5	100%



Table 23 Types of Misconduct Addressed at Disciplinary Hearings

Type of Misconduct	Number	% of total
Fruitless and wasteful expenditure	0	0
Negligence/non-compliance with procedures	4	80%
Unauthorised absence	1	20%
Failure to meet performance delivery	0	0%
Dereliction of duty	0	0%
Theft of FPB materials	0	0%
Dishonesty/bringing name of FPB into disrepute	0	0%
Non-disclosure of pending labour court case	0	0%
	5	100%

Table 24 Grievances lodged for the period 01 April 2017 to 31 March 2018

Number of grievances lodged	4
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Table 25 Disputes lodged with councils/CCMA for the period 01 April 2017 to 31 March 2018

Number of disputes lodged	3
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Table 26 Strike actions for the period 01 April 2017 to 31 March 2018

Strike actions for the period	None
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Table 27 Precautionary suspensions for the period 01 April 2017 to 31 March 2018

Precautionary suspensions for the period	2
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Skills Development

Table 28: Training provided 01 April 2017 to 31 March 2018

Occupational Categories	Gender	No. of Employees as at 01 April 2017 HC	Training Provided Within The Reporting Period			
			Learnerships	Skills Programmes and other Short Courses	other Forms of Training	Total
Support Staff	Male	31	0	21	21	42
	Female	43	0	24	45	79
Senior Management	Male	5	0	3	5	8
	Female	4	0	3	3	6
Executive Management	Male	1	0	0	2	2
	Female	0	0	0	0	0
Subtotal	Male	37	0	24	28	52
	Female	47	0	27	48	75
Total		84	0	51	76	127

Injury on Duty

Table 29: Injury on Duty, 01 April 2017 to 31 March 2018

Nature of Injury	Number	% of total
Required basic medical attention only	0	0
Temporary total disablement	0	0
Permanent disablement	0	0
Fatal	0	0
Total	0	100%



FINANCIAL INFORMATION

SECTION 6





FINANCIAL INFORMATION

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LIST OF ABBREVIATIONS

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
MEs	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)



AUDIT AND RISK COMMITTEE REPORT

The audit and risk committee is established in terms of Section 51(1) (a) (ii), Section 77 of the Public Finance Management Act read together with Treasury Regulation 27.1 and acts as a governance structure of the entity. As required, the audit and risk committee report is prepared in line with the requirements of Treasury Regulation 27.1.

The committee, which comprises four members (refer to table below), has been mandated with oversight on audit matters, accounting, risk and compliance. During the year under review, the committee held all its scheduled meetings, including joint meetings with the Finance Committee, and members continued to act with due diligence and care in the discharge of their duties.

Members and attendance

Member	1 April 2017 – 31 March 2018					
	11/05/2017	26/05/2017	27/07/2017	05/09/2017	28/11/2017	31/01/2018
Ms Z Nkosi (Chairperson)	1	1	1	1	1	1
Ms M Mangena	1	0	1	1	1	1
Mr G Dhladhla	1	1	1	1	1	1
Dr N Skeepers	1	1	0	1	1	1

Charter

The committee has adopted a charter approved by Council and can confirm that for the year under review, it has complied with both the charter and the responsibilities as detailed in the regulations mentioned above.

Effectiveness of internal controls

In fulfilling its responsibilities for the year under review, the committee:

- Reviewed significant issues raised by both the internal and external audit processes.
- Reviewed the effectiveness of the entity's financial controls and received assurance from management, internal and external audit.
- Reviewed the action plans in place to address the shortcomings identified in controls.
- Recommended internal control and compliance activities.

Although ineffectiveness has been identified in some areas, the committee is satisfied in the adequacy and effectiveness of controls in most of the entity's activities. Where control deficiencies were identified, action plans are in place and the committee will continue to monitor on a quarterly basis.



AUDIT AND RISK COMMITTEE REPORT (CONT)

Internal audit

The internal audit performs an independent assurance function by conducting periodical assessments on the activities of the entity and reporting the findings thereof to the committee.

In support of the function, for the year under review, the committee:

- Approved the annual and three-year rolling plan.
- Reviewed and approved the internal audit charter.
- Reviewed quarterly internal audit reports highlighting issues identified from the entity's internal controls, systems and processes.
- Reviewed the effectiveness of internal audit by quarterly monitoring progress and quality of work.
- Considered the internal audit resources to ensure effective discharge of functions.

During the year, internal audit was able to complete its plan and the committee is satisfied that the function was discharged effectively and efficiently.

Risk management

As an essential element of governance, the role of the committee is to provide oversight on the systems and processes of risk management within the entity.

In fulfilling this role for the year under review, the committee:

- Reviewed risk documents such as the risk management policy, procedure and the implementation plan.
- Reviewed on a quarterly basis, the strategic risk register and the implementation of the planned mitigating actions.
- Considered on a quarterly basis any emerging risks, including those arising from fraud or whistleblowing.

Although the committee has noted an overall progress in risk management, there is a need for the entity to strengthen its processes, ensuring that risk management is at the core of its operations. The committee will continue to monitor risk management on a quarterly basis.

Compliance with laws and regulations

In fulfilling its responsibilities for the year under review, the committee:

- Monitored compliance with laws and regulations.
- Reviewed both internal and external audits reports to identify any compliance issues.

The committee is satisfied with the entity's compliance to relevant, significant laws and regulations.



AUDIT AND RISK COMMITTEE REPORT (CONT)

Quarterly reporting

For the financial year under review, the committee reviewed and approved both quarterly finance and performance reports for submission to the Executive Authority in accordance with the requirements of PFMA.

The committee is satisfied with the entity's compliance to these reporting requirements.

Finance function

The committee has considered the expertise and adequacy of the resources within the finance unit and noted that in the current year, the entity operated without having a permanent CFO. An acting incumbent was in place until the end of the financial year while recruitment processes were underway.

Evaluation of annual financial statements and performance information

The committee evaluated the financial statements together with the performance information and based on the processes and assurance obtained, recommends the information to the Council for approval.

Auditor's report

In fulfilling its responsibilities for overseeing the external audit process, the committee independently met with the external auditors and can confirm that they are independent and have conducted the audit without influence. Implementation plans for audit issues raised in the previous year were reviewed and there is satisfaction as to the resolution of all matters.

The committee discussed the audit outcomes with both management and AGSA. Based on these discussions, the committee accepts the conclusions and is of the opinion that the audited financial statements be accepted and read together with the report of the Auditor-General.

Appreciation

The committee expresses its appreciation to the Accounting Authority, the senior management team, internal audit and the Auditor-General for their continued support and dedication during the year under review.



Zanele Nkosi

Chairperson: Audit and Risk Committee



REPORT OF THE AUDITOR GENERAL

TO PARLIAMENT ON THE FILM AND PUBLICATION BOARD

Opinion

1. I have audited the financial statements of the Film and Publication Board (FPB) set out on pages 69 to 103, which comprise the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets, and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of FPB as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountant's Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Accounting Authority for the financial statements

6. The Accounting Authority is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP and the requirements of the PFMA, and for such internal control as the Accounting Authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, the Accounting Authority is responsible for assessing the FPB's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Accounting Authority either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

REPORT OF THE AUDITOR GENERAL (CONT)

Auditor-General's responsibilities for the audit of the financial statements

8. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Introduction and scope

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
11. My procedures address the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2018:

Programmes	Pages in annual performance report
Programme 1 - Industry Compliance	106 - 111
Programme 2 - Public Education and Awareness	112 - 113
Programme 4 - Online and Mobile Content Regulation	118 - 119



REPORT OF THE AUDITOR GENERAL (CONT)

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. The material findings in respect of the usefulness of the selected programme is as follows:
Programme 2 - Public Education and Awareness
15. The planned targets for the following indicators were not specific in clearly identifying the nature and required level of performance and are therefore not measurable:

Performance indicators per APP	Planned targets per APP
Number of M&E reports	Compile M&E reports of digital literacy and awareness
Number of people reached	
Percentage increase in social media engagements	Engagement on FPB's digital and social media platforms improved by 20%
Number of digital media M&E reports	4 digital media M&E reports compiled

16. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:
- Programme 1 - Industry Compliance
 - Programme 4 - Online and Mobile Content Regulation

Other matters

17. I draw attention to the matters below.

Achievement of planned targets

18. Refer to the annual performance report on page 104 to 121 for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraph 15 of this report.



REPORT OF THE AUDITOR GENERAL (CONT)

Adjustment of material misstatements

19. I identified material misstatements in the annual performance information report submitted for auditing. These material misstatements were on the reported performance information of the following programmes:

- Programme 1 - Industry Compliance
- Programme 2 - Public Education and Awareness
- Programme 4 - Online and Mobile Content Regulation

As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness of the reported performance information for Programme 2 - Public education and awareness. The material findings that were not corrected are included in the paragraph 15 above.

Introduction and scope

20. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the public entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
21. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

22. The Accounting Authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
23. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
24. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. I have nothing to report in this regard.

Internal control deficiencies

25. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matter reported below is limited to the significant internal control deficiencies that resulted in the finding on annual performance report included in this report.




REPORT OF THE AUDITOR GENERAL (CONT)

Leadership

Oversight responsibility

26. Leadership did not exercise adequate oversight responsibility regarding performance reporting and related internal controls resulting in the APP not being reviewed timeously and sufficiently. This has resulted in some targets not being measurable



Pretoria

31 July 2018



REPORT OF THE AUDITOR GENERAL (CONT)

Annexure – Auditor-General’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programmes and on the public entity’s compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accounting Authority, which constitutes the Accounting Authority
 - conclude on the appropriateness of the Accounting Authority, which constitutes the Accounting Authority’s use of the going concern basis of accounting in the preparation of the financial statements. I conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt
 - on the FPB’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a public entity to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the Accounting Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I confirm to the Accounting Authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.



ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The members are required by the Companies Act, 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the financial statements fairly present the state of affairs of the entity as at the end of the year and the results of its operations and cash flows for the year then ended. The external auditors are engaged to express an independent opinion on the financial statements and given unrestricted access to all financial records and related data for their audit.

The financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the Accounting Authority sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The members are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The entity is dependent on the Department of Communications for continued funding of operations. The financial statements are prepared on the basis that the entity is a going concern and that the Department of Communications has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

The Accounting Authority is primarily responsible for the financial affairs of the entity and these are audited by the entity's external auditors.

The financial statements set out on pages 69 to 103, which have been prepared on the going concern basis, were approved by the Accounting Authority on 29 May 2018 and were signed on its behalf by:



Mr S Nene
Chief Executive Officer (Acting)



Mrs NFT Mpumlwana
Chairperson of Council

ACCOUNTING AUTHORITY'S REPORT

The members submit their report for the year ended 31 March 2018.

1) Legal form and nature of business

The Film and Publication Board is a public entity which was established in terms of the Film and Publications Act and commenced business in March 1998. It is listed as a schedule 3A in terms of the Public Finance Management Act of 1999. The Executive Authority is the Department of Communications.

2) Review of activities

Main business and operations

The Film and Publication Board regulates, by means of classification, age restrictions and consumer advice, the creation, production, possession and distribution of films, computer games and certain publications to:

- Enable adults to make informed viewing, reading, and gaming choices, both for themselves and for the children in their care, and
- Protect children from exposure to disturbing and harmful materials and from premature exposure to adult experiences, and
- Contribute to the protection of children from sexual abuse and exploitation in pornographic films, computer games, publications and on the internet.

3) Results for the year

The financial operating results for the period were satisfactory. The Film and Publication Board recorded a net surplus of R7 466 311 (2017: surplus R3 840 748)

4) Going concern

We draw attention to the fact that at 31 March 2018, the entity had an accumulated surplus (deficit) of R22 300 980 (R14 834 670 31 March 2017) and that the entity's total assets exceed its liabilities by R 22 300 980 (R14 834 670 31 March 2017).

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

5) Funding

The Film and Publication Board received a Government Grant of R91 684 000 for the period ended 31 March 2018 and R86 472 000 for the year ended 31 March 2017.



ACCOUNTING AUTHORITY'S REPORT (CONT)

6) Subsequent events

Ms Nthabiseng May was appointed Acting COO with effect from April 2018 and Ms Lesego Mogoatlhe Acting CFO with effect from May 2018. Subsequently a new Executive Committee was appointed in July.

7) Accounting policies

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The financial statements set out on pages 69 to 103, which have been prepared on the going concern basis, were approved by the Accounting Authority on 29 May 2018 and were signed on its behalf by:



Mr S Nene

Chief Executive Officer (Acting)



Mrs NFT Mpumlwana

Chairperson of Council

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

Figures in Rand

	Note(s)	2018	2017 (Restated)
Assets			
Current Assets			
Receivables from exchange transactions	4	3 910 520	3 084 065
Cash and cash equivalents	3	15 297 829	8 554 586
		19 208 349	11 638 651
Non-Current Assets			
Property, plant and equipment	5	7 642 661	8 782 162
Intangible assets	6	10 401 165	7 057 248
		18 043 826	15 839 410
Total Assets		37 252 175	27 478 061
Liabilities			
Current Liabilities			
Finance lease obligation	7	669 708	827 801
Payables from exchange transactions	8	7 945 300	7 873 010
Provisions	9	6 336 184	3 272 872
		14 951 192	11 973 683
Non-Current Liabilities			
Finance lease obligation	7	-	669 708
Total Liabilities		14 951 192	12 643 391
Net Assets		22 300 983	14 834 670
Accumulated surplus		22 300 980	14 834 670



STATEMENT OF FINANCIAL PERFORMANCE

AS AT 31 MARCH 2018

Figures in Rand

Note(s)

		2018	2017 (Restated)
Revenue			
Revenue from non-exchange transactions			
Transfers from other government entities	10	91 684 000	86 472 000
Revenue from exchange transactions			
Regulation fees	10	7 741 329	6 718 708
Other income	11	9 875	79 986
Interest received – investment	12	863 674	1 062 566
Total revenue from exchange transactions		8 614 878	7 861 260
Total revenue		100 298 878	94 333 260
Expenditure			
Personnel	13	(53 241 885)	(49 896 726)
Depreciation and amortisation expenses		(2 452 419)	(2 668 576)
Finance costs	15	(187 705)	(319 784)
Lease rentals on operating lease	14	(5 859 249)	(4 855 261)
Administrative	14	(31 091 309)	(32 752 165)
Total expenditure		(92 832 567)	(90 492 512)
Surplus for the period		7 466 311	3 840 748



STATEMENT OF CHANGES IN NET ASSETS

AS AT 31 MARCH 2018

Figures in Rand

Balance at 31 March 2016

Surplus for the period

Total changes

Opening balance as previously reported

Adjustments

Prior year adjustments

Restated* Balance at 31 March 2017 as restated*

Surplus for the period

Total changes

Balance at 31 March 2018

Accumulated surplus/(deficit)	Total net assets
10 993 922	10 993 922
3 840 748	3 840 748
3 840 748	3 840 748
15 311 742	15 311 742
(477 073)	(477 073)
14 834 669	14 834 669
7 466 311	7 466 311
7 466 311	7 466 311
22 300 980	22 300 980



CASH FLOW STATEMENT

Figures in Rand

Note(s)

Cash flows from operating activities

Receipts

Grants		91 684 000	86 472 000
Interest received		863 674	1 062 566
Other receipts		-	31 056
Regulation fees		6 914 874	5 697 600
		99 462 548	93 263 222

Payments

Employee costs		(56 782 270)	(50 268 496)
Suppliers		(30 274 596)	(31 792 982)
Other expenses		(1 686)	-
		(87 058 552)	(82 061 478)

Net cash flows from operating activities

17

12 403 996 **11 201 744**

Cash flows from investing activities

Purchase of plant and equipment	5	(1 164 225)	(3 229 028)
Proceeds from sale of Infrastructure, plant and equipment	5	25 530	174 863
Purchase of intangible assets	6	(3 506 551)	(5 441 240)

Net cash flows from investing activities

(4 645 246) **(8 495 405)**

Cash flows from financing activities

Finance lease payments		(827 801)	(709 369)
Finance cost		(187 705)	(319 784)

Net cash flows from financing activities

(1 015 506) **(1 029 153)**

Net increase/(decrease) in cash and cash equivalents

6 743 244 **1 677 186**

Cash and cash equivalents at the beginning of the period

8 554 586 6 877 399

Cash and cash equivalents at the end of the period

3

15 297 830 **8 554 585**



STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Cash Basis						
Figures in Rand	Approved budget	Adjustments	Final Budget	Actual Amounts on Comparable Basis	Difference between Final Budget and Actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange						
Transactions						
Regulation fees	7 206 431	810 000	8 016 431	7 741 329	(275 102)	(a)
Other revenue	-	-	-	9 875	9 875	(b)
Interest received – investment	626 622	-	626 622	863 674	237 052	(c)
Total revenue from exchange transactions	7 833 053	810 000	8 643 053	8 614 878	(28 175)	
Revenue from non-exchange transactions						
Transfer revenue						
Transfers from other government entities	91 684 000	-	91 684 000	91 684 000	-	
Total revenue	99 517 053	810 000	100 327 053	100 298 878	(28 175)	
Expenditure						
Personnel	(54 633 645)	1 216 817	(53 416 828)	(53 241 885)	174 943	(d)
Depreciation and amortisation expenses	-	-	-	(2 452 419)	(2 452 419)	
Finance costs	(6 672 148)	300 000	(6 372 148)	(187 705)	6 184 443	
Lease rentals on operating lease	-	-	-	(5 859 249)	(5 859 249)	
Administrative	(38 211 260)	(2 326 817)	(40 538 077)	(31 091 309)	9 446 768	(d)
Total expenditure	(99 517 053)	(810 000)	(100 327 053)	(92 832 567)	7 494 486	
Surplus before taxation	-	-	-	7 466 311	7 466 311	
Surplus for the year from continuing operations	-	-	-	7 466 311	7 466 311	
Actual Amount on Comparable	-	-	-	7 466 311	7 466 311	
Basis as Presented in the Budget and Actual Comparative Statement						

The budget for 2017/2018 financial year was approved and prepared on the accrual basis (except for depreciation and amortisation) and all transactions were accounted for on accrual basis. Transfers received during the current financial year were from the Department of Communications and entities included in the budget were disclosed in Note 23.

- Mid-term revenue projections indicated an increase of regulation fees to be collected for the remainder of the year. Budget was, therefore, adjusted upwards. This is mainly due to an increase of content distributed online and not through traditional means.
- Other revenue not budgeted for due to not being material and its ad hoc nature
- Additional interest revenue generated due to proper planning of the surplus cash and investment decision that are done on time. The surplus funds are invested in the CPD account and Absa call account
- Admin cost is due to the fact that management implemented cost containment measures on line items like travel, workshops and data costs.



ACCOUNTING POLICIES

1. Presentation of financial statements

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, is disclosed below.

1.1 Significant judgments and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgments made relates to: Useful life estimations, provisions and contingent liabilities

Trade receivables and receivables

The entity assesses its trade receivables and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

Property, plant and equipment and Intangible assets are considered for impairment if there is a reason to believe that an impairment may be necessary.

The future cash flows expected to be generated by the assets are projected taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current carrying value and, if lower, the assets are impaired to the present value.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in note 9 - Provisions.



ACCOUNTING POLICIES

Going Concern Assumption

The Annual Financial Statements have been prepared on a going concern basis.

Offsetting

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.2 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.



ACCOUNTING POLICIES

1.2 Property, plant and equipment (continued)

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Furniture and fittings	12-20 years
Motor vehicles	5 years
Office equipment	4-15 years
Computer equipment	4-8 years
Leasehold improvements	2-10 years
Leased assets	3-5 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.



ACCOUNTING POLICIES

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.



ACCOUNTING POLICIES

1.3 Intangible assets (continued)

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight line	3-12 years

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 5).

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from their use or disposal.

1.4 Financial instruments classification

The entity classifies financial assets and financial liabilities into the following categories:

- Held-to-maturity investment
- Loans and receivables
- Available-for-sale financial assets

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

Initial recognition and measurement

Financial instruments are recognised initially when the entity becomes a party to the contractual provisions of the instruments.

The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.



ACCOUNTING POLICIES

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in surplus or deficit as part of other income. Dividends received on available-for-sale equity instruments are recognised in surplus or deficit as part of other income when the entity's right to receive payment is established.

Changes in fair value of available-for-sale financial assets denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost and other changes in the carrying amount. Translation differences on monetary items are recognised in surplus or deficit, while translation differences on non-monetary items are recognised in equity.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

Payables from exchange transactions

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.



ACCOUNTING POLICIES

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.6 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

The defined benefit plan is a pension fund under which the FPB pays fixed monthly contributions to a separate entity that will have legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all the employee benefits relating to the employee service in the current and prior period. Once the contribution is paid, the FPB has no further obligations.



ACCOUNTING POLICIES

1.7 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating surplus (deficit).

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 21.

1.8 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.



ACCOUNTING POLICIES

1.8 Revenue from exchange transactions (continued)

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified timeframe, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Interest

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.9 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.



ACCOUNTING POLICIES

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The entity assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is recognised only when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then recognised only once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a reimbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

1.10 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds. Borrowing costs are recognised as an expense in the period in which they are incurred.

1.11 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.



ACCOUNTING POLICIES

1.12 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.13 Irregular expenditure

Irregular expenditure as defined in Section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- a) this Act; or
- b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009, which was issued in terms of sections 76(1) to 76(4) of the PFMA, requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must be recorded appropriately in the irregular expenditure register. In such an instance, no further action is required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law.

Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the Accounting Officer or Accounting Authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.



ACCOUNTING POLICIES

1.14 Budget information

Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which are given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 1 April 2017 to 31 March 2018.

The budget for the economic entity includes all the entities approved budgets under its control.

The financial statements and the budget are on the same basis of accounting, therefore a comparison with the budgeted amounts for the reporting period have been included in the statement of comparison of budget and actual amounts.

1.15 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related-party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.



ACCOUNTING POLICIES

1.15 Related parties (continued)

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related-party transactions on its financial statements.

2. New standards and interpretations

The following standards of GRAP have been issued but are not yet effective for the year ended 31 March 2016:

GRAP 20 – Related-Party Disclosures

The objective of this Standard is to ensure that a reporting entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

GRAP 32 – Service Concession Arrangements: Grantor

The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

GRAP 34 – Separate Financial Statements

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

GRAP 35 – Consolidated Financial Statements

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

GRAP 36 – Investments in Associates and Joint Ventures

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

GRAP 37 – Joint Arrangements

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).



ACCOUNTING POLICIES

GRAP 38 – Disclosure of Interests in Other Entities

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate.

GRAP 108 – Statutory Receivables

The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

GRAP 109 – Accounting by Principals and Agents

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.

GRAP 110 – Living and Non-living Resources

The objective of this Standard is to prescribe the:

- Recognition, measurement, presentation and disclosure requirements for living resources; and
- Disclosure requirements for non-living resources.



NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand

2018

2017
(Restated)

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	4 118	5 937
Bank balances	15 238 573	5 709 743
Short-term deposits	55 138	2 838 906
	15 297 829	8 554 586

Current year cash and cash equivalents balance will be used to finance commitments disclosed in note 28 during the 2017/2018 financial year.

4. Receivables from exchange transactions

Trade debtors	23 316	114 615
Debtors	3 047 250	2 768 209
Prepayments	839 954	201 241
	3 910 520	3 084 065
Fair value of trade and other receivables		
Trade and other receivables	3 910 520	3 084 065

5. Property, plant and equipment

	2018			2017		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fittings	3 522 336	(1 210 163)	2 312 173	3 522 336	(1 002 809)	2 519 527
Motor vehicles	693 291	(404 061)	289 230	693 291	(294 891)	398 400
Office equipment	2 339 153	(1 157 593)	1 181 560	1 778 562	(969 349)	809 213
Computer equipment	6 351 985	(3 330 744)	3 021 241	5 768 373	(2 614 458)	3 153 915
Leasehold improvements	1 968 866	(1 696 781)	272 085	1 968 866	(1 424 695)	544 171
Leased – office equipment	363 001	(363 001)	-	363 001	(252 084)	110 917
Leased – motor vehicles	2 038 941	(1 472 569)	566 372	2 038 941	(792 922)	1 246 019
Total	17 277 573	(9 634 912)	7 642 661	16 133 370	(7 351 208)	8 782 162



NOTES TO THE FINANCIAL STATEMENTS

Reconciliation of property, plant and equipment – 31 March 2018

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Furniture and fittings	2 519 527	-	-	(207 354)	-	2 312 173
Motor vehicles	398 400	-	-	(109 170)	-	289 230
Office equipment	809 213	560 591	-	(188 244)	-	1 181 560
Computer equipment	3 153 915	603 664	(13 969)	(722 369)	-	3 021 241
Leasehold improvements	544 171	-	-	(272 086)	-	272 085
Leased – office equipment	110 917	-	-	(110 917)	-	-
Leased – motor vehicles	1 246 019	-	-	(679 647)	-	566 372
	8 782 162	1 164 255	(13 969)	(2 289 787)	-	7 642 661

Reconciliation of property, plant and equipment – 31 March 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fittings	2 417 329	318 165	-	(215 967)	2 519 527
Motor vehicles	414 353	193 331	(104 765)	(104 519)	398 400
Office equipment	616 050	403 261	-	(210 098)	809 213
Computer equipment	1 692 885	2 314 271	(46 187)	(807 054)	3 153 915
Leasehold improvements	816 256	-	-	(272 085)	544 171
Leased – office equipment	231 917	-	-	(121 000)	110 917
Leased – motor vehicles	1 925 666	-	-	(679 647)	1 246 019
	8 114 456	3 229 028	(150 952)	(2 410 370)	8 782 162

Other information

There were no assets held as security at reporting date.

6. Intangible assets

	2018			2017		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Computer software	12 315 602	(1 914 437)	10 401 165	8 809 052	(1 751 804)	7 057 248



NOTES TO THE FINANCIAL STATEMENTS

6. Intangible assets (continued)

Reconciliation of intangible assets – 2018	Opening balance	Additions	Amortisation	Total
Computer software	7 057 248	3 506 551	(162 634)	10 401 165

Reconciliation of intangible assets – 2017	Opening balance	Additions	Amortisation	Total
Computer software	1 874 214	5 441 240	(258 206)	7 057 248

7. Finance lease obligation

Figures in Rand

Minimum lease payments due

- within one year

- in second to fifth year inclusive

less: future finance charges

Present value of minimum lease payments

Non-current liabilities

Current liabilities

	2018	2017 (Restated)
	721 169	1 015 507
	-	721 169
	721 169	1 736 676
	(51 460)	(239 167)
	669 709	1 497 509
	-	669 708
	669 708	827 801
	669 708	1 497 509

The FPB has entered into a new lease agreement for 11 vehicles for a period of three years effective from 05 February 2016, ending 31 January 2019. The transaction has been treated as a finance lease as per the requirements of GRAP 13. The lease contract does not have an annual escalation.

The FPB has entered into a lease agreement for six photocopiers for a period of three years (36 months) effective from 01 March 2015, ending 28 February 2018. The transaction has been treated as a finance lease as per the requirements of GRAP 13. The lease contract does not have an annual escalation.

Interest rates are fixed at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.



NOTES TO THE FINANCIAL STATEMENTS

8. Payables from exchange transactions

Figures in Rand

	2018	2017 (Restated)
Trade payables	3 223 388	3 572 005
Payments received in advanced – contract in process	1 976 946	1 940 595
Debtors with credit balance	1 829 208	1 372 608
Pension	453 162	498 960
PAYE	-	100 580
Salary and wages control	-	142 181
Medical aid	250 355	246 081
Other accruals	212 241	-
	7 945 300	7 873 010

9. Provisions

Reconciliation of provisions – 2018

	Opening balance	Additions	Utilised during the year	Total
Performance bonuses	1 422 699	1 445 778	(1 367 208)	1 501 269
Leave pay	1 224 834	387 899	(463 157)	1 149 576
Litigation and claims	625 339	3 111 048	(51 048)	3 685 339
	3 272 872	4 944 725	(1 881 413)	6 336 184

Reconciliation of provisions – 2017

	Opening balance	Additions	Utilised during the year	Total
Performance bonuses	1 306 202	1 218 785	(1 102 288)	1 422 699
Leave pay	1 020 609	298 073	(93 848)	1 224 834
Other provisions	97 218	528 121	-	625 339
	2 424 029	2 044 979	(1 196 136)	3 272 872

Provision for performance bonus is based on budgeted amount of R1 501 269 as per 2018/2019 budget, payment for bonuses is not expected to exceed the budgeted amount.

Provision raised for outstanding leave balances as at 31 March 2018

Provision raised for litigation and claims relating to an arbitration award granted against the FPB regarding a labour relations matter, the litigation for contractual disputes between FPB and service provider and the appeal by the members of society on the film (Inxeba) case that is currently awaiting the court judgment.



NOTES TO THE FINANCIAL STATEMENTS

10. Revenue

Figures in Rand

	2018	2017 (Restated)
Regulation fees (classification and registration fees)	7 741 329	6 718 708
Transfers from other government entities	91 684 000	86 472 000
	99 425 329	93 190 708
The amount included in revenue arising from exchanges of goods or services are as follows:		
Regulation fees (classification and registration fees)	7 741 329	6 718 708
Other revenue	9 875	79 986
Interest received - investment	863 674	1 062 566
	8 614 878	7 861 260
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Transfer revenue		
Transfers from other government entities	91 684 000	86 472 000

11. Other revenue

Sale of tender documents	4 500	11 100
Other income and recoveries	5 375	68 886
	9 875	79 986

12. Investment revenue

Interest revenue		
Interest from investment accounts	863 674	1 062 566



NOTES TO THE FINANCIAL STATEMENTS

13. Employees costs

Figures in Rand

	2018	2017 (Restated)
Salaries and Bonuses	29 501 790	27 998 445
Classifiers remuneration	5 505 165	4 566 343
Medical aid – company contributions	2 692 432	2 519 607
Unemployment Insurance Fund	286 274	289 110
Skills development levy	60 823	388 410
Leave pay provision charge	(75 258)	210 972
Retirement fund contributions	4 250 969	4 060 329
Garnishee	55 681	147 370
PAYE	10 945 080	9 650 289
Salary temporary employees	18 929	65 851
	53 241 885	49 896 726

Average staff

Total number of employees as at 31 March 2018

93

The total number of classifiers was 39 for the period ended 31 March 2018 and the total amount paid for classifiers' remuneration amounted to R5 499 727 - (31 March 2017: R4 566 343) excluding PAYE.

The FPB has an internship programme involving 10 positions.



NOTES TO THE FINANCIAL STATEMENTS

14. Administrative

Figures in Rand

	2018	2017 (Restated)
Advertising	471 939	6 500
External audit fees	1 867 641	1 860 453
Bank charges	77 760	62 402
Cleaning	286 188	679 933
Internal audit fees	70 467	230 208
Consulting and professional fees *	5 322 826	3 202 595
Lease rentals on operating lease	5 859 249	4 855 261
FPB Council **	1 798 353	1 924 969
Insurance	622 778	492 385
IT expenses	4 226 673	2 926 236
Fleet	117 797	97 238
Fuel and oil	663 939	538 078
Postage and courier	28 754	60 760
Printing and stationery	543 457	1 211 155
Public relations campaign	2 233 067	3 945 371
Research and development costs	9 850	3 593 004
Security (guarding of municipal property)	-	1 857
Staff development, recruitment and welfare	2 414 511	2 429 646
Subscriptions and membership fees	235 547	265 964
Telephone and fax	1 033 915	1 282 725
Transport and freight	84 453	-
Travel – local	4 664 024	3 990 730
Travel – International	466 554	1 059 951
Water and Lights	621 330	692 831
Disposals of assets	(11 561)	(23 909)
Workshops and meetings	2 201 808	1 018 636
Loss on forex exchange	350	-
Stakeholders relations	36 113	-
Lease expenses	715 726	645 355
Review Board (Tribunal Appeal)	163 635	107 297
Storage – classification material	123 415	248 064
Receivables written off	-	201 731
	36 950 558	37 607 426



NOTES TO THE FINANCIAL STATEMENTS

Consulting services expenditure includes professional fees for prior and current year related to the projects undertaken as outlined in the Annual Performance Plans.

Administrative and operational expenses are related to activities to pursue and achieve strategic outcomes.

*Consulting fees is inclusive of legal fees of R3 995 156.23 as at 31 March 2018 (R2 184 700.51, 31 March 2017)

** Council members are paid for meeting attendance & travel claims.

15. Other expenses

Figures in Rand

Finance leases

2018	2017 (Restated)
187 705	319 784

16. Auditors' remuneration

Figures in Rand

Fees

2018	2017 (Restated)
1 867 641	1 860 453

17. Cash generated from operations

Figures in Rand

Surplus

Adjustments for:

Depreciation and amortisation expense

Loss on sale of assets

Gain on sale of assets

Finance costs – Finance leases

Movements in provisions

Changes in working capital:

Receivables from exchange transactions

Payables from exchange transactions

2018	2017 (Restated)
7 466 311	3 840 748
2 452 419	2 668 576
-	25 021
(11 561)	(48 930)
187 705	319 784
3 063 312	848 843
(826 455)	(1 021 108)
72 265	4 568 810
12 403 996	11 201 744



NOTES TO THE FINANCIAL STATEMENTS

18. Employee benefit obligations

Retirement benefit payment

The FPB contributes for all qualifying employees the retirement benefits to a Fund in which assets are held and controlled by Liberty Life. As at 31 March 2018, current services costs of R4 250 969 (31 March 2017 R4 060 329) were recognised as expenses limited to the contributions that were paid. Actual contributions paid during the current financial year have been disclosed as note 13.

19. Taxation

No provision has been made for taxation as the FPB is exempt from income tax in terms of Section 10 of the Income Tax Act. The FPB is exempt from the payment of value added tax (VAT), as a result VAT paid by the FPB is not refundable by SARS.

20. Operating lease

20.1 Operating lease – head office

FPB has an outstanding commitment in respect of operating lease for head office situated in Centurion. The lease agreement was entered into for a period of 5 years effective from 1 February 2012.

In February 2014, the FPB acquired additional office space for its head office situated in Centurion, The lease agreement was entered into for a period of 3 years effective from 1 February 2014. Operating leases liabilities for these two leases fall due as follows:

Annual escalations 10%

Figures in Rand

Future minimum lease payments

Up to 1 year

5 or more years

2018	2017 (Restated)
3 693 286	3 052 302
-	-

20.2 Operating lease – Durban office

The FPB acquired additional office space for its regional office situated in Durban, The lease agreement was entered into for a period of 3 years effective from 1 August 2015. Operating leases liabilities for this lease fall due as follows:

Annual escalations 9%



NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand

Future minimum lease payments

Up to 1 year

2 - 5 years

5 or more years

2018	2017 (Restated)
177 913	519 050
-	177 913
-	-
177 913	696 963

20.3 Operating lease – Cape Town office

The FPB acquired additional office space for their regional office situated in Cape Town, The lease agreement was entered into for a period of 5 years effective from 1 March 2016. Operating leases liabilities for this lease fall due as follows:

Annual escalations

5.5%

Figures in Rand

Future minimum lease payments

Up to 1 year

2 - 5 years

5 or more years

2018	2017 (Restated)
496 148	470 282
1 027 333	1 523 481
-	-
1 523 481	1 993 763

21. Contingencies

- 1) This amount relates to labour disputes between FPB and three employees who instituted proceedings at the CCMA for constructive dismissal and unfair dismissal.
- 2) This amount relates to legal costs that FPB will incur for labour-related disputes for representation in court and CCMA
- 3) This amount relates to a contract disputes between FPB and the service provider. The amount is for legal representation.

Figures in Rand

Contingent liability for labour disputes

Contingent liability for labour disputes (1)

Contingent liability for legal cost (2)

Contingent liability for contract dispute (3)

2018	2017 (Restated)
-	2 825 199
1 875 000	-
700 000	-
300 000	-
2 875 000	2 825 199



NOTES TO THE FINANCIAL STATEMENTS

22. Events after the reporting date

There are no events that came to the attention of management after the reporting date that require the reported figures to be adjusted.

23. Related parties

Related-party transactions

Figures in Rand

Funding – operating grants

Department of Communications

2018	2017 (Restated)
91 684 000	86 472 000

Remuneration of management

Councillors/Board members

Non-executive members - Council

Mpumlwana NFT (Chairperson)

Mangena S (Deputy Chairperson)

Ditlhake M

Nevondwe LT

Skeepers N

Dubazana N

Mudunungu A

Mhlakaza NM

Makhasi Y *

Fee	2018	2017
276 464	276 464	207 773
432 408	432 408	416 801
186 116	186 116	220 648
138 228	138 228	146 367
245 299	245 299	239 173
170 223	170 223	142 657
18 940	18 940	143 435
28 960	28 960	-
-	-	-
1 496 638	1 496 638	1 516 854

Independent – Audit and Risk Committee members

Dhladhla M

Nkosi Z

2018	2017
45 202	51 604
114 732	12 181
159 934	63 785



NOTES TO THE FINANCIAL STATEMENTS

23. Related parties (continued)

ICT Steering Committee members

Baloyi N
Ndaba S
Menye VC
Subtotal

2018	2017
21 728	-
50 369	-
22 417	-
94 514	-
94 514	-

*Makhasi Y is employed by state and does not earn Council fee from FPB



NOTES TO THE FINANCIAL STATEMENTS

23. Related parties (continued)

2018 – Executive management

	Salary	Performance bonuses	Retirement fund contributions	Medical aid contributions	Settlement payout	Total
Wakashe TP – Chief Executive Officer *	1 159 510	-	59 270	29 816	1 273 679	2 522 275
Risiba S – Chief Operations Officer ***	427 280	-	19 757	16 488	453 969	917 494
Kadi P – Shared Service Executive ****	378 112	49 440	9 780	5 908	-	443 240
Phahla DL – Chief Information Officer *****	833 159	46 968	75 638	34 872	-	990 637
Gouws R – Chief Financial Officer **	201 572	51 482	10 286	-	-	263 340
Dzebu M – Acting Chief Executive Officer	104 452	-	-	-	-	104 452
Subtotal	-	-	-	-	1 727 648	-
	3 104 085	147 890	174 731	87 084	1 727 648	5 241 438

2017 - Executive management

	Salary	Performance bonuses	Retirement fund contributions	Medical aid contributions	Total
Wakashe TP – Chief Executive Officer	1 397 112	38 645	69 270	40 787	1 545 814
Risiba S – Chief Operations Officer	1 147 371	32 204	57 725	40 787	1 278 087
Kadi P – Shared Service Executive	1 143 872	31 882	57 148	40 787	1 273 689
Phahla DL – Chief Information Officer	1 032 761	30 594	54 839	40 787	1 158 981
Gouws R – Chief Financial Officer	1 272 111	22 356	60 109	-	1 354 576
	5 993 227	155 681	299 091	163 148	6 611 147

*Wakashe TP resigned as the CEO in August 2017

**Gouws R resigned as the CFO in April 2017

***Risiba S resigned as the COO in May 2017

****Kadi P resigned as the SSE in July 2017

*****Phahla DL resigned as the CIO in November 2017

NOTES TO THE FINANCIAL STATEMENTS

24. Risk management liquidity risk

The FPB is exposed to liquidity risk only with regard to the payment of its payables and commitments. These payables are all due within the short-term. The FPB manages its liquidity risk by holding sufficient cash in its bank account, supplemented by cash available in investment accounts.

At 31 March 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	7 945 300	-	-	-
Commitments	7 723 998	361 922	-	-
At 31 March 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	7 873 010	-	-	-
Commitments	13 799 108	1 748 176	-	-

Interest rate risk

The FPB invests surplus cash on which it earns interest income. The interest income is not independent of changes in market interest rates.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity deposits cash only with major banks with high quality credit standing and limits exposure to any one counterparty.

Trade receivables are exposed to a low credit risk as most of FPB's revenue transactions require deposits.

25. Fruitless and wasteful expenditure

Figures in Rand

	2018	2017 (Restated)
Opening Balance	48 746	231 878
Interest penalty by Telkom (1)	-	7 482
Flight missed by employees (2)	6 303	9 240
Accommodation booked and paid for, not utilised by employee (3)	-	6 190
Car rental for extra days not authorised (4)	1 482	5 069
Settlement of the former employees (5)	2 880 068	-
Services rendered and paid for but not authorised (6)	61 406	-
Less: Amounts written off	-	(201 731)
Less: Amounts recovered	-	(9 382)
Total	2 998 005	48 746



NOTES TO THE FINANCIAL STATEMENTS

25. Fruitless and wasteful expenditure (continued)

- 1) The FPB made payments on time. However, the account reference was not correct. Telkom has been requested to reallocate amounts to correct accounts. Confirmation of reversal of interest has been requested and the employee has been issued with a warning letter.
- 2) The employees missed the flight for various reasons and the flight was booked and paid for by FPB. Steps were taken against the employees concerned.
- 3) Accommodation was booked and paid for by FPB, but not utilised by employees. The amount was recovered from one employee and steps were taken for the other employee.
- 4) An employee delayed returning the hired vehicle to a rental company by two days and the car rental company charged the FPB a penalty. An investigation is underway.
- 5) The FPB made a settlement payment to the former CEO and COO following an investigation into alleged improper conduct. A legal opinion has been obtained wherein this amount is classified as fruitless and wasteful expenditure.
- 6) The applicants for the executive positions were sent to a wrong service provider for assessments and the results of the assessments were not utilised.

26. Irregular expenditure

Figures in Rand

Opening balance

Add: Irregular expenditure – current year

Less: Amounts condoned

Irregular expenditure awaiting condonement/payment

2018	2017 (Restated)
50 054	254 735
1 220 865	-
-	(204 681)
1 270 919	50 054

The FPB incurred irregular expenditure of R114 912 in respect of website maintenance. The FPB requested proposals in 2016. Although the terms of reference do not make reference to the duration of the contract, all proposals were for a 12 month period. However, the SLA is for a 24 month period. The termination date according to the PO and SLA is July 2017 and April 2019 respectively.

The FPB incurred irregular expenditure of R1 105 952.76 in respect of after hours call routing by not terminating the contract with a service provider and the service provider continued to render the service outside the contract. The amount to be paid to the service provider is still under dispute.



NOTES TO THE FINANCIAL STATEMENTS

27. Prior-period errors

27.1 Provision of expense

During the review of provision for 2017/18 it was noted that a certain amount of provision for labour disputes was not catered for. Therefore, based on the accrual, accounting principle, a portion of the provision needs to be recognised in different accounting periods.

Figures in Rand

	2018	2017 (Restated)
Statement of financial position		
Provision of expense	-	477 073
Statement of financial performance		
Legal expense	-	(477 073)

28. Commitments

Figures in Rand

	2018	2017 (Restated)
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	3 525 290	6 737 485
Total capital commitments		
Already contracted for but not provided for	3 525 290	6 737 485
Authorised operational expenditure		
Already contracted for but not provided for		
• Expenditure 1	4 560 630	8 809 799
Total operational commitments		
Already contracted for but not provided for	4 560 630	8 809 799

Commitments disclosed relates to contracts awarded but not completed before 31 March 2018. The operating lease commitments have been disclosed in note 20. Cash and cash equivalents balance disclosed in note 3 as well as the MTEF budget will be utilised to finance these commitments during the 2018/2019 financial year. The note has been restated as a result of the correction on some of the contracts.

29. Changes in accounting estimate

GRAP 17 – Infrastructure, Plant and Equipment requires the review of the useful life of an asset at least at each financial year end. The FPB did not revise its useful life as at 31 March 2018.



PERFORMANCE INFORMATION REPORT

SECTION 7





Strategic Outcome 1

Effective and visible monitoring of industry throughout the entire value chain (content creators, producers and distributors of FPGs) for the protection of consumers and primarily children and adults through information.

Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	
% of content classified	100% (1 805) of all eligible submissions were classified	100% of eligible submissions (games, films, publications) classified	
No of trend analysis reports % change in the rate of submissions, registrations and renewals	Quarterly trends analysis report Q1-Q4 (2016/2017) compiled	4 trend analysis reports on the rate of classification submissions, registrations and/or renewals compiled	
Levels of adherence to Classification Governance Framework	<p>Training on the Governance Framework was conducted with the 8 Durban classifiers in February 2017</p> <p>Training was conducted with the Durban chief classifiers in February 2017</p> <p>Training on the Governance Framework was conducted with the 9 new Gauteng chief classifiers in January and February 2017</p> <p>Training was conducted with all the Gauteng classifiers in March 2017</p>	Review and implement the approved Classification Governance Framework, achieving moderate levels of adherence	
Number of workshops conducted	<p>40 FPB classifiers and 4 contracted online distributors were trained.</p> <p>Games training was conducted with 7 Gauteng classifiers</p> <p>3 Gauteng and 1 Durban pre-workshop meetings conducted as part of needs analysis for training.</p> <p>6 workshops and training was conducted with the Gauteng and Durban classifiers as compulsory quarterly training and debriefings.</p> <p>Training was conducted with On-Tap TV and Pride TV and feedback on the classification reports was provided to Showmax management</p>	8 workshops on Classification Guidelines conducted with classifiers and compliance monitors	

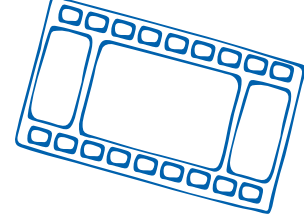


Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement for 2017/18	Comments on Deviations
100% (1886) of eligible submissions were classified	Achieved	None
All 4 trend analysis reports on the rate of classification submissions, registrations and renewals compiled	Achieved	None
Classification Governance Framework has been reviewed, approved and implemented	Achieved	None
11 workshops conducted with classifiers (FPB and online distributor classifiers)	Achieved	Workshops included online distributors who have recently signed licensing agreements – this resulted in the overachievement of target



Strategic Outcome 1 (continued)

Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	
Phases of implementation	Strategy submitted for Council approval	All 4 phases of the development of the labelling strategy for physical film and games implemented	
Phases of implementation	Guidelines review scope and plan developed	All 4 phases of the classification guidelines review plan implemented	
Number of focus groups held	6 focus group discussions conducted in 6 provinces	4 focus groups to assess implementation of classification guidelines conducted	
Phases of implementation	FPB revised fees and tariffs were approved by Council	4 phases of tariff structure implemented	
No of reports compiled	Processed draft Bill in Parliament	4 reports on the progress made in the enactment of FP Amendment Bill compiled	
Number of unregistered distributors identified	2 848 unregistered distributors identified	2 000 unregistered distributors on physical platforms identified	



	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement for 2017/18	Comments on Deviations
	<p>All 4 phases of the development of the labelling strategy achieved:</p> <p>Phase 1: Consultations conducted with Distributors on the Labelling Strategy and inputs obtained</p> <p>Phase 2: Labelling Strategy developed and approved</p> <p>Phase 3: Enhancements submitted to Council on the Labelling Strategy that was approved in Quarter 3</p> <p>Phase 4: OCR system live with labelling component included</p>	Achieved	None
	<p>2 phases achieved:</p> <p>Phase 1: Discussion paper developed and approved</p> <p>Phase 2: Public consultations held in all 9 provinces</p>	Not achieved	<p>Phase 3: Drafting of revised guidelines underway – second round of Public consultations on the revised classification guidelines to be done in Q1 and Q2</p> <p>Phase 4: Approval and gazette of the revised classification guidelines</p>
	15 focus groups convened in the year	Achieved	None
	3 phases of tariff structure implemented: Draft tariff structure developed	Not achieved	Request by industry to extend consultation period granted, which led to delays in the approval of the tariffs by Council and Minister
	3 reports generated on the progress of Bill	Not achieved	1 report outstanding as there was no progress made on the Bill in Q2
	3 789 inspections conducted to unregistered distributors	Achieved	More unregistered distributors were identified while conducting inspections than what reflected on FPB online system



Strategic Outcome 1 (continued)

Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	
Number of online inspections conducted	Annual totals for financial year 2016/17 are as follows: Online inspections: 1 776 ISP inspections: 1 015 iTunes inspections: 960 Social networks: 781	2 500 online inspections conducted to check compliance	
Number of raids conducted	94 raids have been conducted	36 raids with law enforcement to enforce compliance with the Act conducted	
Number of inspections conducted to existing distributors	6 126 distributors have been inspected	7 000 targeted inspections to existing distributors on physical platforms conducted	
% of queries resolved within set turnaround times	Implementation of customer care standards. Service delivery and customer care standards - report on survey findings review and recommendations report compiled.	Implement the call logging system to track and resolve at least 95% of queries within the set turnaround times (Internally = 2 working days; Externally = 8 working days)	
Number of respondents to the surveys	168 surveys conducted 162 online 6 physical	250 surveys administered to assess the quality of services rendered	
% of set targets achieved	Decentralise administration of distributor licence applications to Durban regional office	4 reports assessing the effectiveness of the Durban pilot compiled	
Number of decisions issued within 10 working days Number of registrations and renewals certificates issued within 10 working days	100% of licences issued within 10-day turnaround times	At least 95% of classification decisions, registrations and renewals licences issued within 8 working days	



	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement for 2017/18	Comments on Deviations
	Total of 3 886 online inspections conducted to check compliance	Achieved	Additional online distributors registered with FPB and resulted in an increase in the number of inspections conducted
	93 raids conducted	Achieved	Improved relations with law enforcement agencies, which resulted in them supporting requests for raids
	8 118 targeted inspections to existing distributors on physical platforms conducted	Achieved	Improved planning resulted in increased inspections conducted
	99,25% queries resolved within turnaround times	Achieved	The Nethelpdesk call logging system has improved efficiency
	290 surveys administered and an assessment report compiled	Achieved	Distributed surveys online and manually to reach a maximum number of participants
	Effectiveness of the decentralisation project (Durban) assessed	Achieved	None
	89% of classification decisions issued within 8 days 84% of registration/renewals licences issued within 8 days	Not achieved	Delays in approval of classification decisions owing to QA mechanism that is in place



Strategic Outcome 2

Informed consumers, general members of the public and industry about the mandate, programmes and operations of the FPB.

Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	
Approved media plan	3 opinion pieces	Media relations plan reviewed and implemented:	
No of interviews	4 media dialogues hosted	4 broadcast Interviews conducted	
No of print online articles	44 television interviews conducted	16 print/online articles published	
	70 radio interviews conducted		
	884 print & online articles		
Number of multi-unit activities conducted	32 outreach activities were conducted	Digital literacy campaign and outreach plan developed, approved and implemented	
Number of digital literacy campaigns	4 quarterly outreach and public education	1 digital literacy campaign implemented	
		3 multi-unit outreach activities conducted	
Number of M&E reports	M&E reports compiled	M&E reports of all digital literacy and awareness campaigns compiled	
Number of people reached			
Number of parents, learners and educators reached	1 599 reports have been received for the year	Roll out cyber safety and child protection initiatives in 6 different provinces targeting 200 parents, 800 learners and 400 educators	
Percentage increase in social media engagements	Social media numbers increased by 16.5%	Engagement on FPB's digital and social media platforms improved by 20%	
	4 quarterly digital media M&E reports compiled	4 digital media M&E reports compiled	
No of staff workshops convened	4 staff workshops convened	4 staff workshops convened	
No of internal newsletters issued	7 internal newsletters issued	8 internal newsletters issued	



Actual Achievement 2017/2018	Deviation from Planned Target to Actual Achievement for 2017/2018	Comment on Deviations
Media relations plan implemented: 287 broadcast interviews conducted 1 597 print/online articles published	Achieved	Exceeded target due to access to broadcast interviews, print/online articles published nationally.
Digital literacy campaign and outreach plan developed, approved and implemented Digital literacy campaign conducted with Safer Schools 3 multi-unit campaigns conducted	Achieved	None
4 quarterly digital and outreach M&E report compiled	Achieved	None
Roll out cyber safety and child protection initiatives have been conducted in 8 provinces reaching 19 711 learners, 1 148 parents and 728 Educators.	Not achieved	Target overachieved Management failed to table the annual evaluation report for approval by Exco
Facebook increased by 20% Twitter increased by 354% 4 digital media M&E reports compiled	Achieved	Posted false news article on twitter, which led to huge increase in impressions
4 quarterly staff workshops were convened	Achieved	None
7 internal newsletters issued	Not achieved	Management failed to exercise oversight in sending newsletters internally



Strategic Outcome 3

Effective, efficient and sustainable management of FPB operations.

Performance Indicators	Actual Achievement 2016/2017	Planned Target 2017/2018	
Phases of Implementation of Council-approved structure	Recruitment in response to turnover development and implementation of Durban pilot programme for classifiers FPB Structure review – report to Exco	Review, approve and implement all 4 phases of the FPB organizational structure	
Number of analysis reports developed	Remuneration analysis conducted	4 remuneration analysis reports developed	
Phases of implementation of change management programme	Conclusion of coaching agreement with Fresh Thinking. Values and diversity workshop conducted for staff – 23 September 2016. cultural diversity workshop held for classifiers. Team-based coaching report submitted to HR/Remco. Individual coaching implemented for 1 staff member. Meetings with unit managers	All 3 phases of FPB change management programme implemented	
Number of training and development activities undertaken	Workplace Skills plan successfully submitted to MICT Seta	4 training and development activities undertaken Develop talent management strategy	
Number of coaching sessions	Formulation and draft of succession plan. Approval of succession plan by Exco. Implementation of acting arrangements as per acting allowance policy.	9 coaching sessions for successor candidates conducted	
% Implementation of cost saving plan	Cost savings initiatives implemented	50% of the cost saving initiatives as per the plan implemented	



	Actual Achievement 2017/2018	Deviation from Planned Target to Actual Achievement for 2017/2018	Comment on Deviations
	<p>Phase 1: Review of unit staffing requirements</p> <p>Phase 2: Submitted proposed structure to Exco</p> <p>Recruitment in response to turnover trends</p>	Not achieved	Exco decision to defer implementation of additional posts to the OD exercise in 2018/19
	Four 4 remuneration analysis reports developed	Achieved	None
	<p>Action plans to address issues raised in staff survey</p> <p>Values workshop convened</p>	Achieved	None
	<p>trainings facilitated</p> <p>Educational assistance paid for individuals in terms of approved assistance</p> <p>Annual Skills Plan developed</p>	Achieved	None
	3 coaching sessions for successor candidates	Not achieved	Delays in commencing procurement process
	56% of the cost-saving initiatives as per plan implemented	Achieved	<p>Constant management and monitoring of data usage, including recovery of high usage.</p> <p>Subsistence and travel policy amendment in relation to National Treasury instruction note on cost containment measures.</p> <p>Formalisation and implementation of theft and loss committee, including recovery on negligent situation</p>



Strategic Outcome 3 (continued)

Performance Indicators	Actual Achievement 2016/2017	Planned Target 2017/2018	
% Change in the number of transactions awarded	50% of all transactions over R100 000.00 awarded to companies with BBBEE credentials	60% of all transactions over R100,000 are awarded to companies with a BBBEE contribution level of 3 or lower	
Phases of implementation	Office expansion plan developed as per organisational needs	All 4 phases of the approved short-term office expansion strategy implemented	
Number of reports submitted	Timeous submission of quarterly financial report to DOC	Submission of all 4 financial reports to DoC as per the legislated deadline	
Number of reports compiled	N/A	Internal audit plan developed and approved Four quarterly internal audit reports compiled	
Number of reports compiled	N/A	4 risk management implementation reports compiled.	
Number of quarterly reports submitted	Quarterly performance information reports prepared and submitted to the Minister, Deputy Minister and Director General of the Department of Communications as the Department of National Treasury	4 performance information reports compiled and submitted to the Executive Authority	
Strategic Plan Annual Performance Plan	Management development of APP Council review and approval of strategy and APP Submission of 3 versions of strategy and APP to DoC and NT	Strategic Plan, 5-year plan and Annual Performance Plan to the Executive Authority developed and submitted	
% of implementation	100% compliance with requirements of corporate governance framework	100% implementation and compliance with the Annual Corporate Governance Framework	



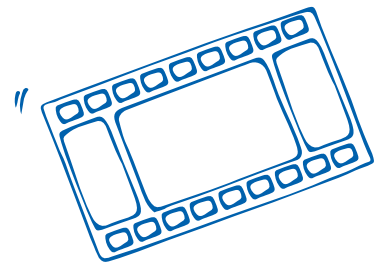
Actual Achievement 2017/2018	Deviation from Planned Target to Actual Achievement for 2017/2018	Comment on Deviations
Over 67% of all transactions over R100,000 are awarded to companies with a BBBEE contribution level of 3 or lower	Achieved	Access to black-owned companies due to full utilization of Central Supplier Database
Phases 2-4 not achieved Phase 1: Developed space needs analysis and submitted to DPW to initiated long term office procurement for FPB Head Office	Not achieved	Lack of capacity to deliver on the target in Q1-Q2 Corporate Services Specialist appointed only in Q3 to facilitate the office expansion process
All 4 financial reports submitted to DOC	Achieved	None
Internal Audit plan developed and approved by ARC All four Internal Audit quarterly reports compiled and presented to the ARC	Achieved	None
All four risk management reports compiled	Achieved	None
All four performance information reports compiled and submitted to the Executive Authority	Achieved	None
Revised 5-year Strategic Plan developed and submitted Developed 2018/19 Annual Performance Plan Both submitted to the Executive Authority	Achieved	None
100% compliance with the Annual Corporate Governance Framework	Achieved	None



Strategic Outcome 4

Effective and innovative regulation of the content distributed on online, mobile and related platforms for the protection of children, youth and adults through information.

Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	
Phases of implementation	OCR system developed and is in pilot phase	All 4 phases of the OCR system implemented	
% of system availability	98.8% system availability achieved	Ensure system availability at 98%	
Number of cases attended to	1599 reports have been received for the year	100% of child sexual abuse material cases referred to FPB responded to within 10 working days	
Levels of compliance to INHOPE action plan	Recreational equipment has been procured	Development, approval and implementation of the INHOPE action plan	



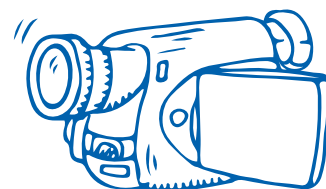
	Actual Achievement 2017/2018	Deviation from Planned Target to Actual Achievement for 2017/2018	Comment on Deviations
	<p>All 4 phases of OCR system implemented:</p> <p>Phase 1: OCR system introduced to industry through provincial distributor workshops</p> <p>Phase 2: OCR system demonstrated to FPB staff at staff workshop</p> <p>Phase 3: Post implementation review and sign-off on OCR system done in Q3</p>	Achieved	None
	Achieved 98% availability on critical systems	Achieved	None
	<p>100% of the 16 cases with a total of 116 960 contents were reported to the FPB from SAPS and analysis of content was conducted</p> <p>However, only 44% (7 out of the 16 cases) were responded to within 10 days</p>	Not achieved	None
	<p>INHOPE implementation plan developed and approved</p> <p>Attended INHOPE AGM and ICCAM training</p> <p>MoU with WASPA signed</p> <p>Child protection and online monitoring team relocated to a bigger office space</p>	Achieved	None



Strategic Outcome 5

Expansion of the FPB footprint and a qualitative impact made through effective partnerships and stakeholder relationships in pursuance of our mandate.

Performance Indicators	Actual Achievement 2016/2017	Planned Target 2017/2018	
Number of strategic partnerships reviewed and secured	<p>Stakeholder relations strategy approved</p> <p>African engagement document approved</p> <p>Stakeholder surveys conducted</p>	Approved stakeholder relations plan implemented	
Number of signed MoUs	Partner with at least 2 universities to leverage research capacity and assist with FPB knowledge creation	Plan of action in maintaining partnerships with 2 universities to leverage research capacity and assist with FPB knowledge creation developed	
Number of film and gaming festivals attended	<p>The following film festivals were attended:</p> <ul style="list-style-type: none"> • Ekurhuleni Film Festival • Durban International Film Festival • DISCOP • Joburg Film Festival • Festival of Fame 	Three film or gaming festivals attended & participated at	
Number of stakeholders engaged	<p>FPB attended the Africa Social Impact Summit hosted by Google in Kenya</p> <p>FPB hosted the Kenyan Film Classification Board study tour in South Africa</p> <p>FPB embarked on a content regulation information sharing trip to Namibia, where it visited organisations within the content regulation field</p> <p>FPB embarked on a content regulation information sharing trip to Ghana, where they visited organisations within the content regulation field</p>	Two stakeholders in the continent engaged	



	Actual Achievement 2017/2018	Deviation from Planned Target to Actual Achievement for 2017/2018	Comment on Deviations
	<p>Approved stakeholder relations implemented:</p> <p>Stakeholder engagement sessions at 10 different platforms</p>	Achieved	None
	Plan of action not developed	Not achieved	<p>Terms of reference developed to test the market</p> <p>Delays in advertising for prospective university partners</p>
	Attended and participated at five film and gaming festivals	Achieved	
	<p>4 engagements held on the continent:</p> <ul style="list-style-type: none"> • FPB attended the SADC Ministers for ICT and Communications meeting in KwaZulu-Natal • FPB attended the Telecommunications Organisation's ICT forum in Mozambique • FPB attended and presented at the Kenya Film Convention • FPB attended the Africa Internet Academy hosted by Google SA in Mauritius 	Achieved	None





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