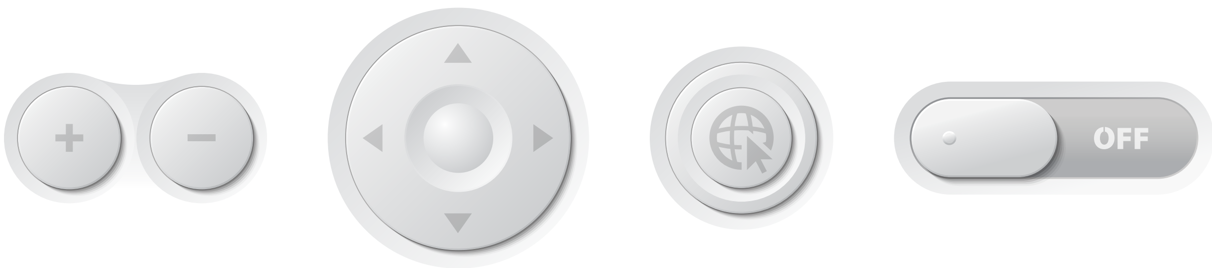
ANNUAL REPORT 2014/15

Film and Publication Board



Film and Publication Board

We inform. You choose.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CONTENTS

VISION

To be a leading credible visible content classification authority in South Africa.

MISSION

To ensure efficient and effective consumer protection by classifying media and entertainment content, while empowering the public, especially children through education, information and stakeholder partnerships.

FPB VALUES

The FPB strategy intends to promote the following values:

- Accountability
- Fairness
- Integrity
- Transparency
- Professionalism

GENERAL INFORMATION

BACKGROUND AND LEGISLATIVE MANDATE

The Film and Publication Board (FPB) derives its mandate from the Films and Publications Act (Act 65, 1996), amended in 2004 and 2009. The Act is the enabling legislative framework and thus outlines the key functions, powers and duties as conferred to the Board. Through the above mentioned legislation, the FPB is mandated to regulate the creation, production, possession and distribution of films, games and certain publications in order to:

- Provide consumer advice that will enable adults to make informed viewing, reading and gaming choices – both for themselves and for children in their care.
- Protect children from exposure to disturbing and harmful materials and from premature exposure to adult experiences.
- Make punishable the use of children in pornography or exposure thereto.

The onus is thus on the FPB to develop policies, procedures and processes which will ensure successful execution of the Act's objectives. In pursuit of these key outcomes and objectives, the organisation also plays a significant leadership role running its flagship project, the Campaign Against Child Pornography.

The FPB further contributes towards the implementation of the National Crime Prevention Strategy; which is part of a multi-sectoral strategic approach and is carried out through partnerships with the South African Police Services (SAPS) and other crime fighting agencies.

To inform its strategic direction and address issues pertinent to the industry, the FPB periodically commissions research exploring mainly compliance, trends analysis; as well as levels of social tolerance to the nature and content of products offered by the industry.

FPB Vision:
To be a leading and credible content classification authority in South Africa.

FPB Mission:
To ensure efficient and effective consumer protection by classifying media and entertainment content, while empowering the public, especially children through education, information and stakeholder partnerships.

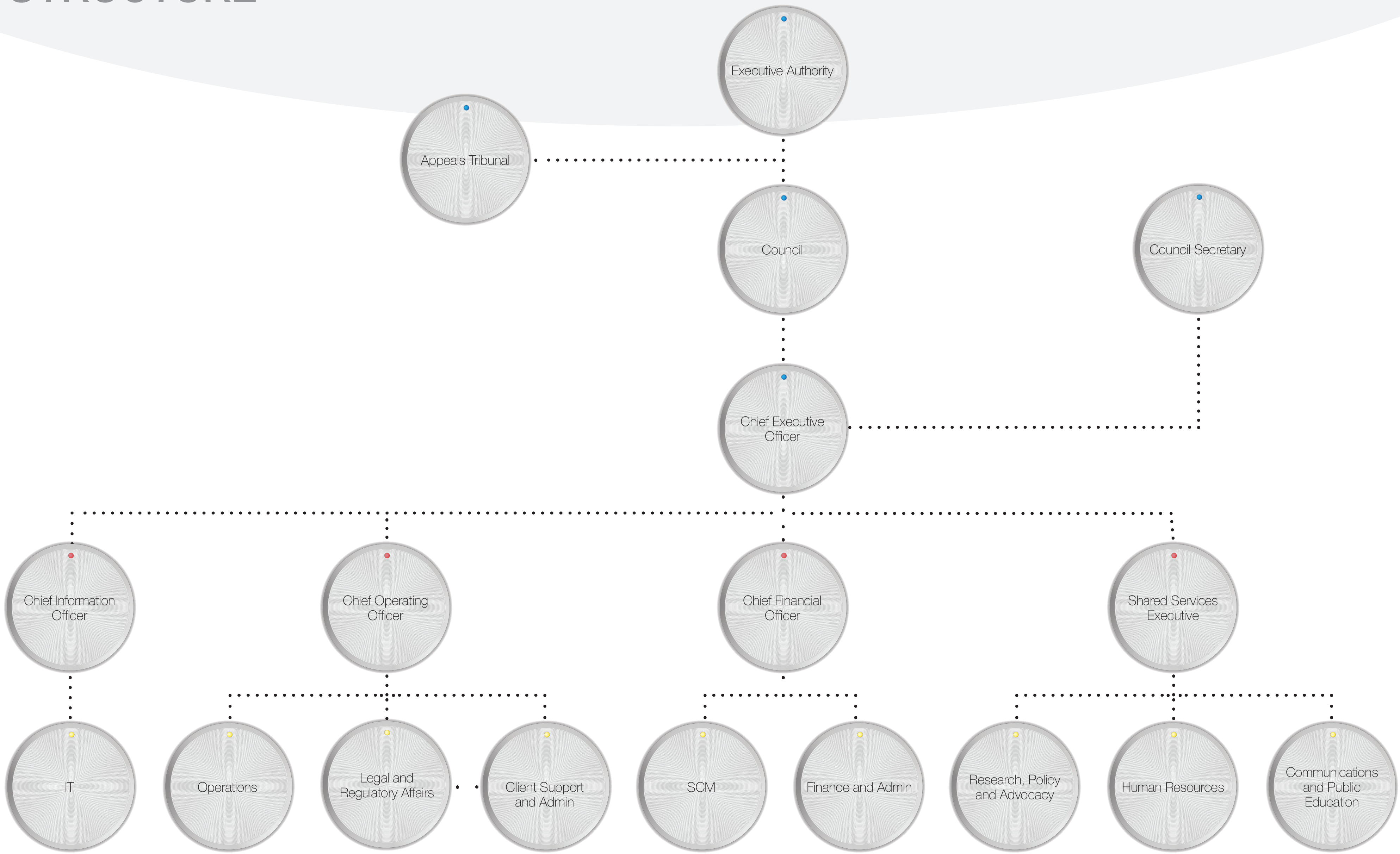
FIVE KEY PRIORITIES FOR THE NEXT FIVE YEARS

1. Leading edge in classification of content.
2. Informing and educating society to empower adults and protect children against harmful content.
3. Legislative review.
4. Develop and maintain local and international partnerships.
5. Research, Compliance and Monitoring and Evaluation.

PRINCIPLES CENTRAL TO THE FPB REGULATION

1. Protection of children from early exposure to adult material and use in child pornography productions – child pornography punishable by law.
2. Provide consumer advice on media content – "We inform, you choose".
3. Provide designated areas for distribution of adult material (pornography).

ORGANISATIONAL STRUCTURE



FILM AND PUBLICATION COUNCIL MEMBERS AND EXECUTIVE COMMITTEE:

Back row from left to right: Mr Tebogo Matabane - Acting Chief Financial Officer, Mr Tlale Mokutu - Council Secretary, Mr Matone Ditlhake - Council Member, Mr Rowan G Nicholls - Council Member, Adv Lufuno Nevondwe - Council Member, Mr Sandile Ndaba - Council Member and Mr Sipho Risiba - Chief Operations Officer.

Front row from left to right: Adv Mzondi Job Molapo - Council Member, Ms Lillian Phahla - Chief Information Officer, Mrs Natalie Skeepers - Council Deputy Chairperson, Mrs Thoko Mpumlwana - Council Chairperson, Mr Themba P Wakashe - Chief Executive Officer, Mrs Lusanda Rataemane - Council Member and Ms Palesa Kadi - Shared Services Executive.

Hon Ms Faith Muthambi
Minister of Communications

This Annual Report provides a review of the activities and classification decisions of the Film and Publication Board (FPB) during the 2014/15 financial year, and reflects the work undertaken by the FPB and the classification decisions that members of the public have entrusted the entity to make on their behalf.

In 2014, South Africa celebrated 20 Years of Freedom, driven by the vision to entrench democracy in South Africa. The fifth administration was introduced in May 2014. This administration introduced a notable change, replacing the Government Communication and Information System (GCIS) with the new Department of Communications (DoC). In July 2014, the FPB was officially transferred from the executive oversight of the Department of Home Affairs to the DoC.

The new Ministry of Communications welcomed the bringing together of several public entities under one stable which comprises Brand South Africa, FPB, GCIS, Independent Communications Authority of South Africa, Media Development and Diversity Agency, and South African Broadcasting Corporation. This move will allow for effective communications and also strengthen efforts among the entities to deliver on their mandates and of government-related information.

Subsequent to moving to the DoC, the FPB finalised the review of its Films and Publications Act, submitting the final draft Bill for approval. The Bill has since been approved by the Economic Cluster, certified by the State Law Advisors and will soon be tabled before Cabinet.

The 2013/14 financial year is a testament to how the FPB goes to great lengths to ensure that its work and the decisions it makes are in tune with society's concerns about media content. The FPB will be 20 years old in 2016 and such a milestone will be a time to take stock of the evolution of this young organisation. In line with its strategic objectives, the FPB has shifted its focus to look at issues of how it can protect children, as well as inform and empower consumers and industry in a rapidly changing digital age that provides easier access to content. The Classification Guidelines empower the public, who are the ultimate arbiters of whether or not the organisation does useful and valued work, to make informed choices about what they watch both at home and in the cinema.

I must acknowledge that the organisation operates in a rapidly changing environment where content distribution is moving from traditional to online platforms. This proliferation of digital content presents a challenge not only to the FPB but also to society as a whole.

The FPB's role is now more important than ever due to the introduction of these new online platforms. It will continue to work closely with industry stakeholders to ensure that regulation is paramount in order to make it easier and more cost-effective to use the ratings and other consumer information that the FPB provides.

The on-going revolution in technology, and the increased accessibility of content, mean that we need to adapt to the changing technological environment. Digital migration and

MINISTER'S FOREWORD

the advent of new online platforms has revealed limitations of the FPB in classifying and regulating content in this medium. Consequently, the FPB has prioritised the development of its Online Content Regulation Strategy that has since been approved.

To this end the FPB developed its draft Online Regulation Policy to tackle regulation on how best to protect children from potentially harmful online content. I am confident that consultations with industry, civil society, non-governmental organisations and the public on the draft policy will ensure transparency and fairness in the process. Central to the policy is a proposal for a co-regulation model with industry, which will allow for improved security, faster turnaround times and improved services to all South Africans.

The classification work that the FPB is conducting must continue and there will definitely be occasional disagreements over the rating of a film, video, game or a publication. This independence of classification is inevitable and it makes the FPB valuable to industry and citizens.

The FPB's central role is to provide the public, especially parents, with information about classification as an essential element of its function and accountability.

I encourage them to continue to build on this, to ensure the best possible child protection and consumer advice when it comes to consumption of films and games at home, in cinemas, on discs or online.

We should all play a part in protecting children, as provided for in the Films and Publications Act, 1996 (Act No.65 of 1996), and other various pieces of legislation such as the Child Protection Act, 2005 (Act No.38 of 2005) and the Criminal Procedure Act, 1977 (Act No.51 of 1977).

I would like to thank the Chairperson and the members of the Council for their constructive and strategic leadership. I would also like to thank the Executive Committee and staff of the FPB for their commitment to their mandate.

Hon Ms Faith Muthambi
Minister of Communications

Mrs Thoko Mpumlwana
Council Chairperson

INTRODUCTION

The Film and Publication Board (FPB) is a public entity established in terms of the Films and Publications Act, Act No.65 of 1996, as amended. The FPB's mandate is to regulate the production, possession and distribution of films, games and certain publications in the country. At the heart of the FPB's mandate, as stipulated in the Act, is the protection of children against premature exposure to adult experiences and harmful materials, particularly films, games and publications. Furthermore, the Act makes the use of children in pornography a punishable offence and, in the current year, we have doubled our efforts in ensuring that this message is communicated to everyone within and outside our borders.

We have formed, and continue to form, strategic partnerships with like-minded organisations and those that can offer both theoretical and material support to our course. Indeed ours is a very complex mandate that touches on a number of fields within our dynamic society.

On the one hand, you have members of our society who unequivocally support our endeavours, and on the other you have those who believe that we are an anti-democratic organisation whose sole preoccupation is to censor.

In reality, we are a regulator and our activities are fully governed by the Constitution, which is the supreme law of the land, which gave rise to our founding legislation.

POLITICAL MANDATE AND REPORTING

The reporting period was a transitional period that saw the FPB reporting to two Ministries as its Executive Authorities – previously the Department of Home Affairs (DHA) – and from the beginning of the second quarter in July 2014, to the Department of Communications (DoC). The transition from the DHA to the DoC has been a smooth and seamless one. The Ministry, together with Parliament, have been more than supportive of our activities, and both have gone to great lengths to lend a voice of authority to our mandate. We can now safely say we are gaining recognition as a regulator and an enforcer of legislation within the democratic dispensation.

During this reporting period, we have placed greater emphasis on regulating the online distribution space which has for a while been regarded as untouchable. There are still many in our society who believe that the online space is the preserve of the few elites. However, in reality, more and more of people have access to this medium of communication and interaction, especially young people across the class divide. Recent studies have shown that over 10 million young South Africans now have access to the internet, either through personal computers or mobile devices such as smart cellular phones and tablets. This indeed calls for even greater vigilance amongst caregivers. In response, we have intensified our cyber safety campaign and we have also established partnerships with similar organisations within the SADC region and the international community.

CHAIRPERSON'S FOREWORD AND 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. The FPB Council, its committees and the Appeals Tribunal are still fully constituted and are effective in carrying out their respective mandates. It is noteworthy that both Council and the Appeals Tribunal will reach the end of their current terms during 2015 and 2016 respectively, and have managed to hold together for the past four and a half years. Indeed, when one looks back, this has been a very successful tenure.

INSTITUTIONAL GOVERNANCE

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

Council

Council successfully reviewed the legislation which is now in the hands of the Executive Authority. At the time of reporting, the State Law Advisors has given a green light to the Amendment Bill and it is now with the Executive Authority which will take it through Parliamentary processes. We remain confident that the Films and Publications Amendment Act will be passed during the 2015/16 financial year.

The convergence of our current Classification Guidelines with societal norms continues to improve, in particular, when one uses the number of appeals against classification decisions. This entire financial year we received only two appeals, one for a film and another for a game. This reflects good progress indeed.

Audit and Risk Committee

The Audit and Risk Committee continues to play a pivotal role in ensuring general compliance with the Council's regulatory obligations. The Committee continues to be thorough and rigorous in ensuring that we adhere to sound financial controls and mitigation of risks. FPB uses an outsourced internal audit service and through the Committee's vigilance, Council continuously receives confirmation and assurance that we are compliant with the provisions of the Public Finance Management Act.

Chairpersons Committee

The Committee, comprising of all Council Committee Chairs, 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.

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 meetings in line with the Annual Council Schedule, one of which was a joint meeting with the Audit and Risk Committee to consider the draft annual financial statements. The Committee also held a budget workshop.

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 this reporting year the Committee held all four scheduled meetings and one special meeting. The Committee reviewed no less than 20 HR policies and ensured they were appropriately updated and aligned to the legal framework, in particular, the Labour Relations Act, the Employment Equity Act and Basic Conditions of Employment Act. The Committee oversaw the recruitment of the Chief Information Officer.

Operations and ICT Committee

The Operations and ICT Committee is responsible for overseeing all aspects of the organisation's strategic operations which include Classification, Registrations, Compliance Monitoring, Child Protection, Communications, Research and ICT Governance. During the period under review the Committee also facilitated the processes of reviewing the Legislation and ICT Strategy. The Policy also facilitated the development and approval of the Online Regulation Policy and Strategy. The Online Policy is currently the subject of public consultations.

Corporate Governance

All Governance Structures, which include Council, its committees, Audit and Risk Committee and Appeals Tribunal, are in good standing. However, it should be noted that one Council member resigned during the first quarter of the reporting period.

All of the structures have a full complement of members and have held all scheduled meetings. The Appeals Tribunal has held all hearings based on the number of appeal applications received and, as a matter of policy, has at all times managed to issue awards within 14 days of hearing of the appeals.

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

Council Members have been remunerated based on National Treasury Guidelines. Performance assessments of Council members were conducted to test their effectiveness as a collective, and as individuals. The performance review of the Audit and Risk Committee was also conducted.

An up-to-date Policy Register covering all aspects of the FPB's operations has been maintained, and policies are updated on a regular basis.

The FPB has established an office of the Chief Information Officer and a Risk Management Officer in order to strengthen our governance.

Meetings

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

Council – 6 meetings
Ordinary Meetings
02 April 2014
25 July 2014
07 November 2014
26 February 2015
Special Meetings/Workshops
30 May 2014 (special meeting)
27 August 2014 (Strategy Planning Workshop)

Audit and Risk Committee – 5 meetings
15 February 2014
22 May 2014 (Joint meeting with Fincom)
13 October 2014
03 December 2014
09 February 2015

Chairpersons Committee – 5 meetings
24 March 2014
16 May 2014
04 November 2014
16 January 2015 (special meeting)
19 February 2015

Finance Committee – 5 meetings
22 May 2014 (joint meeting with AC)
23 July 2014
16 October 2014
25 November 2014 (workshop)
05 February 2015

Human Resources and Remuneration Committee – 5 meetings
05 June 2014
10 July 2014
20 October 2014
11 February 2015
16 February 2015 (special meeting)

Operations and IT Committee – 4 meetings
05 June 2014
10 July 2014
17 October 2014
15 February 2015

Appeals Tribunal – 2 hearings
27 July 2014 – Disney Infinity 2.0 (game)
04 August 2014 (workshop)
13 February 2015 – The Wedding Ringer (film)

ICT Steering Committee – no meetings

The ICT Steering Committee had only one member remaining following the resignation of one member and the other having been excused due to a potential conflict of interest. As a result the Steering Committee was declared defunct and did not hold any meetings during the reporting period. However, an internal IT Projects Committee performed all necessary functions and duly reported to the Operations and ICT Committee.

Member Attendance

Council	Number of Council and Committee meetings attended
Mrs NFT Mpumlwana (Chairperson)	10
Mrs N Skeepers (Deputy Chairperson)	13
Mr M Ditlhake	8
Adv MJ Molapo	7
Mr AP Mukoma*	2
Mr SL Ndaba	10
Adv L Nevondwe	7
Mr RGN Nicholls	13
Mrs LUZ Rataemane	17

*Mr Mukoma resigned during the first quarter of the current financial year and before his resignation he had attended only one Council meeting and Strategy session. He did not attend any committee meetings.

Note: Attendance above includes all Council and Committee meetings.

Audit and Risk Committee	Number of meetings attended
Mr RWN Nicholls (Chairperson)*	6
Adv N Nevondwe (Member)*	4
Mr MG Dhladhla	5
Mrs N Skeepers Member	5

*Note: Mr Nicholls also attended the Budget workshop. Adv Nevondwe missed one scheduled meeting.

Conclusion

In conclusion, the FPB is gaining ground and recognition from broad sections of our society. Although we have made strides in ensuring that content classification is recognised as a necessary intervention in building social cohesion, we still have a very long way to achieve the same result with regard to the online space.

However, there is positive and encouraging progress. Of particular importance is the on-boarding of a number of online content distributors who have registered with the FPB. There are on-going discussions with more distributors, particularly the up and coming ones. Our partnerships also assist us in broadening our reach even further. We will fully leverage the fact that we are now in the same Executive Authority as ICASA, Media Diversity and Development Agency, the SABC and Brand South Africa. Through these relationships, and the support of the Executive Authority, we will make even greater progress in our vision to attain a single classification system for the country.

I would like to thank Council and Appeals Tribunal members as well as FPB staff for their contribution and commitment in discharging the FPB mandate during this reporting year. I am particularly satisfied with the fact that the achievement of performance targets is well above 85%, with commitments which will most likely take us to within 95% of targets achieved, noting that some of the targets are of a multi-year nature.

Also, I would like to thank the Ministry of Home Affairs for their guidance and support over the years until the first quarter of this financial year. I am sure that I'm speaking on behalf of the entire FPB family when I say the support we receive from our current Executive Authority, the Ministry of Communications, is invaluable and together we will indeed achieve more.

Mrs Thoko Mpumlwana
Council Chairperson
Film and Publication Board

NOTES

FPB – Ensuring efficient and effective consumer protection by classifying media and entertainment content.

FILM AND PUBLICATION BOARD
COUNCIL MEMBERS 2014/15

Mrs Thoko Mpumlwana
Council Chairperson

Mrs Natalie Skeepers
Council Deputy Chairperson

Mrs Lusanda Rataemane
Council Member

Mr Rowan G Nicholls
Council Member

Adv Mzondi Job Molapo
Council Member

Mr Sandile Ndaba
Council Member

Mr Matone Ditlhake
Council Member

Adv Lufuno Nevondwe
Council Member

FILM AND PUBLICATION BOARD
EXECUTIVE COMMITTEE 2014/15

Mr Themba P Wakashe
Chief Executive Officer

Mr Tebogo Matabane
Acting Chief Financial Officer

Mr Sipho Risiba
Chief Operations Officer

Ms Lillian Phahla
Chief Information Officer

Ms Palesa Kadi
Shared Services Executive

Mr Tlale Mokutu
Council Secretary

Mr Themba P Wakashe
Chief Executive Officer

The Film and Publication Board (FPB) was formally transferred from the executive authority of the Department of Home Affairs to the Department of Communications (DoC) in July 2014. This transfer is significant because South Africa has embarked on digital migration which will bring with it massive amounts of online content that will require classification.

The FPB has drafted an Online Regulation Policy to create a regulatory classification and compliance framework, giving effect to section 18(1) and 81(2) of the Films and Publications Act No.65 of 1996, as amended ("the Act"). The policy will enable effective regulation and speedy classification of digital content distributed on mobile and digital platforms.

FILM AND PUBLICATION BOARD ONLINE REGULATION POLICY

Due to technological advances, we have seen the rise of user-generated content, and the proliferation of illegal and unclassified media content online. This prompted the FPB in October 2014 to develop the Draft Online Regulation Policy. The policy seeks to strengthen and intensify the Films and Publications Act No.65 of 1996, in relation to content classification across all media platforms, i.e. games, films and certain publications, regardless of their distribution platform.

The policy also proposes a co-regulation framework in terms of which FPB, working with industry and online service providers, will be able to classify digital film, games and certain publications to identify non-compliant distributors; to punish persons who distribute hate and/or private sex videos with the intention to cause distress; videos and images depicting children being sexually or physically assaulted; and to ensure that the industry contributes and plays a role in public education and awareness on cyber safety.

FILMS AND PUBLICATIONS AMENDMENT BILL

During the period under review, we finalised the review of our Film and Publication Amendment Bill. Subsequent to our relocation to DoC, the FPB submitted the final draft Bill to the new Minister for approval.

The Bill seeks, amongst others, to align the interpretation of child pornography (in films and games) with the interpretation accorded by the Constitutional Court in the case of De Reuck; to regulate the online distribution of pornography, create a framework for co-regulation for media content classification and compliance monitoring; to outlaw the distribution of private sex images and videos with the intention to cause distress, and videos and images depicting children being subjected to sexual and physical assault. The Bill has since been approved by the Economic Cluster, certified by the State Law Advisor and will soon be tabled before Cabinet.

CLASSIFICATION

A new pool of classifiers was appointed by the FPB Council in August 2014. A total of 40 classifiers from across all sectors of society were appointed. The classifiers were trained and equipped with the necessary skills for media content classification. The FPB has developed Classifier Guidelines that guide classifiers on how to conduct classification of media content.

Since September 2014, when the new pool of classifiers began service with the FPB, out of more than 500 titles submitted and classified, only two of these were appealed by distributors. This shows the overall Content Distributors' satisfaction and efficiency of the work of these classifiers.

CHIEF EXECUTIVE OFFICER'S FOREWORD

COMPLIANCE AND ONLINE MONITORING

We embarked on a high impact, high visibility campaign in relation to our monitoring activities, which is a critical area of our work. Over 70 raids were conducted in partnership with law enforcement, which resulted in the confiscation and destruction of over 20 000 illegal DVD's and music CD's. Arrests were also made in joint operations with the South African Police Services in Limpopo and KwaZulu-Natal.

In addition, the FPB's compliance monitors conducted a total of 9 657 inspections on registered distributors across the country, and 4 355 inspections were conducted on unregistered distributors, which resulted in 1857 of these unregistered distributors then registering. Those who continued to operate illegally were referred to SAPS for investigation and prosecution.

We employ online compliance monitors to conduct inspections on websites that contain illegal content. A total of 4 091 illegal websites were identified, administrators' notified and illegal websites taken down. Through these online monitoring activities, we also identified a number of commercial entities that were selling unclassified films and games online without registering with the FPB as online distributors.

Following this identification, letters of non-compliance were issued to holding companies of these platforms, which triggered negotiations around the conclusion of online distribution agreements. Negotiations were held with almost all of these distributors and to-date online distribution agreements have been concluded with Apple, Altech, Blackberry and Multichoice. Other agreements are at their final stages.

CHILD PROTECTION UNIT

A Child Protection Unit Officer has been appointed, who is a social worker with vast experience in providing assistance and counselling to child victims of sexual assault and exploitation.

Through this appointment, FPB is now able to provide counselling to child victims, encourage and facilitate the reporting of child abuse, child pornography and child exploitation to SAPS. This is also enhanced by the MoU that the FPB concluded with Childline Gauteng in which the two organisations share experiences and expertise, and facilitate the reporting of child sex offenders by the victims and the general public to law enforcement. We are also a member of the International Association of Internet Hotlines (INHOPE), based in the Netherlands. As required by the Association, the FPB has a toll-free line and Pro-Child website through which it receives tip-offs and reports from the general public on suspicious child exploitation and child pornography cases.

Through our INHOPE membership, and the work of the Child Protection Unit Officer, we received a total of 169 suspected child pornography and child exploitation cases. Of these, 14 websites were taken down, 11 cases were found to contain child pornography and were referred to the South African Police Service for investigation and prosecution, and the remaining 144 instances were found not to be illegal.

FPB CALL CENTRE

I am happy to report that the implementation of the new call centre system has been finalised. The call centre system is fully functional and has important features that will improve service delivery and provide support to the public, such as an email routing function where all voice calls and messages are recorded.

This function will assist the FPB to keep an audit trail to evaluate service quality and to be able to revert back to conversations in cases of a dispute.

A feasibility study is currently being conducted to expand the call centre to regional offices in Cape Town and Durban. Once implemented, the expansion will enable the FPB to decentralise the distributor license administration to the regional offices. This will ensure efficiency and improved turnaround time of registration certificates to industry by the FPB.

INFORMATION AND COMMUNICATION TECHNOLOGY

In the year under review, the Online Content Regulation Strategy was developed and approved by the FPB Council. The terms of reference were developed and the procurement process initiated for implementation of the system to enable the regulation of online distributed content. In preparation for the online submission of videos and games, FPB has upgraded its bandwidth to cater for the size of the videos submitted. It has also revised the network configuration and upgraded the firewall and the network switch.

The ICT steering committee has been re-established and two additional members have been appointed. This will assist the organisation in the advisory and governance of ICT related matters.

COMMUNICATIONS

The Communications Strategy was reviewed and approved for implementation. Central to the Communications Strategy is the ability to deliver impact and visibility, along with building relationships with key stakeholders and ensuring meaningful engagements.

The signature outreach activity for the FPB was the launch of the Back-2-School Campaign which coincided with Safer Internet Day. Safer Internet Day is heralded globally on the second Tuesday of February each year. The launch event saw 100 learners and 10 educators from 10 schools learn about cyber safety together with implications for making ill-informed decisions online.

The launch brought together industry partners including the Gauteng Department of Education, Department of Communications, Department 3of Telecommunications and Postal Services, Digital You, Childline SA, Google, Media Monitoring Africa, SaveTNet and Unisa Youth Research Unit. The campaign was themed: *"Let's create a better internet together."*

The Box Office show was launched on SABC 1 to inform and educate South Africans about our mandate. The successful show had an average of 1.4 million viewers who were educated about classification, cyber safety, child pornography and the FPB mandate. Other notable activities included a partnership with the South African Film and Television Awards (SAFTAS) and Quad Republic for the Feather Awards allowing the FPB an avenue to transit from a censor board image to that of a classifier. It also allowed us to strengthen our position with the television and film stakeholders together with the lesbian, gay, bisexual, trans-sexual and intersex community.

With media relations being central to advancing the mandate of the FPB there was a concerted effort to interact with media.

Media coverage for the year by medium was as follows:

Print	454
Broadcast	118
Online	797

Media coverage by sentiment:

Negative	24
Positive	11
Neutral	1 332

STRATEGIC PARTNERSHIPS UNIT

The Strategic Partnerships unit is mandated to expand the FPB's footprint nationally, within the Southern African Development Community, and internationally. This is made possible by collaborating with partners in different sectors of the community. The following partnerships were formalised:

- National Film and Video Foundation
- International Association of Internet Hotlines (INHOPE)
- University of the Witwatersrand
- Babukisi (Cultural organisation in Swaziland)
- Childline Gauteng

We also had mutually beneficial partnerships with organisations such as Basic Lead, Quad Republic, Rhodes University, Jozi Film Festival, Durban International Film Festival and Moments Entertainment. These partnerships allowed us to interact with stakeholders from different sectors of our society.

RISK MANAGEMENT

Annual strategic and operational risk assessments were held during the period under review. In addition, quarterly reviews were conducted to update the existing strategic and operational risk registers; assess any emerging risks; and prioritise the risks that need to be managed in order to achieve the FPB's strategic objectives for the 2014/15 year.

Results of a Risk Maturity Assessment performed by PWC are being implemented in order to ensure increased risk maturity levels. The effectiveness of the risk management processes were independently assessed by the Internal Auditors and reported to the Audit and Risk Committee.

FRAUD PREVENTION

A service provider has been appointed to establish and administer fraud hotline services on our behalf. This initiative is aimed at promoting and encouraging staff and members of the public to report on any fraud and corrupt activities or practices anonymously without fear of victimisation.

Previously the organisation was subscribed to the National Anti-Corruption Hotline (NACH).

An approved Fraud Prevention Policy, Strategy and Plan is being adhered to. As stipulated in the Fraud Prevention Policy, the FPB has adopted a zero tolerance stance to all forms of fraud and corruption. Workshops were conducted with staff to sensitise them to the different forms of fraud, the prevention strategies, how to combat corruption, the reporting process and promotion of ethical behaviour in the workplace.

BUSINESS CONTINUITY MANAGEMENT

A Disaster Recovery Plan and Business Continuity Plan are in place and have been reviewed to align with the current business and operational environment.

COMPLIANCE

The FPB complies with the provisions of PFMA and other legislation applicable to the public entity. As such, the organisation has submitted all the required reports to the Executive Authority, National Treasury and Auditor-General. Quarterly reports are submitted to the Executive Authority within the required time frames.

INTERNAL AUDIT

FPB outsources its internal audit services to a professional auditing firm. The following audits were performed in accordance with the approved Internal Audit Operational Plan: Performance Information; Commitments Schedule; Governance and Compliance; Human Resources Management; Classification; Supply Chain and Expenditure Management; Financial Discipline Review (Fixed Assets and Cash Management); Follow-up on Internal Audit Reports (Industry Compliance and Monitoring); Financial Statements Compliance Review; and follow-up on Auditor-General Findings.

All audits are risk-based. Our internal auditors have also performed audits specifically requested by management and the Audit and Risk Committee, namely the Deficit Review, Communications Unit Investigation and the Commitments Schedule, SCM deviations and certain expenses covered by Cost Containments Review.

All high-risk audit findings have been reported to the Audit and Risk Committee. Furthermore, action plans to address the root cause of the findings are in place and are being monitored for implementation. The FPB is considering a hybrid internal audit system to build internal systems and ensure compliance and quality.

PEOPLE ISSUES

We completed the migration to the Turn Around (TA) Structure. A review of the structure was conducted with management to assess the effectiveness and functionality of the TA structure. The review found that the majority of posts within the structure were effectively in place. However, the review also identified certain additional posts that have been recommended for the future enhancement of the structure, including resources to assist with the transition to the online regulatory environment and the consequent ICT support that will be required.

Staff turnover at 22% continues to be a challenge and the recruitment function was active for the reporting period with 15 external appointment and nine internal appointments recorded. It is noted that 37% of all appointments were internal, which indicates that current staff are afforded significant growth opportunities within the organisation. An important development was the decision to run the recruitment response handling function internally with effect from April 2014 (previously all recruitment response handling was outsourced).

This decision has resulted in a response handling and placement cost saving of an estimated R1.2 million for the period.

The high staff turnover has necessitated a strategic focus on retention and succession initiatives and these will form a key focus in the 2015/16 financial year. These initiatives include the development of a formal succession plan to address the provision of skilled resources for critical posts, and the review of current remuneration practices in line with competitive benchmark practices.

As part of the change management strategy we implemented a successful management coaching programme and 25 staff have completed a total of 122 hours of coaching to-date. A comprehensive Staff Satisfaction Survey was implemented covering a broad range of employment issues. The results have highlighted key change management areas for the FPB. In response to this, a process has been implemented to address the challenges identified and a team-based divisional coaching programme will be implemented.

We invested a total of R633 167 (406 training days) in employee skills training and development. A further R330 878 was invested in employee part-time educational assistance where 15 staff members benefited. This translates to an average development cost of R11 757 per employee (five training days per employee) for the reporting period. Skills development planning for 2015/16 will continue to be conducted within the context of the succession planning framework and the needs identified through the performance management process.

The FPB has registered a Skills Development Facilitator with the MICT-SETA and established contact for submission of the annual Workplace Skills Plan and the claiming of discretionary grants in respect of training initiatives.

A second Internship Programme was implemented in January 2014, specifically focused on the Compliance Monitoring function. Interns were placed at the three regional FPB offices (Gauteng, Durban and Cape Town) and were trained in regional office functions for a period of nine months. This was followed by a Career Development and Personal Excellence Programme that was run at Head Office over a three-month period. The programme was very successful and three interns have subsequently been appointed to the permanent staff of the organisation.

On the industrial relations front the organisation was faced with an unusually high incidence of misconduct cases that were processed through both internal procedures and CCMA and labour court referrals. This resulted in a total of five disciplinary-related dismissals.

The Employee Wellness Programme has seen the continuation of quarterly compulsory debriefings for Classifiers and Compliance Monitors, and any other staff exposed to disturbing materials or work activities that may be traumatic in the course of their duties. The programme also includes the on-going call centre facility, monthly newsletters, an employee wellness day, staff wellness awareness and voluntary testing interventions on the topics of HIV/Aids and Diabetes, and a second year of the nutritional/ weight-loss programme. Utilisation of the call centre facility has increased substantially over the last year.

An on-site counselling service has been offered to staff and the Employee Assistance Programme has been successful in effectively addressing a number of wellness issues that were either self or management referred.

RESEARCH

Knowledge creation and knowledge accumulation are key drivers in the work that we do. As a knowledge-based institution, it is important for us to always try and remain up-to-date on the latest industry trends, and assess the impact of the work of the FPB and industry on ordinary South Africans, who are the ultimate consumers of the material classified by FPB.

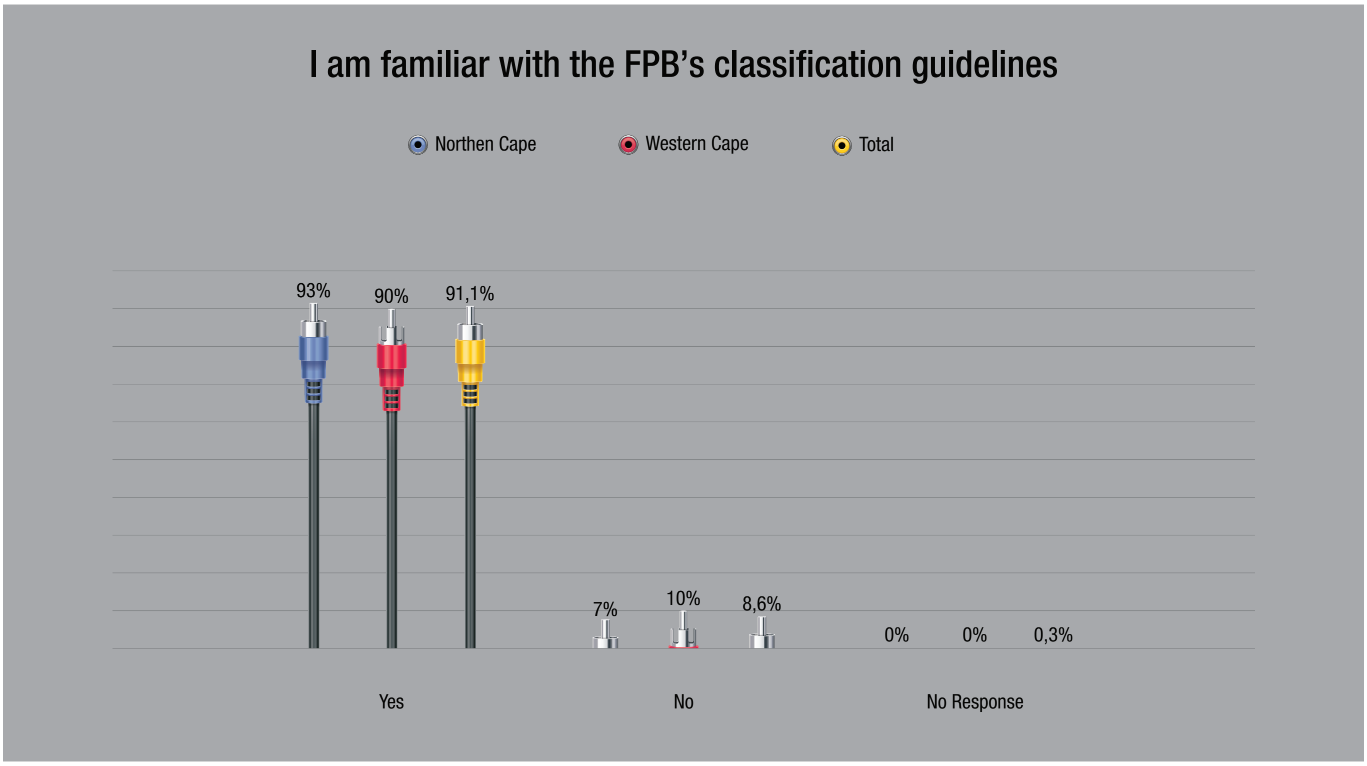
The FPB has assessed the impact of current interventions and looked at future trends in order to assist with organisation's regulatory approach. We also focused on the establishment of a Knowledge and Information Management approach and established sustainable partnerships with institutions of higher learning.

CONVERGENCE WITH SOCIETAL VALUES AND NORMS

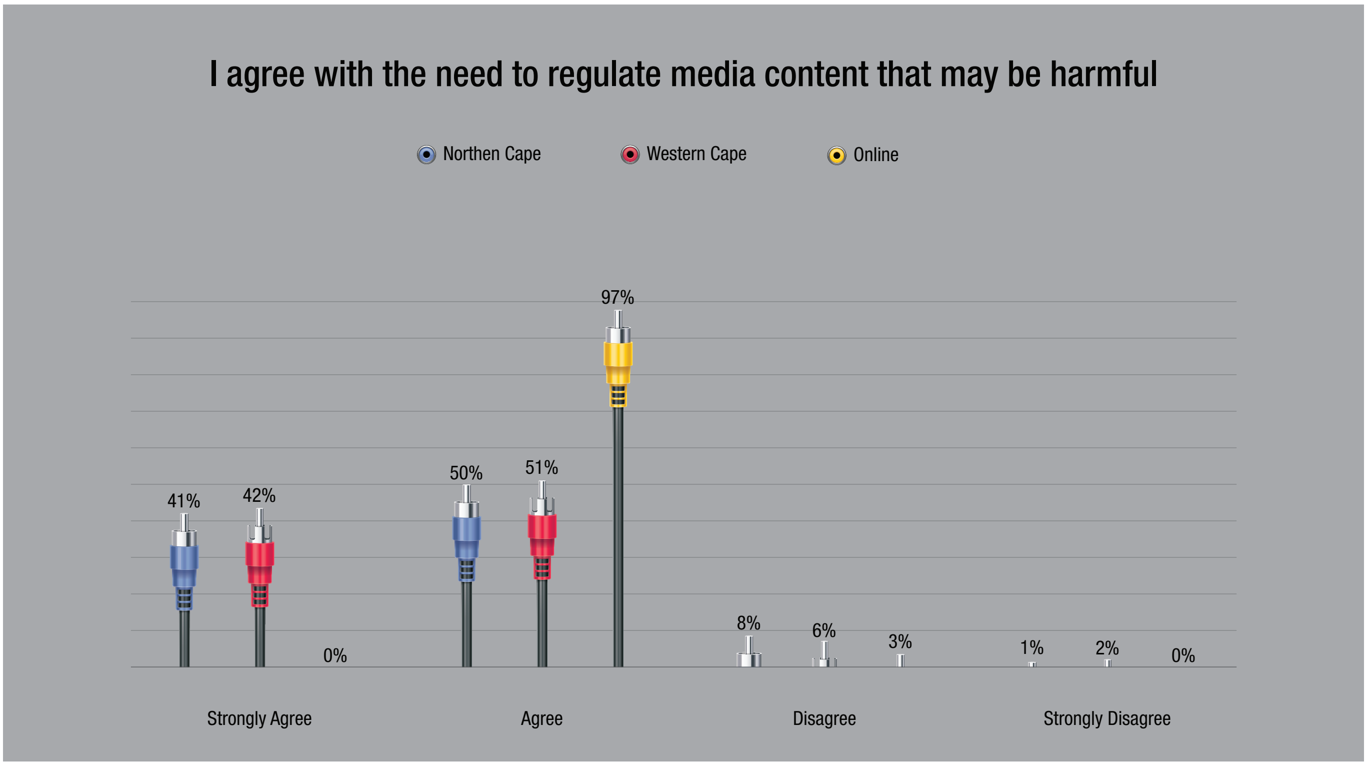
Central to the content classification mandate of the FPB is an acknowledgement that classification decisions provided by FPB should be decisions with which members of the public identify and are in agreement with. An assumption made is that there is general consensus that specific age groups should not be exposed to certain images and concepts. Such consensus is obtained through testing what is acceptable with the use of scientific research methodology, as well as public consultations. This leads to the adoption of Classification Guidelines which are used to guide the content classification process of the FPB.

On an annual basis, FPB tests whether classification decisions continue to meet with stakeholders' and public expectations and value systems. The FPB sampled and tested the views of people in the Northern and the Western Cape in the year under review. The survey was also conducted online to obtain inputs from South Africans operating in the digital space.

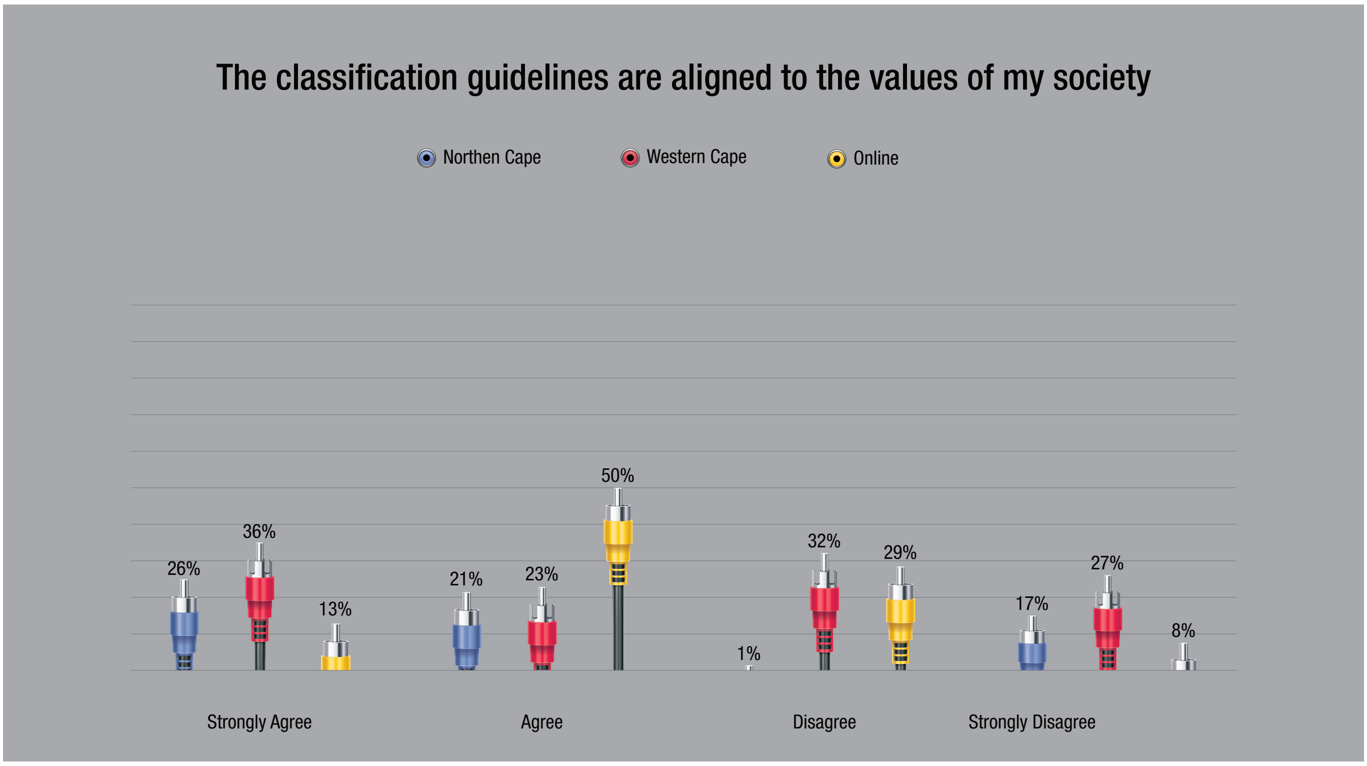
Results from the surveys indicated that we are on the correct path when it comes to communication of classification guidelines and decisions. The results showed that the majority (91%) of South Africans are familiar with the FPB's classification guideline. This was evident in both the Western and Northern Cape provinces.



All three questionnaires concluded that South Africans generally agree with the need to regulate content. The number of respondents that were in agreement vastly exceeded those that opposed regulation. 56% percent of the respondents agreed that there was a need to regulate content, while 36% strongly agreed. Only 6% disagreed, and 2% strongly disagreed.



The last element to be discussed for the purposes of this report was whether the South Africans surveyed agreed that classification decisions provided by FPB are in-line with their societal values and norms. Although a large proportion of respondents agreed that the publication guidelines were aligned with the values of South African society, the number of respondents that disagreed with this view was also significant enough to demand further scrutiny. Twenty-seven percent of respondents felt that the guidelines were not aligned with the values of their society, while 73% felt that the guidelines reflected their societal values.



The results of the survey are a clear indication that FPB has an important role in the media content distribution value chain. There is however extensive work that needs to be done to continuously determine the standards with the public, and furthermore to continuously communicate the work of the FPB and the impact thereof.

KNOWLEDGE AND INFORMATION MANAGEMENT SYSTEM

A Knowledge and Information Management System, to assist in retention of information and knowledge generated within the organisation, was established. This has been done through the development of a KIM strategy to guide the organisational approach to knowledge management. The development of the strategy highlighted important knowledge categories for FPB, which require seamless processes to harvest and store the information.

UNIVERSITY PARTNERSHIPS

We have established a number of partnerships with institutions of higher learning to enhance the organisation's regulatory approach. This was borne out of the realisation that the work of the FPB is knowledge-driven, but there is very little body of work in the academic field that responds to critical questions on media content regulation and classification, in particular. To this end, FPB has entered into a Memorandum of Agreement with the University of South Africa (Unisa). This approach will assist in ensuring entry of young people into the sector that have a clear understanding of the sector needs and requirements.

Two organisations have begun a research project assessing the impact of media material on children. The research was commissioned by FPB to assist with generating empirical evidence to assist with defining age categories that are used in the review of the FPB classification guidelines. Preliminary findings indicate that South African children are more impacted by images that are sexual in nature as opposed to violent and prejudicial material. This requires a great deal of introspection on the country on the cause for the perceived desensitisation to this type of violent and prejudicial content by children.

In the new financial year, the organisation is looking at entering into additional partnerships with other universities, focusing on technology, legal challenges and content consumption trends.

FINANCIAL TRENDS

The Film and Publication Board has improved its financial management controls during the financial year by enhancing internal controls. All distributors are requested to pay in advance before any classification work can be done.

INCOME AND EXPENDITURE

A Grant Subsidy of R 78,901,000 was received from the DHA during the current financial year. The Grant Subsidy has decreased by 5% as compared to R 82,675,000 received in the previous financial year. Regulation fees of R 6,318,516 were generated during the financial year as compared to R 4,368,047 in the previous financial year.

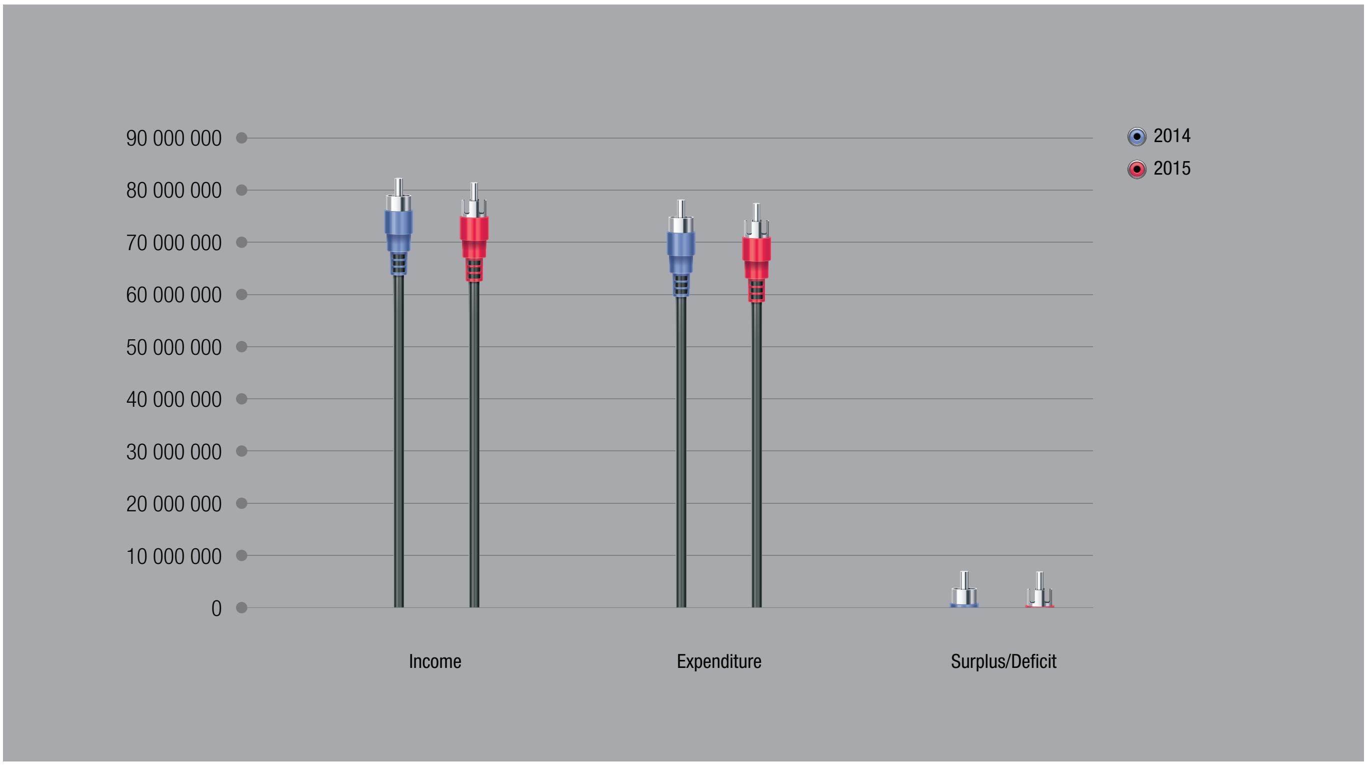
Annually the Film and Publication Board reviews its tariffs for classification, registration and media content distribution. This is to ensure that the Board is able to generate funds to boost its limited resources which are always not sufficient to enable it to carry out its full mandate. Over the years the Board has increased its annual tariffs by 6% and would recommend that the percentage increase remains the same for the financial year 2015/16.

There has been a decline in the regulation fees as result of a decline in the number of materials submitted for classification and decline in the number of new registration of movies and games distributors. As part of initiative and move to regulate content distributed online, tariffs have been amended during the financial year to cater for fees to be levied on content distributed online.

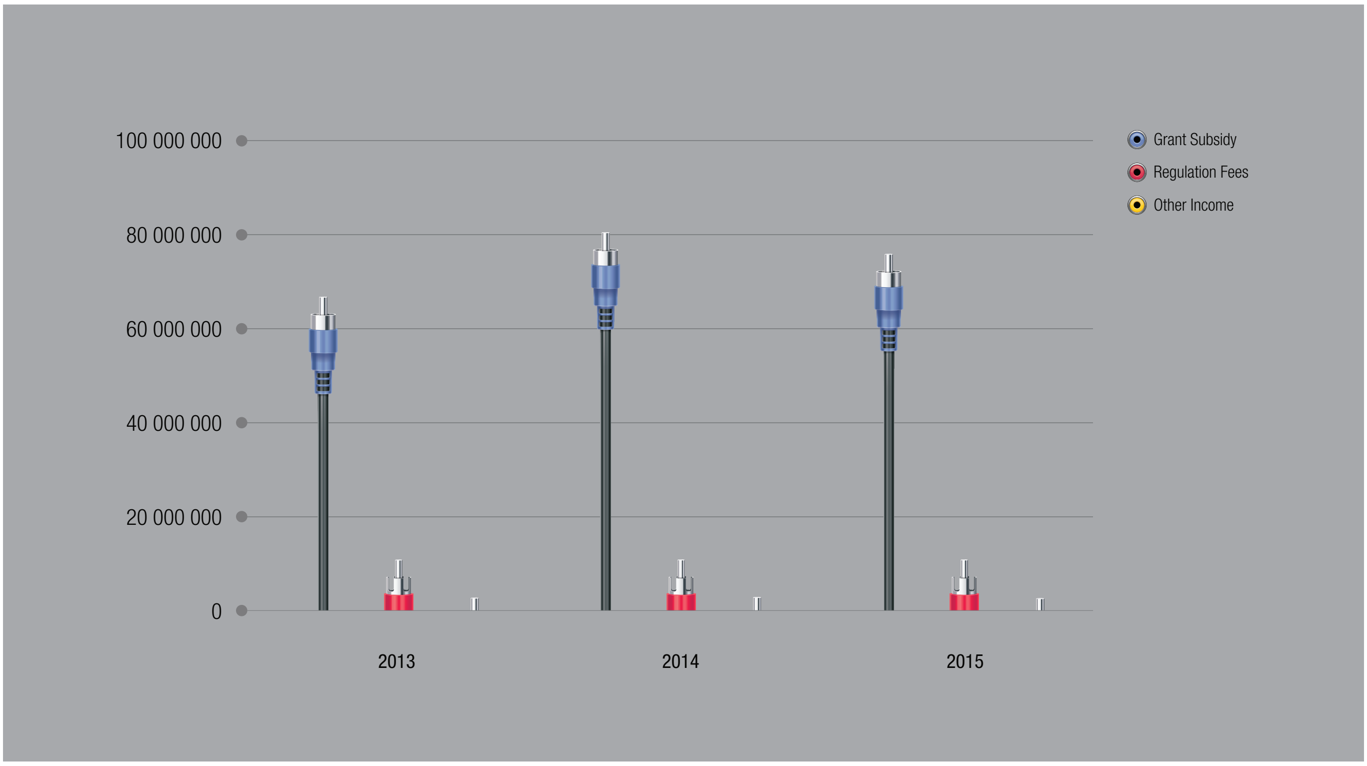
A new classification fee has been introduced and was implemented effective from the 2014/15 financial year. In the next financial year, the Board is planning to conduct a full study on the tariff for media content distribution for both physical and online platforms, to ensure that the tariffs are responsive and adaptive to the changes brought by technology in relation to consumption and new content distribution methods. This study will also inform the increases for the coming years and related matters.

Revenue is made up of Grant Subsidy from the Department of Home Affairs, classification fees of films, games and some publications and registration fees of new movie distributors.

INCOME AND EXPENDITURE



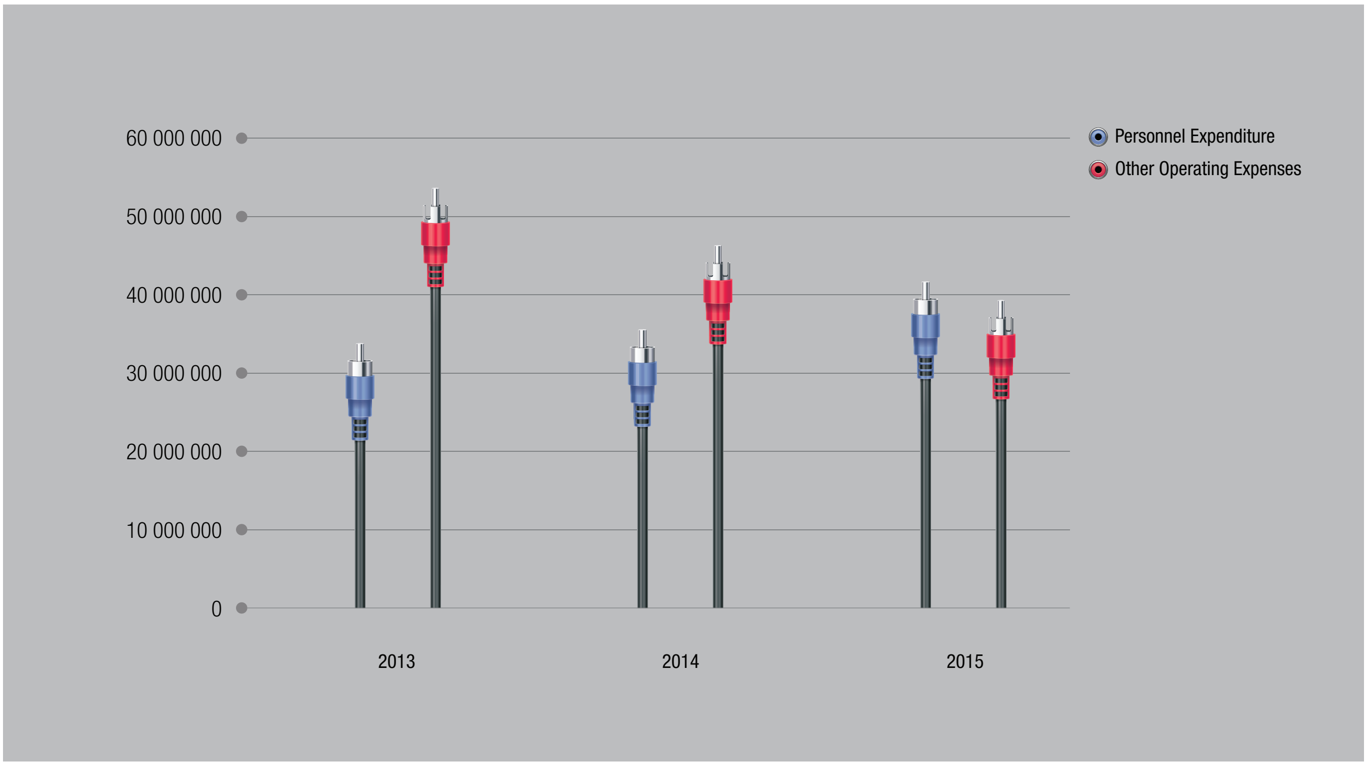
GRANT SUBSIDY, REGULATION FEES AND OTHER INCOME



PERSONNEL AND OTHER OPERATING EXPENDITURE

Personnel expenditure increased by 16% as a result of full implementation of the turnaround strategy and filling of positions as per the new structure. Operational expenditure decreased by 18% from the previous financial year due to costs saving measures implemented in the current financial year. The Film and Publication Board recorded a surplus of R 5,606,335 as compared to a surplus of R 5,433,695 in the previous financial year.

PERSONNEL AND OTHER OPERATING EXPENDITURE



The Film and Publication Board has adopted full implementation of supply chain management which is compliant to Preferential Procurement Policy Framework Act (PPPFA) and Broad Based Black Economic Empowerment. All procurement made during the financial year has been in line with the aforementioned. Procurement plans and reports have been submitted to the National Treasury during the financial year as required by the treasury regulations.

All assets are safeguarded and have been adequately insured. Quarterly assets verifications are conducted and the assets register was reconciled on a monthly basis.

Mr Themba P Wakashe
Chief Executive Officer
Film and Publication Board

NOTES

FPB – Ensuring efficient and effective consumer protection by classifying media and entertainment content.

Prof Karthy Govender
Chairperson
Film and Publication Appeal Tribunal

INTRODUCTION

The Appeal Tribunal is a creature of statute, and is empowered by the Films and Publications Act No.65 of 1996 (as amended). Members of the Tribunal serve on a part-time basis; after being interviewed by a panel appointed by the Minister, they are appointed for a five-year period. Members may be appointed for further periods at the discretion of the Minister. Currently the Tribunal comprises seven members. It sits on an ad-hoc basis whenever an appeal is lodged against the decision of a classification committee.

The broad mandate of the Appeal Tribunal is to hear appeals against classification decisions made by classification committees in respect of publications, films and games. The Appeal Tribunal determines whether, on the merits, the correct decision has been made by a classification committee. It is required by the Films and Publications Act to be independent and to carry out its functions without any bias. Parties appearing before the Appeal Tribunal are entitled to be legally represented at the appeals. The hearings are open to the public, and some of the hearings have attracted wide-spread public interest.

Generally a decision is made immediately after the hearing, and reasons for the decisions are provided with 14 working days. A draft award is prepared by the chairperson and circulated amongst all the participating members for comments. All comments are incorporated into the final version, which is made available to the parties and to the classification committee, and placed on the FPB website.

Concerted efforts are made to ensure that the Appeal Tribunal speaks with one voice; and the awards are drafted to incorporate the diversity of views and opinions expressed. Two books containing the awards of the FPB have been published: the first contains those handed down in the first 10 years (1998-2008); and the second contains subsequent awards up to the end of 2013. Another publication containing the awards from 2013 to date is being finalised.

The empowering Act has been amended on a number of occasions to deal with the rapidly-changing landscape over which the FPB has jurisdiction. The purpose of drafting detailed awards is to create a coherent jurisprudence on how to interpret the Films and Publications Act and guidelines in a manner that is consistent with the Constitution, so as to assist classification committees and other persons relying on the Films and Publications Act.

Mr Themba Wakashe, the CEO of the FPB, has embarked on a number of initiatives to link the FPB with various tertiary institutions in the country. A broad-based training manual for classifiers has been published, and will be used to train existing and incoming classifiers on various aspects of classification to ensure that lawful, reasonable, and proper decisions are made.

Members of the Appeal Tribunal have been involved in the training of recently-appointed classifiers. Members of the Appeal Tribunal have also been involved, together with the CEO, in discussions with the University of South Africa to design and deliver a professional qualification for classifiers.

The vision of the CEO is that, although it will be primarily used to train the FPB's classifiers as well as any others who might be nominated to classify in terms of an industry co-regulation agreement with the FPB, it will also be accessible to others in the region and on the continent.

OVERVIEW OF APPEALS HEARD SINCE THE LAST REPORTING PERIOD

Only two appeals have been lodged with the Appeal Tribunal since the last reporting period. The following table sets out the films and games that were considered by the Appeal Tribunal, and the decisions rendered in respect of each.

APPEAL TRIBUNAL REPORT

Film/Game/Publication	Case number	Decision by the Classification Committee	Decision by the Appeal Tribunal
Disney Infinity 2.0 (game)	4/2014	10 -12 PG (V)	10 -12 PG (V)
The Wedding Ringer (film)	1/2015	16 (D) (L) (S) (N)	16 (L)

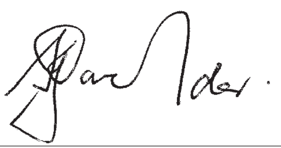
It is apparent that the classification processes in respect of games and online publications has to be re-appraised, as the existing statutory context was determined for a very different era. We now need a classification protocol that responds effectively to the rapidly-evolving technology. We made suggestions in this regard in our award in respect of the game 'Disney Infinity 2.0'.

MEMBERS

There are two vacancies in the Appeal Tribunal, and it is recommended that these vacancies be filled in order to ensure that the Appeal Tribunal is representative of the broader South African community.

In conclusion, I wish to extend my sincere appreciation to my colleagues who form part of the Appeal Tribunal, and who render outstanding service to the FPB:

Adv David Bensusan
Ms Hazel Devraj
Prof Adelaide Magwaza
Ms Penny Marek
Revd Mike McCoy
Prof Kasturi Moodliyar



Professor Karthy Govender
Chairperson
Film and Publication Appeal Tribunal

NOTES

FPB – Ensuring efficient and effective consumer protection by classifying media and entertainment content.

HUMAN RESOURCE MANAGEMENT

"The HR Report provides an overview of some of the activities and trends that have occurred over the 12-month reporting period of 01 April 2014 to 31 March 2015."

> “While extraordinary products and unique services still afford a competitive advantage, the one advantage that stands the test of time... is people.
>
> – Unknown”

HUMAN RESOURCE MANAGEMENT

The HR Report provides an overview of some of the activities and trends that have occurred over the 12-month reporting period of 01 April 2014 to 31 March 2015. 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 the final audited expenditure by programme, and by salary bands. In particular, it provides 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

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	41 100	37 953	1 656	1 491	92%	520
Classifiers	4 114	4 114	-	-	100%	114
Total	**45 214**	**42 067**	**1 656**	**1 491**		

Table 2: Personnel costs by salary bands

Salary band	Personnel expenditure (R'000)	% of Total personnel cost (R'000)	Average personnel cost per employee (R'000)
Classifiers	4 114	10%	114
Support staff	26 184	62%	409
Senior management	6 552	16%	596
Executive	5 217	12%	1 304
Total	**42 067**	**100%**	

EMPLOYMENT AND VACANCIES

Table 3: Employment and vacancies by salary bands, 31 March 2015

Salary band	Number of posts	Number of posts filled	Vacancy rate %	Additional to the establishment
Support staff	67	60	10.5%	0
Senior management	10	10	0	0
Executive management	5	4	20%	0
Programme total	**82**	**74**	**9.8%**	**0**

JOB EVALUATION

Table 4: Number of posts

				Posts upgraded		Posts downgraded	
Salary band	**Number of posts**	**Number of jobs graded**	**% of posts evaluated by salary band**	**Number**	**% of posts evaluated**	**Number**	**% of posts evaluated**
Executive managers	5	1	20%	1	100%	0	0
Senior managers	10	2	20%	2	100%	0	0
Support staff	67	5*	7.5%	0	0	0	0
Total	**82**	**8**	**9.8%**	**3**	**33%**	**0**	**0**

* None of these posts were previously graded.

Table 5: Employees whose salary level exceeds the grade determined by job evaluation

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Executive assistant	1	C3	C4	Posts reviewed as part of the FPB turnaround implementation
Administrative officer – assistant to Council	1	B4	C3	Posts reviewed as part of the FPB turnaround implementation
Legal admin assistant	1	B3	B4	Posts reviewed as part of the FPB turnaround implementation
Regional co-ordinator	1	C3	C5	Posts reviewed as part of the FPB turnaround implementation
Publications monitor	1	C2	C3	Posts reviewed as part of the FPB turnaround implementation
Assistant manager: client support	1	C3	C4	Posts reviewed as part of the FPB turnaround implementation
Admin and client support officer	1	C1	C2	Posts reviewed as part of the FPB turnaround implementation
Risk specialist	1	C4	D2	Posts reviewed as part of the FPB turnaround implementation
Co-ordinator strategic partnerships	1	C3	C5	Posts reviewed as part of the FPB turnaround implementation
Total number of employees whose salaries exceeded the level determined by job evaluation in 2014/15				9
Percentage of total employment				**9.18%**

Table 6: Profile of employees whose salary level exceeds the grade determined by job evaluation

Beneficiaries	African	Indian	Coloured	White	Total
Female	7	0	0	0	7
Male	2	0	0	0	2
Total	**9**	**0**	**0**	**0**	**9**

EMPLOYMENT CHANGES

Table 7: Annual turnover rates by salary bands

Salary bands	Number of employees per level as at 01 April 2014	Appointments and transfers in	Terminations and transfers out	Turnover rate %
Support staff	66	17	17	20%
Senior management	8	2	1	10%
Executive management	5	0	1	20%
Total	**79**	**19**	**19**	**19%**

Note: Turnover statistics include the completion of the nine internship contracts and termination of fixed term contracts.

Table 8: Reasons for staff leaving the department

Termination Type	Number	% of total
Death	1	5
Resignation	6	32
Expiry of contract	7	37
Dismissal – organisational changes	0	0
Dismissal – misconduct	5	26
Dismissal – inefficiency	0	0
Discharge due to ill-health	0	0
Retirement	0	0
Other	0	0
Total	**19**	**100%**
Total number of employees who left as a % of the total employment		**19**

EMPLOYMENT EQUITY

Table 9: Total number of employees (including people with disabilities) in each of the following occupational categories

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Support staff	18	3	1	1	38	0	2	2	65
Senior management	5	0	0	1	3	1	0	0	10
Executive management	2	0	0	0	2	0	0	0	4
Total	**25**	**3**	**1**	**2**	**43**	**1**	**2**	**2**	**79**

Persons with disabilities – included in the above table	1	0	0	0	0	0	0	0	1
Foreign nationals – included in the above table	0	0	0	0	0	0	0	0	0

Table 10: Recruitment

Occupational bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Support staff	3	1	0	0	11	0	1	1	17
Senior management	1	0	0	0	0	1	0	0	2
Executive management	0	0	0	0	0	0	0	0	0
Total	**4**	**1**	**0**	**0**	**11**	**1**	**1**	**1**	**19**

Table 11: Terminations

Occupational bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Support staff	8	0	0	0	9	0	0	0	17
Senior management	1	0	0	0	0	0	0	0	1
Executive management	1	0	0	0	0	0	0	0	1
Total	**10**	**0**	**0**	**0**	**9**	**0**	**0**	**0**	**19**

Table 12: Disciplinary action

	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Disciplinary action	10	0	0	0	6	0	0	0	16

Table 13: Skills

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Support staff	14	0	0	0	28	0	1	1	44
Senior management	3	0	0	1	3	0	0	0	7
Executive management	2	0	0	0	2	0	0	0	4
Total	**19**	**0**	**0**	**1**	**33**	**0**	**1**	**1**	**55**
Persons with disabilities	0	0	0	0	0	0	0	0	0

PERFORMANCE REWARDS

Table 14: Performance rewards, by race, gender and disability

	Number of beneficiaries	Total number of employees in group	% of Total within group	Cost R	Average cost per employee R
African					
Male	14	35	40%	546 277	39 020
Female	22	52	42%	615 432	27 974
Indian					
Male	0	1	0%	0	0
Female	1	2	50%	23 423	23 423
Coloured					
Male	1	3	33%	38 176	38 176
Female	0	1	0%	0	0
White					
Male	1	2	50%	52 778	52 778
Female	0	2	0%	0	0
Total	**39**	**98**	**40%**	**1 276 086**	**32 720**
Employees with disability	0	0	0	0	0

Table 15: Performance rewards by salary band for personnel below senior management service

Salary band	Number of beneficiaries	Number of employees	% of Total within group	Cost R	Average cost per employee R	Total cost as % of total personnel cost
Support staff	30	83	36%	765 584	25 519	2.92%
Total	**30**	**83**	**36%**	**765 584**	**25 519**	**2.92%**

Table 16: Performance related rewards by salary band, for senior management service

Salary Band	Number of beneficiaries	Number of employees	% of Total within group	Cost R	Average cost per employee R	Total cost as % of total personnel cost
Senior management and executive management	9	15	60%	510 502	56 722	4.34%
Total	**9**	**15**	**60%**	**510 502**	**56 722**	**4.34%**

LEAVE UTILISATION

Table 17: Sick leave

Salary band	Total days	% certification	No. of employees using sick leave	% of Total employees using sick leave	Average per employee	Estimated cost R
Support staff	312.5	80%	45	54%	7	372 702
Senior management	38.5	86%	6	60%	6	111 303
Executive manager	33	97%	3	60%	11	132 561
Total	**384**	**82%**	**54**	**55%**	**7**	**616 566**

Table 18: Annual leave

Salary bands	Total days taken	Number of employees in grade	Average per employee
Support staff	1 020	83	12
Senior management	155	10	16
Executive management	51	5	10
Total	**1 226**	**98**	**13**

Table 19: Leave payouts

Reason	Total amount R	Number of employees	Average payment per employee R
Leave payout for 2014/15 due to non-utilisation	0	0	0
Capped leave payouts on termination of service	0	0	0
Current leave payout on termination of service	232 287	19	12 226
Total	**232 287**	**19**	**12 226**

Table 20: HIV/Aids and Health Promotion Programmes

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 R850 000
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		Thivhusiwi Singo Mpho Mooketsi Zange Mgolombane Nosipho Dladla Nomfundo Ralante Thando Mlambo Remz Makota Komilla Moodley Jacqueline Steyn Andre Michaux Stakeholder = FPB Employees
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. 44% 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 = %)

LABOUR RELATIONS

Table 21: Collective agreements – the following collective agreements were entered into with trade unions within the department

Subject matter	Date
Wage and Conditions of Employment Agreement – MWASA	04 August 2014
Recognition Agreement – CWU	09 February 2015

Table 22: Misconduct and disciplinary hearings finalised

Outcomes of disciplinary hearings	Number	% of Total
Correctional counselling	0	0
Verbal warning	3	19%
Written warning	7	44%
Final written warning	0	0
Suspended without pay	0	0
Fine	0	0
Demotion	0	0
Dismissal	5	31%
Case withdrawn	1	6%
Total	**16**	**100%**

Table 23: Types of Misconduct addressed at disciplinary hearings

Type of misconduct	Number	% of Total
Fruitless and wasteful expenditure	3	19%
Negligence/non-compliance with procedures	4	25%
Unauthorised absence	2	12.5%
Failure to meet performance delivery	1	6%
Dereliction of duty	1	6%
Theft of FPB materials	2	12.5%
Dishonesty/bringing name of FPB into disrepute	3	19%
	16	**100%**

Table 24: Grievances lodged

Number of grievances lodged	4

Table 25: Disputes lodged with councils/CCMA

Number of disputes lodged	8

Table 26: Strike actions

Strike actions for the period	None

Table 27: Precautionary suspensions

Precautionary suspensions for the period	6

SKILLS DEVELOPMENT

Table 28: Training provided

Occupational categories	Gender	No. of employees as at 01 April 2014	Training provided within the reporting period			
			Learnerships	Skills programmes and other short courses	Other forms of training	Total
Support staff	Male	23	0	21	7	28
	Female	42	0	35	12	47
Senior management	Male	6	0	4	1	5
	Female	4	0	3	1	4
Executive management	Male	2	0	3	0	3
	Female	2	0	3	0	3
Subtotal	Male	31	0	28	8	36
	Female	48	0	41	13	54
Total		**79**	**0**	**69**	**21**	**90**

INJURY ON DUTY

Table 29: Injury on duty

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%**

NOTES

FPB – Ensuring efficient and effective consumer protection by classifying media and entertainment content.

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

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

INDEX

Mr Rowan G Nicholls
Audit and Risk Committee Chairperson
Council Member, Film and Publication Board

INTRODUCTION

The Audit and Risk Committee is mandated to oversee the audit, risk and compliance function in accordance with the Public Finance Management Act. The committee has been able to fulfil its role and held all scheduled meetings according to the annual meeting programme.

The committee received a number of negative report findings relating to control deficiencies from Internal Audit, most especially from investigations conducted by request. These findings relate predominantly to supply chain and performance areas however this has consequences in related areas. Internal Audit findings have not been adequately followed up by management and the conclusions of Internal Audit on the controls findings require focused attention in the new financial year.

The committee reviewed and adopted an Audit and Risk Committee Charter to enable compliance with the requirements of the Public Finance Management Act, Act No.1 of 1999 as amended, and Treasury Regulation 3.1. The committee confirms that it complied with its Charter, which sets out its mandate and parameters within which it should operate. In addition to the Charter, the committee has adopted the principles of good corporate governance as specified in the King Code of Corporate Governance (King III), with particular focus on risk-based internal auditing and ICT governance.

AUDIT AND RISK COMMITTEE ACHIEVEMENTS FOR THE REPORTING YEAR

In addition to the Audit and Risk Committee Charter, the committee had also reviewed and approved the Enterprise Risk Management Framework, Risk Management Policy, Internal Audit Charter and three-year Rolling Internal Audit Plan.

The Business Continuity and Disaster Recovery Plans were also approved, and their implementation is continuously monitored. The committee has also reviewed a Materiality Framework, which has been approved by Council.

FPB uses an outsourced internal audit service and the committee is satisfied with the performance of the current internal audit service provider. The annual internal audit performance assessment and the Committee self-assessment were duly completed by committee members. The committee has a cordial working relationship with the Auditor-General, who continues to provide assurance and ensure that financial management and controls are sound.

AUDIT AND RISK COMMITTEE MEMBERS AND MEETING ATTENDANCE

The committee comprises four members, one of whom is independent and not a FPB Council member.

The committee held four scheduled meetings and two joint meetings with the Finance Committee, where unaudited and audited Annual Financial Statements were considered and approved.

Audit and Risk Committee	Number of meetings attended
Mr RG Nicholls (Chairperson)	6
Mr M Dhladhla	6
Mr L Nevondwe (Member)	4
Mrs N Skeepers (Member)	6

AUDIT AND RISK COMMITTEE REPORT

THE EFFECTIVENESS OF INTERNAL CONTROLS

The FPB Council is accountable for the overall governance, risk management processes and systems of internal control for the organisation, and the Audit and Risk Committee is responsible for the review and assurance of the effectiveness of these processes. The committee reports to Council on its activities on a quarterly basis and makes recommendations on necessary improvements from Internal and External Audit findings.

The committee has noticed a marked improvement in the internal controls and systems that have been put in place and have been effective in this reporting year. The committee is satisfied that Internal Audit has employed a risk-based internal audit approach as outlined in the Internal Auditing Standards and has applied the Generally Accepted Auditing Standards in the performance if its function.

The committee reports that the regular evaluation of internal controls and financial management systems were undertaken by both Internal and External Audit. There has been a marked improvement in the control, governance and risk environment. However, the position of Chief Financial Officer has been vacant since August 2014 and the role has been performed by an acting incumbent.

RISK MANAGEMENT

The FPB uses a matrix-based enterprise-wide risk governance model. The committee evaluates quarterly reports on risk management and has advised Council on the need for a combined assurance risk management model.

The FPB has appointed a full time Risk Specialist who ensures that there is continuous risk assessment which highlights critical risks and identifies emerging risks when they occur.

A Risk Register is used to record risks and allocate them to a risk owner for managing and mitigation.

The FPB is aware of the dangers of theft, corruption and fraudulent activities that will negatively affect its business performance. It has developed a Fraud Prevention and Awareness Plan, and a Fraud Hotline has been implemented. There is a process for declaration of interests by Council members and staff to manage FPB transactions and ensure regulations are adhered to.

INTERNAL AUDIT

In line with the PFMA and King Code on Corporate Governance (King III) Report, Internal Audit provides the committee and management with reports on internal controls, risk management, governance and compliance throughout the organisation.

The committee requires co-operation between the internal and external auditors to avoid duplication of audit effort and to maximise feedback to the committee and Council. The committee approved the Internal Audit Charter and three-year Rolling Internal Audit Plan.

Internal Audit has submitted its progress and assignment reports together with recommendations to the committee for review and reporting to Council. The Chief Audit Executive has unrestricted access to the committee and its Chairperson. Internal audit has unrestricted access to Auditee officials and records.

The Committee is satisfied that Internal Audit has discharged its function effectively and its findings and conclusions are correct and relevant for prioritised attention and improvement of FPB.

CORPORATE GOVERNANCE

The FPB Council has adopted the King III Code of Governance and its relevant principles of good corporate governance in order to strengthen the organisation's governance and compliance. Council has adopted a comprehensive governance framework and Council Charter premised on the Films and Publications Act, Public Finance Management Act and King III.

QUARTERLY REPORTING IN TERMS OF THE PUBLIC FINANCE MANAGEMENT ACT

The committee has considered and recommended quarterly finance and performance reports in terms of the Public Finance Management Act, Act No.1 of 1999 (PFMA), as amended, to council for approval before submission to the Executive Authority. The main purpose of these reports is to disclose financial and performance achievement, variances, and steps for improved delivery for the relevant reporting periods. The Committee is satisfied that FPB has been compliant with the reporting requirements.

CONSIDERATION OF ANNUAL FINANCIAL STATEMENTS

The committee has evaluated the annual financial statements for the year ended 31 March 2015 and is satisfied that the statements comply, in all material respects, with the requirements of PFMA and GRAP. The committee notes that bank and cash balances are adequate to cover creditors at year end.

The Audit and Risk Committee has:

- Reviewed and discussed with the Auditor-General and Accounting Authority, the audited annual financial statements
- Reviewed the Auditor-General's management letter and management's response
- Reviewed changes in accounting policies and practices
- Reviewed significant adjustments resulting from the audit
- Reviewed and discussed with the Accounting Authority, Performance Information submitted to the Auditor-General.

EXPERTISE AND EXPERIENCE OF THE CHIEF FINANCIAL OFFICER AND FINANCE FUNCTION

The committee has considered and reported on the appropriateness of the expertise and adequacy of the resources within the finance function, as well as the experience of the senior members of management responsible for finance.

AUDITOR-GENERAL SOUTH AFRICA

The Committee accepts the audit opinion of the Auditor-General on the annual financial statements, and has recommended to Council that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

APPRECIATION

The committee expresses its appreciation to the Accounting Authority, senior management team, Internal Audit and the Auditor-General for their support.

Mr Rowan G Nicholls
Audit and Risk Committee Chairperson

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Film and Publication Board set out on pages 45 to 85, which comprise the statement of financial position as at 31 March 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information

Accounting authority's responsibility for the financial statements

2. The members of council, which constitutes the accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (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.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my unqualified audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Film and Publication Board as at 31 March 2015 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the PFMA.

Restatement of corresponding figures

7. As disclosed in note 27 to the financial statements, the corresponding figures for 31 March 2014 have been restated as a result of an error discovered during 31 March 2015 in the financial statements of the Film and Publication Board at, and for the year ended, 31 March 2014.

Report on other legal and regulatory requirements

8. 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 findings on the reported performance information against predetermined objectives for selected objectives resented in the annual performance report, non-compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the public entity for the year ended 31 March 2015:

- Objective 1: Industry compliance on pages 88 to 91
- Objective 2: Effective and efficient management of FPB operations on pages 94 to 101
- Objective 3: Online and mobile content regulation on pages 102 to 103

9. I evaluated the reported performance information against the overall criteria of usefulness and reliability.

10. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).

11. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

12. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected objectives.

Achievement of planned targets

13. Refer to the annual performance report on pages 88 to 105 for information on the achievement of the planned targets for the year.

Compliance with legislation

14. I performed procedures to obtain evidence that the public entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Annual financial statements and annual report

15. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and/or supported by full and proper records as required by section 55(1) (b) of the Public Finance Management Act. Material misstatements identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

16. The accounting authority did not take effective steps to prevent irregular expenditure, as required by section 51(1) (b) (ii) of the Public Finance Management Act.

Internal control

17. I considered internal control relevant to my audit of the financial statements, statement of financial performance and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for opinion, the findings on the statement of financial performance and the findings on non-compliance with legislation included in this report.

Financial and performance management

18. Inadequate review and monitoring processes implemented to prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information and compliance with applicable legislation were not adequately and timeously monitored.

Auditor-General.

Pretoria
31 July 2015

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Accounting Authority's Responsibilities and Approval

The members of council are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the members of council to ensure that the annual 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 annual financial statements and given unrestricted access to all financial records and related data for their audit.

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

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

The members of council 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 of council 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 of council 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 annual 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 Home Affairs for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the Department of Home Affairs 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 annual financial statements set out on pages 49 to 85, which have been prepared on the going concern basis, were approved by the accounting authority on 29 May 2015 and were signed on its behalf by:

Mr TP Wakashe
Chief Executive Officer

Mrs NFT Mpumlwana
Chairperson of Council

The members of council submit their report for the year ended 31 March 2015.

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 Home Affairs. The Film and Publication Board was transferred to the Department of Communications during the current financial year.

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;
- 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 year were satisfactory. The Film and Publication Board recorded a net surplus of R 5 606 335 (2014: surplus R 5 433 695).

4. GOING CONCERN

We draw attention to the fact that at 31 March 2015, the entity had an accumulated surplus of R 4 933 969 (2014: deficit of R 672 365) and that the entity's total assets exceed its liabilities by R 4 933 969 (2014: deficit of R 672 365).

The annual financial statements have been prepared on a going concern basis and the Accounting Authority have no reason to believe that the entity will not be a going concern in the foreseeable future. The total amount of R 82 359 000 was allocated to the Film and Publication Board by the Department of Communications for 2015/16 financial year.

5. FUNDING

The Film and Publication Board received a Government Grant of R 78 901 000 for the period ended 31 March 2015 and R 82 675 000 for the year ended 31 March 2014. The total Grant received in the 2013/14 financial year is inclusive of additional R 8 500 000 allocated for online content management, this was a once off allocation.

6. SUBSEQUENT EVENTS

The Accounting Authority is not aware of any matter or circumstance arising since the end of the year that needs to be included in these annual financial statements.

7. NON-EXECUTIVE MEMBERS AND EXECUTIVE MANAGERS EMOLUMENTS

7.1 Council and Audit Committee

	Fee	Performance Bonuses	Retirement Fund contributions	Medical contributions	Workshops	Total package 2015	Total package 2014
Non-Executive Members – Council							
Mpumlwana NFT (Chairperson)	130 645	-	-	-	5 512	136 157	108 547
Skeepers N (Deputy Chairperson) *	150 892	-	-	-	32 455	183 347	130 553
Nicholls RGN **	57 736	-	-	-	17 680	75 416	64 465
Molapo MJ	59 493	-	-	-	36 960	96 453	104 182
Ndaba S	67 674	-	-	-	5 562	73 236	54 786
Ditlhake M	130 613	-	-	-	575	131 188	152 973
Rataemane L	177 323	-	-	-	43 104	220 427	99 286
Nevondwe LT *	97 640	-	-	-	22 323	119 963	81 791
Mukoma PA	4 127	-	-	-	-	4 127	83 566
	876 143	**-**	**-**	**-**	**164 171**	**1 040 314**	**880 149**
Non-Executive Members – Audit and Risk Committee							
Nicholls RGN **	39 589	-	-	-	-	39 589	33 920
Dhladhla M ***	30 662	-	-	-	-	30 662	13 878
	70 251	**-**	**-**	**-**	**-**	**70 251**	**47 798**

* Mr LT Nevondwe and Ms N Skeepers also serve on the Audit and Risk Committee.

** Mr RGN Nicholls – was appointed as Audit and Risk Committee chairperson effective from 01 January 2013.

*** Mr M Dhladhla – was appointed as Audit and Risk Committee member effective from 01 May 2013.

7.2 Executive Management

	Salary	Performance Bonuses	Retirement Fund contributions	Medical contributions	Workshops	Total package 2015	Total package 2014
Makhasi Y - Chief Executive Officer*	-	-	-	-	-	-	573 420
Wakashe TP - Chief Executive Officer**	1 113 450	-	62 400	50 541	-	1 226 391	402 808
Risiba S - Chief Operations Officer	939 499	78 305	52 000	75 759	-	1 145 563	1 060 810
Kadi P - Shares Services Executive	947 354	67 133	46 925	41 901	-	1 103 313	977 182
Phoshoko JL - Chief Financial Officer***	912 936	73 883	40 734	-	-	1 027 553	1 068 007
Phahla DL - Chief Information Officer ****	923 451	-	49 400	37 531	-	1 010 382	462 747
	4 836 690	**219 321**	**251 459**	**205 732**	**-**	**5 513 202**	**4 544 974**

* Ms Y Makhasi - resigned as the Chief Executive Officer on 31 July 2013.

** Mr TP Wakashe - was appointed on 01 December 2013 as the Chief Executive Officer (CEO).

*** Mr JL Phoshoko - contract ended on 31 January 2015.

**** Ms DL Phahla - was appointed on 01 October 2013 as the Chief Information Officer (CIO).

8. ACCOUNTING POLICIES

The annual 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 annual financial statements set out on pages 49 to 85, which have been prepared on the going concern basis, were approved by the accounting authority on 29 May 2015 and were signed on its behalf by:

Mr TP Wakashe
Chief Executive Officer

Mrs NFT Mpumlwana
Chairperson of Council

29 May 2015

Statement of Financial Position as at 31 March 2015

	Note(s)	2015	2014
Assets			
Current assets			
Cash and cash equivalents	3	9 167 470	3 523 251
Receivables from exchange transactions	4	816 653	339 572
		9 984 123	**3 862 823**
Non-current assets			
Infrastructure, plant and equipment	5	4 315 700	5 103 398
Intangible assets	6	173 310	645 480
		4 489 010	**5 748 878**
Total Assets		**14 473 133**	**9 611 701**
Liabilities			
Current liabilities			
Finance lease obligation	7	533 584	839 137
Payables from exchange transactions	8	6 614 624	6 933 819
Provisions	9	2 390 956	2 059 453
		9 539 164	**9 832 409**
Non-current liabilities			
Finance lease obligation	7	-	451 657
Total liabilities		**9 539 164**	**10 284 066**
Net Assets			
Accumulated surplus/(deficit)		4 933 969	(672 365)
Total liabilities and net assets		**14 473 133**	**9 611 701**

Statement of Financial Performance

	Note(s)	2015	2014
Revenue			
Revenue from non-exchange transactions			
Transfers from other government entities	10	78 901 000	82 675 000
Revenue from exchange transactions			
Regulation fees	10	6 318 516	4 368 047
Other revenue	11	1 188 454	39 023
Interest received - investment	12	434 004	32 175
Total revenue		**86 841 974**	**87 114 245**
Expenses			
Personnel	13	(41 799 068)	(36 115 801)
Administrative	14	(36 255 360)	(42 168 791)
Depreciation and amortisation expenses		(3 077 480)	(3 183 780)
Finance costs	15	(103 731)	(212 178)
Total expenses		**(81 235 639)**	**(81 680 550)**
Surplus for the period		**5 606 335**	**5 433 695**

Statement of Changes in Net Assets

	Note(s)	Accumulated surplus/(deficit)	Total net assets
Balance at 31 March 2013		**(6 106 060)**	**(6 106 060)**
Surplus for the period		5 433 695	5 433 695
Total changes		**5 433 695**	**5 433 695**
Balance at 31 March 2014		**(672 366)**	**(672 366)**
Surplus for the period		5 606 335	5 606 335
Total changes		**5 606 335**	**5 606 335**
Balance at 31 March 2015		**4 933 969**	**4 933 969**

Cash Flow Statement

	Note(s)	2015	2014
Cash flows from operating activities			
Receipts			
Grants		78 901 000	82 675 000
Interest received		434 004	32 175
Other receipts		1 188 454	39 023
Regulation fees		6 318 516	4 368 047
		86 841 974	87 114 245
Payments			
Employee costs		(41 799 068)	(36 115 801)
Suppliers		(36 705 891)	(45 691 200)
Finance costs		(103 731)	(212 178)
		(78 608 690)	(82 019 179)
Net cash flows from operating activities	**17**	**8 233 284**	**5 095 066**
Cash flows from investing activities			
Purchase of plant and equipment			
Purchase of intangible assets	5	(1 831 855)	(1 485 194)
Net cash flows from investing activities	6	-	(852 560)
		(1 831 855)	**(2 337 754)**
Cash flows from financing activities			
Finance lease payments		(757 210)	(873 631)
Net increase/(decrease) in cash and cash equivalents		**5 644 219**	**1 883 681**
Cash and cash equivalents at the beginning of the period		3 523 251	1 639 570
Cash and cash equivalents at the end of the period	**3**	**9 167 470**	**3 523 251**

	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						
Other receipts	-	-	**-**	1 188 454	**1 188 454**	
Interest received - investment	342 000	-	**342 000**	434 004	**92 004**	
Total revenue from exchange transactions	**342 000**	**-**	**342 000**	**1 622 458**	**1 280 458**	
Revenue from non-exchange transactions						
Transfer revenue						
Transfers from other government entities	78 901 000	-	**78 901 000**	78 901 000	**-**	
Regulation fees	4 717 000	-	**4 717 000**	6 318 516	**1 601 516**	
Total revenue from non-exchange transactions	83 618 000	-	**83 618 000**	**85 219 516**	**1 601 516**	
Total revenue	**83 618 000**	-	**83 960 000**	**86 841 974**	**2 881 974**	
Expenditure						
Personnel	(34 488 981)	-	**(34 488 981)**	(41 799 068)	**(7 310 087)**	
Depreciation and amortisation expense	-	-	**-**	(3 077 480)	**(3 077 480)**	
Finance costs	-	-	**-**	(103 731)	**(103 731)**	
Administrative	(47 571 019)	-	**(47 571 019)**	(35 057 532)	**12 513 487**	
Auditors remuneration	(1 900 000)	-	**(1 900 000)**	(1 197 828)	**702 172**	
Total expenses	**(83 960 000)**	-	**(83 960 000)**	**(81 235 639)**	**2 724 361**	
Surplus/(Deficit) for the period	**(83 960 000)**	-	**(83 960 000)**	**5 606 335**	**89 566 335**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(83 960 000)**	-	**(83 960 000)**	**5 606 335**	**89 566 335**	

The budget for 2014/15 financial year was approved and prepared on the cash basis and all transactions were accounted for on accrual basis. Transfers received during the current financial year were from the Department of Home Affairs and entities included in the budget were disclosed in Note **23.**

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual 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 annual 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, are disclosed below.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

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 judgements 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 are included in note 9 - Provisions.

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 Infrastructure, plant and equipment

Infrastructure, 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 infrastructure, 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.

1.2 Infrastructure, plant and equipment (continued)

Infrastructure, plant and equipment is initially measured at cost.

The cost of an item of infrastructure, 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 infrastructure, 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, it's deemed cost is the carrying amount of the asset(s) given up.

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

Costs include costs incurred initially to acquire or construct an item of infrastructure, 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 infrastructure, plant and equipment, the carrying amount of the replaced part is derecognised.

Recognition of costs in the carrying amount of an item of infrastructure, 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.

Infrastructure, 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 residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

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 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.

The useful lives of items of infrastructure, plant and equipment have been assessed as follows:

Item	Average useful life
Furniture and fittings	3-10 years
Motor vehicles	5 years
Office equipment	3-6 years
Computer equipment	3-6 years
Leasehold improvements	2-10 years
Leased assets	3-5 years

1.3 Intangible assets

An asset is identified as an intangible asset when it:

- 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, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the entity or from other rights and obligations.

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.

Intangible assets are initially recognised at cost.

An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.

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.

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

Item	**Useful life**
Computer software	2-4 years

Intangible assets are derecognised:

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

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

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.

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.

1.4 Financial instruments (continued)

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.

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 on 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 Impairment of cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

1.6 Impairment of cash-generating assets (continued)

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use. Useful life is either:

(a) the period of time over which an asset is expected to be used by the entity; or
(b) the number of production or similar units expected to be obtained from the asset by the entity.

1.7 Share capital/contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.8 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 benefit plans

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

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.9 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.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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.

1.9 Provisions and contingencies (continued)

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 deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

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

1.10 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.

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 time frame, 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.

1.10 Revenue from exchange transactions (continued)

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.

1.11 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.

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 only recognised 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 only recognised 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.

1.12 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.13 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in surplus or deficit in the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in net assets, any exchange component of that gain or loss is recognised directly in net assets. When a gain or loss on a non-monetary item is recognised in surplus or deficit, any exchange component of that gain or loss is recognised in surplus or deficit.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.14 Comparative figures

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

1.15 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.

1.16 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 also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also 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.

1.16 Irregular expenditure (continued)

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 the 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 also 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.

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are for the current financial year and that are relevant to its operations:

GRAP 18: Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the entity. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the entity's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions, states that no comparative segment information need to be presented on initial adoption of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment, recognition requirements of this Standard would not apply to such items until the transitional provision in that Standard expires.

Directive 4 – Transitional provisions for medium and low capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions on the Standard of GRAP on Property, Plant and Equipment and the Standard of GRAP on Agriculture, the recognition requirements of the Standard would not apply to such items until the transitional provision in that standard expires.

The standard was approved but the effective date is not known yet.

GRAP 23: Revenue from non-exchange Transactions

Revenue from non-exchange transactions arises when an entity receives value from another entity without directly giving approximately equal value in exchange. An asset acquired through a non-exchange transaction shall initially be measured at its fair value as at the date of acquisition.

This revenue will be measured at the amount of increase in net assets recognised by the entity.

An inflow of resources from a non-exchange transaction recognised as an asset shall be recognised as revenue, except to the extent that a liability is recognised for the same inflow. As an entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it will reduce the carrying amount of the liability recognised as recognise an amount equal to that reduction.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2012.

2. NEW STANDARDS AND INTERPRETATIONS (CONTINUED)

The entity adopted the standard for the first time in the 2013 annual financial statements.

The impact of the standard is not material.

GRAP 24: Presentation of Budget Information in the Financial Statements

Subject to the requirements of paragraph 19, an entity shall present a comparison of the budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with Standards of GRAP. The comparison of budget and actual amounts shall present separately for each level of legislative oversight:

- the approved and final budget amounts;
- the actual amounts on a comparable basis; and
- by way of note disclosure, an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes.

Where an entity prepares its budget and annual financial statements on a comparable basis, it includes the comparison as an additional column in the primary annual financial statements. Where the budget and annual financial statements are not prepared on a comparable basis, a separate statement is prepared called the 'Statement of Comparison of Budget and Actual Amounts'. This statement compares the budget amounts with the amounts in the annual financial statements adjusted to be comparable to the budget.

A comparable basis means that the budget and annual financial statements:

- are prepared using the same basis of accounting i.e. either cash or accrual;
- include the same activities and entities;
- use the same classification system; and
- are prepared for the same period.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2012.

The entity adopted the standard for the first time in the 2013 annual financial statements.

The impact of the standard is not material.

GRAP 103: Heritage Assets

GRAP 103 defines heritage assets as assets which have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Certain heritage assets are described as inalienable items thus assets which are retained indefinitely and cannot be disposed of without consent as required by law or otherwise.

A heritage asset should be recognised as an asset only if:

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

The standard required judgment in applying the initial recognition criteria to the specific circumstances surrounding the entity and the assets.

2. NEW STANDARDS AND INTERPRETATIONS (CONTINUED)

GRAP 103 states that a heritage asset should be measured at its cost unless it is acquired through a non-exchange transaction which should then be measured at its fair value as at the date of acquisition.

In terms of the standard, an entity has a choice between the cost and revaluation model as accounting policy for subsequent recognition and should apply the chosen policy to an entire class of heritage assets.

The cost model requires a class of heritage assets to be carried at its cost less any accumulated impairment losses.

The revaluation model required a class of heritage assets to be carried at its fair value at the date of the revaluation less any subsequent impairment losses. The standard also states that a restriction on the disposal of a heritage asset does not preclude the entity from determining the fair value.

GRAP 103 prescribes that when determining the fair value of a heritage asset that has more than one purpose, the fair value should reflect both the asset's heritage value and the value obtained from its use in the production or supply of goods or services or for administrative purposes.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase should be credited directly to a revaluation surplus. However, the increase should be recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit. If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease should be recognised in surplus or deficit. However, the decrease should be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

GRAP 103 states that a heritage asset should not be depreciated but an entity should assess at each reporting date whether there is an indication that it may be impaired.

In terms of the standard, compensation from third parties for heritage assets that have been impaired, lost or given up, should be included in surplus or deficit when the compensation becomes receivable.

For a transfer from heritage assets carried at a revalued amount to property, plant and equipment, investment property, inventories or intangible assets, the asset's deemed cost for subsequent accounting should be its revalued amount at the date of transfer. The entity should treat any difference at that date between the carrying amount of the heritage asset and its fair value in the same way as a revaluation in accordance with this Standard. If an item of property, plant and equipment or an intangible asset carried at a revalued amount, or investment property carried at fair value is reclassified as a heritage asset carried at a revalued amount, the entity applies the applicable Standard of GRAP to that asset up to the date of change. The entity treats any difference at that date between the carrying amount of the asset and its fair value in accordance with the applicable Standard of GRAP relating to that asset. For a transfer from investment property carried at fair value, or inventories to heritage assets at a revalued amount, any difference between the fair value of the asset at that date and its previous carrying amount should be recognised in surplus or deficit.

The carrying amount of a heritage asset should be derecognised:

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

The gain or loss arising from the derecognition of a heritage asset should be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

The effective date of the standard is for years beginning on or after 01 April 2012. The entity adopted the standard for the first time in the 2013.

The impact of the standard is set out in note Changes in Accounting Policy.

2. NEW STANDARDS AND INTERPRETATIONS (CONTINUED)

An entity assesses the probability of each transaction on an individual basis when it occurs. Entities shall not assess the probability on an overall level based on the payment history of recipients of the service in general when the probability of revenue is assessed at initial recognition.

The full amount of revenue will be recognised at initial recognition. Assessing impairment is an event that takes place subsequently to initial recognition. Such impairment is an expense. Revenue is not reduced by this expense.

The effective date of the interpretation is for years beginning on or after 01 April 2010.

The entity adopted the interpretation for the first time in the 2010 annual financial statements.

An entity assesses the probability of each transaction on an individual basis when it occurs. Entities shall not assess the probability on an overall level based on the payment history of recipients of the service in general when the probability of revenue is assessed at initial recognition.

GRAP 21: Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

An entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, an entity estimates the recoverable service amount of the asset.

The present value of the remaining service potential of a non-cash-generating asset is determined using one of the following approaches:

- Depreciated replacement cost approach
- Restoration cost approach
- Service units approach

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit. Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

An entity assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, an entity estimates the recoverable service amount of that asset.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2012.

The entity adopted the standard for the first time in the 2013 annual financial statements.

GRAP 26: Impairment of cash-generating assets

Cash-generating assets are those assets held by an entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

2. NEW STANDARDS AND INTERPRETATIONS (CONTINUED)

An entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, an entity estimates the recoverable amount of the asset. When estimating the value in use of an asset, an entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and an entity applies the appropriate discount rate to those future cash flows.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, an entity determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, an entity use management's best estimate of future price(s) - that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that noncash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

An entity assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, an entity estimates the recoverable amount of that asset.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance.

The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2012.

The entity adopted the standard for the first time in the 2013.

The impact of the standard is not material.

GRAP 25: Employee benefits

The objective of GRAP 25 is to prescribe the accounting and disclosure for employee benefits. The Standard requires an entity to recognise:

- a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
- an expense when an entity consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits.

2. NEW STANDARDS AND INTERPRETATIONS (CONTINUED)

GRAP 25 defines, amongst others, the following:

- Defined contribution plans as post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods;

The effective date of the standard is for years beginning on or after 01 April 2013.

The impact of the standard is not material.

GRAP 104: Financial Instruments

The standard prescribes recognition, measurement, presentation and disclosure requirements for financial instruments. Financial instruments are defined as those contracts that results in a financial asset in one entity and a financial liability or residual interest in another entity. A key distinguishing factor between financial assets and financial liabilities and other assets and liabilities, is that they are settled in cash or by exchanging financial instruments rather than through the provision of goods or services.

One of the key considerations in initially recognising financial instruments is the distinction, by the issuers of those instruments, between financial assets, financial liabilities and residual interests. Financial assets and financial liabilities are distinguished from residual interests because they involve a contractual right or obligation to receive or pay cash or another financial instrument. Residual interests entitle an entity to a portion of another entity's net assets in the event of liquidation and, to dividends or similar distributions paid at management's discretion.

In determining whether a financial instrument is a financial asset, financial liability or a residual interest, an entity considers the substance of the contract and not just the legal form.

Where a single instrument contains both a liability and a residual interest component, the issuer allocates the instrument into its component parts. The issuer recognises the liability component at its fair value and recognises the residual interest as the difference between the carrying amount of the instrument and the fair value of the liability component. No gain or loss is recognised by separating the instrument into its component parts.

Financial assets and financial liabilities are initially recognised at fair value. Where an entity subsequently measures financial assets and financial liabilities at amortised cost or cost, transactions costs are included in the cost of the asset or liability.

The transaction price usually equals the fair value at initial recognition, except in certain circumstances, for example, where interest free credit is granted or where credit is granted at a below market rate of interest.

Financial assets and financial liabilities are subsequently measured either at fair value or, amortised cost or cost. An entity measures a financial instrument at fair value if it is:

- a derivative;
- a combined instrument designated at fair value, i.e. an instrument that includes a derivative and a non-derivative host contract;
- held-for-trading;
- a non-derivative instrument with fixed or determinable payments that is designated at initial recognition to be
- measured at fair value;
- an investment in a residual interest for which fair value can be measured reliably; and
- other instruments that do not meet the definition of financial instruments at amortised cost or cost.

Financial assets and financial liabilities that are non-derivative instruments with fixed or determinable payments, for example deposits with banks, receivables and payables, are measured at amortised cost. At initial recognition, an entity can however designate such an instrument to be measured at fair value.

An entity can only measure investments in residual interests at cost where the fair value of the interest cannot be determined reliably.

2. NEW STANDARDS AND INTERPRETATIONS (CONTINUED)

Once an entity has classified a financial asset or a financial liability either at fair value or amortised cost or cost, it is only allowed to reclassify such instruments in limited instances.

An entity derecognises a financial asset, or the specifically identified cash flows of an asset, when:
- the cash flows from the asset expire, are settled or waived;
- significant risks and rewards are transferred to another party; or
- despite having retained significant risks and rewards, an entity has transferred control of the asset to another entity.

An entity derecognises a financial liability when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability.

Where an entity modifies the term of an existing financial liability, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

Where an entity modifies the term of an existing financial liability, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

GRAP 104 requires extensive disclosures on the significance of financial instruments for an entity's statement of financial position and statement of financial performance, as well as the nature and extent of the risks that an entity is exposed to as a result of its annual financial statements. Some disclosures, for example the disclosure of fair values for instruments measured at amortised cost or cost and the preparation of a sensitivity analysis, are encouraged rather than required.

GRAP 104 does not prescribe principles for hedge accounting. An entity is permitted to apply hedge accounting, as long as the principles in IAS 39 are applied.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2012.

The entity adopted the standard for the first time in the 2012 annual financial statements.

GRAP 105: Transfers of functions between entities under common control

The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. It requires an acquirer and a transferor that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying the acquirer and transferor, Determining the transfer date, Assets acquired or transferred and liabilities assumed or relinquished, Accounting by the acquirer and transferor, Disclosure, Transitional provisions as well as the Effective date of the standard.

The standard was approved but the effective date is not known yet.

GRAP 106: Transfers of functions between entities not under common control

The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. It requires an entity that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or other event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

2. NEW STANDARDS AND INTERPRETATIONS (CONTINUED)

It furthermore covers definitions, identifying a transfer of functions between entities not under common control, the acquisition method, recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, measurement period, determining what is part of a transfer of functions, subsequent measurement and accounting, disclosure, transitional provisions as well as the effective date of the standard.

The standard was approved but the effective date is not known yet.

GRAP 107: Mergers

The objective of this standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. It requires an entity that prepares and presents financial statements under the accrual basis of accounting to apply this standard to a transaction or other event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers definitions, identifying a transfer of functions between entities not under common control, the acquisition method, recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, measurement period, determining what is part of a transfer of functions, subsequent measurement and accounting, disclosure, transitional provisions as well as the effective date of the standard.

The standard was approved but the effective date is not known yet.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:		
Cash on hand	5 164	5 102
Bank balances	2 159 011	3 518 149
Short-term deposits	7 003 295	-
	9 167 470	**3 523 251**

Current year cash and cash equivalents balance will be used to finance commitments disclosed in note 28 during the 2015/16 financial year.

	Note(s)	2015	2014

4. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2015	2014
Debtors	**816 653**	**339 572**
Fair value of trade and other receivables		
Trade and other receivables	816 653	339 572

5. INFRASTRUCTURE, PLANT AND EQUIPMENT

	2015			2014		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Leasehold improvements	1 968 866	(880 527)	1 088 339	1 143 229	(478 078)	665 151
Computer Equipment	3 339 282	(2 179 447)	1 159 835	2 822 735	(1 334 112)	1 488 623
Furniture and fittings	2 007 903	(1 055 733)	952 170	1 565 295	(832 271)	733 024
Office equipment	1 289 754	(811 772)	477 982	1 417 111	(733 915)	683 196
Motor vehicles	493 092	(279 909)	213 183	695 016	(383 215)	311 801
Leased - Office Equipment	76 457	(43 326)	33 131	76 457	(28 035)	48 422
Leased - Motor Vehicles	2 346 362	(1 955 302)	391 060	2 346 362	(1 173 181)	1 173 181
Total	**11 521 716**	**(7 206 016)**	**4 315 700**	**10 066 205**	**(4 962 807)**	**5 103 398**

Reconciliation of infrastructure, plant and equipment - 2015

	Opening balance	Additions	Depreciation	Impairment loss	Total
Furniture and fittings	733 024	481 672	(260 057)	(2 469)	952 170
Motor vehicles	311 801	-	(98 618)	-	213 183
Office equipment	683 196	7 999	(201 437)	(11 776)	477 982
Computer equipment	1 488 623	516 547	(845 335)	-	1 159 835
Leasehold improvements	665 151	825 637	(402 449)	-	1 088 339
Leased - Office Equipment	48 422	-	(15 291)	-	33 131
Leased - Motor Vehicles	1 173 181	-	(782 121)	-	391 060
	5 103 398	**1 831 855**	**(2 605 308)**	**(14 245)**	**4 315 700**

	Note(s)	2015	2014

5. INFRASTRUCTURE, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of infrastructure, plant and equipment - 2014

	Opening balance	Additions	Depreciation	Impairment loss	Total
Furniture and fixtures	957 790	-	(221 696)	(3 070)	733 024
Motor vehicles	410 420	-	(98 619)	-	311 801
Office equipment	772 585	152 622	(239 124)	(2 887)	683 196
Computer equipment	842 237	1 332 572	(678 655)	(7 531)	1 488 623
Leasehold improvements	893 797	-	(228 646)	-	665 151
Leased - Office Equipment	170 307	-	(121 885)	-	48 422
Leased - Motor Vehicles	1 955 302	-	(782 121)	-	1 173 181
	6 002 438	**1 485 194**	**(2 370 746)**	**(13 488)**	**5 103 398**

Other information

	2015	2014
Property, plant and equipment fully depreciated and still in use (Number of Assets		
Number of fully depreciated infrastructure, plant and equipment still in use	**95**	**73**

As at 31 March 2015, there were 95 property, plant and equipment assets still in use with R 0 carrying amount. There were no assets held as security at reporting date.

6. INTANGIBLE ASSETS

	2015			2014		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	**2 857 389**	**(2 684 079)**	**173 310**	**2 857 389**	**(2 211 909)**	**645 480**

Reconciliation of intangible assets - 2015

	Opening balance	Amortisation	Total
Computer software	645 480	(472 170)	173 310

Reconciliation of intangible assets - 2014

	Opening balance	Additions	Amortisation	Total
Computer software	605 955	852 560	(813 035)	645 480

Other information

	2015	2014
Number of fully amortised intangible assets still in use	23	26

As at 31 March 2015, there were 23 fully amortised intangible assets still in use with R 0 carrying amount. There were no intangible assets held as security at reporting date.

	Note(s)	2015	2014

7. FINANCE LEASE OBLIGATION

		2015	2014
Minimum lease payments due			
- within one year		554 767	948 025
- in second to fifth year inclusive		-	468 235
		554 767	1 416 260
less: future finance charges		(21 183)	(125 466)
Present value of minimum lease payments		**533 584**	**1 290 794**
Non-current liabilities		-	451 657
Current liabilities		533 584	839 137
		533 584	**1 290 794**

The Film and Publication Board has leased ten (10) vehicles from AFRIRENT (PTY) LTD for a period of three years (36 months) effective from 01 August 2012, ending 31 July 2015. The transaction has been treated as a finance lease and the lease does not substantially transfer the risk and rewards incidental to ownership of the assets. The lease contract does not have an annual escalation.

It is entity policy to lease copier machines under finance leases. The average lease term is 3 years. For the year ended 31 March 2015, the borrowing rate was 11.55% (2014: 14.25%). Interest rates are based on prime rates plus 2.3% as per the contract with the lessor and thus expose the entity to interest rate risk. All lease obligations are denominated in Rand units.

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

8. PAYABLES FROM EXCHANGE TRANSACTIONS

		2015	2014
Trade payables		5 137 439	4 318 987
Payments received in advanced - contract in process		203 478	183 478
Union contributions		30 720	73 807
Debtors with credit balances		130 818	386 215
Garnishees		13 803	13 495
PAYE		-	498 621
Operating lease liability		42 528	42 528
Medical aid		160 262	136 152
Unemployment Insurance Fund		-	21 508
Skills Development Levy		-	20 603
Sundry creditors		895 576	1 238 425
		6 614 624	**6 933 819**

	Note(s)	2015	2014

9. PROVISIONS

Reconciliation of provisions - 2015

	Opening Balance	Additions	Utilised during the year	Total
	1 300 000	1 101 684	(1 101 684)	1 300 000
	759 453	331 503	-	1 090 956
	2 059 453	**1 433 187**	**(1 101 684)**	**2 390 956**

Reconciliation of provisions - 2014

	Opening Balance	Additions	Utilised during the year	Total
Performance bonuses	1 300 000	940 785	(940 785)	1 300 000
Leave pay	766 044	-	(6 591)	759 453
	2 066 044	**940 785**	**(947 376)**	**2 059 453**

Provision for Performance Bonus is based on budgeted amount of R 1 300 000 as per 2015/16 budget, payment for bonuses is not expected to exceed the budgeted amount.

10. REVENUE

	2015	2014
Transfers from other government entities	78 901 000	82 675 000
Regulation Fees	6 318 516	4 368 047
	85 219 516	**87 043 047**

11. OTHER REVENUE

	2015	2014
Sale of Tender Documents	72 000	27 301
Copies of Certificates	5 571	5 226
Recoveries	1 110 883	6 496
	1 188 454	**39 023**

The total amount of R 1 110 883 disclosed above is inclusive of R 1 090 000 recovered from an IT Company for irregular expenditure incurred in 2012/13 financial year. This transaction was accounted for on accrual basis. Refer to Note 26 for full disclosure on irregular expenditure.

	Note(s)	2015	2014

12. INVESTMENT REVENUE

Interest revenue			
Interest from Absa investment accounts		434 004	32 175

13. EMPLOYEES COSTS

Basic - permanent employees and fixed term contracts		23 113 901	20 095 484
Classifiers remuneration		4 114 940	3 814 312
Medical aid - company contributions		2 254 787	1 934 223
UIF		282 155	268 752
SDL		320 219	264 761
Leave pay provision charge		331 503	(6 590)
Retirement fund contributions		3 573 943	2 899 309
Garnishee		83 392	130 959
PAYE		7 724 228	6 714 591
		41 799 068	**36 115 801**

Average staff

Average number of employees was **79** for the year ended 31 March 2015 and **80** for the year ended 31 March 2014.

Number of permanent employees	69
Number of staff on contract (2-5 years)	04
Number of staff on fixed term contracts (less than 12 months)	05
Number of interns	01
Total Number of employees as at 31 March 2015	**79**

A total number of classifiers was **36** for period ended 31 March 2015 and total amount paid for classifiers remuneration amounted to R 4 114 940 (31 March 2014: R 3 814 312).

14. ADMINISTRATIVE

Advertising		988 415	620 064
External audit fees		1 197 828	1 687 024
Bank charges		65 492	56 471
Cleaning		156 868	138 846
Internal audit fees		1 663 370	668 727
Consulting and professional fees		3 523 837	5 429 065
FPB Council		728 807	732 454
Insurance		404 040	744 801
IT maintenance and infrastructure		2 046 452	1 838 033

14. ADMINISTRATIVE (CONTINUED)

	Note(s)	2015	2014
Lease rentals on operating lease		3 756 160	3 204 015
Fleet		242 119	441 028
Media relation		102 887	-
Levies		28 543	-
Fuel and oil (compliance monitoring)		809 714	661 892
Postage and courier		73 636	118 436
Printing and stationery		676 364	732 209
Public relations campaign		4 110 138	9 507 391
Penalties		-	8 310
Policy and research services		797 128	70 312
Equipment: repairs and maintenance		18 400	87 725
Security		11 146	14 555
Staff development, recruitment and welfare		2 582 227	2 076 960
Subscriptions and membership fees		17 313	24 717
Telephone and fax		1 890 376	1 789 776
Travel - national		4 472 322	5 349 315
Travel - international		1 903 309	1 581 975
Refund of prescribed fee		-	3 347
Minor assets		426 574	1 615 794
Water and lights		209 072	286 443
Impairment loss		14 245	13 487
Strategic planning		22 394	68 019
Workshops and meetings		1 604 203	2 247 537
Website management		-	89 676
Stakeholders relations		1 166 394	520
Lease expenses		222 299	80 119
Review Board (Tribunal Appeal)		113 309	66 227
Storage - Classification Material		210 047	113 521
		36 255 360	**42 168 791**

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.

Current external audit expenditure includes invoices for 2013/14 financial year which were only submitted in the current financial year.

	Note(s)	2015	2014
15. FINANCE COSTS			
Finance leases		103 731	212 178
16. AUDITORS' REMUNERATION			
Fees		1 197 828	1 687 024
17. CASH GENERATED FROM OPERATIONS			
Surplus		5 606 335	5 433 695
Adjustments for:			
Depreciation and amortisation expense		3 077 480	3 183 780
Movements in provisions		331 503	(6 591)
Impairment loss		14 241	13 487
Changes in working capital:			
Receivables from exchange transactions		(477 081)	(133 474)
Prepayments		-	10 555
Payables from exchange transactions		(319 194)	(3 406 386)
		8 233 284	**5 095 066**

18. EMPLOYEE BENEFIT OBLIGATIONS

Retirement Benefit Payment

The Film and Publication Board 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 2015, current services costs of R 3 529 503 (31 March 2014: R 2 899 309) were recognised as expenses which is 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 tax in terms of section 10 of the Income Tax Act.

	Note(s)	2015	2014

20. OPERATING LEASE

Film and Publication Board 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 Film and Publication Board acquired additional office space for their 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:

	2015	2014
Annual escalations	10%	
Future minimum lease payments		
Up to 1 year	3 950 435	3 591 305
2 - 5 Years	2 985 964	6 936 399
5 Or more years	-	-
	6 936 399	**10 527 704**

21. CONTINGENCIES

At 31 March 2015, there were three labour disputes and their outcomes are uncertain. As a result a contingent liability of R 750 000.00 (31 March 2014: R 2 100 000.00) is estimated.

	2015	2014
Contingent Liability for Labour Disputes	R 500 000	R 500 000
Contingent Liability for Legal Cost	R 250 000	R1 600 000

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

The Film and Publication Board (FPB) has a related party relationship with the Department of Home Affairs. The Department of Home Affairs is the Executive Authority of the FPB. A total amount of R 78 901 000 as at 31 March 2015 (31 March 2014: R 82 675 000), was received from the Department of Home Affairs.

The total Grant received in prior year was inclusive of additional R 8 500 000 allocated for online content management, this was a once off allocation. There were no outstanding balances from transactions between the Department and the Film and Publication Board at 31 March 2015.

Related party transactions

	2015	2014
Funding		
Department of Home Affairs - Grant	78 901 000	82 675 000
Non-Executive Members and Executive Managers		

Payments made to Non-Executive and Executive Managers were disclosed as Note **7** of the Accounting Authority's Report.

	Note(s)	2015	2014

24. RISK MANAGEMENT

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

At 31 March 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	6 614 624	-	-	-

At 31 March 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	6 933 819	-	-	-

Interest rate risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

The scenarios are run only for liabilities that represent the major interest-bearing positions. Based on the simulations performed, the impact on post-tax surplus of a 1% shift would be a maximum increase of (9 471) (2014: (12 914)) or decrease of 9 471 (2014: 12 914), respectively. The simulation is done on a annual basis to verify that the maximum deficit potential is within the limit given by the management.

Credit risk

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

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

25. FRUITLESS AND WASTEFUL EXPENDITURE

	2015	2014
Opening balance	1 306 644	1 250 520
Withdrawn tenders	-	41 342
Notice of tender withdrawal	-	14 782
Traffic fines paid	15 910	
Interest paid on Telkom account	437	
Total	**1 322 991**	**1 306 644**

Fruitless and Wasteful Expenditure amounting to R16 347.25 was incurred during the current financial year. The funds have since been recovered from the responsible employee.

	Note(s)	2015	2014

25. FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

The FPB spent an amount of R 41 342.35 in prior year to advertise an invitation for two tenders which were later withdrawn. FPB further spent an amount of R 14 781.88 to publish a notice of withdrawal as required by legislation. Disciplinary steps were taken against employees who were involved and warning letters were issued to these employees.

A total amount of R 1 250 520 include fruitless expenditure of R 201 731 incurred during the 2011/12 financial year as result of payment of VAT to a service provider not registered for VAT. A letter of demand has been sent to the service provider and default judgement was granted against the service provider.

26. IRREGULAR EXPENDITURE

	2015	2014
Opening balance	1 807 258	727 258
Add: Irregular expenditure - current year	3 378 407	-
Add: Irregular expenditure - previous years	3 095 213	1 080 000
Less: Amounts recovered	(500 000)	--
Irregular expenditure awaiting condonement/payment	**7 780 878**	**1 807 258**

In an investigation commissioned by management in July 2014 for a detailed review of transactions entered into between the FPB's Communications Unit and a variety of Service Providers, it was revealed that the FPB incurred R 3 095 212.60 irregular expenditure as a result of procedure not being followed in a number of the transactions in the 2013/2014 financial period and beyond. Disciplinary proceedings for the responsible official could not be conducted as the employee was suspended on other matters until their contract expired before action was taken. On the other hand, processes are underway to report the service providers implicated in the report to National Treasury.

Additional irregular expenditure of R 3 378 406.55 was incurred in the current financial year as a result of requests for quotations not stipulating that the evaluation and adjudication criteria is 80/20. All quotations were however correctly evaluated using the correct criteria.

The irregular expenditure of R 1 080 000 arose out of the irregular award of an ICT tender to an IT Company, which award was not compliant with legislation, regulation and policy. The payment of R 1 080 000 was made in January 2013. This arose in the 2012/13 financial year but was not disclosed. A total amount of R 500 000 was recovered from the service provider during the third quarter of the current financial year. The service provider (debtor) signed an acknowledgement of debt facilitated by FPB attorneys to pay the balance of R 580 000 over a period of 3 months, the last month being June 2015. The debtor has since failed to honour this agreement and the FPB has since instructed their attorneys to issue summons.

Irregular expenditure of R 60 000 was incurred during the second quarter of the 2012/13 financial year. The funds have since been recovered from the responsible employee.

	Note(s)	2015	2014

27. PRIOR PERIOD ERRORS

Prior period error relates to expenditure for Radio Airtime incurred during the 2012/13 financial year, this invoice was only submitted to FPB during the current financial year ended 31 March 2015. This error was corrected in the current financial year.

The correction of the error(s) results in adjustments as follows:

Statement of financial position		
Retained Income	-	231 671
Other Accruals	-	(231 671)

28. COMMITMENTS

Authorised Capital and Operating Expenditure

Commitments for capital expenditure		
· Property, plant and equipment – contracted	2 765 417	343 915
Commitments for operating expenditure		
· Operating expenditure – contracted	5 762 760	2 777 132

Commitments disclosed relates to contracts awarded but not completed before 31 March 2015. The operating lease commitments have been disclosed in the operating lease liability Note 20. Cash and cash equivalents balance disclosed in Note **4** will be used to finance these commitments during the 2015/16 financial year.

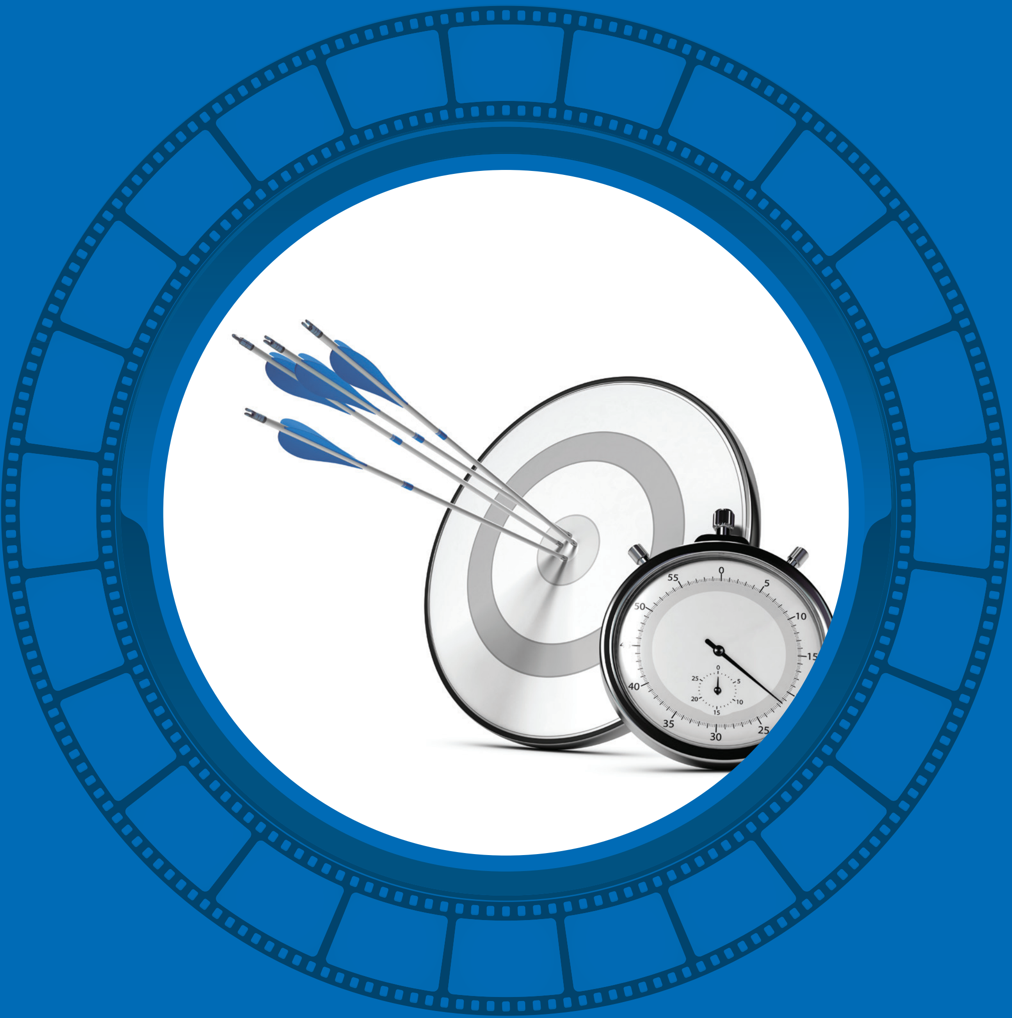
29. RECONCILIATION BETWEEN BUDGET AND STATEMENT OF FINANCIAL PERFORMANCE

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

Net surplus per the statement of financial performance	5 606 335	5 433 695
Adjusted for:		
Movement in provision	331 503	(6 591)
Depreciation and amortisation	3 077 480	3 183 780
Over/(under) estimation of income	(2 881 974)	6 431 568
(Over)/under estimation of administrative costs	(4 405 220)	(12 916 876)
Capital expenditure	(1 831 855)	(2 337 754)
Adjustments relating to finance charges for finance leases	103 731	212 178
Net surplus per approved budget	-	-

NOTES

FPB – Ensuring efficient and effective consumer protection by classifying media and entertainment content.



PERFORMANCE INFORMATION REPORT

> Effective and visible monitoring of films games and certain publications throughout the entire value chain (content creators, producers and distributors of FPGS) to protect children and inform the general public.

Strategic Outcome	Programme	Programme Indicators	Strategic Objectives	
Effective and visible monitoring of films games and certain publications throughout the entire value chain (content creators, producers and distributors of FPGS) to protect children and inform the general public.	Industry Compliance	% of applications for classification of content classified and labelled; level of alignment of classification ratings with societal norms and values; adequacy of regulation framework as indicated by availability of approved measures; to regulate content and FPGS industry (such as classification guidelines, legislation, and measures to protect children online); % of identified distributors converted to closures new registrations and annual renewals; number of distributor audits conducted; number of MOUs concluded with relevant organisations.	Implement a content regulation framework that ensures 100% classification and labelling of classifiable material submitted whilst ensuring broad convergence with societal norms and value.	
Effective and visible monitoring of films games and certain publications throughout the entire value chain (content creators, producers and distributors of FPGS) to protect children and inform the general public.	Industry Compliance	% of applications for classification of content classified and labelled; level of alignment of classification ratings with societal norms and values; adequacy of regulation framework as indicated by availability of approved measures; to regulate content and FPGS industry (such as classification guidelines, legislation, and measures to protect children online); % of identified distributors converted to closures new registrations and annual renewals; number of distributor audits conducted; number of MOUs concluded with relevant organisations.	Implement a content regulation framework that ensures 100% classification and labelling of classifiable material submitted whilst ensuring broad convergence with societal.	
			2) To review and gazette classification guidelines	

	Strategic Initiatives	Target 2014/15	2014/15 Performance	Reasons for Variances
	1) To implement a content Classification and labelling system (includes, industry regulation model and content labelling and verification).	Implement automated processes.	Achieved	None
		Conduct OSS industry Audits	Partially achieved	Distributors could not get copies of ALL the games to us due to restrictions with the publishers, release dates and distributors not having full copies of gameplay clips themselves.
		Classify 100% of submissions	Achieved	None
		Implement reviewed classification governance framework.	Achieved	None
		Accreditation of approved Classifiers Training Programme.	Achieved	None
	To implement a content Classification and labelling (includes, industry regulation model and content labelling and verification).	Development and implementation of the Labelling system	Not achieved	Labelling project linked to the implementation of the Online Content Regulation Strategy. Delays were experienced in appointing a service provider for implementation of the strategy.
	Review and gazetting of classification guidelines.	Review classification guidelines	Achieved	None

Strategic Outcome	Programme	Programme Indicators	Strategic Objectives	
			3) To continuously evaluate the convergence of societal norms and values to FPB classification ratings.	
			4) To review Films and Publications Act to appropriately regulate the FPGS industries.	
		Implement relevant initiatives geared towards ensuring at least 75% industry compliance including extending compliance monitoring initiatives throughout the value chain of production, creation, distribution of the FPGS by 2017.	1) Implement an initiative geared towards distributor identification and registration	
Effective and visible monitoring of films games and certain publications throughout the entire value chain (content creators, producers and distributors of FPGS) to protect children and inform the general public.	Industry compliance		1) Implement an initiative geared towards distributors identification and registration	
			2) Conduct compliance inspections and industry audits.	

	Strategic Initiatives	Target 2014/15	2014/15 Performance	Reasons for Variances
	Classification guidelines review and gazetting	Convergence surveys and stakeholder engagements - 7 500 participants - Continuous evaluation to ensure broad convergence.	Achieved	None
	Gazette Regulations to the FP Act.	Amendment of the Films and Publications Act.	Partially achieved	The transfer of the FPB from DHA to DOC and the identification of DOC legal department.
	Identification of unregistered distributors 2 000.	Identification of unregistered Distributors: 2 000.	Achieved	None
	Identification of new distributors (20% of unregistered distributors = 400).	Conversions 400 - (new registration).	Achieved	None
	Identification of non compliant distributors	Conduct quarterly raids in all provinces against non compliant distributors.	Achieved	None
	6 000 Inspections of existing distributors.	6 000 Inspections of existing distributors.	Achieved	None
	- Online inspections: 1500 - ISP 100 - Social network: 150	Online inspections: 1 500 ISP: 1 000 Social networks: 300	Achieved	None

Strategic Outcome	Programme	Programme Indicators	Strategic Objectives	
Consumers, general members of the public and industry informed about the mandate of the FPB.	Public awareness and education	Approved the marketing and communication strategy.	To inform consumers, society and industry about the FPB.	
		Implementation of media plan.		

	Strategic Initiatives	Target 2014/15	2014/15 Performance	Reasons for Variances
	Implementation the marketing and communication strategy.	Review and approval of the communication and marketing strategy.	Achieved	None
		100% Implementation of the communication and marketing strategy.	Achieved	None
		Quarterly evaluation report on strategy implementation	Achieved	None
	To conduct outreach and public education programmes	Implement approved outreach and public education plan.	Achieved	None
		Quarterly evaluation report of the outreach and public education plan.	Partially achieved	Evaluations based outreach reporting system was developed by the research unit in Q3.

Strategic Outcome	Programme	Programme Indicators	Strategic Objectives	
Effective and efficient management of FPB operations.	Organisational capacity and capability.	Level of automation of core processes.	Develop and maintain organisational capacity through implementation of the turnaround strategy.	

	Strategic Initiatives	Target 2014/15	2014/15 Performance	Reasons for Variances
	Development and implementation of customer care centre.	Implementation of the call centre system to ensure efficient service delivery.	Partially achieved	Extension of call centre to regions not achieved due to delays in the procurement of Regional office space.
		Develop space planning specifications and terms of reference and ensure completion of Call Centre at head office.	N/A	N/A
	Develop and implement a client services framework to ensure FPB improves the way it does business in order to improve the level of service delivery.	Ensure fully functional integrated client support administration systems.	Not achieved	Implementation of enhancements delayed due to expiry of SLA's: Tharollo.
		De-centralise administration of distributor licences to regional offices for Western Cape and KwaZulu-Natal.	Not achieved	Delays in the finalisation of the procurement of regional offices.
		Implement and ensure fully automated administrative systems to improve operational efficiencies.	Achieved	Internet connectivity still a challenge.
		Implementation of approved queries management and Client Engagement Framework.	Partially achieved	Follow-up and closure of escalated queries not achieved due to: 1. Lack of capacity to follow-up. 2. Responses sent directly to complainants without copying/ informing CS to close opened tickets. 3. Delays in the implementation of the NetHelpDesk call logging system.
		Conduct annual client satisfaction surveys to reduce service delivery complaints/ queries by 20%.	Achieved	None

Strategic Outcome	Programme	Programme Indicators	Strategic Objectives	
		Level of implementation of the turnaround strategy.	Develop and maintain organisational capacity through implementation of the turnaround strategy.	
		% Revenue generated from sources other than government grant.	Increase FPB revenue base by 2% through exploration of potential revenue generation streams and implement cost savings measures.	
		Level of automation of core processes.	To adopt and apply advanced ICT technologies for the automation of the core functions of the organisation.	

	Strategic Initiatives	Target 2014/15	2014/15 Performance	Reasons for Variances
	To implement turnaround support programme.	Turnaround structure assessment implemented.	Achieved	Ongoing recruitment as per turnover replacement trends. High staff turnover and vacancy rate. Approved additonal resources to be implemented.
		Review and implement remuneration strategy.	Achieved	Retention of staff - turnover due to salary levels. Internal remuneration disparity issues. Public sector comparison challenges.
		Conduct and implement organisational change management plan.	Achieved	Addressing dissatisfaction survey issues that were identified.
	To develop and implement a skills plan.	Conduct and review the organisational skills development plan.	Achieved	Budget provisions. Alignment with MICT-SETA requirements. T&D impact assessment. critical skills identification and targeted development.
	To implement the internal communications project.	Implement internal communications plan.	Achieved	The review of the Internal communications plan is depended on the results of the staff satisfaction survey.
	To implement HR management improvement and compliance programme	FPB HR strategy review and approval.	Achieved	None
	To amend Regulation fees structure.	Review the tariffs structure.	Achieved	None
	To identify and pursue drivers/ new revenue generation sources.	Regulation fees: 3% of total revenue generated.	Achieved	None
	To ensure sound IT governanace throughout the organisation.	15% of ICT strategy implemented.	Achieved	None

Strategic Outcome	Programme	Programme Indicators	Strategic Objectives	
			Conduct industry research to enhance regulation.	
		- Adequacy of risk management processes, performance planning and reporting.	To ensure effective and efficient administration of the FPB and ensure compliance with applicable legislative and other requirements.	
		- Adequacy of risk management processes, performance planning and reporting.	To ensure effective and efficient administration of the FPB and ensure compliance with applicable legislative and other requirements.	

	Strategic Initiatives	Target 2014/15	2014/15 Performance	Reasons for Variances
	To implement IT initiatives geared towards improvement of IT value and performance		Not achieved	Deliberation with SLA clauses
	To develop an annual research plan. To implement research Programmes to enhance online child protection measures To implement research Programmes to inform regulation policy	- Review of annual research plan.	N/A	N/A
	To conduct regular trends analysis	- Conduct quarterly trends analysis reports.	Achieved	None
	1) to develop and implement an organisational compliance and risk management strategy (includes fraud prevention and response, business continuity management and disaster recovery).	Annual update of compliance matrix.	Achieved	None
		- Annual risk assessment and development of risk management plan.	Achieved	None
		Approval of business continuity policy and strategy. Development of business continuity plan.	Achieved	None
		Update the disaster recovery plan.	Achieved	None
	2) to implement an organisational performance planning, management and reporting initiative including automating the process.	Implement the organisational performance planning management and automated reporting.	Achieved	None
		Conduct annual strategic planning process.	Achieved	None

Strategic Outcome	Programme	Programme Indicators	Strategic Objectives	
		Development and implementation of a sound corporate governance framework - 100% compliance with the corporate governance framework, legislation and policies - development and implementation of the council annual programme - ensure all meetings are held in accordance with the annual council programme.	Ensure compliance with applicable legislation, charters, policies and the governance framework - provide an effective and efficient administration of governance structures.	
		Development and implementation of a sound corporate governance framework - 100% compliance with the corporate governance framework, legislation and policies - development and implementation of the council annual programme - ensure all meetings are held in accordance with the annual council programme.	Ensure compliance with applicable legislation, charters, policies and the governance framework - provide an effective and efficient administration of governance structures.	

	Strategic Initiatives	Target 2014/15	2014/15 Performance	Reasons for Variances
	3) To implement relevant finance and supply chain management initiatives.	(1) 100% compliance with SCM policy.	Achieved	None identified
		(2) Accountability of all assets and quarterly physical verification.	Achieved	None
	To ensure compliance with the governance framework.	Implement FPB governance framework.	Achieved	None
	To ensure good corporate governance.	To ensure good corporate governance.	Achieved	None
	To provide assurance and compliance services.	To provide assurance and compliance services.	Achieved	None
		Convergence study research concluded.	Achieved	None

Strategic Outcome	Programme	Programme Indicators	Strategic Objectives	
Ensure effective and innovative regulation of content distributed online, mobile and related platforms to protect children and inform the general public.	Online and mobile content regulation.	Online content regulation strategy; IARC Partnership agreement; Inhope membership; Web based information Hub activated.	Development and implementation of a content regulation framework that ensures 100% classification and labelling of classifiable content distributed on online, mobile and related platforms, by 2017.	

	Strategic Initiatives	Target 2014/15	2014/15 Performance	Reasons for Variances
	- To develop and implement an internet content regulation strategy and framework.	Implement online regulation strategy.	Not achieved	Lack of responses received from prospective service providers. The proposal was then sent to a select group of service providers specialising in telecoms, however no reply was received. The tender was then re-advertised and closing date was 09 April.
		Renew membership and maintain relations with international bodies for regulation and classification of digital content.	Not achieved	System could not be launched as FPB IARC membership was not approved and IARC wanted FPB to waive its licensing fee.
	3) Implement initiatives to ensure cyber safety/child online protection.	Implement online and telephonic tools for addressing cyber safety of children.	Achieved	None
		Train 150 educators on cyber safety.	Not achieved	Delays in finalising service provider SLA.

Strategic Outcome	Programme	Programme Indicators	Strategic Objectives	
Expand our footprint as the FPB through partnership and stakeholder relationships in pursuance of our mandate.	Partnerships and collaboration.	– Stakeholder relations strategy.	To form and maintain national and international partnerships with identified key stakeholders, other regulators, industry players and law enforcement agencies for improved regulation (effectiveness, resourcing and enforcement).	

	Strategic Initiatives	Target 2014/15	2014/15 Performance	Reasons for Variances
	To develop strategic partnerships and stakeholder relations.	-Review the stakeholder relations plan and implement stakeholder relations strategy.	Achieved	None
		Host 4 africa/SADC engagements on cyber safety and FPB mandate related issues.	Not achieved	The partners in Swaziland have not yet confirmed the new date for the outreach in Swaziland The request for travel to Botswana was declined
		- Attend 3 international seminars and present papers.	Achieved	None
		- Attend 4 film and gaming festivals.	Achieved	None

NOTES

FPB – Ensuring efficient and effective consumer protection by classifying media and entertainment content.

> “Trust is the greatest driver of success in organisational change. Trust requires competence, integrity and benevolence.
>
> – Peter Cheese”

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