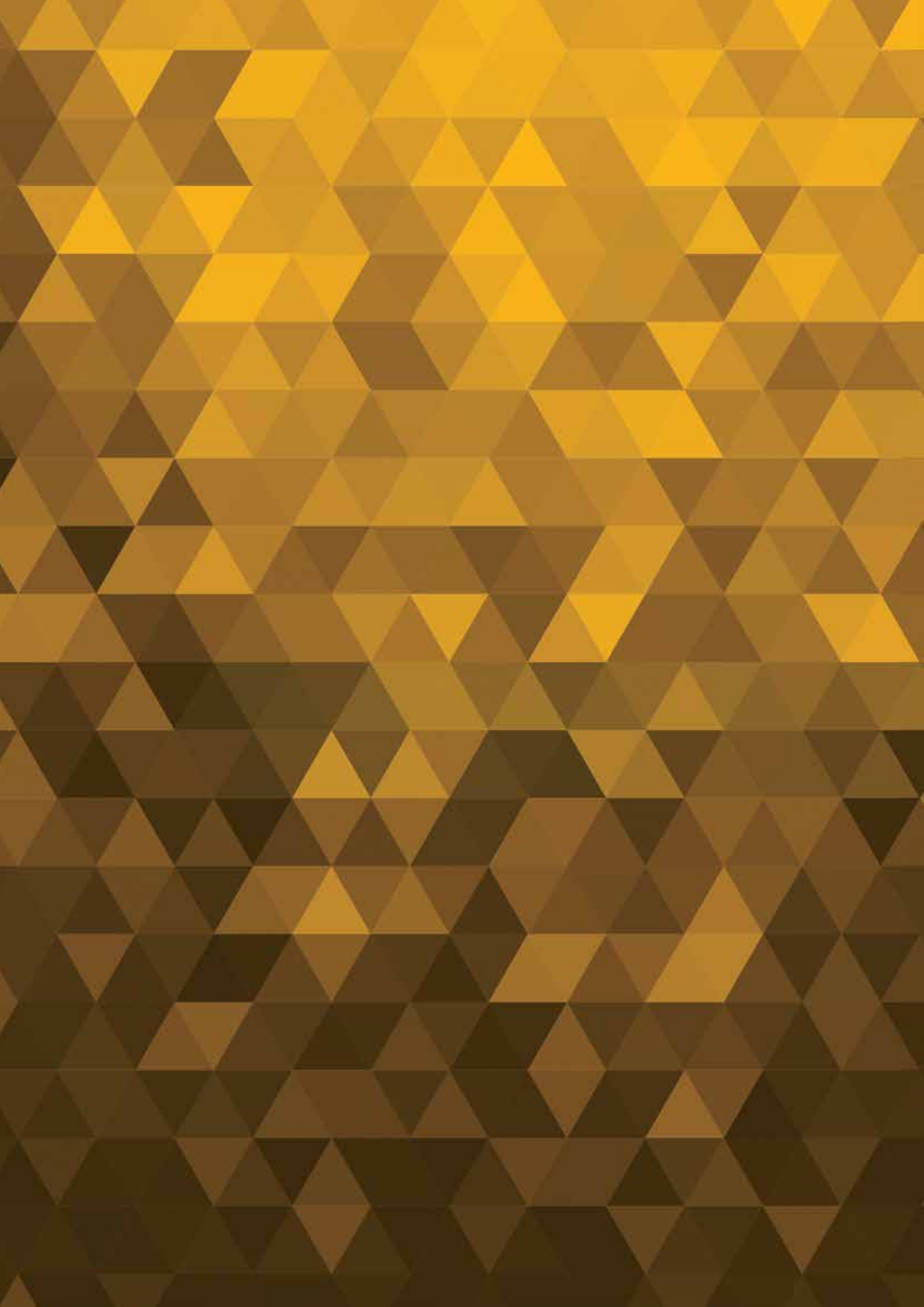
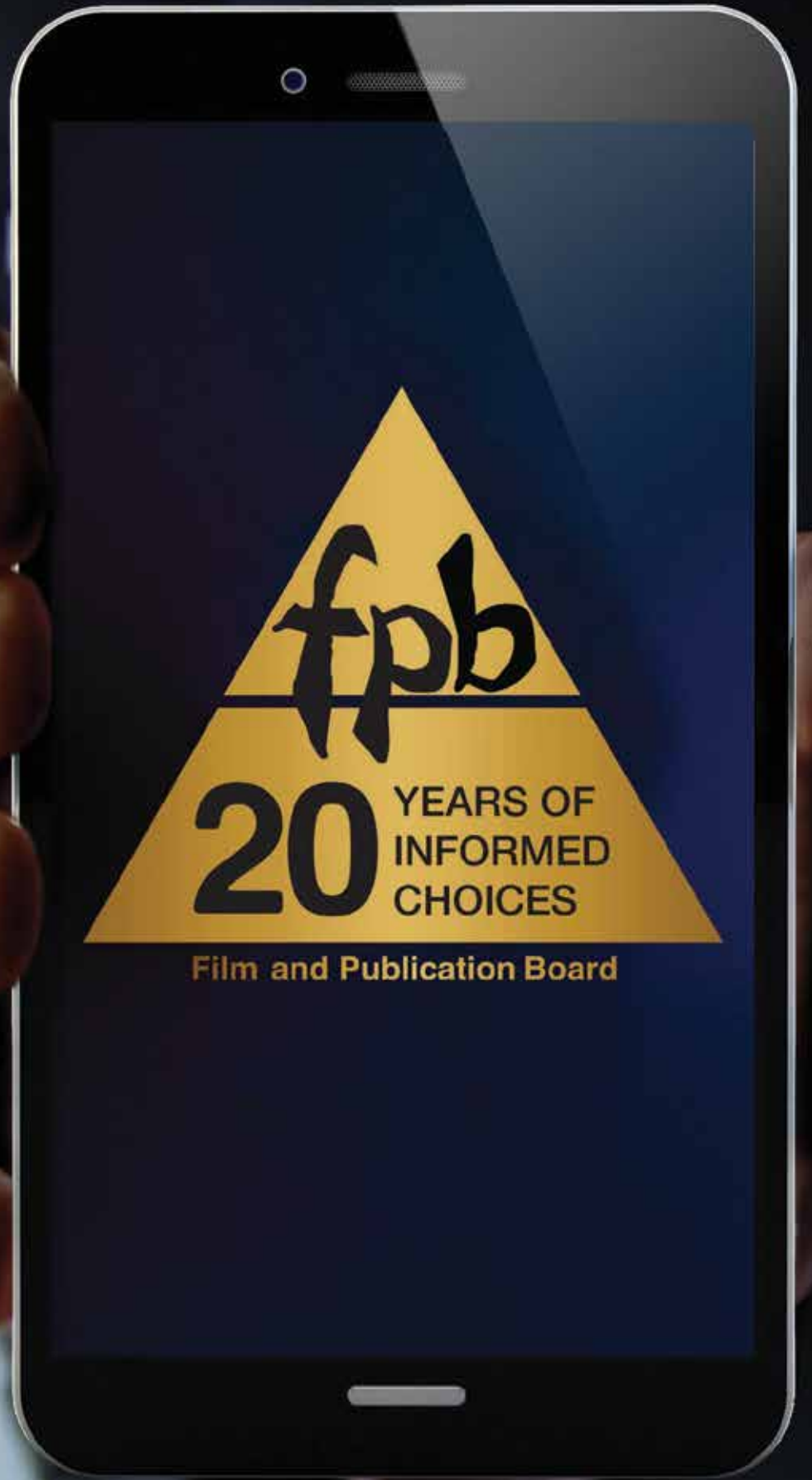




**Film and Publication Board**

**ANNUAL REPORT 2015/16**





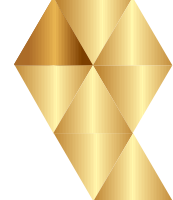
# Section 1

General Information

# General Information

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Registered Name	Film and Publication Board
Physical Address Head Office	Eco Glade 2 420 Witch Hazel Avenue Eco Park Centurion Tel: 012 003 1400 Fax: 012 661 0074
Cape Town	301H - 9 Long Street Cape Town Tel: 021 418 3083 Fax: 021461 8126
Durban	4 Silver Oaks 36 Silverton Road Durban Tel: 031 201 2158 Fax: 031 261 7130
Email	clientsupport@fpb.org.za
Website	www.fpb.org.za
External Auditors	Auditor-General of South Africa (AGSA)
Internal Auditors	Audit and Risk Management Services
Bankers Information	Absa
Council Secretary	Mr T Mokutu



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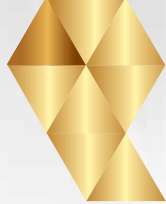
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# Key Abbreviations

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



# Section 2

## Strategic Overview



# Statement of Responsibility and Confirmation of Accuracy for the Annual Report

---

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

All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor-General.

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

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

The Annual Financial Statements have been prepared in accordance with the GRAP standards applicable to the public entity.

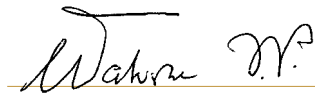
The accounting authority is responsible for the preparation of the annual financial statements and the judgements made in this information.

The accounting authority is responsible for establishing, and implementing a system of internal control has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2016.

Yours faithfully



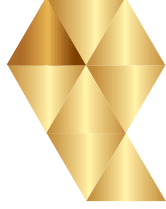
Mr TP Wakashe  
*Chief Executive Officer*



Mrs NFT Mpumlwana  
*Council Chairperson*

31 March 2016





# Strategic Overview

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## Mandate

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

Therefore, the mandate of the FPB can be summarised as follows:

1. Regulate the creation, production, possession and distribution of films, games and certain publications by way of classification;
2. Protect children from exposure to disturbing and harmful material and from premature exposure to adult material; and
3. Render the use of children in and exposure of children to pornography a punishable offence.

## Vision

To be a leading and credible 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.

## Values

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

1. Accountability
2. Human Dignity
3. Social Justice
4. Integrity
5. Transparency
6. Professionalism

## Legislative and Other Mandates

### Constitutional Mandates

The FPB does not have a direct constitutional mandate as the FPB is a classification body, a regulator and a quasi-judicial body, because it licenses, regulates, adjudicates and issues sanctions. However, the FPB carries out its work with due regard for the rights contained in the Constitution of the Republic of South Africa, which recognises and protects the rights of every citizen, thereby ensuring an open and democratic society.

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

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

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

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

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



## Strategic Overview (continued)

### Legislative Mandates

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

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

The Protection of Personal Information Act proclaims that the right to privacy includes a right to protection against the unlawful collection, retention, dissemination and use of personal information (Poppi Act 4 of 2013). This Act has implications for the increasing incidences of online abuse, such as the so-called revenge porn, the distribution of explicit images of people without their consent and the distribution of cyber-bullying content - all of which manifest in multi-layered victimisation. Taking action against such abuse is within the mandate of the Film and Publication Board.

The Electronic Communications Act of 2005 as amended regulates electronic media, particularly in the milieu of media convergence. The Prevention and Combating of Trafficking in Persons Act, 2013 pronounces on the recruitment and exploitation of children in sex trafficking and in the production of pornography.

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

As a credible content classifier, the FPB is responsible for executing activities and initiatives aimed at successfully monitoring the creation, production, distribution and possession of legal adult entertainment, through the classification of the content of films, publications, interactive games. To ensure the objectives of the act are carried out successfully, the FPB is therefore responsible for developing policies, procedures and processes.

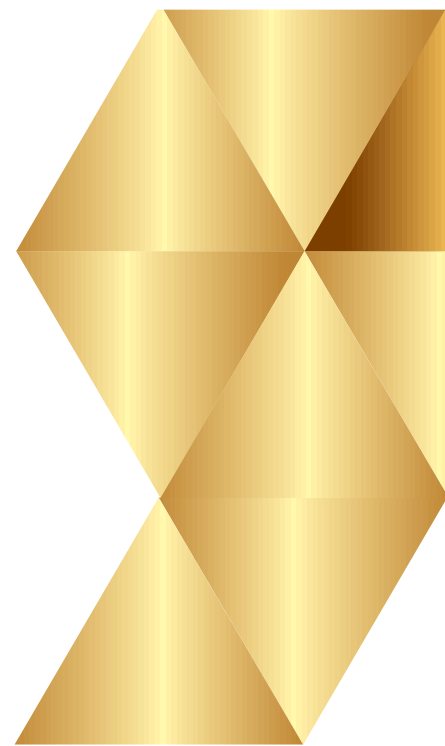
In its pursuit of key outcomes and objectives, the FPB is further tasked with the protection of children and

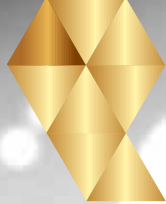
the empowerment of adults against exploitative and harmful material, and it thus plays a key leadership role in implementing anti-child pornography campaigns. The organisation operates in an environment that is largely influenced by rapid technological innovations in media communication channels and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

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

### Policy Mandates

There is no policy mandate, as the FPB is an implementing entity for the DoC.





# Minister's Foreword

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The Film and Publication Board (FPB) is one of the public entities that report to the Ministry of Communications. Its mandate is to regulate the distribution of films, games and certain publications. The FPB classifies content for age appropriateness in order to protect children against premature exposure to adult experiences and harmful materials, particularly films, games and certain publications.

The Internet has become the biggest threat not only to children but to national security at large. Despite its benefits when it comes to knowledge-sharing, improved communication, education and entertainment, the Internet is also a haven for questionable characters and forces of darkness who prey on innocent and unsuspecting citizens. Children become more vulnerable as information can easily be stolen and distributed globally within a matter of seconds.

In 2016, the FPB celebrates 20 years of existence. Significantly, it has made great progress in finalising the draft Online Regulation Policy (ORP), which will improve how the distribution of content through the Internet is regulated.

During the past year, the Department of Communications (DoC) together with its entities: the FPB, the Independent Communications Authority of South Africa, the South African Broadcasting Corporation, Government Communication and Information System, Brand South Africa and the Media Development and Diversity Agency, conducted a number of community outreach and public awareness campaigns throughout the country, with a particular focus on rural areas. The campaigns allow these entities to engage with community members, listen to their concerns and collectively share ideas, thus actively improving their lives.

The Films and Publications Amendment Bill was approved by Cabinet on 5 August 2015, and is currently undergoing Parliamentary processes. The Portfolio Committee on Communications had extended an invitation for public comments, which expired on 26 May 2016.

I have been reliably informed that during the 2015/16 financial year, only four appeals against classification decisions had been received. This is indicative of a greater convergence between the FPB and society's expectations regarding media-content regulation. This happens against the backdrop of rapidly changing media distribution patterns and platforms, which provide increased access to real-time information.

There had also been greater cooperation by the media industry, which has made important contributions to the draft ORP. For this, I would like to extend my most sincere appreciation. This confirms the consistent assertion by our government that we are indeed working together to move the country forward.

The DoC, in partnership with the Department of Telecommunications and Postal Services, has begun rolling out digital migration, with the site of Square Kilometre Array in the Northern Cape selected as the first phase of the roll-out. The FPB has been an integral part of the digital migration initiative, which is set to revolutionise the manner in which our people will consume media content, particularly in relation to digital broadcasting and the increased spectrum.

The term of the previous Council ended on 1 December 2015 and a new council was inaugurated on 2 December 2015. I would like to extend my gratitude to the former council members for their hard work and dedication in carrying out the Council's mandate. I also

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I would like to thank the Chairperson and members of the Council for their strategic leadership, as well as the Chief Executive Officer, his team and FPB staff for their commitment and contribution to the fight against child abusive practices, especially online.”

wish the current council the best of luck for the journey ahead, acknowledging that it has to finalise the draft ORP and fully implement the online content regulation system.

I must also acknowledge the work of the Appeal Tribunal, whose term ended on 31 March 2016 for the sterling work they did, serving as the most important part of the checks and balances relating to the work of the FPB. The process to appoint new members of the Appeal Tribunal is currently underway, and an announcement regarding this is forthcoming.

I hereby call on all South Africans and law enforcement agencies to play their role and join hands with the FPB in the fight to protect our children.

I would like to thank the Chairperson and members of the Council for their strategic leadership, and the Chief Executive Officer, his executive team and the FPB staff for their commitment and contribution to the fight against child abusive practices. My special thanks to the Portfolio Committee on Communications under the previous Chairperson, Joyce Moloi-Moropa and the current Chairperson, Dikeledi Tsetetsi, for their continued support for the work of the department, the FPB and other entities within the Ministry of Communications.



Hon Ms Faith Muthambi  
*Minister of Communications*





# Members of the Council

**Mrs T Mpumlwana**  
*Council Chairperson*

Re-appointed as Council Chairperson, Mrs Mpumlwana's expertise and knowledge has seen the FPB's vision and mission become a reality. She is a social justice professional of long standing and is passionate about the development and empowerment of people and communities, in particular women. Mpumlwana believes that women are the backbone of communities, and young people are the future of society. She brings her strong institutional management, corporate governance and leadership experience to the Council. Mpumlwana has worked as a professional in various public, private and civil society structures and continues to serve the public in various capacities.



**Ms S Mangana**  
*Council Deputy Chairperson*

Mrs Mangana hails from Limpopo province and has served on several committees in different organisations. She is a former Member of Parliament and has served on the Standing Committee on Public Accounts (SCOPA) from 2009 to 2014. Mangana has previously worked as an educator, Councillor and Member of the Limpopo Provincial Legislature. She is passionate about service delivery and public accountability; believes that the mandate of the FPB is very important; and aims to ensure that the mandate is communicated and reaches rural communities throughout the country. Mangana continues to serve the public in various capacities.



**Ms Y Makhasi**  
*Council Member*

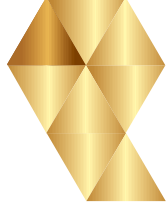
Ms Makhasi is no stranger to the FPB, having previously served as its CEO. She understands the mandate of the organisation and her previous experience will be an added advantage. Makhasi holds a Masters Degree in Public Policy and Management, and is a highly experienced civil servant with great leadership skills. She is a social and women empowerment activist, and is very passionate about the youth. Makhasi has served in various youth development organisations and structures, including the Eastern Cape and National Youth Commissions. She believes in ensuring that all necessary resources and opportunities are given to the youth and women in order to take the country forward.



**Ms N Skeepers**  
*Council Member*

Mrs Skeepers is the former Deputy Chairperson of the FPB Council, to which she has been re-appointed. She has also served on the Audit and Risk, as well as Human Resources Committees at the FPB. She is a seasoned occupational health and safety, risk, compliance and governance specialist. Skeepers is an independent consultant and motivational speaker, and has a wide range of industry experience that spans the public and private sectors. Skeepers holds two Masters degrees as well as other risk and safety-related qualifications. She has held various senior and executive positions over the last decade, and is currently studying towards a PHD with the University of Johannesburg.





**Mr M Dithlake**  
*Council Member*

Re-appointed as a Council member, Mr Dithlake is a results-driven business executive with international expertise in leadership, business development and operations across challenging environments and emerging markets. Currently a Finance Director at Groupe SEB South Africa, he has expertise in corporate restructuring, reorganising and setting up finance functions, policies, internal controls; and staff management for start-up and turnaround business enterprises. Dithlake is a Board member of the Nelson Mandela Museum and has served on the Audit and Risk, Human Resources and Finance Committees. Dithlake is passionate about financial management, governance and accountability.



**Ms N Dubazana**  
*Council Member*

Ms Dubazana is a founder and Director of Busa Buntu Pictures Ltd, an eGoli/London based media company. With over 23 years of storytelling, media, entrepreneurial and communications experience, her recent MA in film-making and The Creative Economy, from Kingston University affirms her continued knowledge-seeking nature. She is passionate about innovation, storytelling, communication and the advancement of human rights across diverse cultures. Dubazana has a number of producing and directing credits under her belt.



**Adv L Nevondwe**  
*Council Member*

Re-appointed to the Council, Adv Nevondwe has received numerous awards in research, law and academic fields. He is a recognised scholar who has published a number of papers in the academic sphere locally and abroad, and has outstanding leadership skills. He previously served on the Finance, Operations and ICT, as well as the Audit and Risk Committees at the FPB. Adv Nevondwe has served in different committees in both the public and private sectors, and is passionate about corporate governance. He is an Advocate of the High Court of South Africa and is currently a doctoral candidate (Doctor of Laws) at the North West University.



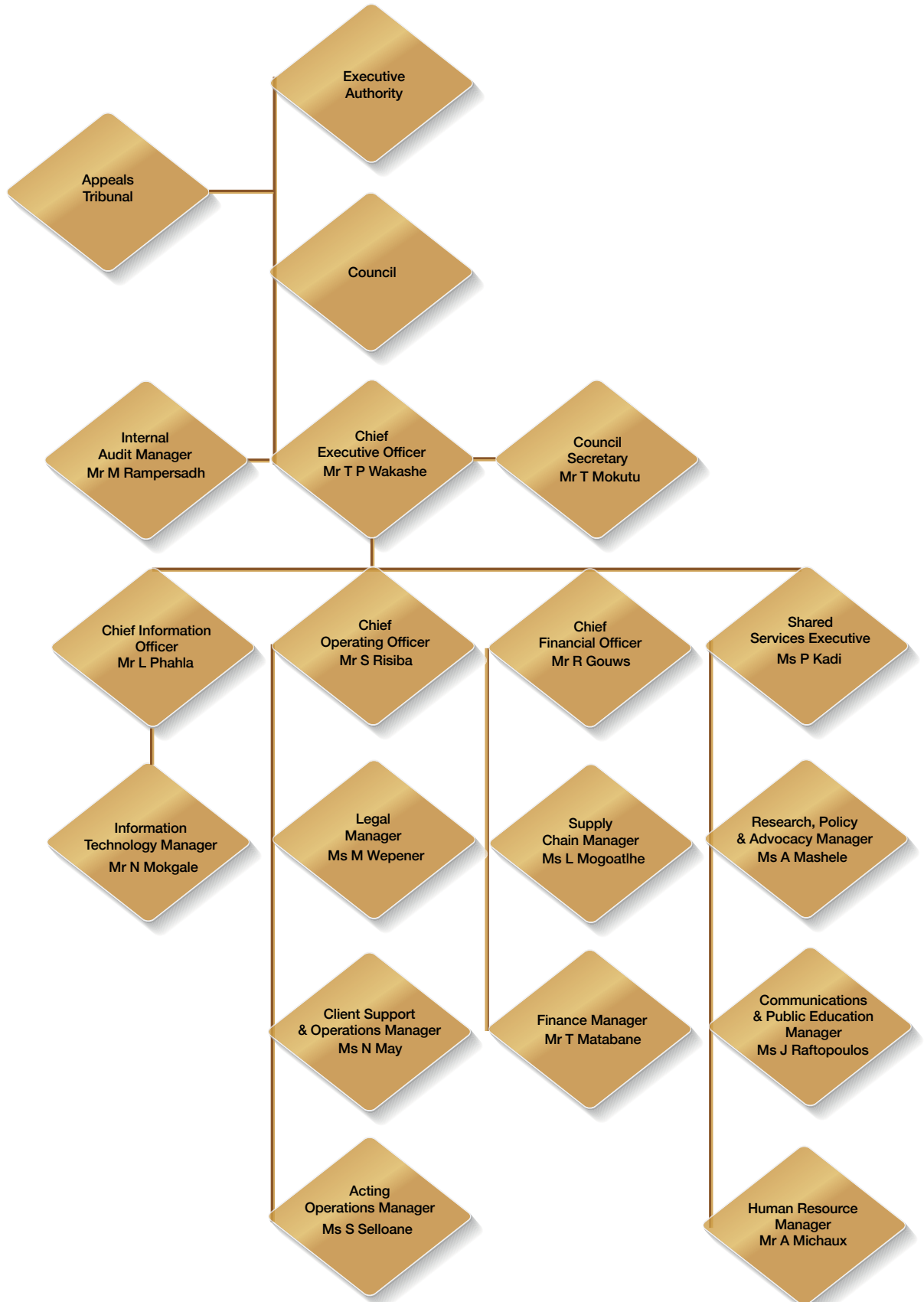
**Adv A Mudunungu**  
*Council Member*

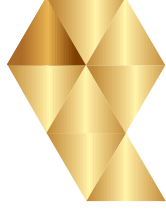
A practising Advocate of the High Court of South Africa, Adv Mudunungu is a former State Prosecutor and has worked for municipalities in Limpopo, in which he gained vast experience in facilitating a culture of offering good public service and accountability to the local community. He has also served as a Councillor in the Vhembe District Municipality and as Acting Municipal Manager of the Ba-Phalaborwa Municipal Council, where he received numerous awards for his capacity to develop the local community. Adv Mudunungu currently runs his own legal practice and is passionate about service delivery, good governance and justice.





# Organisational Structure





# Executive Committee

---

**Mr T P Wakashe**  
*Chief Executive  
Officer*



**Mr R Gouws**  
*Chief Financial  
Officer*



**Mr S Risiba**  
*Chief Operations  
Officer*



**Ms L Phahla**  
*Chief Information  
Officer*



**Ms P Kadi**  
*Shared Services  
Executive*



# Chairperson's Foreword

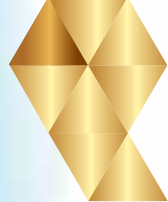


In recent years, the FPB has been inundated with volumes of complaints, particularly relating to online distribution of harmful content, ranging from still and video images to games. There has also been a proliferation of inappropriate behaviour such as cyber-bullying, child abuse images, identity theft and cyber-racism. The latter is a worrying trend that is escalating to unprecedented heights. It requires the co-operation of all stakeholders in society, to stamp out the use of social media to perpetuate sexual and racial prejudice.

The FPB is enjoined by legislation to protect children as well as inform consumers through the regulation and distribution of content irrespective of platforms. Some of the elements encapsulated in the Films and Publications Act, as part of our mandate, are indeed very complex, hence the need for partnerships to adequately implement our mandate. We continue to strive to balance the rights protected in the Bill of Rights contained in the Constitution, such as the freedom of choice, expression and speech on the one hand, and the rights of the children on the other. At the heart of all these provisions are our children whose protection is sacrosanct.

We thank all South Africans and citizens of the world who continue to put the protection of children at the centre of all their endeavours.

As a regulator of content, we dare not falter in implementing the Act and ensuring compliance with the Constitution. As we implement our mandate through classification, consumer advice and compliance monitoring, we seek to protect our children and consumers and provide full information to citizens, so that they are adequately informed to protect the children in their care and make the right choices.



## Political Mandate and Reporting

The Ministry, together with Parliament, has been consistently supportive of FPB's activities. We have been a constant feature in the joint community outreach and awareness campaigns with the Ministry and all its entities. This has provided a much broader reach and has assisted us to impact even on communities in the most far-flung areas of our country. It is worth noting that the Films and Publications Amendment Bill has been passed by Cabinet, and Parliament has called for public submissions.

## Council Key Activities

Following an extensive consultative process and stakeholder engagements, Council has approved the final draft of the Online Regulation Policy. Once again, we would like to thank members of the public and stakeholders for their inputs on this very important document.

A lot of progress has been achieved in the implementation of the online regulation infrastructure, which is getting ready for rollout. This will assist us in intensifying our efforts to regulate the distribution of online content. As more and more South Africans gain access to the online medium as a platform for communication, knowledge dissemination and entertainment, it becomes increasingly urgent for the FPB to improve its regulatory efforts. Even more urgent is the need to come to terms with the cyber/paperless-classroom initiative launched by the Gauteng Department of Education in 2015. This calls for greater vigilance on the part of both educators and parents, as the resources allocated to learners could be easily misused. FPB would therefore continue engaging with authorities beyond the cyber-safety campaigns in schools to build meaningful partnerships.

During the reporting year, FPB has increased its drive to conclude sustainable partnerships with our counterparts within the South African Development Community (SADC). Such initiatives culminated in FPB hosting the inaugural Classification and Online Protection Conference, under the theme "Cyber-safety, Child Protection and Classification: An African Perspective". As a direct outcome of the conference, work is now underway to formalise partnerships in the region and on the continent.

## Council and Committees

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

## Institutional Governance

The Amendment Bill was passed by Cabinet in August 2015 and is now being processed by Parliament. The final draft Online Regulation Policy has been approved and the final phase of industry consultations took place in May 2016.

## Audit and Risk Committee

The Audit and Risk Committee continues to play a pivotal role in ensuring general compliance with financial regulations and governance obligations. The committee continues to be thorough and rigorous in ensuring that we adhere to sound financial controls and mitigation of risks. In the reporting period, FPB had established an in-house internal audit unit and uses a co-sourced model



## Chairperson's Foreword (continued)

with limited financial audits and review still outsourced. Council has continued to receive assurance that FPB was compliant with the provisions of the Public Finance Management Act, and confirmation of same from National Treasury.

### Chairpersons Committee

The Committee, comprising Chairpersons of all council committees, has the responsibility of attending to urgent corporate governance matters in between Council meetings. The Committee focuses mainly on monitoring strategy implementation and compliance with the Code of Ethics.

### Finance Committee

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

### Human Resources (HR) and Remuneration Committee

The HR and Remuneration Committee is primarily responsible for monitoring the human capital management policies and all related aspects of organisational capacity, including training and remuneration. During the reporting period, the Committee held all four scheduled meetings. The Committee has continuously reviewed policies to ensure compliance and alignment with relevant legislation and the national policy framework. The Committee oversaw the recruitment of the Chief Finance 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, distributor registrations, compliance monitoring, child protection, communications, research and ICT governance. During the period under review the Committee oversaw the review and finalisation of the Online Regulation Policy.

## Meetings

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

#### Council – 4

##### Ordinary Meetings

22 May 2015

25 August 2015

30 November 2015

15 March 2016

##### Special Meetings/Workshops

08 October 2015 (Strategy Planning Workshop)

22-23 January 2016 (Induction)

#### Audit and Risk Committee – 5 Meetings

06 May 2015

21 May 2015 (Joint meeting with Fincom)

12 August 2015

09 November 2015

12 February 2016

#### Chairpersons Committee – 4 Meetings

23 April 2015

28 September 2015

23 November 2015

02 March 2016

#### Finance Committee – 5 Meetings

29 April 2015

21 May 2015 (Joint meeting with AC)

06 August 2015

05 November 2015

05 February 2016

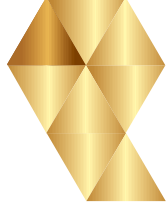
#### Human Resources and Remuneration Committee – 4 Meetings

11 May 2015

12 August 2015

20 November 2015

26 February 2016



#### Operations and ICT Committee – 5 Meetings

13 May 2015
19 May 2015 (Special meeting)
24 August 2015
16 November 2015
22 February 2016

#### Appeals Tribunal – 4 Hearings and 1 Workshop

23 May 2015 (Workshop)
23 June 2015 – Minions (Film)
10 July 2015 – Pixels (Film)
27 August 2015 – Dis Ek Anna (Film)
15 September 2015 - Oh Schucks! Pay Back the Money (Film)

#### ICT Steering Committee – 3 Meetings

13 May 2015
18 August 2015
13 November 2015

### Member Attendance Member Attendance 01 April 2015 – 01 December 2015

Council	Number of Council and Committee meetings attended
Mr NFT Mpumlwana (Chairperson)*	7
Mr N Skeepers	10
Mr M Ditlhake	9
Adv MJ Molapo	4
Mr SL Ndaba	8
Adv L Nevondwe	11
Mr RGN Nicholls	12
Mr LUZ Rataemane	10

\* Note: The Chairperson only attends Council and Chairpersons Committee meetings, as opposed to other members, who also serve on Committees.

### Member Attendance

#### 02 December 2015 – 31 March 2016

Council	Number of Council and Committee meetings attended
Mr NFT Mpumlwana (Chairperson)*	4
Mr SM Mangena (Deputy Chairperson)	5
Mr M Ditlhake*	4
Ms N Dubazana	5
M Y Makhasi	3
Ad AN Mudunungu	3
Ad L Nevondwe*	3
Mr N Skeepers*	5

\* Note: The members concerned have been re-appointed to the current Council.

Audit and Risk Committee	Number of meetings attended
Mr RWN Nicholls (Chairperson)*	4
Ad N Nevondwe Member	3
Mr MG Dhladhla**	5
Mr N Skeepers (Member)	5
Ms MS Mangena (Chairperson)***	1

\* Note: Chairperson until 01 December 2015

\*\* Note: Independent Audit Committee member

\*\*\* Note: Chairperson from 22 January 2016

## Chairperson's Foreword (continued)

### Conclusion

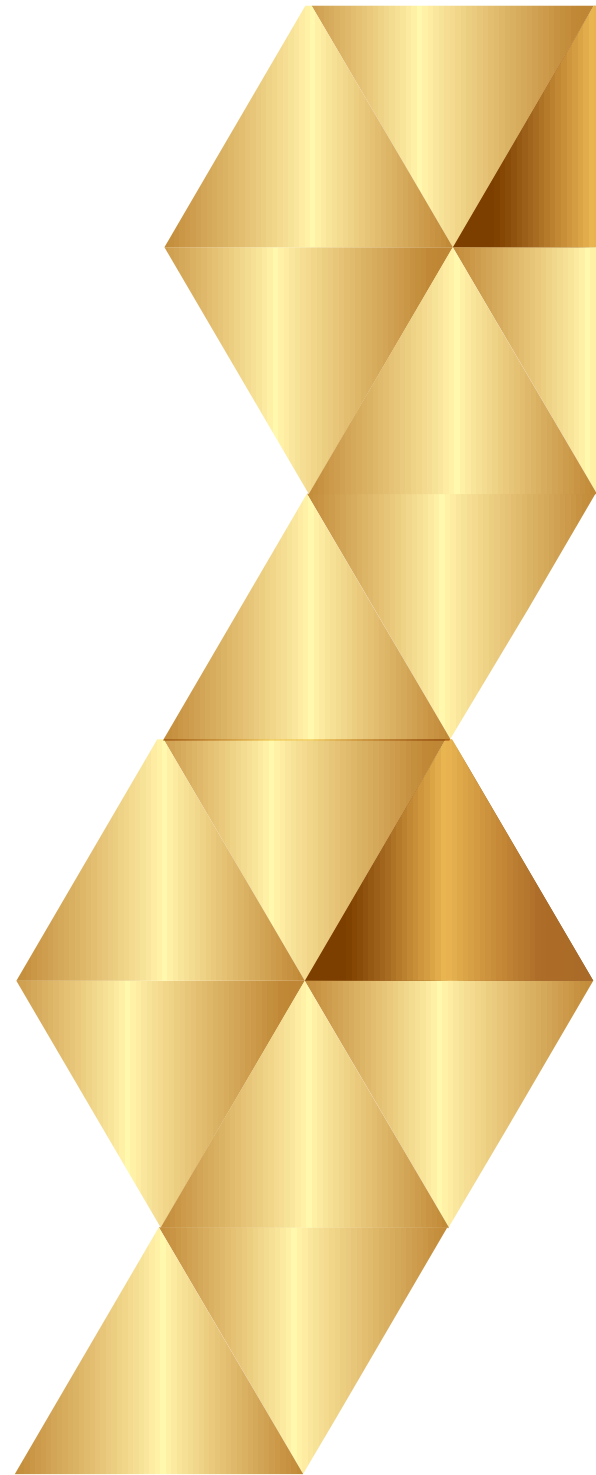
In conclusion, I would like to thank the Minister and her team for their continued support. I also want to thank the Portfolio Committee on Communications under the previous Chairperson, Ms Joyce Moloi-Moropa and the acting Chairperson, Ms Dikeledi Tsotetsi. We look forward to another year filled with a strong focus on social upliftment and better co-ordinated child protection programmes.

Through intensified engagements with a broad range of stakeholders, including other government departments and industry, I am proud to say that FPB has continued to make strides towards a shared regulatory approach within the SADC Region. We have also prioritised and improved relations with regulatory bodies within the country. Moreover, we are cognisant of the growth in the number of online content distributors, particularly the fact that some of them are based outside the country, which creates additional regulatory challenges. Through national and international partnerships, we are poised to deal effectively with these challenges. I am proud to announce that our vision to attain a single classification system for the country is on course and remains attainable in the foreseeable future.

At this stage I would like to acknowledge the work done by the previous Council and Appeal Tribunal members. I also want to thank the CEO and the FPB staff in general for their contribution and commitment to the FPB's long-term vision of becoming the leading authority in content regulation. Furthermore, I must, on behalf of Council, commend the achievement of performance targets at the rate above 90%.



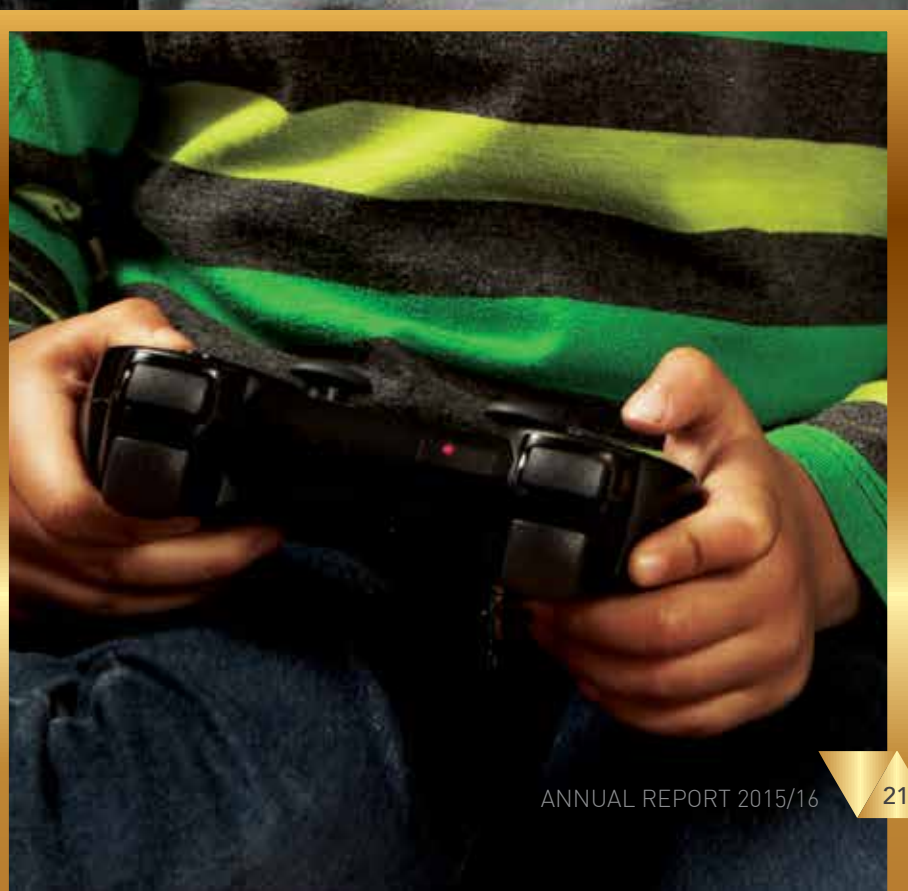
Mrs NFT Mpumlwana  
Council Chairperson





# Section 3

## Operating Performance



# Chief Executive Officer's Foreword

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The rate at which technology is developing continues to increase and as such affects our daily lives in ways we could not have predicted even two years ago. Whilst this development presents the FPB with new opportunities, this change in landscape is certainly not without its challenges. One such challenge is the increasing volume of unclassified content accessible online.

The founding legislation of the FPB, the Films and Publications Act 65 of 1996, as amended, (Act) makes it mandatory for all films and games (as defined therein) to be submitted to the FPB for classification. This is to ensure that children are protected from exposure to harmful and age-inappropriate content, as well as premature exposure to adult experiences. The finite resources of the FPB both financial and otherwise make this requirement nothing short of a mammoth task for an entity with a staff complement of just under 90 employees. Notwithstanding the foregoing, it remains imperative for the FPB to carry out its mandate and implement its vision.

In response to media convergence the FPB developed the Online Regulation Policy (ORP) with the objective of establishing a framework for the regulation and classification of content distributed online. The ORP endeavours to create an opportunity for co-regulation between the FPB and the industry for the classification of digital content distributed on mobile and digital platforms. The ORP is applicable to formal enterprises such as the subscription video on-demand services, as well as to user-generated content. Whilst the Act does not prescribe a particular platform over which the FPB has jurisdiction to the exclusion of others, the ORP seeks to address the particular challenges associated with the online platform.

The draft ORP was introduced on 5 February 2015 for public comment after which the FPB conducted public consultations in Gauteng, Mpumalanga, Limpopo, Gauteng, KwaZulu-Natal and the Western Cape

**Mr Themba P Wakashe**  
*Chief Executive Officer*







respectively. Over 600 written submissions were received from various sectors of society including industry groups and other entities. The consultations gave the FPB an opportunity to engage with stakeholders and solicit inputs which would be used to revise the policy. The revised ORP was approved by the Council on 15 March 2016 and has been submitted before the Minister of Communications during the 2016/17 financial year for approval and gazetting.

Juxtaposed against the above process, the FPB has bolstered its online compliance monitoring. This is aimed at curbing both the exposure of children to pornography as well as the distribution of material containing child pornography. To this end, the FPB continues to work closely with the South African Police Service. Our membership to the International Association of Internet Hotlines (INHOPE) has extended the network and resources available, therefore increasing the effectiveness with which the FPB executes its mandate.

## Legislative Review of the Films and Publications Act 65 of 1996

*“The only thing that is constant is change” – Heraclitus*

When the Act was assented to on 30 October 1996 and later came into full force and effect on 1 June 1998, it introduced a dramatic shift from censorship to classification. Whereas censorship involves the regulation of what others may see or read, classification involves the regulation of material by means of the imposition of age restrictions and provision of information to enable one to make informed viewing and reading choices. Needless to say, whilst the mandate of the FPB remains unchanged, various regulatory aspects have undergone a transformation such as the mode of distribution and the volume of content available. In addition both the Constitutional Court and the Appeals Tribunal have made significant pronouncements on various provisions

of the Act.

Furthermore, there have been developments in other laws impacting on the mandate of the FPB which the FPB has had to take cognisance of. In order to remedy and address these shortcomings, the Films and Publications Amendment Bill was drafted (Bill). The Bill further seeks to strengthen efforts to combat the distribution of illegal content online, to allow for a new regime of co-regulation for the classification of online content, as well as to amplify the responsibilities of Internet Service Providers to educate consumers on the responsible use of the Internet.

On 14 August 2015 the Bill was introduced before and approved by Cabinet. Thereafter it was introduced before the National Assembly on 30 November 2015 as per the legislative process. On 23 February 2016 the Portfolio Committee presented the Bill for further consideration and it has since been gazetted for public input. The closing date for the said inputs was 26 May 2016 and the legislative review process will culminate in the promulgation of thereof.

## African Media Content Classification and Online Child Protection Conference

In October 2015 the FPB held a conference focusing on cyber-safety, child protection and content classification from an African perspective. The conference hosted 250 delegates and 42 presenters from South Africa and other countries in the SADC region, Sub-Saharan Africa and Europe, who shared their insights and expertise. Panel discussions were also held which interrogated and addressed matters regarding child trafficking, child exploitation, online child protection, and the security and privacy of personal data. At the end of the conference, it was evident that there is a dire need for a concerted and

## Chief Executive Officer's Foreword (continued)

global intervention and continuous dialogue around these issues. Council therefore resolved that the conference be held every two years.

As a result of the conference, the FPB has been able to enhance partnerships and engagements with industry and civil society organisations. These partnerships will be particularly beneficial in establishing the FPB as a leading institution on content regulation and child protection on the African continent. Some of the organisations whose subsequent engagements that are worth noting are with ECPAT (End Child Prostitution, Child Pornography and Trafficking of Children for Sexual Purposes) who have requested that we form part of "Save Our Children" in South Africa. Through this 4 Our Children Coalition, different NGO'S, Civil Society, and Government institutions will pool resources for better co-ordinated child protection initiatives in South Africa.

### Creating a Safe and Secure Cyber Environment for All

As part of supporting the government's initiative of digital literacy, the FPB has identified the importance of informing children how to use the Internet responsibly. Children are beginning to access and use the Internet at earlier ages with some educational institutions using smart devices as educational tools.

The FPB partnered with Media Monitoring Africa (MMA) and Google SA to launch the Web Rangers South Africa campaign. Web Rangers is a peer-to-peer mentoring programme for children designed to educate them about cyber-safety. The programme utilises interactive exercise to workshop and instil cyber-safety etiquette to children while they are still young and to also encourage them to share these lessons with their peers.

Whilst the benefits can be said to speak for themselves, we cannot ignore the dark side of the Internet where children are exploited. In response to this plight, the FPB has been conducting public awareness and educational campaigns with stakeholders within the information and communication technology sector. As the FPB charts these murky waters of the online space, it becomes even more critical to ensure that parents and children are empowered with the relevant information. This is one of the underlying principles of the mandate of the FPB which is a golden thread which runs through the operations and various initiatives of the FPB.

One of the outstanding partnerships in this regard is the partnership with Quad Republic, who together with the FPB, has hosted LGBTI dialogues in Gauteng.

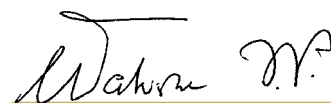
The dialogues focus on the socio-economic issues that affect the LGBTI community on a daily basis and cyber security is one of the issues focused on. The partnership culminates in the Feather Awards which celebrates success and offer networking opportunities within the LGBTI community.

### 20 Years Later and Decades more to go

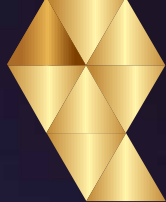
As I draw to conclusion, allow me to take a moment to reflect on how far the FPB has come as a content regulator. This year we celebrate 20 years of existence. Established on the heels of our constitutional democracy, the FPB became an embodiment of the principle of the supremacy of the Constitution. The Bill of Rights, as the cornerstone of our democracy enshrines the rights afforded to all people within the geographical borders of South Africa. It is the duty of the state, through its respective organisations and entities, to respect, promote, protect and fulfil these rights.

Of particular significance to the FPB are the rights to freedom of expression, freedom of trade, and the rights of children. Whilst the FPB does not seek to elevate one right over the other, it does seek to balance these competing rights within the tenet that no right is absolute, and that these rights may be limited to the extent that the limitation is reasonable and justifiable in an open and democratic society based on human dignity, equality and freedom.

As we shape the future, I have no doubt that the members of my Executive Team and staff of the FPB will continue their commitment to ensuring that we play our part to shape the future of content regulation in South Africa and on the African continent.



Mr TP Wakashe  
Chief Executive Officer



# ***PARENTAL CONTROL***

***PASSWORD***





# FPB Activities

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## Classification

Through classification FPB is able to realise its mandate to regulate content and affords society an opportunity to make informed viewing choices. There are a total of 32 Classifiers who are appointed by Council and tasked with regulating media content. To keep up with the classification industry trends, the Classification Governance Framework was revised. This was also informed by changes brought about by the advancement in technology and the organisational need to adapt and ensure a more informed classification process.

The FPB has to ensure that classifiable elements such as prejudice, racial speech or incitement to cause harm, are consistently applied and receive the necessary attention. To address this, workshops and training are conducted throughout the year by classifiers and industry experts in the subject matters.

## Compliance Monitoring

We continued to affirm our authority as the regulator to enforce legislation and promote compliance by distributors. A total of 7 234 distributors were inspected as well as 1 265 Internet service providers. Another 2 707 of unregistered distributors were identified of which 1 176 ceased to operate, either voluntarily or due to the FPB intervention with assistance of the South African Police Services (SAPS). In Cape Town, Durban and Johannesburg about 104 raids were conducted, resulting in three destruction exercises of illegal DVDs and games. A total of 171 536 discs were destroyed with a street value of R17 153 600.

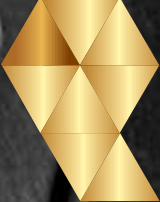
The FPB launched its Compliance Monitoring E-visitation online system. The system is able to provide real time reports which will enable the FPB to mitigate the risk of discrepancies with regard to statistics and evidence.

## Online Monitoring

The proliferation of online content continues to grow and with this exponential growth, the task of monitoring and ensuring distributor compliance continues to be a challenge for the Online Unit. Online inspections conducted by the FPB aim to ensure distributor compliance. Child Sexual Abuse Material (CSAM) is monitored and suspected cases are reported to SAPS. The relationship between INHOPE and FPB is maintained through the Online Monitoring Unit. INHOPE co-ordinates and gives guidance in terms of reporting child sexual abuse material. The FPB Online Monitors and New Media Specialist were certified by INHOPE as Internet Content Analysts.

FPB also managed to register five major Subscription Video On Demand (S/VOD) or Video On Demand (VOD) - APP distributors. One of the distributors, Altech Node, shut down during the said period. SVOD platforms had a high rate of compliance of content distributed estimated at 80%. Apps had a very low rate of compliance, this as a result of app stores that do not have personnel classifying content capability, but an embedded matrix selection by developers at an upload stage. By joining International Apps Rating Coalition(IARC), the FPB will be addressing this challenge. This will result in the FPB rating and the display thereof in the prescribed manner being included on the matrix used by developers/content aggregators when uploading apps or games.

The FPB classification decision, and the display thereof in the prescribed manner, will be extracted to the app by the matrix once the content aggregators or developers select South Africa as part of the country where they wish to have the content accessed. For the financial year, content which was submitted from the SAPS Family violence, child protection and sexual offenses (FCS) Unit for analysis, inspection and verification was 7 917.



## Child Protection

The Unit receives complaints from the public with regard to child sexual abuse material. Suspicious material hosted locally is referred to SAPS whereas foreign material is referred to the hosting country via INHOPE reporting processes. A total of 2 008 reports were received and reviewed. Most of the reviewed content was found not to be child sexual abuse material and those found to contain such were hosted outside the country. Of the 2 008 reports received, 84 were referred to INHOPE for further investigation and take down with the relevant hosting country.

A partnership between the FPB and Childline Gauteng exists whereby special reporting credentials were created to log child sexual abuse material on FPB Pro-child website.

Social Media platforms assisted greatly with take down requests for content which was deemed not to be suitable for minors. Ninety requests were received, with 31 taken down and 59 deemed not to violate their community standards. Most of the content was filmed during religious sessions at different churches where congregants were abusing substances or animals.

The Child Protection Unit (CPU) continues to assist SAPS with the analysis of material suspected of containing child sexual abuse material. The Unit also assisted with the analysis of suspected illegal material referred to the FPB by the SAPS. Seven case submissions were concluded with a total of 7 917 analysed. Unfortunately, due to the lengthy court processes only feedback on two cases was received; of note is The Bisho Case which took place in the Eastern Cape and was a successful prosecution, where the perpetrator received three life terms for forcing young girls, between the ages of seven and nine, to watch adult porn videos before raping them.

The Dobsonville case was not prosecuted but dismissed as there was no evidence of child sexual abuse material.

## Training

The FPB Educators Training Manual was developed and is used to train educators on classification, regulation, legal implications and cyber-safety. The training aims to enable educators to impart knowledge to learners and communities at large. Approximately 300 educators conducted training in four provinces: Limpopo, KwaZulu-Natal, Western Cape and the Northern Cape; while 1 961 learners were trained on cyber-safety.

Distributors were trained on classification guidelines, which is critical as it allows for effective use of the E-visitation online systems. Understanding classification guidelines is a crucial part of completing the matrix when developers/content aggregators uploading content such as apps or games, as incorrect information will generate an inappropriate or incorrect classification decision.

Law enforcement officers received training on various provisions on the Act with particular focus on the offences and penalties relating to the Act. A total of 13 training workshops were conducted with 487 law enforcement offices in the Western Cape, Free State, Limpopo and KwaZulu-Natal. Law enforcement officers are able to assist the FPB in addressing matters of non-compliance even where the FPB does not have a presence, thus expanding our footprint but also increasing our impact, visibility and the number of arrests and prosecutions.



## FPB Activities (continued)

### The Films and Publications Amendment Bill

Although the legislative review process is led by the Department of Communications (DoC), as the Ministry under which FPB is administered, we continue to support the DoC in this process.

The legislative review was as a result of changes brought about by technology and decisions by both the Appeals Tribunal and the Constitutional Court, which found various provisions of the Act and classification guidelines to be unconstitutional. Furthermore, the proliferation of media convergence has resulted with the FPB facing practical challenges with respect to the application of the Act, particularly to the new modes of distribution of media content.

As per the legislative process, the Bill was developed in order to align with international best practice on matters regarding the regulation of distribution of online content. The Bill further seeks to strengthen efforts to combat the online distribution of illegal content as defined in the Act and establish a co-regulation regime for classification of digital content distributed online.

The Bill will follow the legislative process culminating in the promulgation thereof.

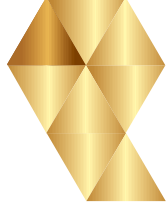
### Draft Online Regulation Policy

The draft policy seeks to create a regulatory classification and compliance monitoring framework, giving effect to Sections 16 and 18 of the Act by enabling effective regulation and speedy classification of digital content. The policy, which was introduced for public comment in February 2015, creates an opportunity for co-regulation between the FPB and the industry for the classification of digital content distributed on mobile and digital platforms.

Public engagement workshops were conducted in Gauteng, Mpumalanga, Limpopo, KwaZulu-Natal and the Western Cape to solicit inputs and feedback from the public and industry. The inputs received from these sessions were used to revise the policy accordingly.

The final draft was approved by Council on 15 March 2016 and is due to be submitted before the Minister of Communications during the 2016/17 financial year for approval.





## Client Support

The Client Support Unit implemented reviewed processes and procedures which contributed to the unit's performance success. The turnaround times for processing of submissions for classification and registrations/ renewals improved from 77% in the second financial quarter, to 100% in the third and fourth quarters. This is significant given the numerous challenges the FPB encountered in 2012/2013 where there was a serious backlog of administration for distributors licenses for registrations/renewals. The enhancement of the FPB Online system and the Electronic Report Management system (ERMS) improved administration and service delivery reduced turnaround times.

We are looking forward to the implementation of an automation system in the 2016/2017 financial year. This project will positively enhance the administration processes and assist in reducing turnaround times even further.

The FPB plans to pilot the extension of the administration function for classification and registrations/ renewals to our regional office in Durban. Following this we will conduct the roll-out in our Cape Town office. This initiative aims to make the FPB accessible nationally.



## Information and Communication Technology

We are moving towards an innovative computing environment that will improve the organisational operations efficiency.

FPB Online, which is the application that allows distributors to submit video games for classification, is now fully operational. The FPB also embarked on the modernisation program that involved automation of business processes, integration of systems and implementation of the Online Content Regulation (OCR) system.

The objective of the business automation system is to reduce manual processes that usually result in backlogs which negatively affect the efficiency of the organisation, and to eliminate duplication of functions across business units.

The ICT unit has begun the process of implementing the OCR system which will be fully functional in the 2016/2017 financial year. The system will cater for classification of online content, digital labelling of material and online compliance monitoring.

## Impact of media material on children

In partnership with UNISA's Bureau for Market Research, a study was conducted on the impact of media material on children. Carried out in Gauteng and Limpopo, the project employed a mix of quantitative and qualitative methodologies, involving 96 children in Tshwane and Polokwane. The study also took a nuanced look at the behavioural impact of certain media content on children, arguing that the general environment in which a child grows up in plays an important role in moderating behaviour, thus setting an agenda for advocacy in this area.

## Professionals working in the area of child pornography

This study, also done in partnership with UNISA, sought to look into the levels of knowledge among professionals working on child pornography in South Africa. The study explored the awareness, comprehension, and utilisation

## FPB Activities (continued)

levels of existing legislative and other tools among this cohort of professionals. The study found that professionals were well versed with legislation pertinent only to their area of expertise, while they had limited awareness and understanding of other related laws. It recommended a review of the different pieces of legislation with the view to aligning these and creating a single piece of legislation dealing with child pornography. Other recommendations include an education drive among professionals with the aim of closing those gaps identified in the research.

### Engagement of Learners, Parents and Educators

In the year under review, we embarked on focus group discussions with learners, parents and educators in selected communities to better understand their levels of awareness on the mandate of FPB, as well as discuss cyber-safety issues in the schooling, and out of school environments. We adopted a qualitative research methodology as opposed to the quantitative approach often adopted with the bi-annual convergence surveys. The focus group discussions were held with sampled participants from 17 schools selected in Gauteng, Eastern Cape, North West and KwaZulu-Natal. The research findings provided insight into media content consumption patterns in the schooling environment as well as in the home. It further provided some interventions that could be adopted by FPB as well as other social partners. A key recommendation calls for greater education programmes as well as the introduction of cyber-safety in the curriculum for learners.

It is worth noting that the FPB initiated a relationship with the Steve Biko Centre in King Williamstown. This is part of the organisation's strategy of embedding our interventions within communities, through partnerships with locally-based activities. A similar initiative was taken in KwaZulu-Natal, with the Strong Families Foundation.

### SADC Media Content Regulation Regimes – a Desktop Study

We undertook a desktop study on the various media content regulatory regimes in the SADC region. All 14 SADC member countries were scanned. The study found that levels of ICT penetration in the region is fast. With a youthful population (median age in SADC is 20, with less than 10% of the population aged above 55), these levels

are expected to grow. There is a steady decline in the use of fixed telephone lines, in favour of mobile phones. The levels of ICT penetration differ from country to country, with some countries showing high teledensity levels (e.g. South Africa, Nigeria, Kenya and Mauritius), and others showing a slow uptake (Democratic Republic of Congo). Implications for media convergence along the lines such as those in South Africa, Nigeria and Kenya mean that media regulators on the continent have to move fast in response to these developments.

### Knowledge and Information Management

The FPB has embarked on a process of establishing a Knowledge Management (KM) system to assist in the creation and retention of knowledge within the organisation. Management completed a KM Policy and Strategy to guide KM activities.

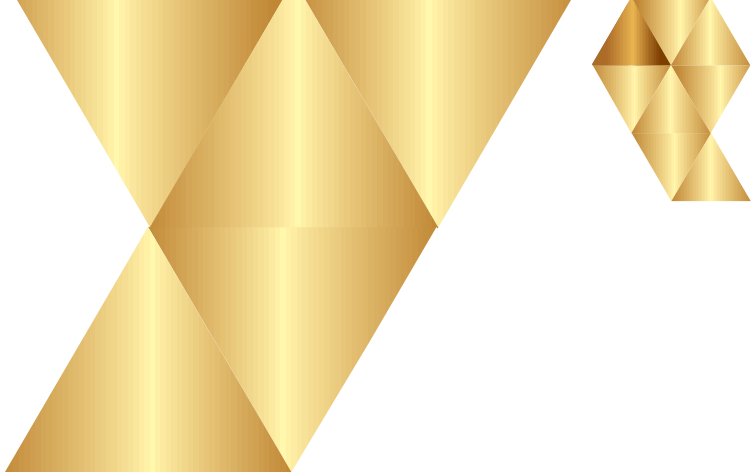
The approval of the policy and strategy by Council allowed for the inclusion of KM activities throughout the organisation.

A priority in the new financial year is to establish a records management system in the organisation, ensuring organisational records are stored in compliance with the adopted policy. KM Champions are a central component in the project and the respective units will continue to work closely with them.

### Communications and Outreach

Communications is a core strategic function at the FPB, and with the diversification of the global information landscape it has increasing importance. Driven by the revolutionary change in the way that information is channelled and consumed, the FPB engages with target audiences in ways that ensure we deliver impact and visibility for the organisation.

The financial year saw the communications unit strategically engage stakeholders, manage and sustain the reputation and relationship with key audiences, thereby helping the leadership to achieve its strategic and operational goals. Important developments in the FPB's work related to introducing the draft OCR policy, and the focus of our work in relation to protecting children from harmful content increased. We are legislated to provide



information that gives consumers guidance and in doing so, we embark on public education and outreach initiatives and have continued to develop strategic partnerships with industry.

Our school outreach campaign saw the FPB conduct 12 school outreaches with a total of 5 198 learners engaged in the provinces of the Northern Cape, Eastern Cape, Western Cape, Gauteng, Free State and KwaZulu-Natal. The learners were engaged in edutainment games that focused on themes such as cyber-safety and cyber bullying, child pornography, online safety and the importance of classification.

The FPB marked Safer Internet Day (SID) with a launch of its Cyber Safe campaign in Gauteng and the Eastern Cape. In Gauteng we partnered with Google South Africa and Media Monitoring Africa to launch the Web Rangers project. In the Eastern Cape we partnered with the Steve Biko Foundation where 135 learners, educators and parents were educated on the dangers of the Internet and how to be safe online.

The FPB leveraged key industry events and conducted workshop sessions with learners, educators, parents, university students, civil society groups, non-governmental societies, government entities, industry partners and the media. A total of 43 outreach activities were conducted. Of note were The Loeries, SEXPO, Rage, the Rand Easter Show and schools outreach. The FPB was part of the Durban International Film Festival (DIFF), where we conducted an industry dialogue focusing on the draft Online Regulation Policy, as well as a school outreach programme that engaged 2 000 learners. A key outcome from DIFF was the FPB meeting and formulating a relationship with the Namibian and Kenyan Film Commissions.

## Media Relations

Media relations is still central in advancing the mandate of the FPB and the reputation of the organisation. Engagement with the media afforded the FPB a platform to contribute to the public discourse of issues related to child protection, child pornography, classification and online content regulation. The FPB conducted a total of 87 media responses and we received 1 527 pieces of media coverage. Total advertising value was R29 056 898 with a circulation of 111 944 566.

## Social Media

Social media has become an important part of the FPB's communications strategy. In an effort to have more strategic engagements with stakeholders, the FPB's social media platform was instrumental to driving conversations, providing information and correcting any inaccuracies. Facebook posts increased by 27% from 3 694 to 4 692 friends. Twitter increased its following by 23% from 1 710 to 2 105 followers.

## Strategic Partnerships

Although there is still more work to be done to create sustainable and mutually beneficial partnerships with stakeholders, the FPB has expanded its footprint in the local and international space. We continued to work with key partners to influence attitudes and actions for mutual benefit. One of the key partnerships saw the FPB launch a project with Media Monitoring Africa and Google SA for the Web Rangers Project, that will see the partnership engage 20 schools in Gauteng to champion digital literacy. The partnership with Rhodes University saw us engage academics and the media fraternity at the Highway Africa Conference, where the FPB presented on the draft OCR policy. As with the Highway Africa conference, the FPB also presented the draft policy to the stakeholders at the iWeek conference hosted by the Internet Service Providers in Cape Town.

An MoU between FPB and the Kenya Film Classification Board was signed. This is off the back of the first African Media Content Classification and Online Child Protection Conference the FPB held in collaboration with INHOPE. The Digital Terrestrial Television (DTT) migration project allowed the FPB to work together with Department of Communication entities and other agencies in Southern African Development Countries namely Lesotho, Namibia and Zimbabwe, to develop a method of dealing with content distribution after digital broadcasting migration.

Internationally, FPB's INHOPE membership continues to offer the opportunity for the FPB to engage with key stakeholders. For the 2014/2015 financial year the FPB attended two Annual General Meetings (AGM) in Netherlands and Portugal. The FPB also attended the Annual Crimes Against Children conference in Dallas. A United Kingdom study tour allowed the FPB to engage the British Board of Film Classification, the Gaming



## FPB Activities (continued)

Rating Authority and ECPAT to share best practice in content classification.

Despite a limited budget, the organisation participated in the FiFTi Film Festival and supported screenings of the following movies:

- *Cry of Love;*
- *Rite of Passage; and*
- *The Andrew Mlangeni Documentary.*

### Human Resources Management

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

Ongoing enhancements to the organisational structure have been reviewed and Council approved a limited number of additional posts in the ICT and Operations Division that will assist the organisation in the achievement of our goals. These include key roles to enhance ICT project management, internal and stakeholder training and organisational performance monitoring and evaluation.

We continued with our change management programme focusing on individual coaching for management incumbents and a team-based coaching intervention for the executive management team. The results of the staff satisfaction survey (conducted in November 2014) and feedback from the exit interview and performance management processes served to highlight the focus areas for this programme. Staff were consulted on organisational and change issues at the quarterly staff meetings and through the monthly divisional unit meeting system.

The staff turnover rate of 19% for the reporting period continues to be a challenge. Of the 16 terminations reported, seven were resignations related to leaving for better career opportunities. A succession planning strategy has been implemented as a means of developing internal resources for advancement and retaining critical skills – particularly in specialist and management skill areas. The first phase of the succession plan is specifically focused on developing opportunities for growth and advancement within the Operations, Legal and Communication work streams of the FPB – based on previous challenges experienced in sourcing

management and some operational incumbents in these functions.

The recruitment function remained active for the reporting period with a total of 29 appointments being made – of which 25 were external and four internal. In 2014 the HR unit implemented a decision to run the recruitment response handling function internally (previously all recruitment response handling was outsourced). For the 2015/2016 reporting period this decision has resulted in a response handling and placement cost saving of R577 438.

In October 2014 the HR unit in-sourced the payroll administration and query function. This service is now effectively provided internally and has accounted for an annual cost saving of approximately R295 000.

The FPB invested a total of R298 992 in employee skills training and development (short courses). A further R513 720 was invested in employee educational assistance (post-matric qualifications) where a total of 21 staff members were beneficiaries. This translates to an average development cost of R9 675 per employee. The average training/study days per employee for the reporting period was 4.2.

We submit an annual Workplace Skills Plan to the MICT-SETA and all training conducted is directly linked to needs identified in the annual personal development plan and requirements agreed in the succession plan. Team-based training interventions for the reporting period included Prince2 Foundation Project Management Training, Public Service Excellence for Client Support Staff, SCM Bid and Adjudication Committee training and Business Writing Skills. A staff computer literacy programme (Word, Excel, PowerPoint and Outlook) was also started in the last quarter of the year and will continue into the next financial year.

In July 2015 the FPB implemented its third Internship Programme. Previous internship programmes have focused on the classification and compliance functions at the FPB. The theme for this period's internship programme was Shared Services and interns were appointed into the following units: Finance, Supply Chain Management, Communications, Research, Legal, Human Resources, Governance, ICT, Corporate Services and Internal Audit/Risk. This has proved to be a very successful intake with the young professionals demonstrating a high level of skill and making excellent contributions to the various units.



#### FPB Quarterly Strategic Planning Workshop

Interns and selected operational staff attended a Career Development and Personal Excellence programme that started in March 2016.

Compared to the previous reporting period there was a marked decrease in misconduct cases and the FPB reported no disciplinary related terminations. Two matters were referred to the CCMA for conciliation/arbitration and a further two matters are currently in process at the Labour Court. Salaries for the period were successfully negotiated with the representative trade union, Communications Workers Union (CWU).

The FPB wellness programme has continued to provide compulsory debriefing services for Classifiers, Compliance Monitors and other staff members exposed to potentially disturbing material or traumatic work activities. Various health and wellness awareness workshops and voluntary testing interventions, monthly newsletters and an annual Employee Wellness Day were also features of the programme. A wellness call centre and face-to-face counselling services were provided and reasonably well utilised by staff over the period.

For the reporting period the FPB recorded a sick leave/absenteeism rate of 1.35% against a target that sick days are within 2% of days worked. Average sick days per employee for the period was 3.3, which represents

a decrease over the past few years – and is likely to be the result of a positive impact derived from the wellness programme. The FPB Employment Equity/Training and Development Forum was also established during this period. This Forum plays a critical role in assisting the FPB in monitoring equity issues in the organisation and also provides guidance on issues relating to training and education of staff. Focus on performance excellence continued to play a key role in the functioning of the organisation and the formal performance management system has been successfully implemented throughout the FPB.

## Financial Trends

### Income and Expenditure

#### Revenue

Revenue is made up of grant subsidy from the Department of Communications, classification fees of films, games, and some publications and registration fees of new movie distributors.

A grant subsidy of R82 359 000 was received from the Department of Communications during the current financial year. The grant subsidy has increased by 4.3% as compared to R78 901 000 received in the previous financial year. Regulation fees of R5 374 638 were

## FPB Activities (continued)

generated during the financial year as compared to R6 594 515 in the previous financial year, indicating a decrease of 18% of own revenue generated.

There are severe budgeting pressures on the FPB as grant increases are below expected inflation increases and a trend indicating a reduction of own revenue generating capabilities.

The decline in the regulation fees is due to the 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 an 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.

Annually we review tariffs for classification, registration and media content distribution. This is to ensure that the FPB 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 FPB has increased its annual tariffs by 6% and the FPB will conduct research in the new financial year to determine more appropriate tariffs for the future to assist with financial sustainability.

The research on the tariff for media content distribution for both physical and online platforms is 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.

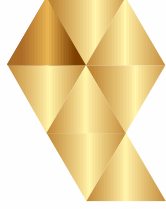
### Personnel and other Operating Expenditure

Personnel expenditure increased by 8.06% which includes performance bonuses. Operational expenditure increased by only 1.5% from the previous financial year indicating some results from cost saving measures, for example a 43% reduction in consulting and professional fees can be reported.

We recorded an accounting surplus of R3 405 195 as compared to a surplus of R5 042 831 in the previous financial year.









# Annual Classification Statistics

In April 2015, there was a carry over of 47 titles from March 2015 (Q4 2014/2015 financial year) which were submitted but not classified in March. In Q1 2015/2016, there were 480 titles submitted plus the 47 carried over from March 2015. From this total of 527, 24 were rejections and 503 were classified. Therefore, for the period of Q1 2015/2016, there were more classifications than submissions due to the carry over of the 47 titles from March 2015. From Q2 2015/2016 the expected trend is for fewer classifications than submissions, due to material being rejected for various reasons and no carry over from the previous months.

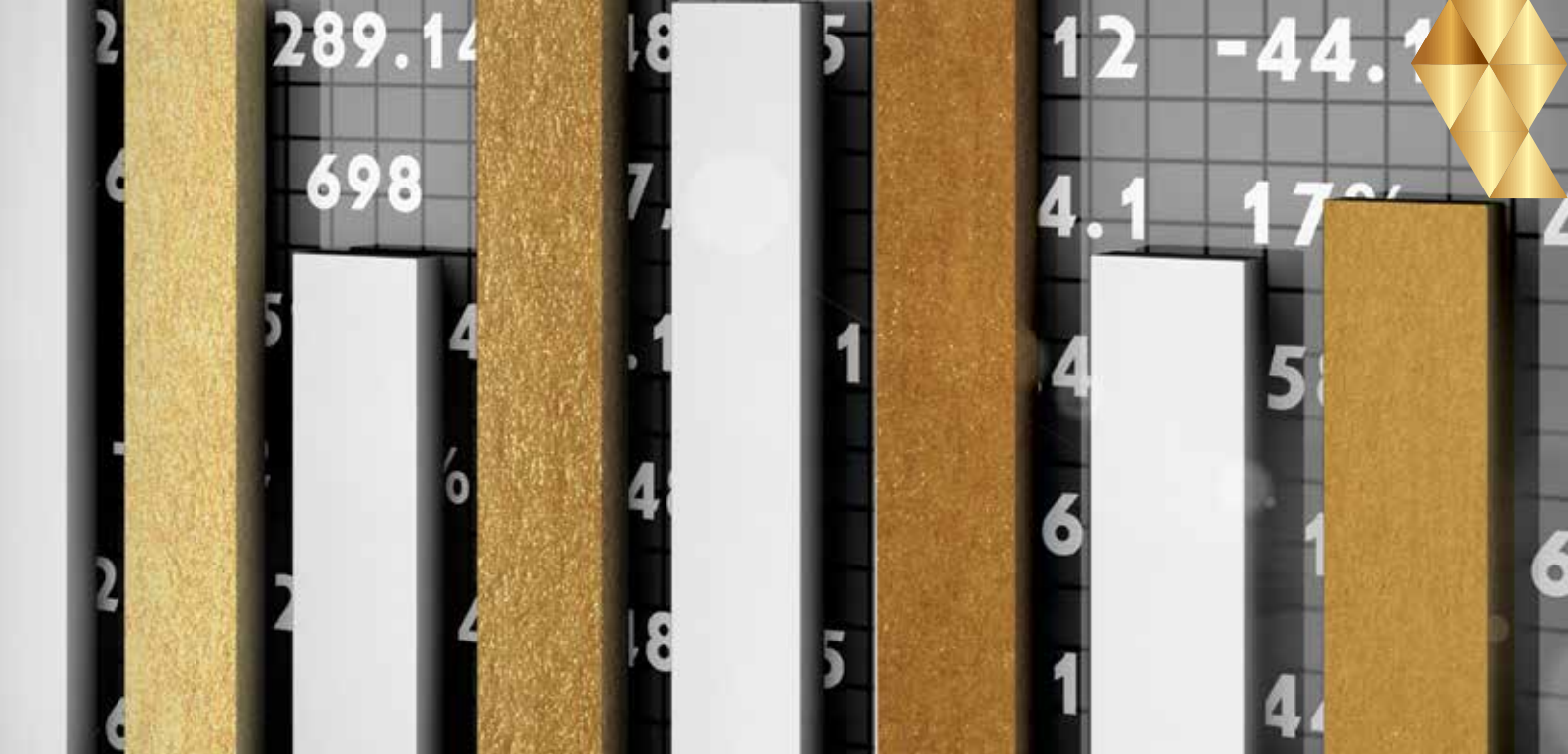
For the financial year, there was a total of 1 941 submissions and a total of 1 915 classifications, with a total of 26 rejections during this period.

The reasons for the rejections of material are due to the following:

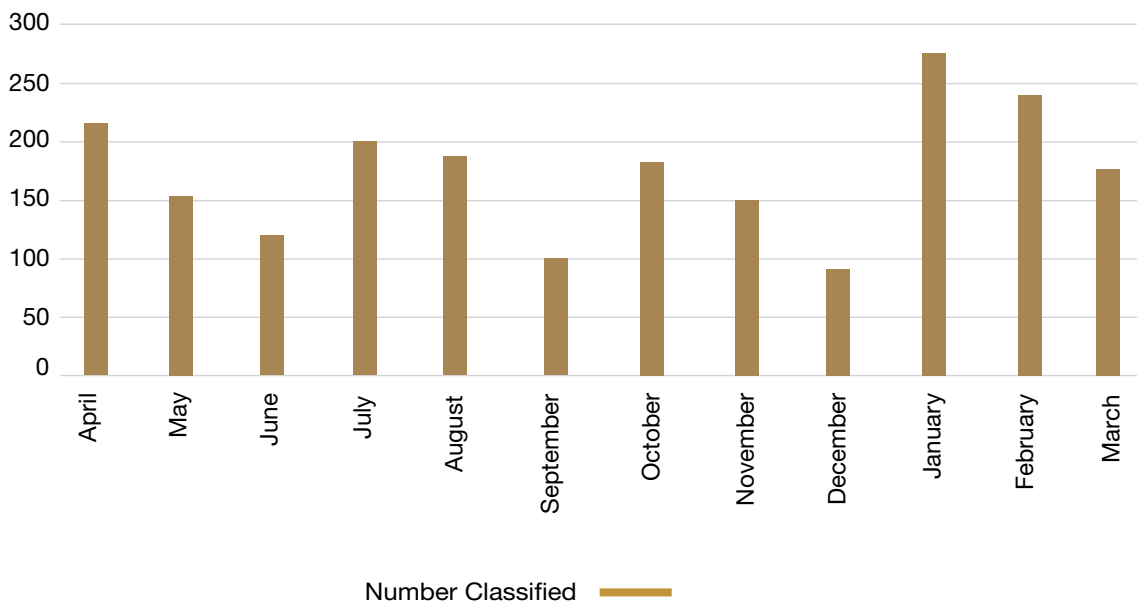
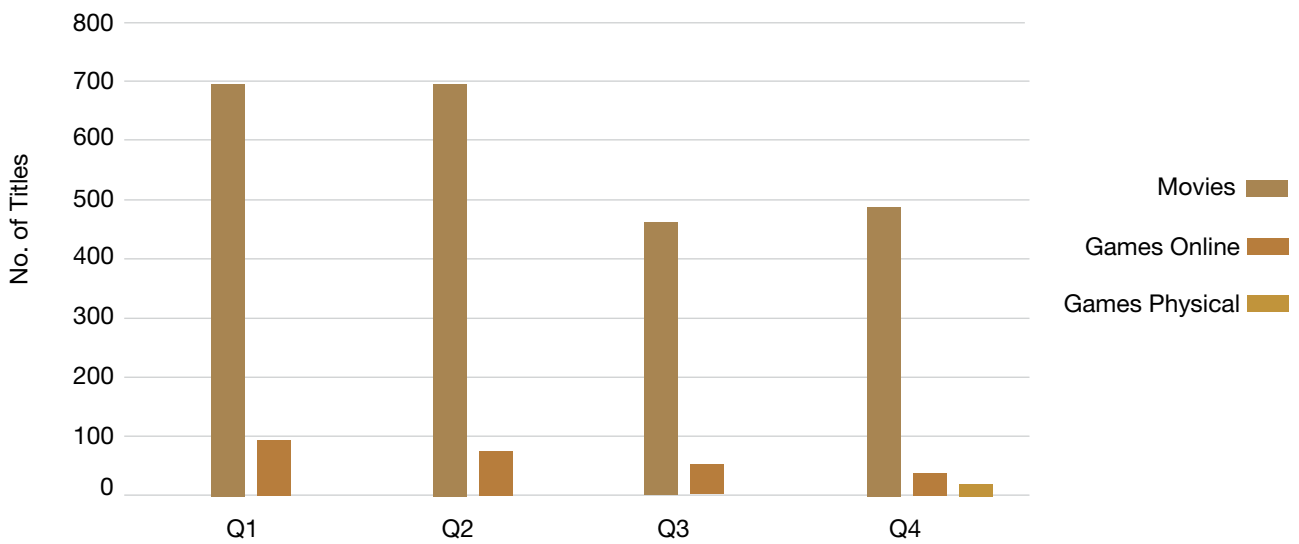
1. Distributor had no funds to classify the material submitted;
2. Faulty material submitted for classification; and
3. Distributor license had expired so the material was not classified until the distributor license was renewed.

There was a 100% classification rate from April 2015 to March 2016 for all the material received excluding rejections. There was no carry-over of material as the material received was classified in the same month.

Classification Submissions	Q1	Q2	Q3	Q4	Annual Total	Classified Material	Q1	Q2	Q3	Q4	Annual Total
Erotica	35	23	1	0	59	Erotica	45	23	0	0	68
Publications	4	9	8	2	23	Publications	4	9	8	2	23
General	153	217	172	163	705	General	161	210	171	153	695
Exemptions	87	79	65	79	310	Exemptions	96	77	63	72	308
Theatricals	155	205	147	148	655	Theatricals	155	205	147	148	655
Games	2	7	1	3	13	Games	3	4	1	0	8
Film Festivals	6	6	3	1	16	Film Festivals	4	4	3	1	12
Online Classification of Games on FPB Online System	38	58	29	35	160	Online Classification of Games on FPB Online System	35	53	24	34	146
<b>Total</b>	<b>480</b>	<b>604</b>	<b>426</b>	<b>431</b>	<b>1 941</b>		<b>503</b>	<b>585</b>	<b>417</b>	<b>410</b>	<b>1 915</b>

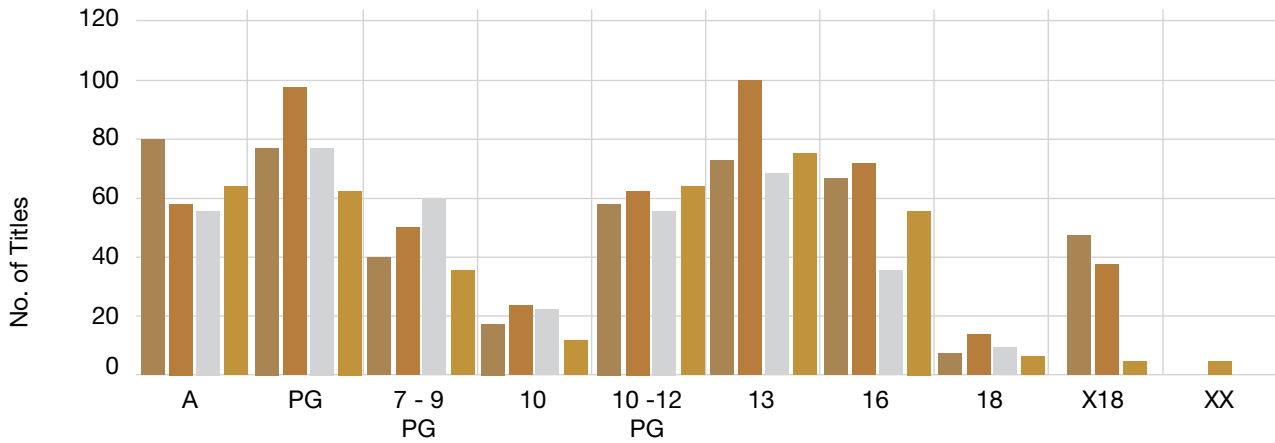


### Number of Submissions per Format

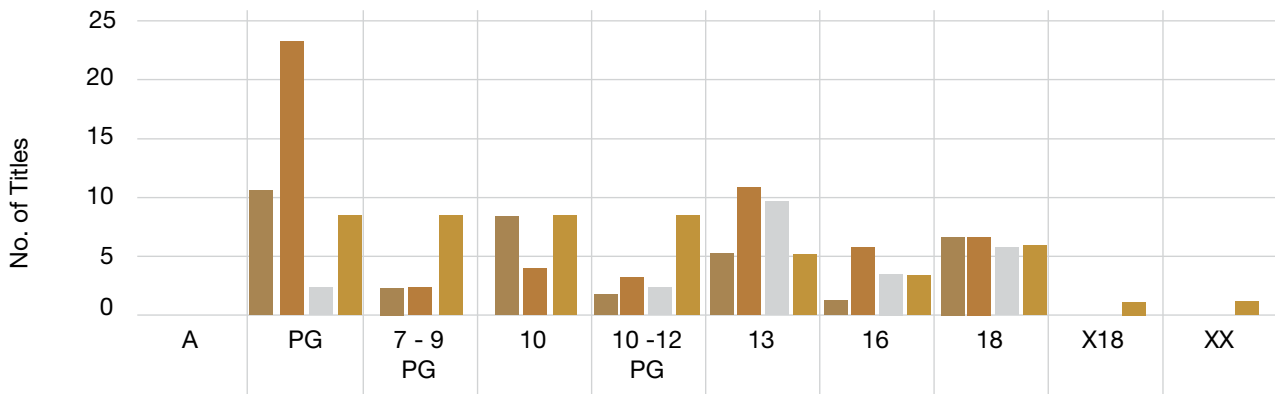


## Annual Performance Statistics (continued)

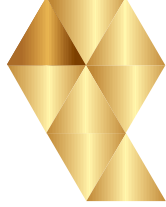
### Movie Classification Decisions by Age Category



### Online Game Classification Decisions by Age Category







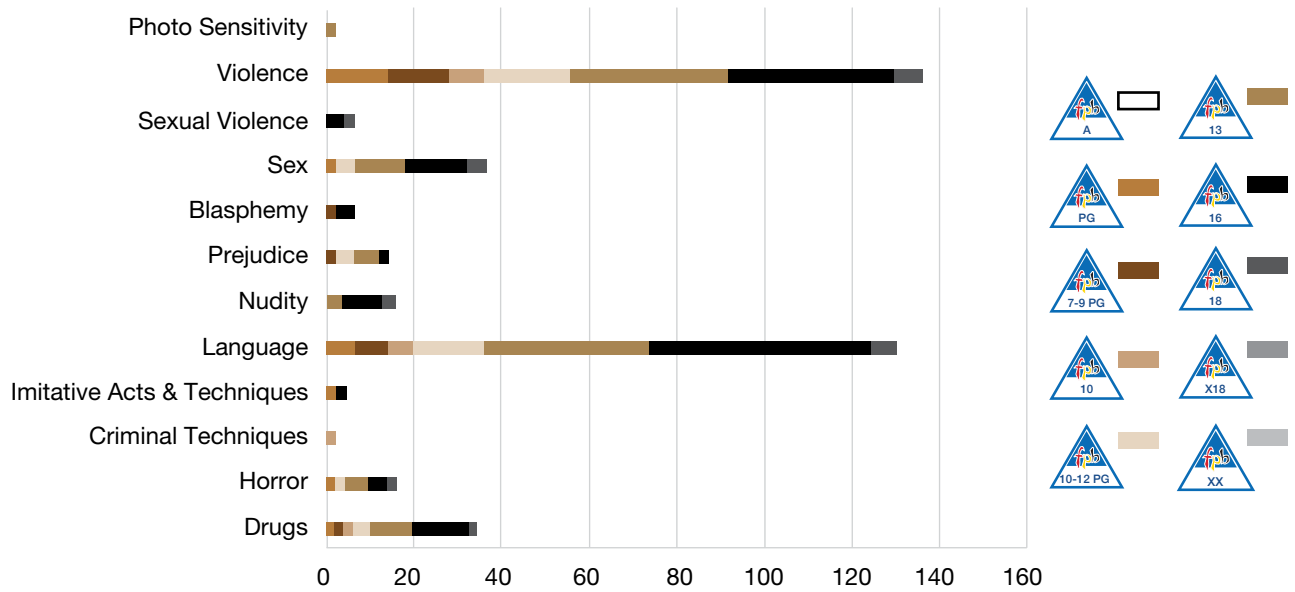
**There were a total 1 941 submissions including online games and three international submissions.  
Of the 1 941 submissions:**

1. 160 were games submitted on FPB Online;
2. 1 691 titles submitted from Gauteng;
3. 45 titles submitted from KwaZulu-Natal;
4. 37 titles from Western Cape;
5. 5 titles from Limpopo;
6. 3 international submissions;
7. FPB Classifies an average of 138 titles in a month;
8. Approximately 40% of material classified was rated 10 and below;
9. These are the age categories, which according to the classification guidelines should have the least occurrence of any classifiable elements;
10. 11.7% (190) of material was A rated, meaning it contains no classifiable elements;
11. 15.2% was PG rated;
12. 149 units were rated 7-9 PG accounting for 9.2 % of total classified material;
13. 84 X18 material received in the three quarters – accounting for 5.2 % of total materials classified
14. PG rated games dominated the market over the three quarters – 19.2% of ratings were PG rated, with the exception of Q3 where only two PG ratings were provided; and
15. There were no A rated games in the four quarters, meaning most games entering SA market had classifiable elements in them.

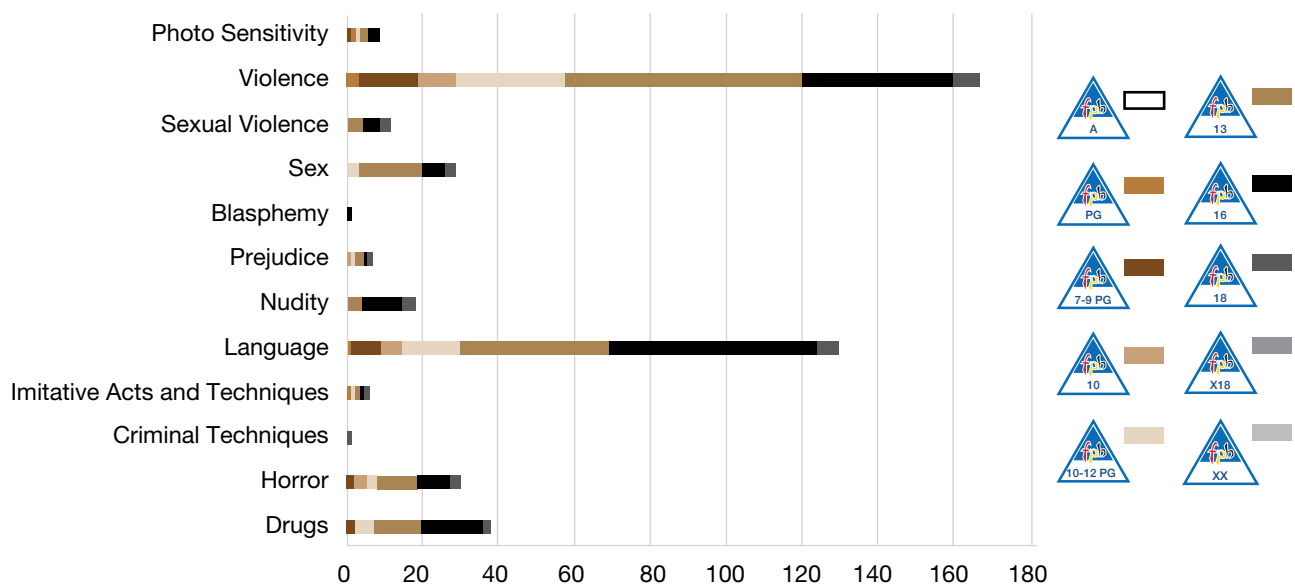
Classification Submissions	Annual Total	Total Submissions Per Province								Online Games	International Submissions
		GP	KZN	WC	EC	NC	LIMP	FS	MP		
Erotica	59	39	0	15	0	0	5	0	0		0
Publications	23	20	3	0	0	0	0	0	0		0
General	705	677	4	22	0	0	0	0	0		2
Exemptions	310	309	1	0	0	0	0	0	0		0
Theatricals	655	620	35	0	0	0	0	0	0		0
Games	13	12	1	0	0	0	0	0	0		0
Film Festivals	16	14	1	0	0	0	0	0	0		1
Online Classification of Games on FPB Online System	160									160	
<b>Total</b>	<b>1 941</b>	<b>1 691</b>	<b>45</b>	<b>37</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>160</b>	<b>3</b>

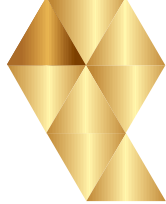
# Annual Performance Statistics (continued)

## Classifiable Elements by Age / Q1

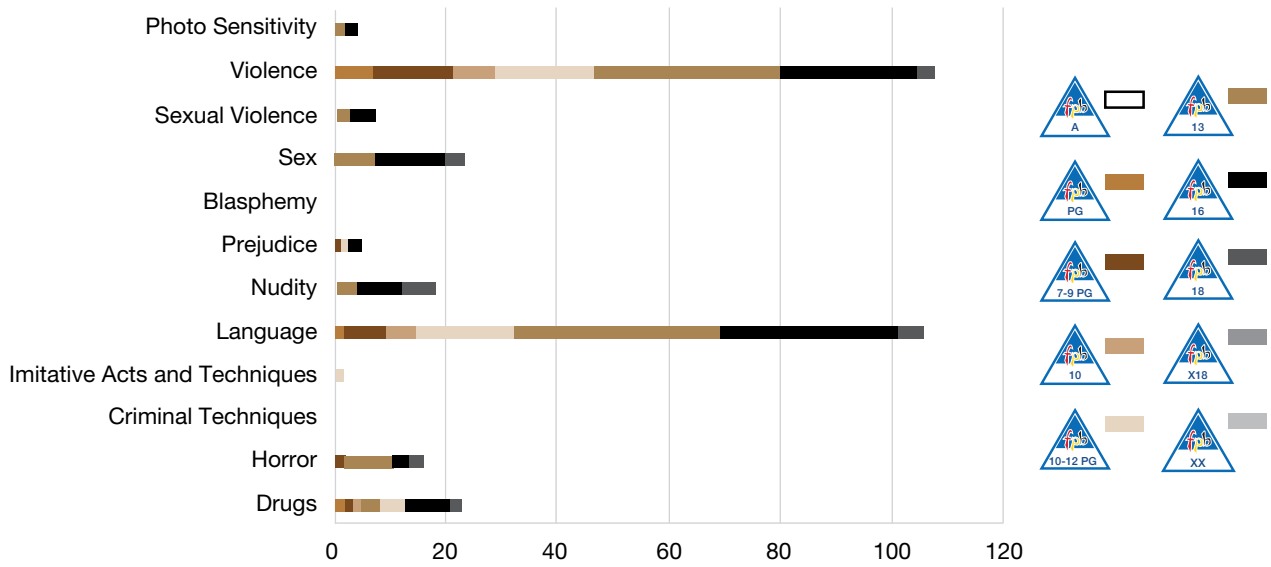


## Classifiable Elements by Age / Q2

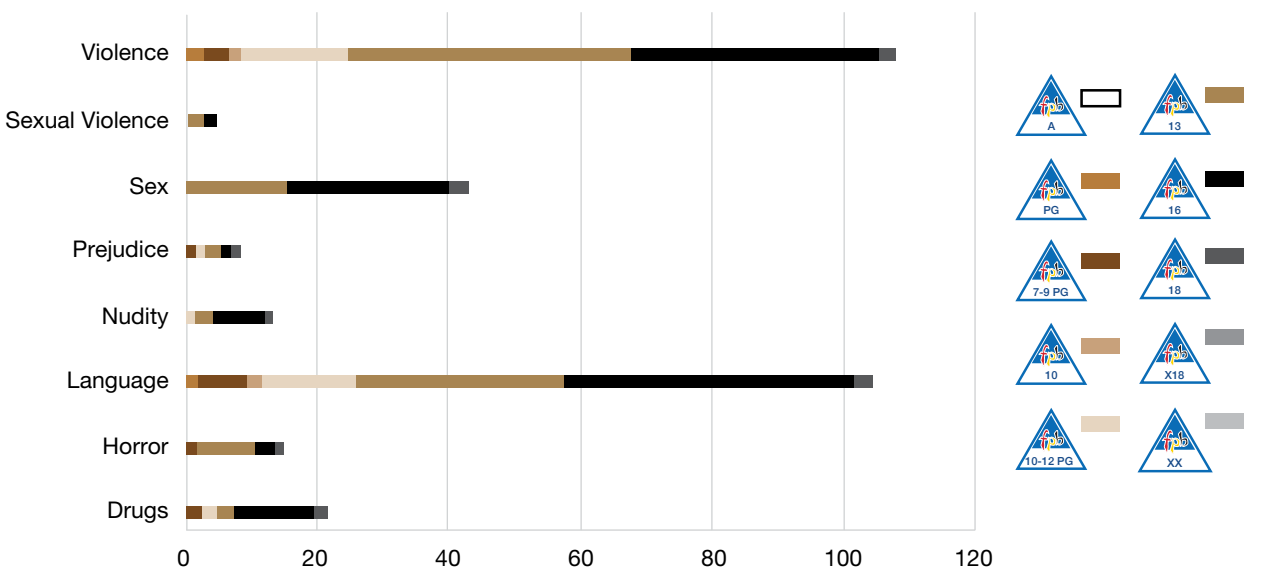




### Classifiable Elements by Age / Q3



### Classifiable Elements by Age / Q4



# Appeals Tribunal Report

## Introduction

The Appeal Tribunal is a creature of statute, and is empowered by the Films and Publications Act 65 of 1996 (as amended). Members of the Tribunal are appointed for a period of five years and serve on a part-time basis. The members were appointed following interviews by a panel appointed by the then Minister of Home Affairs. The current five year term came to an end on 31 March 2016. Members may be re-appointed for a further term, at the discretion of the Minister.

Currently the Tribunal comprises seven members and 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 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. It is important to note that the decisions of the Tribunal are, in terms of section 20 (5) of the Act, decisions of the Board and are thus final.

Generally a decision is made immediately after the hearing, and reasons for the decisions are provided within 14 working days. A draft award is prepared by the Chairperson and circulated amongst all the participating members for comment. All the comments are incorporated into the final award, which is made



**Prof Karthy Govender**  
*Chairperson*





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.

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 latest amendment Bill is currently before Parliament.

The FPB has also developed an Online Regulation Policy which is intended to provide clarity on the regulation of online distributors. The purpose of drafting detailed awards is therefore to create a coherent jurisprudence on how to interpret the 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.

The FPB has embarked on a number of initiatives to partner with various tertiary institutions in the country so as to strengthen its knowledge through research and related activities. One of the outcomes of this collaboration is the process of formalisation of the training of classifiers. A broad-based training manual 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.

We have also been involved together with management in discussions with the University of South Africa to design and deliver a professional qualification for classifiers as referred to above. The vision of the FPB is that the qualification should be broadly accessible to all classifiers and distributors of content nationally and across the continent. It will also go a long way to provide clarity on the co-regulation framework that will be rolled out with the implementation of the Online Regulation Policy.

## Overview of Appeals Heard since the Last Reporting Period

Only four 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.

Film/ Game/ Publication	Case number	Decision by the Classification Committee	Decision by the Appeal Tribunal
Minions (film)	2/2015	7-9 (V)	PG
Pixels (film)	3/2015	10(V)(L)	10
Oh Schucks! Pay Back the Money (film)	4/2015	13 (L)(P)	10-12 (L)(P)
Dis Ek Anna (film)	5/2015	18 (L)(V)(SV)	16 (L)(V) with cautionary for sensitive viewers

## Appeals Tribunal Report (continued)

### Members

We have been advised that the Minister's office had commenced the recruitment process for new Appeal Tribunal members.

In conclusion, I wish to extend my sincere appreciation to the colleagues who served the Appeal Tribunal to-date for their consistently outstanding service to the FPB. It has indeed been a privilege serving with such a distinct team of committed ladies and gentlemen, as acknowledged below:

#### Members of the Appeal Tribunal

Adv David Bensusan

Ms Hazel Devraj

Professor Adelaide Magwaza

Ms Penny Marek

Rev Mike McCoy

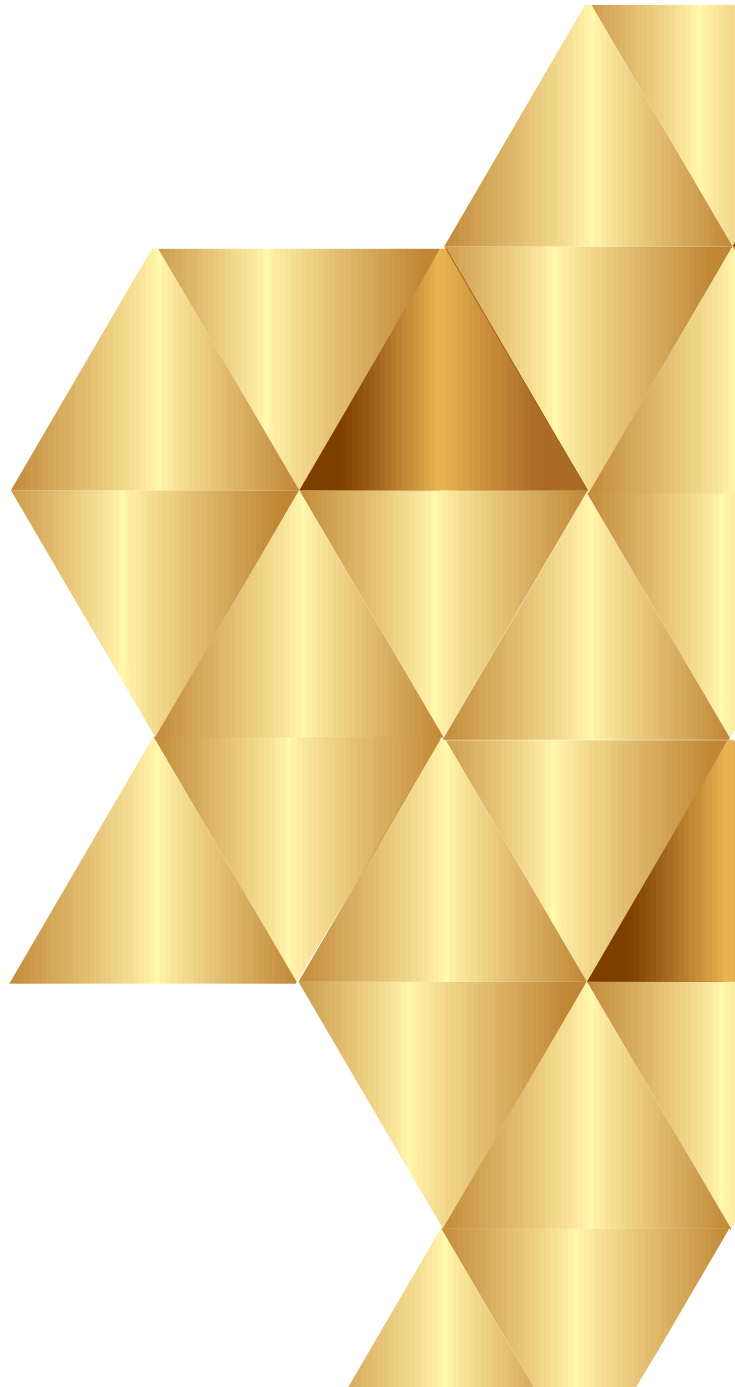
Professor Kasturi Moodaliyar



Prof Karthy Govender

Chairperson

Film and Publication Appeal Tribunal



# Section 4

## Sustainability Report



# 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. These include statistical data relating to staff movements, employment equity and race / gender representation, staff related expenditure patterns and labour relations.

## Expenditure

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

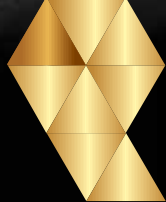
**Table 1: Personnel Costs by Programme 2015/16**

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	41 850	40 804	1 046			517
Classifiers	4 365	4 365	0	0	100%	121
<b>Total</b>	<b>46 215</b>	<b>45 169</b>	<b>1 046</b>	<b>0</b>		

**Table 2: Personnel Costs by Salary Bands, 2015/16**

Salary Band	Personnel Expenditure (R'000)	% of Total Personnel Cost (R'000)	Average Personnel Cost per Employee (R'000)
Classifiers	4 365	10%	121
Support Staff	28 008	62%	412
Senior Management	6 882	15%	983
Executive	5 914	13%	1 183
<b>Total</b>	<b>45 169</b>	<b>100%</b>	





## Employment and Vacancies

**Table 3: Employment and Vacancies by Salary Bands, 31 March 2016**

Salary Band	Number of Posts	Number of Posts Filled	Vacancy Rate %	Additional to the Establishment
Support Staff	72	68	5.6%	0
Senior Management	11	7	36%	0
Executive Management	5	5	0%	0
<b>Programme Total</b>	<b>88</b>	<b>79</b>	<b>10%</b>	<b>0</b>

**Table 4: Job Evaluation**

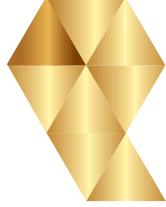
Salary Band	Number of Posts	Number of Jobs Graded	% of Posts Evaluated by Salary Band	Posts Upgraded		Posts Downgraded	
				Number	% of Posts Evaluated	Number	% of Posts Evaluated
Executive Managers	5	1	20%	1	100%	0	0
Senior Managers	11	3	27%	0	0	0	0
Support Staff	72	10	13.8%	2	20%	0	0
<b>Total</b>	<b>88</b>	<b>14</b>	<b>15.9 %</b>	<b>3</b>	<b>21%</b>	<b>0</b>	<b>0</b>

\* None of these posts were previously graded.

## Human Resource Management (continued)

**Table 5: Employees whose Salary Level Exceeds the Grade Determined by Job Evaluation, 01 April 2015 to 31 March 2016**

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 Coordinator	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
Coordinator Strategic Partnerships	1	C3	C5	Posts reviewed as part of the FPB turnaround implementation
<b>Total number of employees whose salaries exceeded the level determined by job evaluation in 2015/16</b>				<b>8</b>
<b>Percentage of total employment</b>				<b>9%</b>



**Table 6: Profile of Employees whose Salary Level Exceeds the Grade Determined by Job Evaluation – 01 April 2015 to 31 March 2016**

Beneficiaries	African	Indian	Coloured	White	Total
Female	5	0	0	0	5
Male	1	1	1	0	3
<b>Total</b>	<b>6</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>8</b>

### Employment Changes

**Table 7: Annual Turnover Rates by Salary Bands for the Period 01 April 2015 to 31 March 2016**

Salary Bands	Number of Employees per Level as at 01 April 2015	Appointments and Transfers In	Terminations and Transfers Out	Turnover Rate %
Support Staff	67	25	15	16%
Senior Management	9	0	2	22%
Executive Management	4	1	0	0%
<b>Total</b>	<b>80</b>	<b>26</b>	<b>17</b>	<b>16%</b>

**Table 8: Reasons why Staff are Leaving the Department**

Termination Type	Number	% of Total
Death	1	6%
Resignation	13	76%
Expiry of Contract	2	12%
Dismissal – organisational changes	0	0%
Dismissal – misconduct	0	0%
Dismissal – inefficiency	0	0%
Discharge due to ill-health	0	0%
Retirement	0	0%
Other	1	6%
<b>Total</b>	<b>17</b>	<b>100%</b>
<b>Total number of employees who left as a % of the total employment</b>		<b>16%</b>

## Human Resource Management (continued)

### Employment Equity

**Table 9: Total Number of Employees (including People with Disabilities) in each of the following Occupational Categories as at 31 March 2016**

Occupational Categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Support Staff	21	3	3	1	46	0	2	1	77
Senior Management	2	0	0	1	3	1	0	0	7
Executive Management	2	0	0	1	2	0	0	0	5
<b>Total</b>	<b>25</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>51</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>89</b>
Persons with disabilities – included in the above table	0	0	0	0	0	0	0	0	0

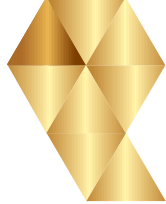
**Table 10: Recruitment for the Period 01 April 2015 to 31 March 2016**

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Support Staff	9	0	2	0	13	0	1	0	25
Senior Management	0	0	0	0	0	0	0	0	0
Executive Management	0	0	0	1	0	0	0	0	1
<b>Total</b>	<b>9</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>13</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>26</b>

**Table 11: Terminations for the Period 01 April 2015 to 31 March 2016**

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Support Staff	7	0	0	0	6	0	1	1	15
Senior Management	2	0	0	0	0	0	0	0	2
Executive Management	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>17</b>





**Table 12: Disciplinary Action for the Period 01 April 2015 to 31 March 2016**

	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Disciplinary Action	7	0	0	0	6	1	1	0	15

**Table 13: Skills Development for the Period 01 April 2015 to 31 March 2016**

Occupational Categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Support Staff	9	0	1	0	19	0	0	2	31
Senior Management	2	0	0	0	3	0	0	0	5
Executive Management	1	0	0	1	2	0	0	0	4
<b>Total</b>	<b>12</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>25</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>40</b>
Persons with disabilities	0	0	0	0	0	0	0	0	0



## Human Resource Management (continued)

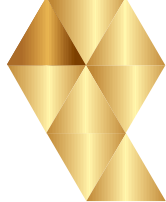
### Performance Rewards

**Table 14: Performance Rewards, by Race, Gender and Disability, 01 April 2015 to 31 March 2016**

Race Group	Number of Beneficiaries	Total Number of Employees in Group from Table 9	% of Total within Group	Cost	Average Cost per Employee
<b>African</b>					
Male	17	25	68	R500 974.15	R26 469.06
Female	26	51	51	R563 281.29	R21 664.66
<b>Indian</b>					
Male	1	3	33	R20 316.16	R20 316.16
Female	1	2	100	R20 556.30	R20 556.30
<b>Coloured</b>					
Male	3	3	100	R63 226.73	R21 075.57
Female	0	1	0	R0.00	R0.00
<b>White</b>					
Male	2	3	67	R69 050.02	R34 525.01
Female	1	1	100	R44 201.20	R44 201.20
<b>Total</b>	<b>50</b>	<b>89</b>	<b>56.17%</b>	<b>R1 281 625.95</b>	
Employees with disability	0	0	100%		

**Table 15: Performance Reward by Salary Band for Personnel below Senior Management Service, 01 April 2015 to 31 March 2016**

Salary Band	Number of Beneficiaries	Number of Employees	% of Total within Group	Cost	Average Cost per Employee	Total Cost as % of Total Personnel Cost
Support Staff	42	67	62.68%	R897 390.48	R21 366.44	1.94%
<b>Total</b>	<b>42</b>	<b>67</b>	<b>62.68%</b>	<b>R897 390.48</b>	<b>R21 366.44</b>	<b>1.94%</b>



**Table 16: Performance Related Rewards by Salary Band, for Senior Management**

Salary Band	Number of Beneficiaries	Number of Employees	% of Total within Group	Cost	Average Cost per Employee	Total Cost as % of Total Personnel Cost
Senior Management & Executive Management	8	13	61.53%	R384 235.47	R48 029.43	0.83%
<b>Total</b>	<b>8</b>	<b>13</b>	<b>61.53%</b>	<b>R384 235.47</b>	<b>R48 029.43</b>	<b>0.83%</b>

**Leave Utilisation for the Period 01 April 2015 – 31 March 2016**

**Table 17: Sick Leave, 01 April 2015 to 31 March 2016**

Salary Band	Total Days	% Certification	No. of Employees using Sick Leave	% of Total Employees using Sick Leave	Average per Employee	Estimated Cost
Support Staff	246		47	61%	5.23	R223 477
Senior Management	35		7	100%	5	R98 988
Executive Manager	3		1	20%	3	R13 498
<b>Total</b>	<b>284</b>		<b>55</b>	<b>62%</b>	<b>5.16</b>	<b>R335 963</b>

**Table 18: Annual Leave, 01 April 2015 to 31 March 2016**

Salary Bands	Total Days Taken	Number of Employees in Grade	Average per Employee
Support Staff	1 168.5	77	15.17
Senior Management	126	7	18
Executive Management	58	5	11.6
<b>Total</b>	<b>1 352.5</b>	<b>89</b>	<b>15.19</b>

## Human Resource Management (continued)

**Table 19: Leave Payouts for the Period 01 April 2015 to 31 March 2016**

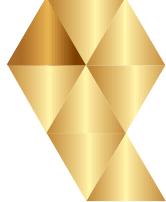
Reason	Total Amount	Number of employees	Average payment per employee
Leave payout for 2015/16 due to non-utilisation	0	0	0
Capped Leave payouts on termination of service	0	0	0
Current leave payout on termination of service	R152 249.60	14	R10 874.97
<b>Total</b>	<b>R152 249.60</b>	<b>14</b>	<b>R10 874.97</b>

**Table 20: HIV/Aids and Health Promotion Programmes**

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

Question	Yes	No	Details, if yes
Has the department designated a member of the SMS to implement the provisions contained in Part VI of Chapter 1 of the Public Service Regulations, 2001? If so, provide his/her name and position	X		Andre Michaux HR Manager
Does the department have a dedicated unit or has it designated specific staff members to promote the health and wellbeing of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		HR Unit 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.





Question	Yes	No	Details, if yes
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 Program 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 = 1.35%)

## Labour Relations

**Table 21: Collective Agreements, 01 April 2015 to 31 March 2016**

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

Subject Matter	Date
Wage and Conditions of Employment Agreement – CWU	17 August 2015
Recognition Agreement – CWU	09 February 2015



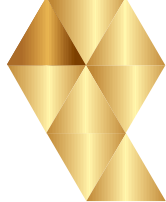
## Human Resource Management (continued)

**Table 22: Misconduct and Disciplinary Hearings Finalised, 01 April 2015 to 31 March 2016**

Outcomes of Disciplinary Hearings	Number	% of Total
Correctional Counselling	6	40%
Verbal Warning	4	26.6%
Written Warning	3	20%
Final Written Warning	0	0
Suspended without pay	0	0
Fine	0	0
Demotion	0	0
Dismissal	0	0
Case withdrawn	1	6.7%
Other	1	6.7%
<b>Total</b>	<b>15</b>	<b>100%</b>

**Table 23: Types of Misconduct Addressed at Disciplinary Hearings**

Type of Misconduct	Number	% of Total
Fruitless and wasteful expenditure	5	33%
Negligence / non-compliance with procedures	4	27%
Unauthorised absence	1	6.7%
Failure to meet performance delivery	1	6.7%
Dereliction of Duty	0	0
Theft of FPB materials	0	0
Dishonesty / bringing name of FPB into disrepute	0	0
Grievances	2	13.3%
Other	2	13.3%
<b>Total</b>	<b>15</b>	<b>100%</b>



**Table 23: Grievances Lodged for the Period 01 April 2015 to 31 March 2016**

Number of grievances lodged	3
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**Table 24: Disputes Lodged with Councils / CCMA for the Period 01 April 2015 to 31 March 2016**

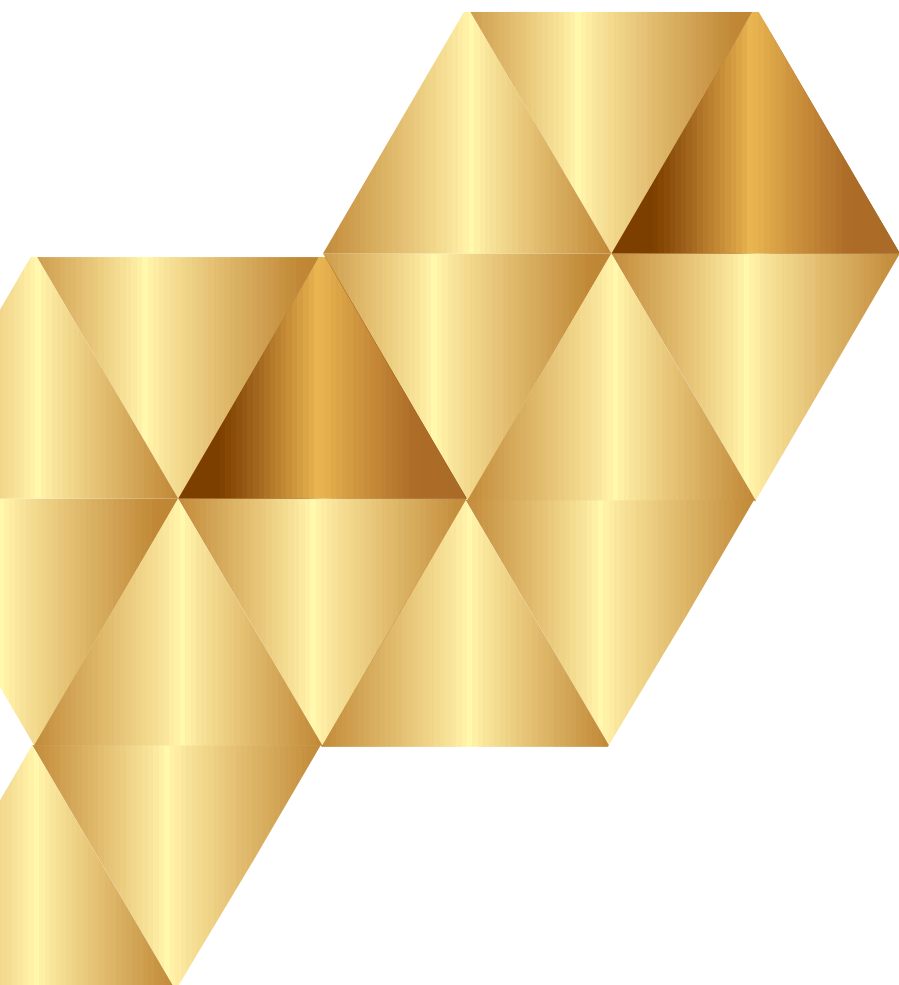
Number of disputes lodged	3
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**Table 25: Strike Actions for the Period 01 April 2015 to 31 March 2016**

Strike actions for the period	None
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**Table 26: Precautionary Suspensions for the Period 01 April 2015 to 31 March 2016**

Precautionary suspensions for the period	None
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## Human Resource Management (continued)

### Skills Development

Table 27: Training Provided 01 April 2015 to 31 March 2016

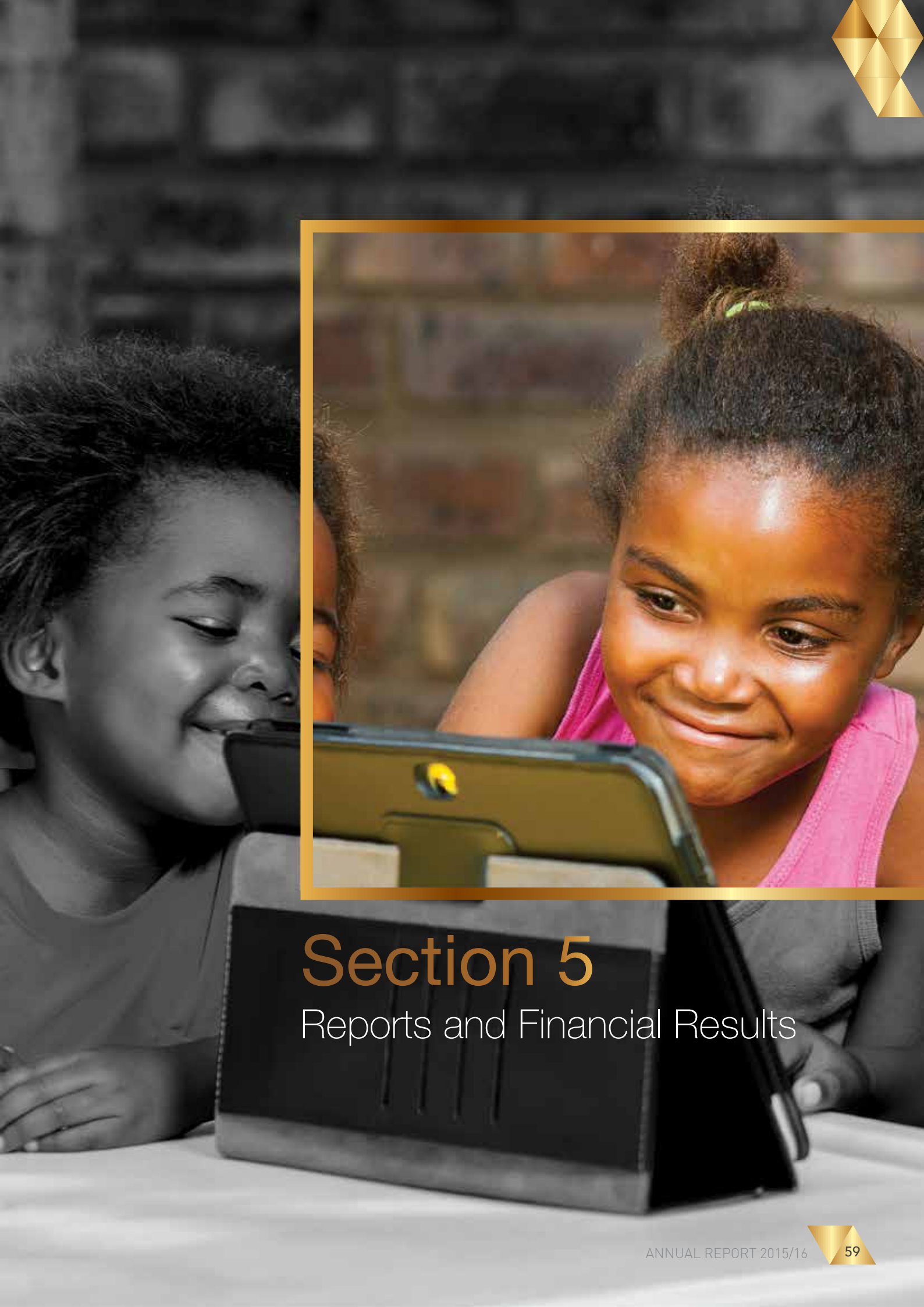
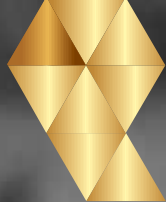
Occupational Categories	Gender	No. of employees as at 01 April 2015	Training provided within the reporting period			
			Learnerships	Skills programmes and other courses	Other forms of training	Total
Support Staff	Male	28	0	6	5	11
	Female	49	0	14	13	27
Senior Management	Male	3	0	0	1	1
	Female	4	0	4	1	5
Executive Management	Male	3	0	2	1	3
	Female	2	0	6	0	6
Sub Total	Male	34	0	8	7	15
	Female	55	0	24	14	38
<b>Total</b>		<b>89</b>	<b>0</b>	<b>64</b>	<b>42</b>	<b>106</b>

### Injury on Duty

Table 28: Injury on Duty, 01 April 2015 to 31 March 2016

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
<b>Total</b>	<b>0</b>	<b>100%</b>





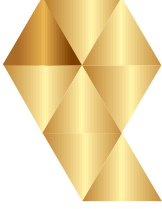
# Section 5

Reports and Financial Results

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# Audit and Risk Committee Report

## Introduction

The Audit and Risk Committee (Committee) is one of the Film and Publication Board governance structures, and is mandated to oversee the audit, risk and compliance function in accordance with the Public Finance Management Act. The Committee had been able to fulfil this role and held all its scheduled meetings in accordance with the approved Annual Programme.

During the reporting period, the Committee received an indication that there had been a tremendous improvement in controls and general financial management. Most of the findings raised during the previous audit had been resolved and the organisation is now in a healthier financial position. In particular, the supply chain and performance information reporting areas have been improved, reporting in some alignment between expenditure and implementation of the Annual Performance Plan (APP) targets.

A follow up audit by Internal Audit confirmed that there had been a lot of improvements, except in the area of leadership. However there had been a robust implementation of consequence management consequences and improved compliance with National Treasury reporting guidelines. As the Audit and Risk Committee, we believe a lot more can be achieved, and we have constantly discussed the need for improved financial management and attainment of performance targets.

During the reporting period, Council approved the establishment of an in-house internal audit unit, which has now been implemented as part of the co-sourced model, with certain aspects such as IT and financial statements being audited mainly by the outsourced service provider. As the ultimate intention is to move towards a completely insourced internal audit service, building and growing of internal capacity is a priority. The Audit and Risk Committee has adopted a revised Audit and Risk Committee Charter, Internal Audit Charter and Three Year Rolling Internal Audit Operational Plan.

I therefore confirm that the Committee has been operating in compliance with the requirements of the Public Finance Management Act, Act 1 of 1999 as amended, and Treasury Regulation 3.1. Furthermore, the Committee has complied with its Charter, which sets out its mandate and parameters within which it should operate.

In addition to the Charter, the Committee had adopted the principles of good corporate governance as enunciated in the King Code of Corporate Governance (King III), with particular focus on risk-based internal auditing, ICT governance and the combined assurance model.

## Governance Instruments

In addition to the establishment of the Internal Audit unit, and the governance instruments alluded to above, the Committee had also reviewed and approved the Enterprise Risk Management Framework, Risk Management Policy, Business Continuity and Disaster Recovery Plans. As the Committee we have consistently monitored the implementation of the above governance instruments, including the Materiality Framework.

The annual internal audit performance assessment and the Committee self-assessment were duly completed by Committee members. The Committee had a cordial working relationship with the Auditor-General, who continue to provide assurance and ensure that financial management and controls are sound.

## Audit and Risk Committee Members and Meeting Attendance

During the reporting period, the Committee comprised of two sets of members, the previous members, whose term ended on 30 November 2015, and the current members, who were appointed with effect from 2 December 2015. To this end, it should be noted that we also have one member who is independent and not a FPB Council member. The Committee had resolved that in the coming financial year, additional two independent members should be recruited, in order to enhance



## Audit and Risk Committee Report (continued)

the independence of the Audit and Risk Committee.

The Committee held four scheduled meetings and two joint meetings with the Finance Committee, where unaudited and then audited Annual Financial Statements were considered and approved. This reporting period, the Auditor-General also provided us with an interim Management Letter, which assisted the Management team to rectify all potential errors and proactively improve the general outlook of the financial statements before submission of same for final auditing.

### Previous Committee Members

Audit and Risk Committee	Number of Meetings Attended
* Mr RG Nicholls (Chairperson)	4
**Mr M Dhladhla (independent)	6
* Adv L Nevondwe Member	6
**Mrs N Skeepers Member	6

\* Chairperson and member until 1 December 2015 respectively

\*\* Reappointed

### Current Committee Members

Audit and Risk Committee	Number of Meetings Attended
Ms SM Mangena (Chairperson)	2
Mr M Dhladhla (independent)	6*
Mrs N Skeepers Member	6*

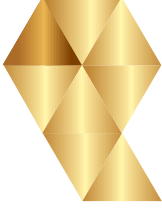
\* The total number of meetings is inclusive of both terms.

## The Effectiveness of Internal Controls

The Film and Publication Board Council is accountable for the overall governance, risk management processes and systems of internal control for the organisation. 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 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 of its function.

The Committee reports that the regular evaluation of internal controls and financial management systems were undertaken by both Internal Audit and Auditor-General. There has been a marked improvement in the control, governance and risk environment. However, A full time Chief Financial Officer has been appointed with effect from August 2015, which has contributed to the improved financial performance.



## Audit and Risk Committee Report (continued)

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### Risk Management

The Film and Publication Board uses a matrix based enterprise-wide risk governance model. The Committee evaluates quarterly reports on risk management and, as stated above, a combined assurance risk management model has been adopted. A strategic risk register for which all Managers are accountable is used to record risks and identify, record and track their managing and mitigation.

FPB is aware of the dangers of theft, corruption and fraudulent activities that will negatively affect its business performance. It has therefore developed a Fraud Prevention and Awareness Plan which it evaluates on a continuous basis. The Fraud Hotline continues to be implemented and appropriate action taken to investigate and resolve all received complaints, which are treated in the strictest confidence. There is also a Code of Ethics which is used to manage the declaration of interests by Council members and staff to manage FPB transactions and ensure reasonably ethical business practices.

### 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 the cooperation between internal and external auditors to avoid duplication of audit effort and maximise feedback to the Committee and Council. To this end, the Internal Audit Charter and Three Year Rolling Internal Audit Plan ensures adequate assurance and timeous interventions when required.

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 had adopted 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. Furthermore, Council has separate Code of Conduct and Ethics, which encourage conduct of the highest possible standard and exemplary behaviour by all members.

### 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 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 finance and performance achievements, variances and steps for improved delivery for the relevant reporting periods. The Committee is satisfied that FPB has been compliant with the reporting requirements.





## Audit and Risk Committee Report (continued)

### Consideration of Annual Financial Statements

The Committee has evaluated the annual financial statements for the year ended 31 March 2016 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; and
- 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

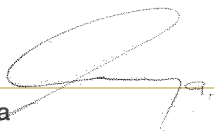
The Committee has considered, and has reported on the appropriateness of the expertise and adequacy of the resources within the finance function, as well as the experience of the senior members of management responsible for the function.

### 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

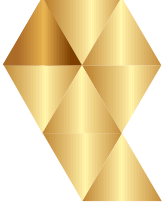
The Committee expresses its appreciation to the Accounting Authority, Senior Management team, Internal Audit and the Auditor-General for their support.



**Ms S Mangena**  
*Audit and Risk Committee Chairperson*  
*Council member of Film and Publication Board*



**Ms S Mangena**  
*Audit and Risk Committee Chairperson*



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# Report of the Auditor-General to Parliament on Film and Publication Board

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## Report on the financial statements

### Introduction

1. I have audited the financial statements of the Film and Publication Board set out on pages 69 to 104, which comprise statement of financial position as at 31 March 2016, statement of financial performance, statement of changes in net assets, and 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 accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of General Recognised Accounting Practice (SA Standard 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 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 2016 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.

### Emphasis of matter

7. I draw attention to the matter below. My opinion is not modified in respect of this matter.



## Report of the Auditor-General to Parliament on FPB (continued)

### Restatement of corresponding figures

8. As disclosed in note 27 to the financial statements, the corresponding figures for 31 March 2015 have been restated as a result of an error discovered during year of 31 March 2016 in the financial statements of the Film and Publication Board at, and for the year ended, 31 March 2015. The prior period error relates to the reassessments of the useful lives of assets, finance lease, operational expenditure and finance costs and revenue from exchange transactions.

### Report on other legal and regulatory requirements

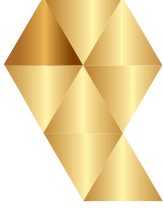
9. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each sub-heading 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

10. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2016:
- Programme 1: Industry Compliance on pages 108 to 111
  - Programme 2: Branding and marketing on pages 112 to 115
  - Programme 3: Organisational Capacity Capability on pages 116 to 123
  - Programme 4: Online and mobile content regulation on pages 124 to 125
11. 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 programmes. 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)*.
12. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
13. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programmes:
- Programme 1: Industry Compliance on pages 108 to 111
  - Programme 2: Branding and marketing on pages 112 to 115
  - Programme 3: Organisational Capacity Capability on pages 116 to 123
  - Programme 4: Online and mobile content regulation on pages 124 to 125

### Additional matters

14. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected programmes, I draw attention to the following matter:



## Report of the Auditor-General to Parliament on FPB (continued)

### Achievement of planned targets

15. Refer to the annual performance report on pages 108 to 127 for information on the achievement of the planned targets for the year.

### Compliance with legislation

16. 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 material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

#### Expenditure management

17. Effective steps were not taken to prevent irregular expenditure, as disclosed in note 26 of the AFS, as required by section 51 (b)(ii) of the Public Finance Management Act and Treasury Regulation 9.1.1.
18. Effective steps were not taken to prevent fruitless and wasteful expenditure, as disclosed in note 25 of the AFS, as required by section 51 (b)(ii) of the Public Finance Management Act and Treasury Regulation 9.1.1.

### Internal control

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

### Financial and performance management

20. Non-compliance with laws and regulation could have been avoided had effective review process over the monitoring of compliance with laws and regulations been implemented.

*Auditor-General*

Pretoria  
31 July 2016



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 financial statements and related financial information included in this report. It is the responsibility of the members of Council to ensure that the financial statements fairly present the state of affairs of the entity as at the end of the year and the results of its operations and cash flows for the year then ended. The external auditors are engaged to express an independent opinion on the financial statements and given unrestricted access to all financial records and related data for their audit.

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

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

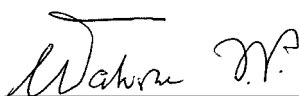
The members acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the accounting authority sets standards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

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

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

The accounting authority are primarily responsible for the financial affairs of the entity and these are audited by the entity's external auditors.

The financial statements set out on pages 69 to 104, which have been prepared on the going concern basis, were approved by the accounting authority on 31 May 2016 and were signed on its behalf by:

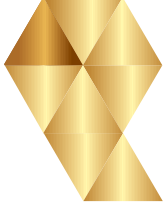


Mr TP Wakashe  
Chief Executive Officer



Mrs NFT Mpumlwana  
Chairperson of Council





# Accounting Authority's Report

The members submit their report for the year ended 31 March 2016.

## 1. Legal Form and Nature of Business

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

## 2. Review of Activities

### Main Business and Operations

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

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

## 3. Results for the Year

The financial operating results for the period were satisfactory. The Film and Publication Board recorded a net surplus of R 3 405 195 (2015: surplus R5 042 831)

## 4. Going Concern

We draw attention to the fact that at 31 March 2016, the entity had an accumulated surplus of R9 592 448 (2015: surplus of R6 187 254) and that the entity's total assets exceed its liabilities by R9 592 448 (2015: surplus of R 6 187 254).

The 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 R82 359 000 was allocated to the Film and Publication Board by the Department of Communications for 2015/2016 financial year.

## 5. Funding

The Film and Publication Board received a Government Grant of R82 359 000 for the period ended 31 March 2016 and R 78 901 000 for the year ended 31 March 2015.

## 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.



## Accounting Authority's Report (continued)

Figures in Rand

### 7. Non-Executive Members and Executive Managers emoluments

#### 7.1 Council and Audit Committee

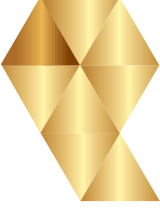
	Fee	Performance Bonuses	Retirement Fund Contributions	Medical Contributions	Total Package 2016	Total Package 2015
<b>Non-Executive Members – Council and Committees</b>						
Mpumlwana NFT (Chairperson)***	139 922	-	-	-	139 922	136 157
Skeepers N (Deputy Chairperson till November 2015)***	190 623	-	-	-	190 623	183 347
Mangena M (Deputy Chairperson effective December 2015)**	68 639	-	-	-	68 639	-
Nicholls RGN*	161 294	-	-	-	161 294	115 005
Molapo MJ*	53 197	-	-	-	53 197	96 453
Ndaba S*	87 054	-	-	-	87 054	73 236
Ditlhake M***	167 632	-	-	-	167 632	131 188
Rataemane L*	176 765	-	-	-	176 765	220 427
Nevondwe LT***	210 269	-	-	-	210 269	119 963
Mukoma PA*	-	-	-	-	-	4 127
Dubazana N**	30 023	-	-	-	30 023	-
Mudunungu NA**	32 507	-	-	-	32 507	-
	<b>1 317 925</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 317 925</b>	<b>1 079 903</b>
<b>Independent – Audit and Risk Committee Members</b>						
Dhlahla M	41 993	-	-	-	41 993	30 662
	<b>41 993</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41 993</b>	<b>30 662</b>

\* Nicholls RGN, Molapo MJ, Ndaba S, and Rataemane L – term ended in November 2015

\*\* Mangena MS, Dubazana NS, Makhasi Y, Mudunungu NA - appointed as Council members effective from December 2015.

\*\*\* Mpumlwana NFT, Nevondwe LT, Ditlhake M and Skeepers N – reappointed as Council members effective from December 2015.

\*\*\*\* Mr. Dhlahla M – appointed as an independent member of the Audit and Risk Committee effective from May 2013.



## Accounting Authority's Report (continued)

Figures in Rand

### 7.2 Executive Management

	Salary	Performance Bonuses	Retirement Fund Contributions	Medical Contributions	Total Package 2016	Total Package 2015
Wakashe TP – Chief Executive Officer***	1 299 333	62 915	66 780	55 782	1 484 810	1 226 391
Risiba S – Chief Operations Officer	1 093 467	52 430	55 650	78 663	1 280 210	1 145 563
Kadi P – Shared Services Executive	1 083 390	51 905	55 094	49 401	1 239 790	1 103 313
Phoshoko JL – Chief Financial Officer*	-	-	-	-	-	1 027 553
Phahla DL – Chief Information Officer	976 929	49 808	52 867	41 187	1 120 791	1 010 382
Gouws R – Chief Financial Officer**	749 656	-	39 000	-	788 656	-
	<b>5 202 775</b>	<b>217 058</b>	<b>269 391</b>	<b>225 033</b>	<b>5 914 257</b>	<b>5 513 202</b>

\* Phoshoko JL – contract ended on 31 January 2015.

\*\* Gouws R – was appointed on 01 August 2015 as the Chief Financial Officer (CFO).

\*\*\* Mr Wakashe TP (CEO) had an arrangement with FPB where a car was hired from FPB travel agency Tourvest Travel Services for his personal and business use where he settles the rental expenses with Tourvest Travel Services through FPB by means of deduction from his salary on a monthly basis. The total amount for this transaction was R176 336.83 and as at 31 March 2016 the outstanding balance was R48 991.62.

### 8. Accounting Policies

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

The financial statements set out on pages 69 to 104, which have been prepared on the going concern basis, were approved by the accounting authority on 31 May 2016 and were signed on its behalf by:

Mr TP Wakashe  
Chief Executive Officer

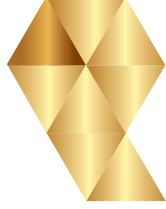
Mrs NFT Mpumlwana  
Chairperson of Council



# Statement of Financial Position as at 31 March 2016

Figures in Rand

	Note(s)	2016	2015 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	6 877 399	9 167 470
Receivables from exchange transactions	4	2 062 957	1 106 708
		<b>8 940 356</b>	<b>10 274 178</b>
<b>Non-Current Assets</b>			
Infrastructure, plant and equipment	5	7 178 900	5 878 408
Intangible assets	6	2 230 723	910 002
		<b>9 409 623</b>	<b>6 788 410</b>
<b>Total Assets</b>		<b>18 349 979</b>	<b>17 062 588</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	7	709 369	533 584
Payables from exchange transactions	8	4 126 624	7 595 136
Provisions	9	2 424 029	2 390 956
		<b>7 260 022</b>	<b>10 519 676</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation	7	1 497 509	355 658
<b>Total Liabilities</b>		<b>8 757 531</b>	<b>10 875 334</b>
Accumulated surplus/(deficit)		9 592 448	6 187 254
<b>Total Liabilities and Net assets</b>		<b>18 349 979</b>	<b>17 062 588</b>



# Statement of Financial Performance

Figures in Rand

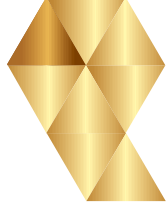
	Note(s)	2016	2015 Restated*
<b>Revenue</b>			
<b>Revenue from non-exchange transactions</b>			
Transfers from other government entities	10	82 359 000	78 901 000
<b>Revenue from exchange transactions</b>			
Regulation Fees	10	5 374 638	6 594 515
Other revenue	11	126 446	1 188 454
Interest received – investment	12	727 334	434 004
<b>Total revenue</b>		<b>88 587 418</b>	<b>87 117 973</b>
<b>Expenditure</b>			
Personnel	13	(45 168 525)	(41 799 068)
Administrative	14	(37 774 294)	(37 208 170)
Depreciation and amortisation expenses		(2 097 959)	(2 957 870)
Finance costs	15	(141 445)	(110 034)
<b>Total expenditure</b>		<b>(85 182 223)</b>	<b>(82 075 142)</b>
<b>Operating surplus</b>		<b>3 405 195</b>	<b>5 042 831</b>
<b>Surplus for the period</b>		<b>3 405 195</b>	<b>5 042 831</b>



# Statement of Changes in Net Assets

Figures in Rand

	Note(s)	Accumulated surplus/ (deficit)	Total net assets
Opening balance as previously reported		(672 366)	(672 366)
Prior year adjustments	27	1 816 789	1 816 789
<b>Balance at 31 March 2014 as restated*</b>		<b>1 144 423</b>	<b>1 144 423</b>
Surplus for the period		5 042 831	5 042 831
Opening balance as previously reported		6 750 756	6 750 756
Prior year adjustments	27	(563 503)	(563 503)
<b>Restated* balance at 31 March 2015 as restated*</b>		<b>6 187 253</b>	<b>6 187 253</b>
Surplus for the period		3 405 195	3 405 195
<b>Balance at 31 March 2016</b>		<b>9 592 448</b>	<b>9 592 448</b>



# Cash Flow Statement

Figures in Rand

	Note(s)	2016	2015 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Grants		82 359 000	78 901 000
Interest received		727 334	434 004
Other receipts		126 446	1 188 454
Regulation Fees		4 418 387	5 827 381
		<b>87 631 167</b>	<b>86 350 839</b>
<b>Payments</b>			
Employee costs		(45 104 380)	(41 467 565)
Suppliers		(41 287 467)	(36 546 856)
		<b>(86 391 847)</b>	<b>(78 014 421)</b>
<b>Net cash flows from operating activities</b>	17	<b>1 239 320</b>	<b>8 336 418</b>
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment	5	(1 155 709)	(1 831 855)
Proceeds from sale of infrastructure, plant and equipment	5	31 000	-
Purchase of intangible assets	6	(1 541 927)	-
<b>Net cash flows from investing activities</b>		<b>(2 666 636)</b>	<b>(1 831 855)</b>
<b>Cash flows from financing activities</b>			
Finance lease payments		(721 310)	(757 210)
Finance cost		(141 445)	(103 134)
<b>Net cash flows from financing activities</b>		<b>(862 755)</b>	<b>(860 344)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(2 290 071)</b>	<b>5 644 219</b>
Cash and cash equivalents at the beginning of the period		9 167 470	3 523 251
<b>Cash and cash equivalents at the end of the period</b>	3	<b>6 877 399</b>	<b>9 167 470</b>



# Statement of Comparison of Budget and Actual Amounts

Figures in Rand

## Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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## Statement of Financial Performance

### Revenue

#### Revenue from exchange transactions

Regulation Fees	5 753 000	(1 000 000)	4 753 000	5 374 638	621 638	(a)
Other revenue	-	-	-	126 446	126 446	(b)
Interest received – investment	380 000	-	380 000	727 334	347 334	(c)

#### Total revenue from exchange transactions

**6 133 000 (1 000 000) 5 133 000 6 228 418 1 095 418**

#### Revenue from non-exchange transactions

##### Transfer revenue

Transfers from other government entities	82 359 000	-	82 359 000	82 359 000	-	
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#### Total revenue

**88 492 000 (1 000 000) 87 492 000 88 587 418 1 095 418**

### Expenditure

Personnel	(48 310 184)	5 590 000	(42 720 184)	(45 168 525)	(2 448 341)	(d)
Depreciation and amortisation – expenses	-	-	-	(2 097 959)	(2 097 959)	
Finance costs	-	-	-	(141 445)	(141 445)	
Administrative	(40 181 816)	(4 590 000)	(44 771 816)	(37 774 294)	6 997 522	(d)

#### Total expenditure

**(88 492 000) 1 000 000 (87 492 000) (85 182 223) 2 309 777**

#### Surplus before taxation

**- - - 3 405 195 3 405 195**

#### Surplus for the year from continuing operations

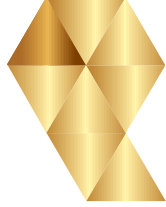
**- - - 3 405 195 3 405 195**

#### Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement

**- - - 3 405 195 3 405 195**

The budget for 2015/2016 financial year was approved and prepared on the accrual basis (except for depreciation and amortisation) and all transactions were accounted for on accrual basis. Transfers received during the current financial year were from the Department of Communications and entities included in the budget were disclosed in Note 23.

- (a) Mid term revenue projections indicated a decrease of regulation fees to be collected for the remainder of the year, budget was therefore reduced. This is mainly due to an increase of content distributed on line and not through traditional means.
- (b) Other revenue not budgeted for due to not being material and its ad hoc nature.
- (c) Additional interest revenue generated due to delays in implementing the Online Content Regulation project.
- (d) Various over and under expenditure on budget estimates due to the fact that the original budget was not zero based on not in line with actual expectations. This has been corrected for the 2016/17 financial year.



# Accounting Policies

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## 1. Presentation of Financial Statements

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

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

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

### 1.1 Significant Judgements and Sources of Estimation Uncertainty

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

#### Trade receivables and receivables

The entity assesses its trade receivables and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes 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.



## Accounting Policies (continued)

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### 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.

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.

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

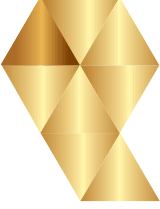
The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of infrastructure, 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 infrastructure, 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.





## Accounting Policies (continued)

### 1.2 Infrastructure, Plant and Equipment (continued)

The gain or loss arising from the derecognition of an item of infrastructure, 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 infrastructure, 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	Useful life
Furniture and fittings	12-20 years
Motor vehicles	5 years
Office equipment	4-15 years
Computer equipment	4-8 years
Leasehold improvements	2-10 years
Leased Assets	3-5 years

### 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 of 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.



## Accounting Policies (continued)

### 1.3 Intangible Assets (continued)

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	3-12 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.

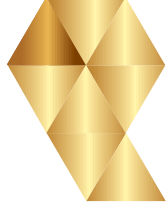
The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

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.



## Accounting Policies (continued)

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### 1.4 Financial Instruments (continued)

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

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

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

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

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

#### **Trade and other receivables**

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

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

Trade and other receivables are classified as loans and receivables.

#### **Payables from exchange transactions**

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

#### **Cash and cash equivalents**

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



## Accounting Policies (continued)

### 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 Employee Benefits

#### Short-term employee benefits

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

#### Defined contribution plans

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

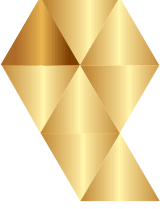
The defined benefit plan is a pension fund under which the FPB pays fixed monthly contributions to a separate entity that will have legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all the employee benefits relating to the employee service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

### 1.7 Provisions and Contingencies

Provisions are recognised when:

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

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



## Accounting Policies (continued)

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### 1.7 Provisions and Contingencies (continued)

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

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

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

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

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

### 1.8 Revenue from Exchange Transactions

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

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

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

#### Measurement

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

#### 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.



## Accounting Policies (continued)

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### 1.8 Revenue from Exchange Transactions (continued)

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.

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

#### Interest

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

### 1.9 Revenue from Non-exchange Transactions

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

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

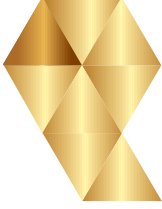
Government grants are recognised as revenue when:

- 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 re-imburement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.





## Accounting Policies (continued)

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### 1.10 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.

### 1.11 Comparative figures

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

### 1.12 Fruitless and Wasteful Expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.13 Irregular Expenditure

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

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

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

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must 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. 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.



## Accounting Policies (continued)

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### 1.14 Budget Information

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

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

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

The approved budget covers the fiscal period from 2015-04-01 to 2016-03-31.

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

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

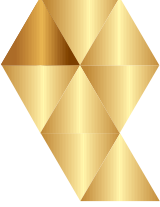
### 1.15 Related Parties

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

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

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

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.



## Accounting Policies (continued)

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### 2. New Standards and Interpretations

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

#### **GRAP 20 – Related Party Disclosure**

**Effective date:** No Effective date has been determined by the Minister of Finance

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

#### **GRAP 32 – Service Concession Arrangements: Grantor**

**Effective date:** No effective date has been determined by the Minister of Finance

The objective of this GRAP standard is to prescribe the accounting for service concession arrangements by the grantor, a public sector entity. This standard is not going to be applicable to this entity's operations.

#### **GRAP 108 – Statutory Receivables**

**Effective date:** No effective date has been determined by the Minister of Finance

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

#### **GRAP 109 – Accounting by Principals and Agent**

**Effective date:** No effective date has been determined by the Minister of Finance

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



# Notes to the Financial Statements

Figures in Rand

	2016	2015 Restated
<b>3. Cash and Cash Equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	5 000	5 164
Bank balances	3 730 380	2 159 011
Short-term deposits	3 142 019	7 003 295
	<b>6 877 399</b>	<b>9 167 470</b>

Current year cash and cash equivalents balance will be used to finance commitments disclosed in Note 28 during the 2015/2016 financial year.

## 4. Receivables from Exchange Transactions

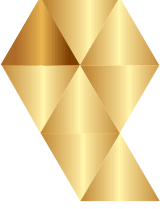
Trade debtors	60 005	-
Debtors	1 347 687	1 106 708
Pre payments	655 265	-
	<b>2 062 957</b>	<b>1 106 708</b>

### Fair value of trade and other receivables

Trade and other receivables	2 062 957	1 106 708
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## 5. Infrastructure, Plant and Equipment

	2016			2015 (Restated)		
	Cost	Accumulated Depreciation	Carrying value	Cost	Accumulated Depreciation	Carrying value
Furniture and fittings	2 138 723	(506 085)	1 632 638	2 007 903	(417 343)	1 590 560
Motor vehicles	665 379	(251 026)	414 353	493 092	(279 909)	213 183
Office equipment	1 250 935	(739 940)	510 995	1 289 754	(695 349)	594 405
Computer equipment	3 461 712	(1 814 637)	1 647 075	3 339 282	(1 724 469)	1 614 813
Leasehold improvements	1 968 866	(1 152 610)	816 256	1 968 866	(880 527)	1 088 339
Leased – Office Equipment	363 001	(131 084)	231 917	439 457	(53 409)	386 048
Leased – Motor Vehicles	2 038 941	(113 275)	1 925 666	2 346 362	(1 955 302)	391 060
<b>Total</b>	<b>11 887 557</b>	<b>(4 708 657)</b>	<b>7 178 900</b>	<b>11 884 716</b>	<b>(6 006 308)</b>	<b>5 878 408</b>



Notes to the Financial Statements (continued)

Figures in Rand

**5. Infrastructure, Plant and Equipment (continued)**

**Reconciliation of infrastructure, plant and equipment – 31 March 2016**

	Opening Balance	Additions	Disposals	Depreciation	Total
Furniture and fittings	1 590 560	159 092	-	(117 014)	1 632 638
Motor vehicles	213 183	325 139	-	(123 969)	414 353
Office equipment	594 405	53 362	-	(136 772)	510 995
Computer equipment	1 614 813	618 117	(17 407)	(568 448)	1 647 075
Leasehold improvements	1 088 339	-	-	(272 083)	816 256
Leased – Office Equipment	386 048	-	-	(154 131)	231 917
Leased – Motor Vehicles	391 060	2 038 941	-	(504 335)	1 925 666
	<b>5 878 408</b>	<b>3 194 651</b>	<b>(17 407)</b>	<b>(1 876 752)</b>	<b>7 178 900</b>

**Reconciliation of infrastructure, plant and equipment – 31 March 2015**

	Opening Balance	Additions	Disposals	Depreciation	Total
Furniture and fittings	1 214 095	481 672	-	(105 207)	1 590 560
Motor vehicles	311 801	-	-	(98 618)	213 183
Office equipment	754 177	47 073	-	(206 845)	594 405
Computer equipment	1 856 480	516 547	-	(758 214)	1 614 813
Leasehold improvements	665 151	825 637	-	(402 449)	1 088 339
Leased – Office Equipment	48 422	363 000	-	(25 374)	386 048
Leased – Motor Vehicles	1 173 181	-	-	(782 121)	391 060
	<b>6 023 307</b>	<b>2 233 929</b>	<b>-</b>	<b>(2 378 828)</b>	<b>5 878 408</b>

**Other information**

There were no assets held as security at reporting date.

## Notes to the Financial Statements (continued)

Figures in Rand

### 6. Intangible Assets

	2016			2015 (Restated)		
	Cost	Accumulated Amortisation	Carrying value	Cost	Accumulated Amortisation	Carrying value
Computer software	3 685 761	(1 455 038)	2 230 723	2 857 389	(1 947 387)	910 002

#### Reconciliation of intangible assets – 2016

	Opening balance	Additions	Amortisation	Total
Computer software	910 002	1 541 927	(221 206)	2 230 723

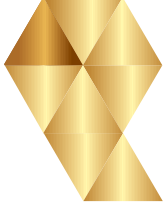
#### Reconciliation of intangible assets – 2015

	Opening balance	Additions	Amortisation	Total
Computer software	1 481 252	-	(571 250)	910 002

### 7. Finance Lease Obligation

	2016	2015 Restated
<b>Minimum lease payments due</b>		
– within one year	1 029 153	718 517
– in second to fifth year inclusive	1 736 676	292 670
	2 765 829	1 011 187
less: future finance charges	(558 951)	(121 945)
<b>Present value of minimum lease payments</b>	<b>2 206 878</b>	<b>889 242</b>
Non-current liabilities	1 497 509	355 658
Current liabilities	709 369	533 584
	<b>2 206 878</b>	<b>889 242</b>





## Notes to the Financial Statements (continued)

Figures in Rand

### 7. Finance Lease Obligation (continued)

The previous finance lease disclosed for the 2014/15 financial year has ended and the Film and Publication Board (FPB) has entered into a new lease agreement for eleven (11) vehicles for a period of three years (36 months) effective from 05 February 2016, ending 31 January 2019. The transaction has been treated as a finance lease as per the requirements of GRAP 13. The lease contract does not have an annual escalation.

The FPB has entered into a lease agreement for six (6) photocopiers for a period of three years (36 months) effective from 01 March 2015, ending 28 February 2018. The transaction has been treated as a finance lease as per the requirements of GRAP. The lease contract does not have an annual escalation.

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

### 8. Payables from Exchange Transactions

	2016	2015 Restated
Trade payables	2 553 938	6 103 898
Payments received in advanced – contract in process	818 961	217 531
Union Contributions	3 545	30 720
Debtors with Credit Balances	526 470	130 818
Garnishees	-	13 803
Operating Lease Liability	-	42 528
Medical Aid	212 417	160 262
Sundry Creditors	11 293	895 576
	<b>4 126 624</b>	<b>7 595 136</b>

## Notes to the Financial Statements (continued)

Figures in Rand

### 9. Provisions

#### Reconciliation of provisions – 2016

	Opening Balance	Additions	Utilised during the year	Total
Performance Bonuses	1 300 000	1 151 740	(1 145 538)	1 306 202
Leave Pay	1 090 956	81 903	(152 250)	1 020 609
Litigation and claims	-	97 218	-	97 218
	<b>2 390 956</b>	<b>1 330 861</b>	<b>(1 297 788)</b>	<b>2 424 029</b>

#### Reconciliation of provisions – 2015

	Opening Balance	Additions	Utilised during the year	Total
Performance Bonuses	1 300 000	1 101 684	(1 101 684)	1 300 000
Leave Pay	759 453	331 503	-	1 090 956
	<b>2 059 453</b>	<b>1 433 187</b>	<b>(1 101 684)</b>	<b>2 390 956</b>

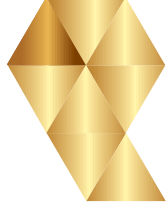
Provision for performance bonus is based on budgeted amount of R1 306 202 as per 2015/16 budget, payment for bonuses is not expected to exceed the budgeted amount.

Provision raised for outstanding leave balances as at 31 March 2016.

Provision raised for litigation and claims relating to an arbitration award granted against the FPB regarding a labour relations matter.

### 10. Revenue

	2016	2015 Restated
Transfers from other government entities	82 359 000	78 901 000
Regulation Fees (Classification and registration fees)	5 374 638	6 594 515
	<b>87 733 638</b>	<b>85 495 515</b>



## Notes to the Financial Statements (continued)

Figures in Rand

### 11. Other Revenue

Sale of Tender Documents	10 500	72 000
Copies of Certificates	3 003	5 571
Other income and Recoveries	112 943	1 110 883
	<b>126 446</b>	<b>1 188 454</b>

### 12. Investment Revenue

	2016	2015 Restated
Interest revenue		
Interest from ABSA investment accounts	727 334	434 004

### 13. Employees Costs

Salaries and Bonuses	24 652 066	23 113 901
Classifiers Remuneration	4 365 295	4 114 940
Medical aid – company contributions	2 525 223	2 254 787
UIF	277 256	282 155
SDL	349 121	320 219
Leave pay provision charge	81 902	331 503
Retirement fund contributions	4 077 807	3 573 943
Garnishee	-	83 392
PAYE	8 839 855	7 724 228
	<b>45 168 525</b>	<b>41 799 068</b>

#### Average staff

#### Total number of employees as at 31 March 2016: 89

A total number of classifiers was 36 for period ended 31 March 2016 and total amount paid for classifiers remuneration amounted to R4 365 296 (31 March 2015: R4 114 940) excluding PAYE.

The FPB also has an internship programme numbering 10 positions.



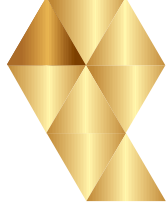
## Notes to the Financial Statements (continued)

Figures in Rand

### 14. Administrative

	2016	2015 Restated
Advertising	332 684	1 072 602
External Audit Fees	2 084 354	1 197 828
Bank charges	69 624	65 492
Cleaning	775 087	156 868
Internal audit fees	203 970	1 663 370
Consulting and Professional Fees	2 006 599	3 529 883
FPB Council	1 048 651	728 807
Insurance	456 564	806 431
IT Maintenance and Infrastructure	2 550 943	2 046 452
Lease rentals on operating lease	4 043 862	3 986 495
Fleet	703 637	242 119
Media Relation	-	102 887
Levies	-	28 543
Fuel and oil (Compliance Monitoring)	590 502	761 685
Postage and courier	76 179	73 636
Printing and stationery	326 749	676 364
Public relations campaign	5 008 136	4 110 138
Penalties	124	-
Policy and Research Services	219 171	797 128
Equipment: Repairs and Maintenance	58 596	18 400
Security	2 840	11 146
Staff development, recruitment and welfare	2 034 986	2 583 892
Subscriptions and membership fees	75 687	48 330
Telephone and fax	2 063 279	2 135 574
Travel – national	5 217 056	4 472 254
Travel – International	2 182 413	1 903 309
Minor assets	616 535	426 574
Water and Lights	413 292	209 072
Disposal of assets	17 407	14 245
Strategic planning	159 320	22 394
Workshops and meetings	1 610 690	1 604 203
FPB Conference	1 990 800	-
Stakeholders Relations	-	1 166 394
Lease expenses	439 317	222 299
Review Board (Tribunal Appeal)	226 773	113 309
Storage – Classification Material	148 157	210 047
Receivables written-off	20 310	-
	<b>37 774 294</b>	<b>37 208 170</b>

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



## Notes to the Financial Statements (continued)

Figures in Rand

### 15. Finance Costs

	2016	2015 Restated
Finance leases	141 445	110 034

### 16. Auditors' Remuneration

Fees	2 084 354	1 197 828
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### 17. Cash Generated from Operations

Surplus	3 405 195	5 042 831
<b>Adjustments for:</b>		
Depreciation and amortisation expense	2 097 959	2 957 870
Loss on sale of assets	17 407	-
Gain on sale of assets	(31 000)	-
Finance costs – Finance leases	141 445	110 034
Movements in provisions	33 073	331 503
<b>Changes in working capital:</b>		
Receivables from exchange transactions	(956 249)	(767 136)
Payables from exchange transactions	(3 468 510)	661 316
	<b>1 239 320</b>	<b>8 336 418</b>

### 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 2016, current services costs of R4 077 807 (31 March 2015 R3 573 943) 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 income tax in terms of section 10 of the Income Tax Act. The FPB is exempt from the payment of Value Added Tax (VAT), as a result VAT paid by the FPB is also not refundable by SARS.



## Notes to the Financial Statements (continued)

Figures in Rand

### 20. Operating Lease

#### 20.1 Operating Lease – Head Office

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:

Annual escalations 10%

	2016	2015 Restated
Future Minimum Lease Payments		
to 1 Year	3 052 302	4 027 327
2 – 5 Years	-	3 052 302
5 or More Years	-	-
	<b>3 052 302</b>	<b>7 079 629</b>

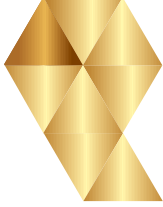
#### 20.2 Operating Lease – Durban Office

The Film and Publication Board acquired additional office space for their Regional Office situated in Durban, The lease agreement was entered into for a period of 3 years effective from 1 August 2015. Operating leases liabilities for this lease fall due as follows:

Annual escalations 9%

	2016	2015 Restated
Future Minimum Lease Payments		
Up to 1 Year	476 193	-
2 – 5 Years	696 964	-
5 or More Years	-	-
	<b>1 173 157</b>	<b>-</b>





## Notes to the Financial Statements (continued)

Figures in Rand

### 20.3 Operating Lease – Cape Town Office

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

Annual escalations 5.5%

	2016	2015 Restated
Future Minimum Lease Payments		
Up to 1 Year	445 765	-
2 – 5 Years	1 993 763	-
5 or More Years	-	-
	<b>2 439 528</b>	<b>-</b>

### 21. Contingencies

An employee of the Film and Publication Board (FPB) has resigned during the financial year 2015/16. Subsequent thereto proceedings were instituted at the CCMA for constructive dismissal. The matter is due to proceed for arbitration and it is managements opinion that the FPB has good prospects of success. The estimate is based on six months cost to company.

	2016	2015 Restated
Contingent Liability for Labour Disputes	392 000	500 000
Contingent Liability for Legal Cost	-	250 000
	<b>392 000</b>	<b>750 000</b>

### 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.

## Notes to the Financial Statements (continued)

Figures in Rand

### 23. Related Parties

The Film and Publication Board (FPB) has a related party relationship with the Department of Communications. The Department of Communications is the Executive Authority of the FPB. A total amount of R82 359 000 as at 31 March 2016 (31 March 2015 R78 901 000), was received from the Department of Communications.

	2016	2015 Restated
<b>Related party transactions</b>		
Department of Communications – Grant	82 359 000	78 901 000

#### Non-Executive Members and Executive Managers

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

### 24. Risk Management Liquidity Risk

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

#### At 31 March 2016

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	4 126 624	-	-	-

#### 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	7 595 136	-	-	-

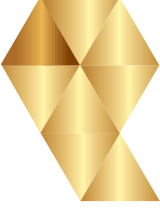
#### Interest rate risk

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.

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



Notes to the Financial Statements (continued)

Figures in Rand

**25. Fruitless and Wasteful Expenditure**

	2016	2015 Restated
Opening Balance	1 322 991	1 306 644
Traffic Fines paid	-	15 910
Interest paid on Telkom account	-	437
Reprint of annual report <sup>(1)</sup>	50 996	-
Vat paid to a non vat vendor <sup>(2)</sup>	1 260	-
Interest penalties by SARS <sup>(3)</sup>	124	-
Penalties by Compensation Fund <sup>(4)</sup>	25 555	-
Accommodation booked and paid for not utilised by employee <sup>(5)</sup>	3 208	-
Less: Amounts written off <sup>(6)</sup>	(1 161 792)	-
Less: Amounts recovered	(10 464)	-
<b>Total</b>	<b>231 878</b>	<b>1 322 991</b>

- (1) *Fruitless and Wasteful expenditure was incurred during the third quarter due to changes made on the annual report. Investigation was conducted and write-off has been obtained*
- (2) *Payment of VAT to a service provider not registered for VAT. Service provider to be reported to the National Treasury for black listing. Receivable has been raised.*
- (3) *Payment of interest penalty to SARS for late submission of EMP501. Investigation is underway. A receivable has been raised.*
- (4) *Payment of penalty to the Department of Labour for late payment in respect of the Compensation Fund Return of Earnings Payments as required by COIDA. This payment is related to the 2005/12 and 13 assessments. An investigation is underway. A receivable has been raised.*
- (5) *Accommodation was booked and paid for, however not utilised by an employee. An investigation is underway. A receivable has been raised.*
- (6) *Historically the FPB has not removed any fruitless and wasteful expenditure from the note of the financial statements, some of these transactions date back to the 2011/12 financial year. An investigation was conducted per transaction determining whether there are officials liable in law and what action was taken during that period. Based on the investigation the Council approved the write off.*

The remaining balance of fruitless and wasteful expenditure relate to amounts raised in the current year and an amount of R201 731 incurred during the 2011/12 financial year as a result of payment of VAT to a service provider not registered for VAT. Default judgement was granted against the service provider and a receivable was raised.

## Notes to the Financial Statements (continued)

Figures in Rand

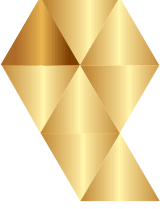
### 26. Irregular Expenditure

	2016	2015 Restated
Opening balance	7 780 878	1 807 258
Add: Irregular expenditure – current year	184 398	3 378 407
Add: Irregular expenditure of prior year discovered in the current year	270 978	3 095 213
Less: Amounts recovered	(580 000)	(500 000)
Less: Amounts condoned	(7 401 519)	-
<b>Irregular expenditure awaiting condonement/payment</b>	<b>254 735</b>	<b>7 780 878</b>

Details of irregular expenditure condoned	Condoned by (condoning authority)	
Out of court settlement	Accounting Authority (2015/11/30)	616 318
Contract amount exceeded without approval obtained	Accounting Authority (2015/11/30)	23 940
Payments made to a supplier without an approved contract	Accounting Authority (2015/11/30)	87 000
RFQ not stipulating evaluation and adjudication National Treasury (2016/02/29) criteria		3 378 407
Various SCM procedures not followed	National Treasury (2016/03/23)	3 083 998
Utilisation of IT services after contract expired	Accounting Authority (2016/03/15)	112 277
Utilisation of recruitment services after contract expired	Accounting Authority (2016/03/15)	99 579
		<b>7 401 519</b>

Management identified irregular expenditure during the year amounting to R455 376 of which R245 754 related to services rendered after contract expiry date and R209 621 related to delegated approvals not obtained for procurement. Appropriate investigations were conducted and disciplinary action were taken where deemed necessary.

The irregular expenditure of R1 080 000 previously raised 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 R1 080 000 was made in January 2013. This arose in the 2012/2013 financial year but was not disclosed. A total amount of R1 080 000 was recovered from the service provider, there were no outstanding balances at the reporting date.



Notes to the Financial Statements (continued)

Figures in Rand

**27. Prior Period Errors**

**27.1 Restatement of Depreciation and Amortisation**

During the assessment of the useful lives of Intangible assets, Infrastructure, plant and equipment it was noted that various assets are at R0 values as at 1 April 2015 and are still in use. New useful life assessments were conducted and management confirmed that the useful life's utilised on capitalisation were incorrect and retrospective restatements (on initial recognition per asset) were required to ensure that assets still in use to date and for the foreseeable future are not recorded at R0 as at 31 March 2016.

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

	2015	2014
<b>Statement of financial position</b>		
Infrastructure, plant and equipment (Increase)	218 690	981 017
Intangible assets ((Increase)/(Decrease))	(99 080)	835 772
<b>Statement of Financial Performance</b>		
Depreciation and amortisation expense (Decrease)	(119 610)	(1 816 789)

**27.2 Leased Office Equipment not Capitalised in the Correct Financial Year**

During the 2015/16 financial year it was noted that a finance lease for photocopiers were initially capitalised in the incorrect financial year. Based on the review of the delivery note, contract and first payment the copiers should have been recognised in the 2014/15 financial year

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

	2015	2014
<b>Statement of financial position</b>		
Infrastructure, plant and equipment (Increase)	363 000	-
Finance lease obligation (Increase)	(363 000)	-

## Notes to the Financial Statements (continued)

Figures in Rand

### 27. Prior Period Errors (continued)

#### 27.3 Expenses Recorded in the Incorrect Financial Year

During the year it was noted that operational expenditure and finance costs relating to the 2014/15 financial year were incorrectly recognised in the 2015/16 financial year. This was mainly due to the late submission of invoices or disputes relating to payments.

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

	2015	2014
<b>Statement of financial position</b>		
Payables from exchange transactions (Increase)	(959 114)	-
<b>Statement of Financial Performance</b>		
Administrative expenses (Increase)	952 810	-
Finance cost (Increase)	6 304	-

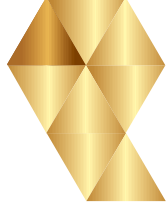
#### 27.4 Revenue Recorded in the Incorrect Financial Year

During the review of regulation fees 2015/16 it was noted that certain contract start dates refer to the 2014/15 financial year, however all the revenue were recorded in the 2015/16 financial year. Therefore based on the accrual accounting principle a portion of the revenue needs to be recognised in different accounting periods.

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

	2015	2014
<b>Statement of financial position</b>		
Receivables from exchange transactions (Increase)	290 053	-
<b>Statement of Financial Performance</b>		
Regulation fees (Increase)	(290 053)	-





Notes to the Financial Statements (continued)

Figures in Rand

**27. Prior Period Errors (continued)**

**27.5 Revenue Recorded in the Incorrect Financial Year**

During the audit for 2015/16 financial year AGSA identified that revenue was recorded in the incorrect financial year and not in accordance with GRAP 9.

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

	2015	2014
<b>Statement of financial position</b>		
Payables from exchange transaction	(14 053)	-
<b>Statement of Financial Performance</b>		
Regulation fees	14 053	-

**28. Commitments**

	2015	2014
<b>Authorised capital expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Property, plant and equipment	4 354 084	3 097 301
<b>Total capital commitments</b>		
Already contracted for but not provided for	<b>4 354 084</b>	<b>3 097 301</b>
<b>Authorised operational expenditure</b>		
Already contracted for but not provided for		
• Operating expenditure – contracted	16 692 619	7 761 477
<b>Total operational commitments</b>		
Already contracted for but not provided for	<b>16 692 619</b>	<b>7 761 477</b>

Commitments disclosed relates to contracts awarded but not completed before 31 March 2016. The operating lease commitments have been disclosed in Note 20. Cash and cash equivalents balance disclosed in Note 3 as well as the MTEF budget will be utilised to finance these commitments during the 2016/17 financial year.

## Notes to the Financial Statements (continued)

Figures in Rand

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### 28. Commitments (continued)

During the preparation of 2015/16 financial statements management discovered that the commitment note for 2014/15 financial year did not include some of the service level agreements (SLA) that the entity entered into and that resulted in the amounts being restated to reflect the correct amounts. The changes were as follows:

Capital commitments was adjusted by R331 884 from R2 765 417 to R3 097 301.

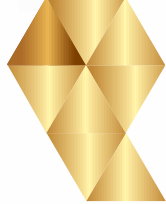
Operating commitment was adjusted by R1 998 717 from R5 762 760 to R7 761 477.

### 29. Changes in Accounting Estimate

GRAP 17 – Infrastructure, plant and equipment requires the review of the useful life of an asset at least at each financial year end. The FPB revised the useful lives of the various categories from 1 April 2015. The estimates were revised as follows:

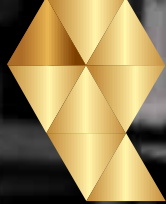
- Furniture and fittings: 3 – 10 years to 12 – 20 years
- Office equipment: 3 – 6 years to 4 – 15 years
- Computer equipment: 3 – 6 years to 4 – 8 years
- Computer software: 2 – 4 years to 3 – 12 years

The revisions were accounted for prospectively (where not treated as a prior year error) as a change in accounting estimate and as a result, the depreciation charges of the FPB for the current financial year is estimated to have been decreased by R1 282 324 (R3 380 718.66 – R2 098 394.31).









# Section 6

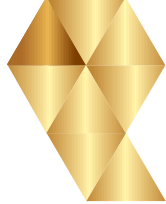
## Performance Information Report



# Strategic Outcome 1

Programme	Programme Indicators	Strategic Objectives	Strategic Initiatives
Industry Compliance	Automated classification system	Implement a Content regulation framework that ensures 100% classification and labelling of classifiable material submitted; whilst ensuring broad convergence with societal norms and values	1) To implement a Content Classification and labelling system (includes, industry regulation model and content labelling and verification)
	Industry audit reports		
	% content classified		
	Approved governance framework		
	Number of trained classifiers		
	Material labelled		2) To review and gazette classification guidelines
	Approved Online Policy		
	Classification Guidelines development plan		



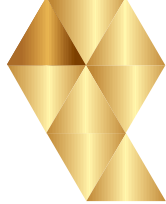


**Effective and visible monitoring of films games and certain publications throughout the entire value chain (content creators, producers and distributors of FPG's) to protect children and inform the general public**

Target 2015/16	YTD Analysis	Evidence	Reason for Variances
Implement automated processes	Achieved	FPB ONLINE and ERMS Reports  Test Reports	There are still technical challenges that are experienced by classifiers though not much No electronic signage
Conduct a Review of the FPB ONLINE Audit Process	Not achieved	Game Audit Model	Model was developed late due to Poor participation by key role players
Classify 100% of legible submissions	Achieved	ERMS Reports	None
Review Classification Governance Framework	Achieved	Governance framework  Classification reports	None
Implementation of Classifier's and Contracted Online distributors training programme	Achieved	Attendance registers and workshop material surveys/ questionnaires	None
Development and approval of the labelling system - Review and approval of the labelling system	Partially achieved	SLA for appointment of service provider  Labelling study report for discussion with respect to manual labelling has been developed	Tender for suitable service provider re-advertised  Further engagement by Council is needed before adoption
Approval and Implementation of the online policy	Not achieved	Online Regulation Policy	Policy approved by Council on 4 April 2016, after the financial year ended
Design and implement a Guidelines Review plan	Achieved	Approved Guidelines Review Plan	None
Develop and implement marketing strategy on finding of Children's study Impact of media material on children	Achieved	Printed report	None

## Strategic Outcome 1 (continued)

Programme	Programme Indicators	Strategic Objectives	Strategic Initiatives
Industry Compliance (continued)	Number of convergence surveys conducted	Implement a Content regulation framework that ensures 100% classification and labelling of classifiable material submitted; whilst ensuring broad convergence with societal norms and values (continued)	3) To continuously evaluate the convergence of societal norms and values to FPB classification ratings
	Number of focus groups held		
	FPB compliance levels		4) To review Films and Publications Act to appropriately regulate the FPGs industries
	Number of unregistered distributors identified	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	To implement measures to ensure Compliance with the Films and Publications Act, by the FPGs industry
	Number of new distributors identified		
	Number of raids conducted		
	Number of inspections		

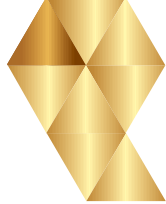


**Effective and visible monitoring of films games and certain publications throughout the entire value chain (content creators, producers and distributors of FPG's) to protect children and inform the general public**

Target 2015/16	YTD Analysis	Evidence	Reason for Variances
Conduct convergence surveys - 3 000 respondents	Not achieved	Signed ToRs of Convergence study Minutes of reference group	Insufficient funds to roll-out the project through UNISA MoU
Develop project plans, convene focus groups and compile focus group reports per quarter with FPB stakeholders on implementation of Guidelines	Achieved	Focus group concept paper Reports of meetings held at schools Focus group report	None
Implement regulation and ensure compliance to FP Act	Achieved	Draft Bill, draft presentation and correspondence. Online Regulations Agreement signed with Apple, Google and Multi-choice.	None
Identification of unregistered distributors on physical platforms: 2 500	Achieved 2 703	Inspections Slips and distributor database	None
Online compliance monitoring to ensure compliance of 2 600 online distributors as well as attending to at least 90% of queries reported on RMS	Achieved	Inspections reports Inspections slips and distributor database Audit Reports Inspections reports RMS Reports	None
Conduct 24 Raids with Law enforcement to enforce compliance with the Act:	Achieved	Raid Reports and Court Subpoenas where applicable	Lack of cooperation from law enforcement agencies
Inspection of existing distributors (Targeted) to physical platforms: 6 000	Achieved	Inspections Slips and distributor database	None

## Strategic Outcome 2

Programme	Programme Indicators	Strategic Objectives	Strategic Initiatives
Branding and Marketing	FPB Brand awareness levels	To inform consumers, society and industry about the FPB	To develop and position the FPB's brand and corporate identity
	Number of opinion pieces published		To improve FPB's relationship with the media
	Number of media dialogues hosted		
	Number of TV interviews broadcast		



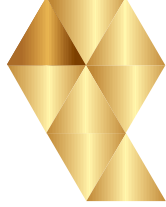
**Consumers, general members of the public and industry informed about the mandate of the FPB**

Target 2015/16	YTD Analysis	Evidence	Reason for Variances
Improve FPB brand identity and issue 4 quarterly copies of The Scene Newsletter. Issue 4 newsletters of The Scene, shifting to digital per quarter and there will be 100 print copies per quarter.	Achieved	Activity reports Internal newsletters issued Voucher Samples Signed submission and SLA	None
Develop media relations plan for FPB programmes and Units. Opinion pieces written and pitched to media.	Achieved	Monthly media reports Adverts placed on Independent newspapers Article placed on Independent newspapers Proof of adverts placed on SABC radio Approved media statements distributed Opinion pieces written	None
2 media dialogues hosted 4 TV features 4 Radio features	Achieved	Activity report for IAB summit Interview confirmation with Soweto TV Monthly media report Attendance registers for media briefings Emails confirming the interviews	None
7 television interviews secured in broadcast media 15 print/online articles	Achieved	Monthly media reports Emails confirming the interviews Tribeca media report for the conference Media statements distributed	None

## Strategic Outcome 2 (continued)

Programme	Programme Indicators	Strategic Objectives	Strategic Initiatives
Public education and awareness	Number of outreach activities and people reached	To inform consumers, society and industry about the FPB	Campaigns and Community outreach University Dialogues UJ/UNISA/ University of Limpopo
	Number of social media accounts Number of people reached on account		To improve FPB's digital and social media platforms, engagement, outreach, M&E



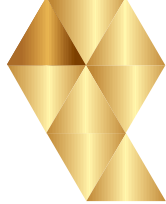


## Consumers, general members of the public and industry informed about the mandate of the FPB

Target 2015/16	YTD Analysis	Evidence	Reason for Variances
Develop and implement outreach and public education campaigns. Leverage stakeholder events, industry conferences & exhibitions, film festivals, music festival, creative arts, activations	Achieved	Signed Outreach and Public Education plan Activity reports for all the activities FPB participated in Attendance Registers for Online Regulation Policy consultations Online Regulation Policy report Attendance registers and activity reports for the roundtables Activity reports for the exhibitions Activity report for the screening Quarterly Outreach and Awareness M&E report	None
Develop and implement digital and social media strategy. Increase Facebook fans by 20% Increase Twitter followers by 20%	Achieved	Monthly social media report Digital and social media M&E report Draft social media strategy and plan	None
Establish a PR/Marketing Agency for high visibility, high impact	Achieved	Approved Marketing Plan Approved submission and Purchase Order for the appointment of HDI Approved submission and Purchase Order for the appointment of Everlytic Signed SLA	3 year process plan was linked to the appointment of a PR agency. Budget not allocated for an integrated marketing approach
Produce online and broadcast material to increase brand visibility, promote engagement and awareness of campaigns	Achieved	Online banner artwork and screenshots Report on adverts placed on Times Media websites Signed submission for the appointment of Motionworx SABC placement report for Squeezebucks and Clocks Approved Digital Media implementation plan	No budget was allocated for this deliverable

# Strategic Outcome 3

Programme	Programme Indicators	Strategic Objectives	Strategic Initiatives	
Organisational Capacity Capability	Vacancy levels	Develop and maintain organisational capacity through implementation of the turnaround strategy	To implement Turnaround Support Programme	
			To develop and implement Skills Plan	
			To implement the Internal Communications Projects	
			To implement HR management improvement and compliance programme	



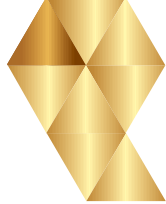
## Effective and efficient management of FPB Operations

Target 2015/16	YTD Analysis	Evidence	Reason for Variances
Review and implement approved TA Structure changes - Review of TA Structure in alignment with Organisational Needs	Achieved	Internal Advertisement. Submission for placement of posts Submission for additional posts HR/Remco resolution Independent submissions for additional posts	Ongoing recruitment based on turnover  Suitability of candidates for Management positions in terms of recruitment process
Implement Remuneration Strategy - Competitive FPB Remuneration Strategy and Policy supporting the FPB Turnaround Structure	Achieved	Job Grading report OD Report Submission for Payscales Signed Job Profiles on Personnel Files Signed letters of adjustment on personnel files HR/Remco Resolution for executive adjustments	None
Evaluate impact of organisational change management programme Complete Management Coaching and Mentoring Programme Implement Organisational Culture Programme Leadership, Values and Diversity Management Programme	Partially achieved	Coach Report/Register Climate Survey results Minutes of meeting held with CEO	Lower level coaching subject to Climate survey results and re-establishing of SLA with Fresh Thinking. Extension of SLA problematic.  Diversity intervention still to be implemented
Implement organisational skills plan	Achieved	PDP's filed on employee files Workplace Skills Plan Training and Development monitoring system implemented	Lack of cooperation from staff on submission of PDP documentation
Review, draft and implement the internal communication plan	Achieved	Newsletters issued Attendance register Internal Communications Plan Minutes of workshop	Resolution to issue internal newsletter bi-monthly Staff survey not conducted but service provider appointed
To identify critical posts in the FPB Structure and ensure that contingencies are in place for relief and internal promotion	Achieved	Draft succession plan  Acting Letters to individuals  Council Resolution	Process pending, taking into consideration survey results Exco to give input to succession plan
FPB Strategy implementation	Achieved	Wellness Review Report HR/REMCO pack HR/Remco Resolutions on policies Policy submission Gender/Race Profile Report	None



## Strategic Outcome 3 (continued)

Programme	Programme Indicators	Strategic Objectives	Strategic Initiatives	
Organisational Capacity Capability (continued)		Increase FPB revenue base by 2% through exploration of potential revenue generation streams and implement cost savings measures	To amend regulation fees structure	
			To identify and pursue divers / new revenue generation sources	
			Facilitate the Acquisition of office accommodation	
		To adopt and apply advanced ICT Technologies for the automation of the core functions of the organisation	To ensure sound IT governance throughout the organisation	
			To implement IT initiatives geared towards improvement of IT value and performance	
	Level of KIM Compliance	Develop a compliant KIM system	To develop and implement a compliant Knowledge Management System	
	Quarterly records management audit reports			
		Conduct industry research to enhance regulation	To implement research programmes to inform regulation policy	



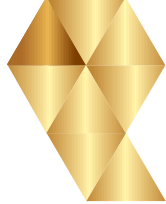
## Effective and efficient management of FPB Operations

Target 2015/16	YTD Analysis	Evidence	Reason for Variances
Implement revised tariffs as approved by Minister	Achieved	Approved Tariffs	None
Regulation fees: 4% of total revenue generated	Achieved	Approved tariffs	None
Extend current lease (Head Office) and acquire new office space for regional offices	Achieved	Report Lease Agreements	None
50% implementation of the ICT Strategy	Achieved	Submission approving the appointment of service provider. Test Cases for new guidelines Bandwidth Report	Delays from service provider in reviewing and signing the SLA
Implemented systems integration	Achieved	Test cases and deployment configuration for the Pastel modules.	Delays in acquiring the Pastel modules
Automated business processes	Achieved	Project update report with all modules ready for Pre-UAT Signed off functional specifications	System stability for remote connection to the development environment
Service Management implementation and review Service level management	Achieved	SLA report for all internal incidents registered with the ICT unit	Availability of business representatives VPN access to facilitate offshore development
50% Compliance to KIM Framework	Achieved	ECM Audit Report KM Strategy Council minutes KM draft policy KM Implementation plan KM KPIs Staff session report	None
Quarterly Records Management audit assessments	Achieved	Registers of training sessions ECM rate of usage Finalised FAQs Finalised subject matter experts Clean up Fridays schedules KM Champions minutes	None
Annual Research plan developments  Roll-out of research programmes	Achieved	Research agenda	None

## Strategic Outcome 3 (continued)

Programme	Programme Indicators	Strategic Objectives	Strategic Initiatives	
Organisational Capacity Capability (continued)	Research reports			
	Classification trend statistics		To conduct regular trends analysis	
		Effective and efficient management of FPB Operations	Implement customer care initiatives that improves efficiency in customer service	
Implementation of an efficient Customer Care Centre				
Implement fully functional integrated Client Support Administration Systems			Enhance automated processes in the customer service value chain to improve service efficiency	
Maintain Acceptable queries management standards	Number of rejected applications		Ensure prompt response and full resolution to queries received	
Marketing and Publicity of the contact centre	Number of people reached in marketing plan		Marketing and Publicity of the contact centre	





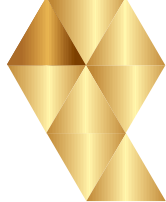
## Effective and efficient management of FPB Operations

Target 2015/16	YTD Analysis	Evidence	Reason for Variances
Child Pornography in SA: A study among professionals working with Children's rights	Partially achieved	Draft research report	Report not yet approved by FPB Executive management and Council
Desktop study on Anti-Child Pornography initiative in SADC region	Achieved	Research report on SADC initiatives	None
Conduct quarterly trends analysis	Not achieved	None	Insufficient information available
Implementation of call centre system to ensure efficient service delivery.	Achieved	Reviewed customer care and service delivery standards Call Centre system reports NetHelpDesk Call Logging System reports	None
Decentralise administration of distributor license applications to regional offices	Partially achieved	Approved Proposal to pilot administration and classification in regions.  Site visitation report Attendance registers minutes	Delays in the approval
Accurate and timely distributor licenses issued within the set turnaround time.	Achieved	FPB Online reports: self service and manual processing.  Analysis report online vs manual processing	Slow uptake of the Incentive scheme provisions in the approved 2015-2016 tariff fees
Conduct quarterly client satisfaction surveys to assess quality of service rendered targeting 150 respondents	Achieved	Action plan update report  Analysis report of Client Satisfaction Surveys	None
Marketing and Publicity of the contact centre in line with the communication strategy	Achieved	Screenshots of marketing on Facebook and Twitter. Ster Kinekor digital magazine Content for article in "The Scene"	None



## Strategic Outcome 3 (continued)

Programme	Programme Indicators	Strategic Objectives	Strategic Initiatives
Administration and Compliance	Organisation compliance levels	To ensure effective and efficient administration of the FPB and ensure compliance with applicable legislative and other requirements	1) To develop and implement Organisational Compliance and Risk Management strategy (includes fraud prevention and response, business continuity management and disaster recovery)
	Adequacy of risk management processes, performance planning and reporting		Risk maturity
	Effectiveness of fraud prevention strategies		Fraud prevention
	Continued operations for critical business units during and after a disaster occurrence		Business Continuity and Disaster Recovery
			2) To implement an Organisational Performance Planning, Management and reporting initiative including automating the process
			3) To implement relevant Finance and Supply chain management initiatives
			Ensure sound governance of Council and it's committees
	Develop a Council Annual Programme		

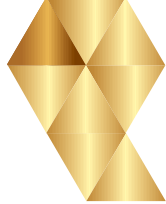


## Effective and efficient management of FPB Operations

Target 2015/16	YTD Analysis	Evidence	Reason for Variances
Compliance management reporting	Achieved	Quarterly compliance management report (to be submitted at the April 2016 ARC meeting)	None
Increased organisational risk maturity levels	Achieved	Strategic and operational risk register  Presentation on risk management delivered at the staff workshop. Fraud awareness email sent to staff  Risk Management and Fraud Framework, Policy and Plan. DRP and BCP	None
Implementation of fraud prevention strategy plan	Achieved	Fraud Prevention Policy, Strategy and Plan Fraud Risk Assessment Form	None
Annual update and implementation of Business Continuity Management plan and disaster recovery plans	Partially achieved	BCM and DRP  Payments made to the DR service provider  Quarterly report to ARC	Documents could not be submitted in time for consideration at the Feb 2016 ARC
Implement the organisational Performance Planning Management	Achieved	Q.1 - Q.4 2016/16 FY Organisational Performance Information Reports	None
Conduct annual strategic planning process	Achieved	Strategy and APP submission	None
100% compliance with SCM policy	Achieved	National Treasury Circular 3 of 2015 - Central supplier database Compliance matrix report	None
Implement Contract Management directive	Achieved	SCM SLA tracking document	None
Accountability of all assets and quarterly physical verification	Achieved	Asset register	None
100% compliance with the Corporate Governance Framework	Achieved	Signed Charter	None
100% compliance with the Corporate Governance Framework	Achieved	Declaration forms	None
100% implementation of the Annual Programme	Achieved	Minutes and attendance register	None

# Strategic Outcome 4

Programme	Programme Indicators	Strategic Objectives	Strategic Initiatives
Online and mobile content regulation	Number of registered online distributors Online regulatory system Number of content submitted and registered online	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	To develop and implement an Online content regulation strategy and framework
	Number of complaints received		Implement initiatives to ensure Cyber safety / Child Online Protection
	Number of educators trained		
	Number of people accessing hub Number of partners placing content in hub		



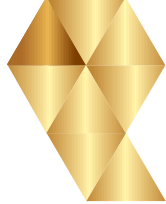
**Ensure effective and innovative regulation of the content distributed on online, mobile and related platforms to protect children and inform the general public**

Target 2015/16	YTD Analysis	Evidence	Reason for Variances
Implement strategy and policy Launch Online regulation Develop skill base for Online Classifiers and Monitoring Online regulation system and monitoring tools implemented According to ICT APP	Partially achieved	Service provider only appointed towards the end of Quarter 4	Appointed service provider had FPB compliance issues to be addressed
Review and Implement online and telephonic tools for addressing cyber-safety of children	Achieved	RMS Reports and Call log reports Minutes of Meetings and INHOPE reports ICCAM reporting system	None
INHOPE online training and certification of CPU, New Media Specialist and online monitors	Achieved	Content Analyst Certificates	None
Train 300 Educators on cyber safety	Partially achieved: 266	Attendance registers Survey forms Draft Educators' Training Manual	Challenges were experienced initially with finalising the SLA with the Service provider, which created a delay in completing the manual
Info hub roll-out as per project plan No information included on the ICT APP in relation to the target and did not receive APP from the Research Unit	Achieved	UAT session and test results. Business requirements document	Search functionality was limited and had to be enhanced

# Strategic Outcome 5

Programme	Programme Indicators	Strategic Objectives	Strategic Initiatives	
Partnerships and collaboration	Stakeholder relations strategy Signed MoUs Partnership assessment reports	'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)	To develop Strategic Partnerships and stakeholder relations	
			To pursue International Regulatory Alignment	

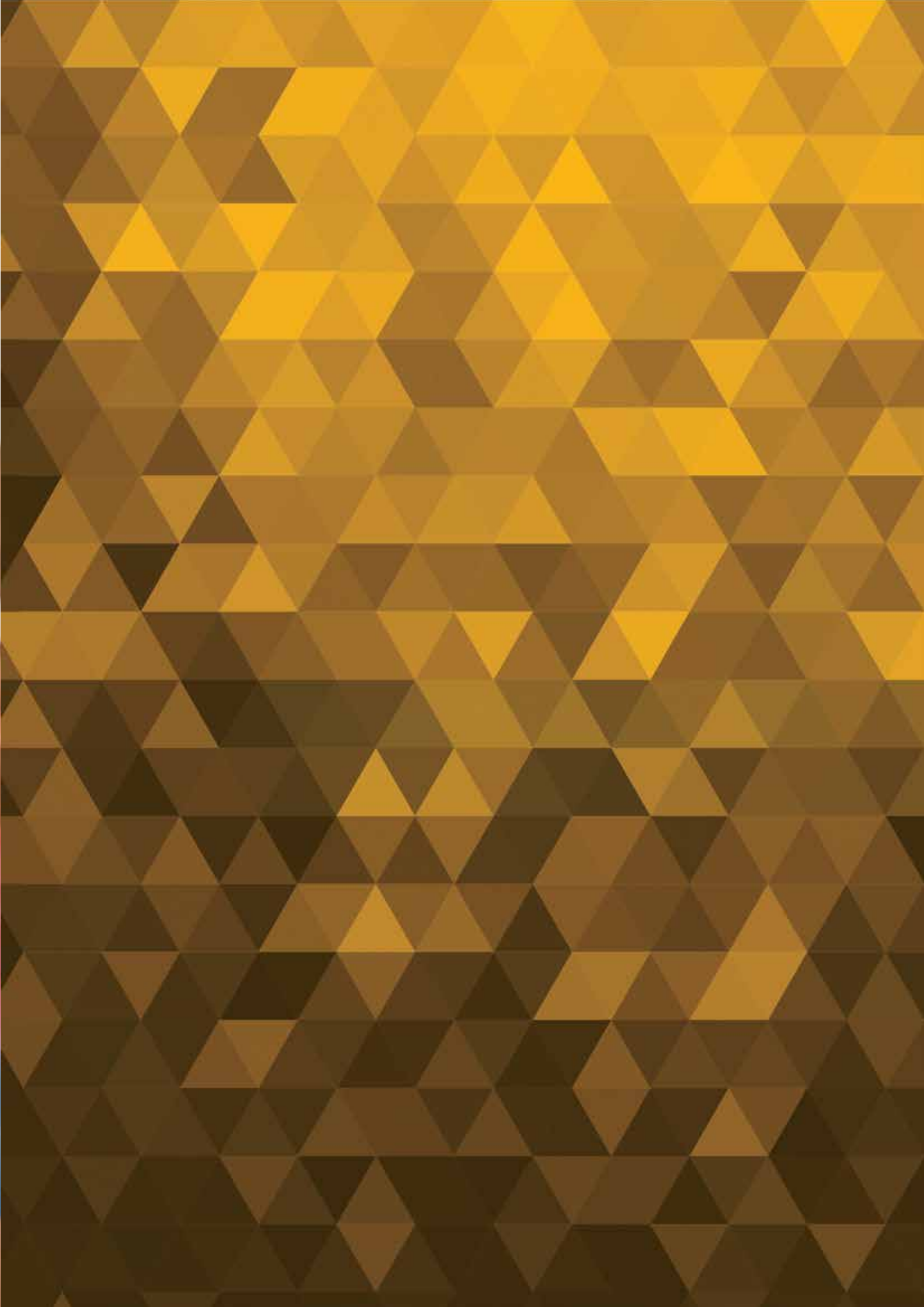


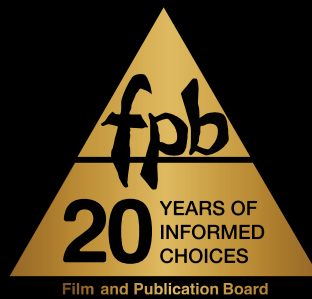


**Expand our footprint as the FPB through partnership and stakeholder relationships in pursuance of our mandate**

Target 2015/16	YTD Analysis	Evidence	Reason for Variances
Review and Implement stakeholder relations strategy	Partially achieved	Draft strategy Updated database Activity reports Attendance registers Draft implementation plan of the NFVF MOU	Strategy not yet approved by EXCO
Implement Cyber-safety initiatives in Africa	Achieved	Signed MOU Reports	None
Host quarterly stakeholder engagement sessions	Achieved	Activity reports Attendance registers	None
Develop the partnership assessment report	Achieved	Submitted reports	None
Initiate eight strategic partnerships	Achieved	#IamCyberSavvy concept presentation Email communication	
International engagement and benchmarking	Achieved	INHOPE attendance report Conference report	None
Attend 3 international seminars and present papers	Achieved	Attendance registers Conference report Emails and the concept paper for the FPB conference	None
Attend 4 film and gaming festivals	Achieved	Registration confirmation and emails Activity reports	None







**HEAD OFFICE**

**Eco Glades 2,  
420 Witch Hazel Avenue,  
Eco Park, Centurion, 0169**

**Private Bag X31, Highveld Park, 0169**

**Tel: +27 12 003 1400  
Fax: +27 12 661 0074**

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