



DSTV ANNUAL COMPLIANCE REPORT

MARCH 2021

2019/20 ANNUAL COMPLIANCE REPORT

MULTICHOICE (PTY) LTD BROADCASTING AS DSTV

Licence Period : 04 August 2008- 03 August 2023

1. PREFACE

The Independent Communications Authority of South Africa ("the Authority") has a statutory mandate in terms of the Constitution¹, the ICASA Act² and the Electronic Communications Act³ ("EC Act") to regulate broadcasting activities in South Africa in the public interest. The Authority is tasked with ensuring compliance by broadcasters with the terms and conditions of their License, the Electronic Communications Act ("EC Act"), the ICASA Act and any relevant Regulations.

The report is intended to give account of Multichoice ("the Licensee")'s performance for the period 2019-2020. The report focuses on the following aspects: geographic coverage, languages of broadcast, broadcast format, training and skills development obligations, staff development equity plan, ownership and control by previously disadvantaged individuals, finances, South African Television Content Regulations, Must Carry Regulations, Regulations in respect of Prescribed Annual Contributions of Licensees to the Universal Service and Access Fund, Subscription Broadcasting Services Regulations, General Licence Fees Regulations, Sports Broadcasting Rights Regulations and Regulations regarding Standard Terms and Conditions for Individual Broadcasting Services.

2. BACKGROUND

On 04 August 2008, the Authority granted and issued an Individual Commercial Subscription Television Service ("I-CSTS") licence to Multichoice Africa (Propriety) Limited. The shareholder as reflected in the licence is Multichoice South Africa Holdings (Pty) Ltd. The ownership held by persons from historically disadvantaged groups is as follows: Multichoice Africa (Pty) Ltd: 33.33%.

¹ The Constitution of the Republic of South Africa Act, 1996 (Act No. 108 of 1996)

² ICASA Act, 2000 (Act No. 13 of 2000) as amended

³ Electronic Communications Act, 2005 (Act No. 36 of 2005)

3. COMPLIANCE ASSESSMENT

3.1 Geographic Coverage Area

Clause 2 of the licence provides that:

"The Licensee shall provide a national coverage of its broadcasting services".

The Licensee confirms that it provides its service through satellite and therefore provides national coverage of its broadcasting service.

The Licensee complies with clause 2 of its licence

3.2 Encryption and signal and use of licensed electronic communications network service.

Clause 3.1 of the licence provides that:

"The Licensee must ensure that the output signal of its subscription broadcasting service is encrypted".

Further, clause 3.2 of the licence provides that:

"The Licensee shall use the licensed electronic communications network service of a Licence".

The Licensee confirms that its output signal of its subscription broadcasting service is encrypted. The Licensee also confirms that its network service provider is Orbicom (Pty) Ltd, which is a licensed electronic communications network service provider.

The Licensee complies with clause 3.1 and clause 3.2 of its licence.

3.3 Language

Clause 4 of the licence provides that:

"This is left to the discretion of the Licensee".

A significant number of the Licensee's programmes are broadcast in English. However, other programmes are broadcast in other languages such as Portuguese, Afrikaans and Indian languages. The Licensee has confirmed that its programmes and films are presented in different languages.

English is the main language, other languages include Afrikaans, isiZulu, Portuguese, Indian languages for the Indian bouquet and other foreign and local languages.

The Licensee complies with clause 4 of its licence.

3.4 Format

Clause 5 of the licence provides that:

"The Licensee is licensed to provide a subscription broadcasting service aimed at the general public and niche markets".

The Licensee confirms that its service is aimed at both, the general public, through its general entertainment channels and niche market through its special interest channels.

The Licensee complies with clause 5 of its licence

3.5 Training and Skills Development Obligations

Clause 6.1 of the licence provides that:

"The Licensee shall ensure that training and development needs of its staff, with particular emphasis on individuals from historically disadvantaged groups, are identified on an annual basis and are reflected in its workplace skills plan".

The Licensee submitted its workplace skills plan for the period under review. The Licensee maintains that learning and development initiatives of its employees with particular emphasis on individuals from historically disadvantaged groups were implemented and addressed as follows:

(a) Business Skills Training and Job Specific Training

The Licensee dedicated seventy-five percentage (75%) of its training budget to develop its employees on business and job specific training. Seventy percent (70%) of the total spent amount was dedicated to developing the previously disadvantaged persons.

(b) Management and Leadership Development

The above training included New Management Programme, Leading Women, Catalyst Programme and Strategic media Leadership Program.

The Licensee spent eighty-five percent (85%) of its Leadership Development budget on the development of historically disadvantaged groups. Sixty percent (60%) of the total amount was spent on females.

(c) Talent Management

A total number of six (6) employees were identified for succession development in the 2019/20 financial year. The identified employees are receiving executive coaching in line with future general management needs.

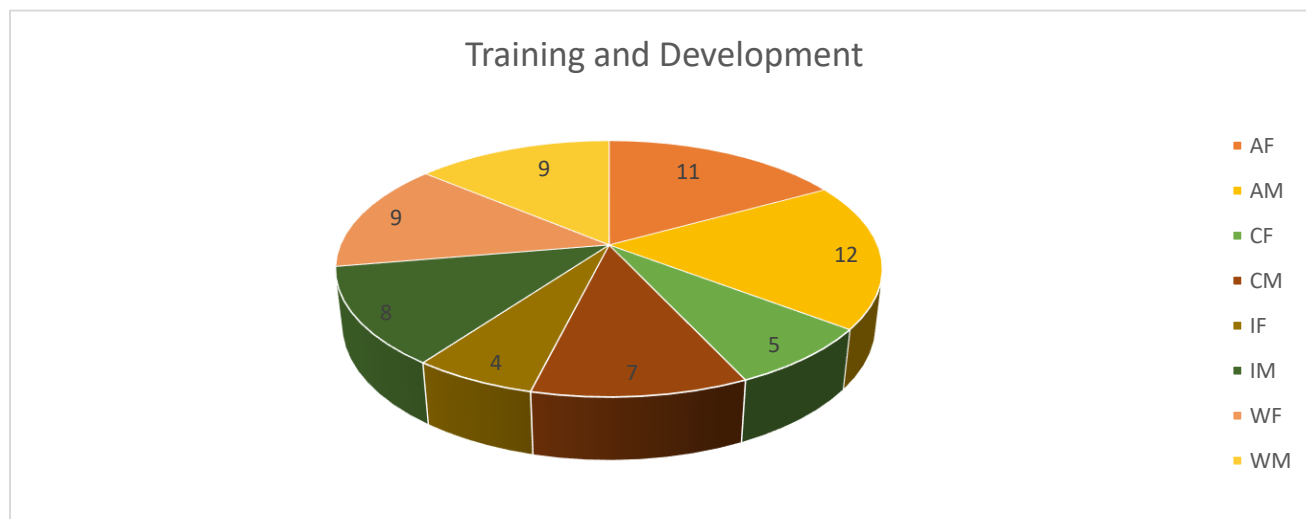
There were eight (8) other employees who completed the "Management Advancement Programme", five (5) were historically disadvantaged employees and three (3) were female.

(d) Bursaries for Senior Managers

There were 85 bursaries awarded to senior employees from historically disadvantaged background during the year 2019/20. These were awarded as per table 1, below.

Table 1: Details of employee bursaries awarded

| African Females | Coloured Females | White Females | Indian Females | African Males | Indian Males | Coloured Males | Indian Males |
|-----------------|------------------|---------------|----------------|---------------|--------------|----------------|--------------|
| 47 | 2 | 0 | 2 | 28 | 2 | 4 | 0 |



Abbreviations used: AF=African Female; AM=African Male; CF=Coloured Female; CM=Coloured Male; IF= Indian Female; IM=Indian Male; WF=White Female; WM=White Male.

Figure 1: Training and development programme statistics

The above pie chart in figure 1, depicts the overall training and development programme.

The Licensee complies with clause 6.1 of its licence.

Clause 6.2 of the licence provides that:

"The Licensee shall submit its workplace skills plan to the Authority within a month of issuing of this licence and thereafter by the 30th of June each year".

The Licensee submitted its workplace skills plan to the Authority in accordance with the requirement thus in compliance with clause 6.2 of its licence.

Clause 6.3 of the licence provides that:

"The workplace skills development plan shall report on and review a twelve-month period (April to March) and shall include targets in terms of race and gender".

Further, clause 6.4 of the licence provides that:

"The workplace skills plan shall reflect race and gender targets at all occupational levels, including senior and top-level management".

The Licensee submits that the training included New Management Programme, Leading Women, Catalyst Programme and Strategic media Leadership Program.

The Licensee reports to have spent 85% of its Leadership Development budget on the development of historically disadvantaged groups. Sixty percent (60%) of the total amount was spent on female employees.

The Licensee complies with clause 6.3 and clause 6.4 of its licence.

3.6 Staff Development and Equity Plan ⁴

Clause 7.1 of the licence provides that:

"The Licensee shall submit its five-year employment equity plan to the Authority within a month of the issuing of this licence".

⁴ Annexure B - Employment Equity Report

The Licensee submitted its five-year plan to the Authority in line with clause 7.1 of its licence.

The Licensee complies with clause 7.1 of its licence.

Clause 7.2 of the licence provides that:

"This employment equity plan shall report on and review a twelve-month period (October to September), and shall include targets in terms of race and gender".

Further, clause 7.3 of the licence provides that:

"The employment equity plan shall reflect race and gender targets at all occupational levels, including senior and top- level management".

The Licensee submitted information in respect of clause 7.2 and clause 7.3 above. The report outlines targets at occupational levels including senior and top level management as well as targets in respect of race and gender per table 2, below.

Table 2: General Employee breakdown

| Occupational Levels | Male | | | | Female | | | | Foreign Nationals | | Total |
|--|------------|------------|------------|------------|-------------|------------|------------|------------|-------------------|-----------|-------------|
| | A | C | I | W | A | C | I | W | Male | Female | |
| Top management | 7 | 0 | 4 | 21 | 7 | 4 | 1 | 8 | 1 | 1 | 54 |
| Senior management | 46 | 17 | 46 | 71 | 42 | 16 | 25 | 39 | 15 | 11 | 328 |
| Professionally qualified and experienced specialists and mid-management | 156 | 33 | 66 | 93 | 147 | 25 | 44 | 64 | 22 | 9 | 659 |
| Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents | 476 | 44 | 50 | 57 | 626 | 71 | 44 | 48 | 16 | 9 | 1441 |
| Semi-skilled and discretionary decision making | 121 | 8 | 2 | 1 | 292 | 18 | 6 | 3 | 1 | 0 | 452 |
| Unskilled and defined decision making | 63 | 14 | 11 | 0 | 112 | 14 | 5 | 0 | 0 | 0 | 219 |
| TOTAL PERMANENT | 869 | 116 | 179 | 243 | 1226 | 148 | 125 | 162 | 55 | 30 | 3153 |

| | | | | | | | | | | | |
|---------------------|------------|------------|------------|------------|-------------|------------|------------|------------|-----------|-----------|-------------|
| Temporary employees | 87 | 16 | 18 | 5 | 108 | 15 | 6 | 7 | 2 | 4 | 268 |
| GRAND TOTAL | 956 | 132 | 197 | 248 | 1334 | 163 | 131 | 169 | 57 | 34 | 3421 |

Figure 2 below, shows the Licensee's overall gender breakdown of employment equity for the period under review.

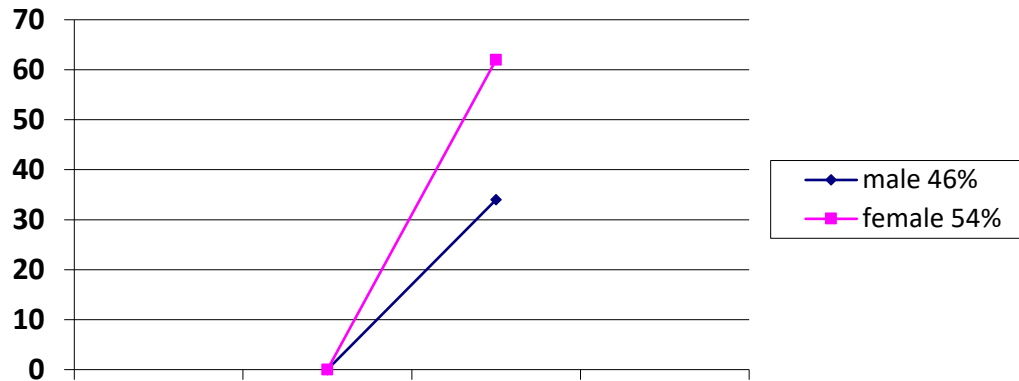


Figure 2: Gender employee breakdown at Multichoice

The Licensee complies with clause 7.2 and clause 7.3 of its licence.

Clause 7.4 of the licence provides that:

"The Licensee shall submit an annual compliance report in the format prescribed by the Authority"

During the period under review the Licensee submitted its annual compliance report.

The Licensee complies with clause 7.4 of its licence.

3.7 Target Market

Clause 8 of the licence provides that:

"Primarily LSM 2-10 as defined in the All Media Product Survey (AMPS) 2007".

The Licensee confirms that the target market is still primarily LSM 2-10 as defined in the All Media Product Survey (AMPS).

The Licensee complies with clause 8 of its licence.

3.8 Ownership by Individuals from Historically Disadvantaged groups

Clause 9 of the licence provides that:

"The Licensee shall have no less than 30% ownership by persons from historically disadvantaged groups".

The Licensee submits and confirms that as of 31 March 2020, ownership by persons from historically disadvantaged groups was at 36%.

The Licensee complies with clause 9 of its licence.

3.9 Financial Year End

Clause 10.1 of the licence provides that:

"The financial year end of the Licensee is 31 March".

Further, clause 10.2. of the licence provides that:

"If this date changes, the Licensee shall in writing notify the Authority thereof within seven (7) business dates of the change".

The Licensee has confirmed that its financial year end is 31 March each year and this is reflected in the Licensee's Audited Financial Statements.

The Licensee complies with clause 10.1 and clause 10.2 of its licence.

3.10 Contribution to broadcasting sector

Clause 11.1 of the licence provides that:

"The Licensee shall promote and support the South African broadcasting industry to the value of R5 000 000.00 (five million Rand) per year, focusing predominantly to disadvantaged groups, SMMEs, students and youths from historically disadvantaged groups".

Further, clause 11.2 of the licence provides that:

"Within 3 months of its financial year end the Licensee shall deliver to the Authority a written report demonstrating compliance with this clause".

The Licensee submitted that during the year under review it has partnered with community television stations for the MultiChoice Diski Challenge and SuperSport Rugby Challenge.

Besides providing a broadcast platform for Tshwane TV, 1KZN TV, Soweto TV, Gau TV, Bay TV and Cape Town TV to reach wider audiences, the Licensee also offered the community television stations broadcast rights to the Diski and Rugby matches at no cost. MultiChoice also provided the community television stations with world class broadcast equipment, technical support, software upgrades, generators, on-camera and production training and an opportunity to attend business and leadership workshops at Henley Business School. The Licensee also funded the development of local content at the community television stations. The contribution towards this initiative was R5 100 000.00.

The Multichoice Talent Factory is an initiative that is aimed at growing the pool of talent in film and television industry in 14 African countries. In South Africa the initiative focuses on skills development: bursaries are awarded to students pursuing television and film studies, masterclasses are offered by industry experts and provides on the job training by learning from experienced producers. The initiative is valued at R9 700 000.00.

The Licensee complies with clause 11.1 and clause 11.2 of its licence.

4 REGULATIONS

4.1 ICASA Must Carry Regulations, 2008

Regulation 4(1) of the ICASA Must Carry Regulations as published in the *Government Gazette*, no 31500, 10 October 2008 provides that:

"All Subscription broadcasting service licensees must carry the channels of the Public Broadcasting Service licensee, designated as must carry channels as part of the service offering, subject to Regulation 5".

The Licensee has confirmed that it complies with this obligation as it carries all three channels of the South African Broadcasting Services (SABC).

Further, Regulation 8 provides that:

"The subscription broadcasting service Licensee must submit a copy of the agreement within thirty (30) of such agreement being concluded and signed".

The Licensee submits that it has signed the Must Carry Agreement as required by Regulation 8, with the SABC. The Agreement was then amended and signed on 04 March 2015.

The Licensee complies with the ICASA Must Carry Regulations

4.2 Subscription Broadcasting Services Regulations, 2006

Regulation 3(1) of the Subscription Broadcasting Regulations as published in the *Government Gazette*, no 28452 dated, 31 January 2006 provides that:

"A subscription broadcasting service licensee may not add a channel to its service unless the Authority, on application by the licensee, has authorised the channel."

The Licensee confirms that it submitted ten (10) channel authorisation applications to the Authority for approval in the period under review.

Further, Regulation 5 provides that:

"A subscription broadcasting service shall, within 120 days after the end of its financial year of operation, submit to the Authority audited financial statements stating that, in the opinion of the auditor, the accompanying statements give a true and fair view of the licensee's subscription, advertising and sponsorship revenue derived from the provision of the subscription broadcasting service".

The Licensee has submitted its Audited Financial Statements to the Authority for the period ending 31 March 2020.

The Licensee complies with the Subscription Broadcasting Services Regulations.

Section 60(4) of the Electronic Communications Act, 2005 (Act No. 36 of 2005), as amended ("ECA"), provides that:

"Subscription broadcasting services may draw their revenues from subscriptions, advertising and sponsorships, however, in no event may advertising or sponsorships or a combination thereof, be the largest source annual revenue".

The Audited Financial Statements show that the Licensee complies with Section 60(4) of the ECA in that, the revenue derived from subscription far exceeds revenue derived from advertising and sponsorships.

The Licensee complies with Section 60(4) of the ECA.

4.3 ICASA General Licence Fees Regulations, 2012

Schedule 2 of the General Licence Fees Regulations as published in the *Government Gazette*, no 36323 on 28 March 2013, provides for Individual Commercial Broadcasting

Service Licensees to pay annually to the Authority a licence fee of between 0.15% to 0.35% of its licensed revenue (revenue from its licensed services).

Further, Schedule 3(6) provides for:

"All payments in respect of Annual Licence Fees are due annually"

The Licensee paid its annual licence fees to the Authority.

The Licensee complies with the ICASA General Licence Fees Regulations.

4.4 Universal Service and Access Fund Regulations, 2011

Regulation 3(1) of the Regulations in respect of the Prescribed Annual Contributions of Licensees to the Universal Service and Access Fund ("USAF") as published in the *Government Gazette*, no 34010 of 10 February 2011 provides that:

"Every holder of the licence granted in terms of Chapter 3 or converted in terms of Chapter 15 of the Act, must pay an annual contribution of 0.2 % of the annual turnover, derived from the licensee's licence activity, to the Fund".

Further, Regulation 3(3) provides that:

"A broadcasting service licensee who has paid an annual contribution to the Media Development and Diversity Agency (MDDA) must set off that contribution against its USAF contribution, provided that the MDDA contribution and the USAF contribution against which it is set off are of the same financial year".

The Licensee paid its annual contribution fees to the fund, less contribution to the MDDA, to the Authority.

The Licensee complies with the Regulations in respect of the Prescribed Annual Contributions of Licensees to the Universal Service and Access Fund.

4.5 ICASA Local Television Content Regulations

Regulation 6(1) of the ICASA Local Television Content Regulations published in the *Government Gazette* No 39844, dated 23 March 2016 provides that:

"A subscription television broadcasting licensee must ensure that within twenty-four (24) months of gazetting of these regulations in the case of existing licensee or within 24 months

of issuing of a licence to a new licensee or within such longer period as the Authority may determine, a minimum of 15% of their annual content acquisition budget is spent on local television content programming”.

Further, Regulation 6(2) provides that:

"A subscription broadcasting service licensee that acquires channels must ensure that, a minimum of 15% of their total annual channel acquisition budget, measured across its service as a whole, is spent on channels with local television content that are compiled and up linked from South Africa”.

The Licensee did confirm that it has, during the period under review spent in excess of 15% of its total annual channel acquisition budget on channels with local content that are compiled and uplinked from South Africa. And is also reflected in its Audited Financial Statements.

The Licensee complies with the ICASA Local Television Content Regulations

4.6 Standard Terms and Conditions for Individual Broadcasting Services Regulations⁵

During the year under review, the Authority did not identify any non-compliance by the Licensee with the standard terms and conditions for individual licensees.

4.8 Sports Broadcasting Services Regulations

Regulation 9(2) of the Sports Broadcasting Services Regulations as published in the *Government Gazette*, no 33079, 7 April 2010 provides that:

"A broadcaster, who is involved in broadcasting national sporting events, shall file the records of its broadcasts one hundred and twenty (120) days from the date of the publication of these regulations and after every year from the date of the first filing”.

The Licensee submitted records of its broadcasts to the Authority.

The Licensee complies with the Sports Broadcasting Services Regulations.

¹² Standard Terms and Conditions for Individual Broadcasting & Electronic Communications Network Services, 2010 as published in *Government Gazette* No. 33294 dated, 14 June 2010, as amended

5 CONCLUSION

For the period 2019/2020 the Licensee has demonstrated compliance with all its licence terms and conditions, applicable legislation and Regulations.

6 TERMS OF REFERENCE

- 6.1 Appendix A: MultiChoice (Pty) Ltd I-CSTS and ECNS licences
- 6.2 Appendix B: MultiChoice (Pty) Ltd compliance submission (Skills Development report, Employment Equity report, Report on contribution to the sector and schedule of national sporting events).
- 6.3 Appendix C: Regulations on Standard Terms and Conditions for Individual Broadcasting & Individual Electronic Communications Services, 2010 as published in *Government Gazette* No. 33294 dated, 14 June 2010, as amended;
- 6.4 Appendix D: USAF Regulations, 2011 as published in *Government Gazette* No. 34010 dated, 10 February 2011;
- 6.5 Appendix E: General Licence Fees Regulations, 2012 as published in *Government Gazette* No. 36323 dated, 28 March 2013, as amended;
- 6.6 Appendix F: ICASA Local Television Content Regulations published in the *Government Gazette* No. 39844, on 23 March 2016. (Repealed - *ICASA South African Television Content Regulations, 2006 as published in Government Gazette No. 28454 dated, 31 January 2006*);
- 6.7 Appendix G: ICASA Must Carry Regulations, 2008 as published in the *Government Gazette* No 31500 on 10 October 2008;
- 6.8 Appendix H: Subscription Broadcasting Services Regulations, 2006 as published in *Government Gazette* No. 28452 dated, 31 January 2006; and
- 6.9 Appendix I: Sports Broadcasting Services Regulations as published in the *Government Gazette*, no 33079, on 7 April 2010.

End

March 2021