



**MULTICHOICE
AFRICA (PTY) LTD
ANNUAL
COMPLIANCE REPORT**

MARCH 2024

2022/2023 ANNUAL COMPLIANCE REPORT

MULTICHOICE AFRICA (PROPRIETARY) LIMITED

Licence Period : 04 August 2008 - 03 August 2023

1. PREFACE

The Independent Communications Authority of South Africa ("Authority") has a statutory mandate in terms of the Constitution, the Independent Communications Authority of South Africa Act (ICASA Act¹), the Electronic Communications Act² ("ECA") and the Broadcasting Act³ 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 licence, the three Acts and any relevant Regulations.

The purpose of the report is to give an account of the compliance status of Multichoice Africa (Pty) Ltd ("Licensee") for the 2022-2023 financial year. The report focuses on the following aspects: geographic coverage, language(s) of broadcast, broadcast content format, training and skills development obligations, staff development equity plan, ownership and control by previously disadvantaged individuals, Finances, Contribution to the Broadcasting Sector, 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 Regulations, General Licence Fees Regulations, Code on People with Disabilities, 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

¹ ICASA Act, 2000 (Act No. 13 of 2000) as amended

² Electronic Communications Act, 2005 (Act No. 36 of 2005)

³ Broadcasting Act, 1999 (Act No. 4 of 1999)

(Proprietary) Limited. The shareholder as reflected in the licence is Multichoice South Africa Holdings (Pty) Ltd. The Ownership held by persons from historically disadvantaged groups (HDGs) in Multichoice Africa (Pty) Ltd: 38%.

3. COMPLIANCE ASSESSMENT

1.1 Geographic Coverage Area⁴

Clause 2 of the service licence provides as follows:

"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 service licence.

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

Clause 3.1 of the service licence provides as follows:

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

Clause 3.2 of the service licence provides as follows:

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

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

The Licensee complies with clauses 3.1 and 3.2 of its service licence.

1.3 Language

⁴ Multichoice I-CSTS licence

Clause 4 of the service 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 and other languages include Afrikaans, isiZulu, Portuguese, Indian languages for the Indian bouquet as well other foreign languages.

The Licensee complies with clause 4 of its service licence.

1.4 Format

Clause 5 of the service licence provides as follows:

"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 public, through its general entertainment channels and niche market through its special interest channels.

The Licensee complies with clause 5 of its service licence.

1.5 Training and Skills Development Obligations

Clause 6.1 of the service 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 the learning and development initiatives of its employees with particular emphasis on individuals from historically disadvantaged groups, were implemented and addressed as follows:

(a) *Work Integrated Learning*

The Licensee reported that it dedicated eighty percent (80%) of its training budget to develop its employees on business and job-specific training.

Seventy-five percent (75%) of the total spent amount was dedicated to developing previously disadvantaged persons. Eighty percent (80%) was spent on females.

(b) Management and Leadership Development

The above training focused on the following streams: New Management Programme, Women as Leaders Programme, Project Management and Individual Coaching.

The Licensee spent 85% of its Leadership Development budget on the development of historically disadvantaged groups. Seventy-five percent (75%) of the total amount was spent on females.

(c) Talent Management

A total number of four (4) employees were identified for succession development in 2022/23 financial year. The identified employees are receiving executive coaching in line with future general management needs.

(d) Informal Training

A total of six (6) employees were involved in informal training programme which included areas such as Digital Enablement, In person Training at Ingnite and Individual coaching. Informal training also included attending conferences on various topics.

(e) Bursaries for Senior Management

There were 27 bursaries awarded to senior employees from historically disadvantaged backgrounds during the year 2022/23. The bursaries were awarded as per the table below.

Table 1. Bursaries awarded by Multichoice

African females	Coloured females	White females	Indian females	African males	Coloured males	White males	Indian males
16	4	0	0	7	0	0	0

The Licensee complies with clause 6.1 of its service licence.

Clause 6.2 of the service 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.

The Licensee complies with clause 6.2 of its service licence.

Clause 6.3 of the service licence provides for:

"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 service licence provides as follows:

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

The Licensee's training and development report to the Authority reflects information in a tabled format in terms of race and gender at all occupational levels as follows:

(A) Females

Occupational level	African	Coloured	Indian	White
Top management	0	0	0	0
Senior management	3	3	0	1
Middle management	5	0	1	2
Skilled &	3	0	3	1

Junior management				
Semi-skilled	5	4	0	1
TOTAL	16	7	4	5

(B) Males

Occupational level	African	Coloured	Indian	White
Top management	0	0	0	0
Senior management	1	0	1	0
Middle management	3	1	0	1
Skilled & Junior management	4	1	2	0
Semi-skilled	5	2	0	3
TOTAL	13	4	3	4

The Licensee complies with clauses 6.3 and 6.4 of its service licence.

1.6 Staff Development and Employment Equity Plan ⁵

Clause 7.1 of the service licence provides for:

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

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

The Licensee complies with clause 7.1 of its service licence.

Clause 7.2 of the service licence provides that:

⁵ Employment Equity Report

"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."

Furthermore, clause 7.3 of the service 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 with respect to clauses 7.2 and 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 as follows:

(A) Female

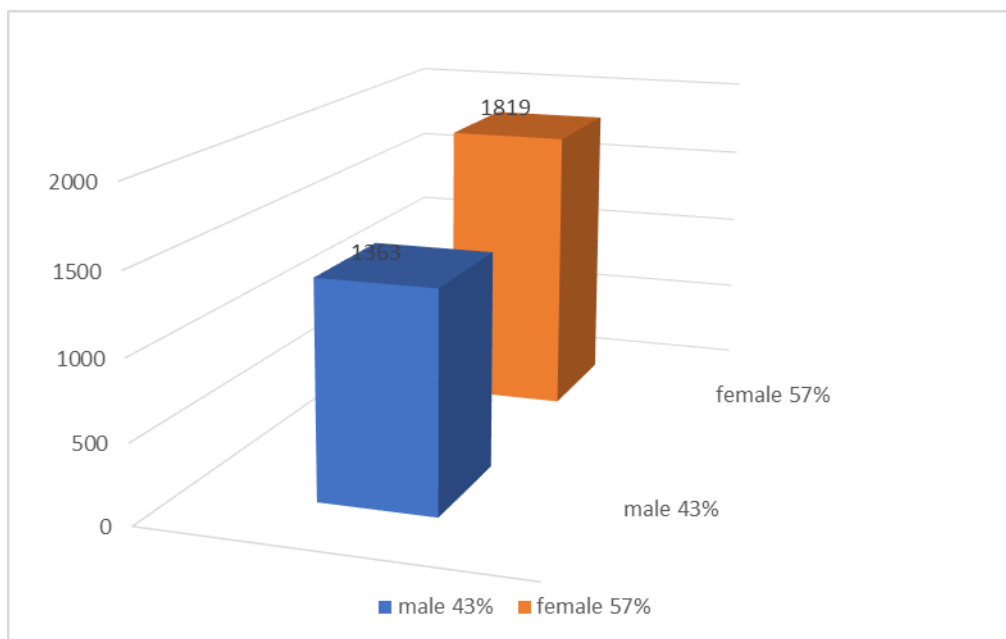
Occupational level	African	Coloured	Indian	White
Top management	15	3	2	17
Senior management	61	13	26	32
Professional and Mid management	227	33	51	44
Skilled and Junior management	395	58	29	35
Semi-skilled	709	36	10	4
Unskilled	16	3	0	0
Grand total	1423	146	118	132

(B) Male

Occupational level	African	Coloured	Indian	White
Top management	8	4	6	27
Senior management	50	9	37	53
Professional	231	43	70	87

and Mid management				
Skilled and Junior management	358	33	35	34
Semi-skilled	240	18	6	3
Unskilled	9	1	0	1
Grand total	896	108	154	205

The figure below represents the Licensee’s overall gender breakdown of employment equity for the period under review:



The Licensee complies with clauses 7.2 and 7.3 of its service licence.

Clause 7.4 of the service licence provides for:

"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 service licence.

1.7 Target Market

Clause 8 of the service licence provides for:

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

The Licensee confirms that it continues to provide service to the target market as prescribed by the licence condition above.

The Licensee complies with clause 8 of its service licence.

1.8 Ownership by Individuals from Historically Disadvantaged groups

Clause 9 of the service licence provides as follows:

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

The Licensee submits and confirms that it has 38% equity held by historically disadvantaged groups.

The Licensee complies with clause 9 of its service licence.

1.9 Financial Year End

Clause 10.1 of the service licence provides for:

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

Further, clause 10.2. of the service licence provides for:

"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 clauses 10.1 and 10.2 of its service licence.

1.10 Contribution to broadcasting sector

Clause 11.1 of the service licence provides as follows:

“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”.

Furthermore, clause 11.2 of the service licence provides for:

“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 submits that its corporate social investment initiatives in the broadcasting sector focuses on creating employment opportunities, growing a talent pipeline for the industry, uplifting budding entrepreneurs and supporting SMEs. There were two (2) focus areas during the period under review:

(a) Developing Television and Film skills:

The MultiChoice Talent Factory is a 12-month filmmaking internship programme that provides masterclasses for training and upskilling industry professionals and a Pan-African digital networking portal for creatives. The internship includes producing films for broadcast on M-Net local channels and Showmax. Interns were placed on over twenty (20) productions including, produced four (4) films for Mzansi Magic and thirteen (13) students graduated from the programme. Total investment: R4.7 million.

Further, the Licensee reports that it introduced the MultiChoice Talent Factory Extended Cut that is aimed at helping sustain the Alumni's production companies to produce full slate of 76 hours Mzansi Magic movies. The total investment cost: R7.8 million.

Furthermore, the Licensee sponsored the Johannesburg Film Festival that is aimed at skills development, training and sharing platform, affords young aspiring filmmakers between the ages 18 & 35 years, the opportunity to learn, engage and interact with industry professionals through a two-day workshop encompassing lectures, masterclasses and practical sessions and was attended by 480 participants. Total investment: R5 million.

(b) Developing broadcasting capability and skills:

MultiChoice supports six (6) community television stations, Tshwane TV, 1KZN TV, Soweto TV, Cape Town TV, Mpuma Kapa TV and Gau TV by providing a broadcast platform which enables them to reach wider audiences and also helps these television stations to develop their broadcasting capacity and skills to deliver a high-quality broadcasting service. The Licensee has provided technical support through supplying the latest broadcast equipment to the community television stations.

Further, the Licensee donated a generator to 1KZN TV and an Uninterrupted Power Supply to Cape Town TV to curb loadshedding. The total value of these interventions is R690 000.

Furthermore, the Licensee provides community television stations broadcasting on its platform free broadcast rights for the DStv Diski Challenge. The value of the broadcast rights per season is R60 million per community television station.

The Licensee complies with clauses 11.1 and 11.2 of its service licence.

4.2 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 as amended provides for:

"All SBS licensees must carry the channels of the PBS 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 continues to carry the SABC's television services.

Further, Regulation 8 provides for:

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

The Licensee submits that it has signed the Must Carry Agreement as per regulation 8, with the SABC.

The Licensee complies with the requirements set out in the ICASA Must Carry Regulations.

4.2 Subscription Broadcasting Services Regulations

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

"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 fifteen (15) applications for the Authority's authorisation in the financial year under review.

Further, Regulation 5 provides for:

"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 2023.

The Licensee complies with Subscription Broadcasting Services Regulations.

Section 60(4) of the EC Act 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 Electronic Communications Act, 2005 in that, the revenue derived from subscription fees, far exceeds revenue derived from advertising.

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

4.3 ICASA General Licence Fees Regulations, 2012⁶

Schedule 2 of the General Licence Fees Regulations 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).

Schedule 3(7)(b) of the General Licence Fees Regulations provides that:

"Annual payments are due and payable within 6 months from the end of the licensee's financial year".

The Licensee paid its annual licence fee to the Authority within the prescribed regulatory time frame.

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 Prescribed Annual Contributions of Licensees to the Universal Service and Access Fund ("USAF") as published in the Government Gazette, no 34010 on 10 February 2011 provides for:

"Every holder of the licence granted in terms of Chapter 3, 4 and/or 9 or converted in terms of Chapter 15 of the Act, must pay an annual contribution of 0.2 % of the annual turnover, to the Fund."

Further, Regulation 3(2) provides for:

"A BS Licensee who has paid an annual contribution to the Media Development and Diversity Agency (MDDA) must set off that contribution against its USAF

⁶ General Licence Fees Regulations, 2012 as published in *Government Gazette* No. 36323 dated, 28 March 2013, as amended.

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 fee to the fund, less contribution to the MDDA, in September 2023. The Licensee requested confidentiality in respect of Annual Financial Statements which was granted.

The Licensee complies with Regulations 3(1) and 3(2) of 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, on 23 March 2016 provides as follows:

“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.”

The Licensee confirms that it has during the period under review spent more than 15% of its content acquisition budget on local content.

The Licensee complies with the ICASA Local Television Content Regulations.

4.6 Standard Terms and Conditions for Individual Broadcasting Services⁷

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

⁹ Standard Terms and Conditions for Individual Broadcasting Services, 2010 as published in *Government Gazette* No. 33294 dated, 14 June 2010, as amended.

4.7 Code for Persons with Disabilities

Clause 3(1) of the Code for Persons with Disabilities as published in the Government Gazette, no 44427, 09 April 2021, provides for:

"Accessibility Services

A television broadcasting service licensee must implement the following Accessibility Services on Applicable Channels:

- a) Audio Description;*
- b) Sign Language;*
- c) Subtitles; and*
- d) Closed Captioning."*

The Licensee submits that it has fully complied with the year one (1) disability quotas as follows:

➤ **Audio description:**

The DStv service carried more than 10 227 hours of programming with audio description, meaning that the quota of 2% was exceeded.

➤ **Sub-titling:**

In the period under review, the DStv service carried 31 282 hours of programming with subtitles, meaning that the quota of 2.5% was exceeded.

➤ **Closed captioning:**

In the period under review, the DStv service carried more than 62 458 hours of programming with closed captions, meaning that the quota of 2% was exceeded.

According to this submission, the Licensee complies with the Code for Persons with Disabilities.

4.8 Sport Broadcasting Services Regulations, 2010

Regulation 9(2) of the Sport 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 broadcast for the period 01 October 2022 to 30 September 2023. The Licensee complies with the Sport Broadcasting Services Regulations.

5. CONCLUSION

For the 2022/2023 financial year, Multichoice has complied with its licence terms and conditions and the relevant Regulations.

6. TERMS OF REFERENCE:

Appendix A: Multichoice I-CSTS licence

Appendix B: Training and Skills Development and Equity Plan Report;

Appendix C: MultiChoice Annual Compliance Report – 2022-23

Appendix D: ICASA Must Carry Regulations, 2008 as published in the *Government Gazette* No 31500 on 10 October 2008 as amended.

Appendix E: Subscription Broadcasting Services Regulations, 2006 as published in *Government Gazette* No. 28452 dated, 31 January 2006;

Appendix F: General Licence Fees Regulations, 2012 as published in *Government Gazette* No. 36323 dated, 28 March 2013, as amended.

Appendix G: USAF Regulations 2011, published in *Government Gazette* No. 34010 dated, 10 February 2011;

Appendix H: ICASA Local Television Content Regulations published in the *Government Gazette* No. 39844, on 23 March 2016.

Appendix I: Regulations on Standard Terms and Conditions for Individual Broadcasting & Individual Electronic Communications Services, 2010 as amended.

Appendix J: ICASA Code for persons with Disabilities, 2021 published in *Government Gazette* No.44427 dated 09 April 2021 as amended.

Appendix K: Sport Broadcasting Services Regulations, 2010 as published in *Government Gazette* No.33079 dated, 07 April 2010 as amended.

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