Report of the Portfolio Committee on Communications on its deliberations of Budget Vote 3: Communications, dated 9th July 2019

The Portfolio Committee on Communications (the Committee), having considered Budget Vote 3: Communications and the Annual Performance Plans (APPs) for 2019/20 – 2021/22 of the Department of Communications (the Department), the South African Broadcasting Corporation (SABC), the Independent Communications Authority of South Africa (ICASA) and the Films and Publications Board (FPB), reports a follows:

1. Introduction

Section 55(2) of the Constitution of the Republic of South Africa, Act 108 of 1996, states that the National Assembly must provide for mechanisms (a) to ensure that all executive organs of state in the national sphere of government are accountable to it; and (b) to maintain oversight of (i) the exercise of national executive authority including the implementation of legislation; and (ii) any organ of state. In terms of the Public Finance Management Act (PFMA), the Accounting Officers must provide Parliament or the relevant legislature with their respective institution's Medium-Term Strategic Framework (MTSF) and where applicable with its Annual Performance Plan (APP).

The Money Bills Amendment Procedure and Related Matters Act was promulgated in 2009, and provide Parliament with powers to reject or recommend the approval of departments' budgets. The Act also makes provision for the implementation of recommendations emanating from the committee's oversight reports.

The broadcasting landscape in South Africa, like in many parts of the world is undergoing drastic changes influenced by technological advances. It is regrettable that South Africa has not yet fast-tracked the overhaul of its policy and legislative instruments. This has also led to unwarranted delays in the implementation of key government programmes such as the Digital Terrestrial Television (DTT), which is still some way off and the deadline for switch off has been moved many times resulting in delays in the release of the much needed spectrum for Broadband. While the South African DTT Policy was among the first in the continent, as early as 2008, South Africa has lagged behind some African countries in fulfilling the ITU-led migration to digital platforms.

The Committee looks forward to the finalisation of policy directives on spectrum so that the broadband market can proliferate broadcasting services as witnessed in developed countries.

The Committee welcomes the Department's pronouncement that it will table the Broadcasting Amendment Bill after it was withdrawn towards the end of 5th Parliament. This will further ensure that television remains a key platform for ensuring citizen participation in democratic processes as enshrined in the Constitution.

The Committee will support the role of the regulator (ICASA) in promoting the interests of consumers with regards to quality electronic communications services at reasonable prices in this ever evolving sector. This should happen in the same manner it supported the FPB Amendment Bill in its quest to protect citizens and children alike from harmful content.

Internet infrastructure and the lowering of costs associated with communication services have become vital in the wake of smart phones and tablet devices which have altered the ways in which consumers access broadcasting services. Furthermore, in South Africa, there are serious concerns that the pay-tv market is not competitive with one dominant player.

For the Committee, it will become important to support both the Department's policies and the regulator to investigate the anomaly where pay-tv continues to erode advertising revenues of the public broadcaster.

The mandate of the public broadcaster can never be overemphasized, especially in the broadcast of sports of national interest as well as national events such as elections, it is without doubt that in the past, the broadcaster has been forced to broadcast such mandate utilizing profits made through its commercial gains. Purchasing content rights continue to exclude the public broadcaster in favor of private broadcasting players with deep pockets.

The Committee's oversight mechanisms will remain important in order to ensure that the public broadcaster is adequately funded to carry out its public broadcasting mandate; and is able to compete on an equal footing with pay TV broadcasters particular on codes of national interest. More importantly, the Committee will have to provide support to the Department as well as the Regulator to ensure that the public broadcasting mandate remains technologically relevant to its constituency, where Over-The-Top players have started to dominate.

There are serious concerns that the market for electronic audio-visual content is also not competitive and competition for premium content remains skewed. It will be important for the Committee to monitor and oversee the Department's plans to promote local content development and proliferation of technologies where consumer trends are dictated by advances in technology.

The Committee met with the Department, SABC, ICASA and FPB on the 3rd July 2019 for consideration of their APPs 2019/20 – 2021/22. Over the 2019/20 financial year. The Department has been allocated a total budget of R1,576 billion and R1,670 and R1,737 billion for the MTEF period respectively.

2. The Department's APP 2019/20 – 2020/22

2.1 Strategic outcome-oriented goals

The mandate of the Department is to create an enabling environment for the provision of inclusive communication services to all South Africans in a manner that promotes socio-economic development and investment through broadcasting, new media, print media and other new technologies and brand the country locally and internationally.

The Department has set itself the following strategic goals and strategic objectives which will be achieved when implementing the mandates:

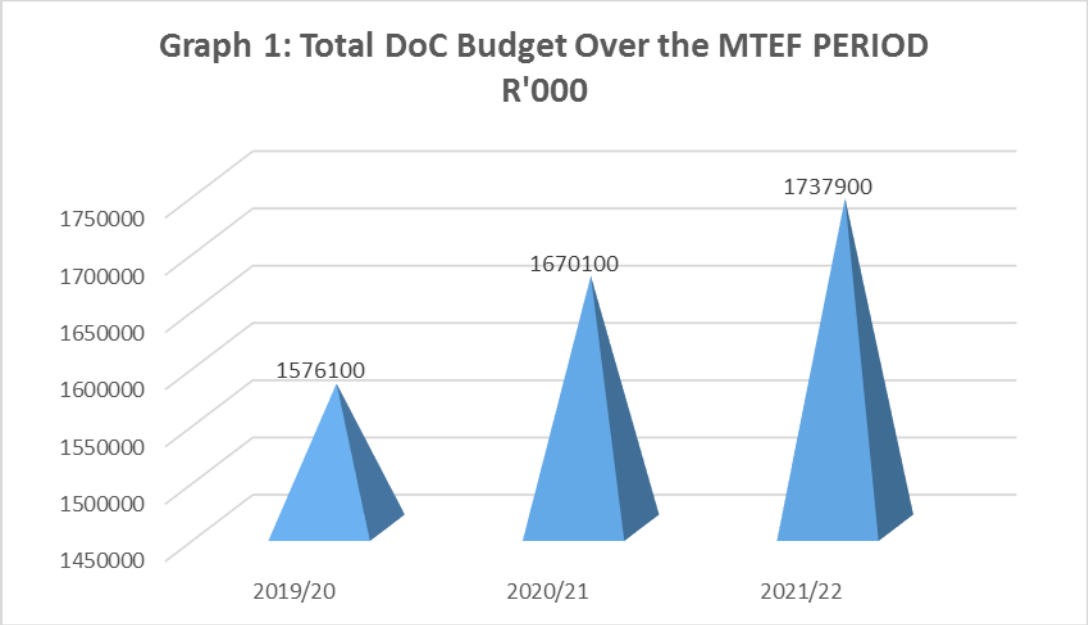
(i) Effective and efficient strategic leadership, governance and administration;
(ii) A responsive communications policy regulatory environment and improved country branding; and
(iii) Transformed communications sector.

The Department has set itself the following priorities for 2019/20:

(i) Improve universal access to broadcasting services and information: to develop and implement a Content Strategy; amend the Broadcasting Act and provide operational support to the Presidential Commission on the 4th Industrial Revolution (4IR);
(ii) Broadcasting Digital Migration – (enable early release of high demand spectrum): To review the delivery model in order to accelerate the release of the Radio Frequency Spectrum;
(iii) Information Communication Technology (ICT) Small Medium and Micro Enterprises (SMME) & Enterprise Development: To implement the Audio-Visual SMME Programme focusing on 4IR skills and Enterprise Development and facilitate and coordinate access to digital platforms for SMME's in audio-visual technologies;
(iv) International Participation/Engagements: To develop a position paper for South Africa ahead of the ITU-WRC 19, BRICS position paper, securing of 2 partnership programmes towards 4IR development in South Africa as well as supporting the Chairpersonship of the African Union by South Africa; and
(v) State-Owned Companies (SOCs) governance: To repurpose SOC's and Agencies in order to improve efficiency and service delivery.

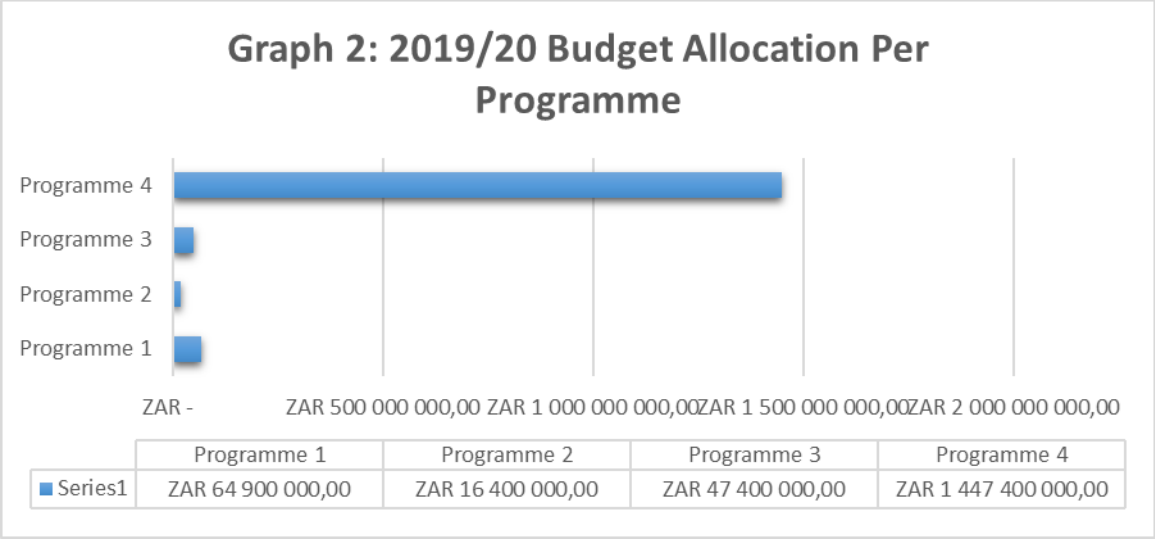
3. Departmental budget allocation and programmes

While for the 2018/19 financial years, the Department was allocated a budget of R1,526 billion, it has received a R1,576 billion for 2019/20 financial years and a nominal increase over the MTEF period as illustrated in the Graph 1 below.



With the commitments of the 6th term of national Government, it is important for the Budget vote to be adequately funded. The Committee, through its oversight mechanisms, has in the past noted that the lack of adequate funding for the budget vote had impacted negatively on its operations and that of entities reporting to it, especially during the 4th Parliament.

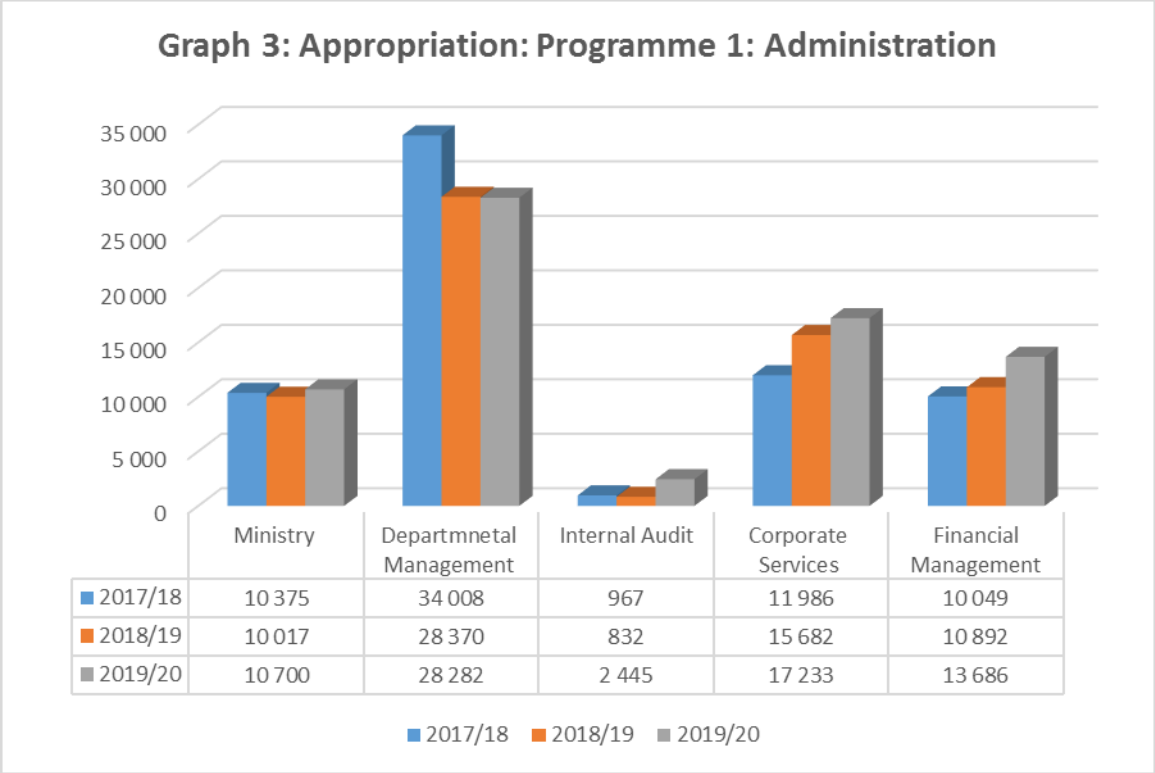
The Department was allocated a budget per programme as illustrated in Graph 2 below:



4. Expenditure analysis

The National Development Plan (NDP) envisages a citizenry that actively participates in government's socioeconomic transformation programmes to address poverty, unemployment and inequality in South Africa. This is given expression by outcome 14 (nation building and social cohesion) of government's 2014-2019 medium-term strategic framework, which is closely aligned with the work of the Department of Communications. Over the medium term, the Department will align its work by taking its cue from the June 2019 State of the Nation (SoNA) commitments as pronounced by the President. These include (i) building a capable and developmental state; (ii) Social Cohesion; and (iii) Building a better Africa and a better world. Furthermore, this will be achieved by aligning

the Annual Performance Plan to the MTSF priorities: to strengthen governance and public institutions; to build unity and embrace diversity; and South Africa and the world.
A total R64.9 million is allocated for administration of the Department in order to provide strategic leadership, management and support services to the Department while R16,4 million will be allocated for communications policy, research and development to conduct research, and develop communications and broadcasting policies. Management of enterprise development, broadcasting digital migration, industry research and analysis is allocated R47.4 million. The intent is to implement a structured programme of engagement with stakeholders in support of the Department's programmes and projects as illustrated in Graph 2 above.
Through the Administration programme, which is tasked to provide strategic leadership, management and support services to the Department, it is expected that the programme (R64 million) will be dedicated to ensuring the smooth transition of the merger of the new Department as recently proclaimed by the President. For the 2019/20 financial years, only 3.5% of the total budget will be used for operations as explained above. Compensation of employees will account for R87,700 million.
Graph 3 below provides the spending patterns per sub-programme over a three-year period. A significant portion (R28 million) of the appropriation goes to Departmental Management. The graph shows a steady decline during the medium term particularly when comparing to the 2017/18 financial year. Whereas the spending on Corporate Services increases to just above R17 million for 2019/20.



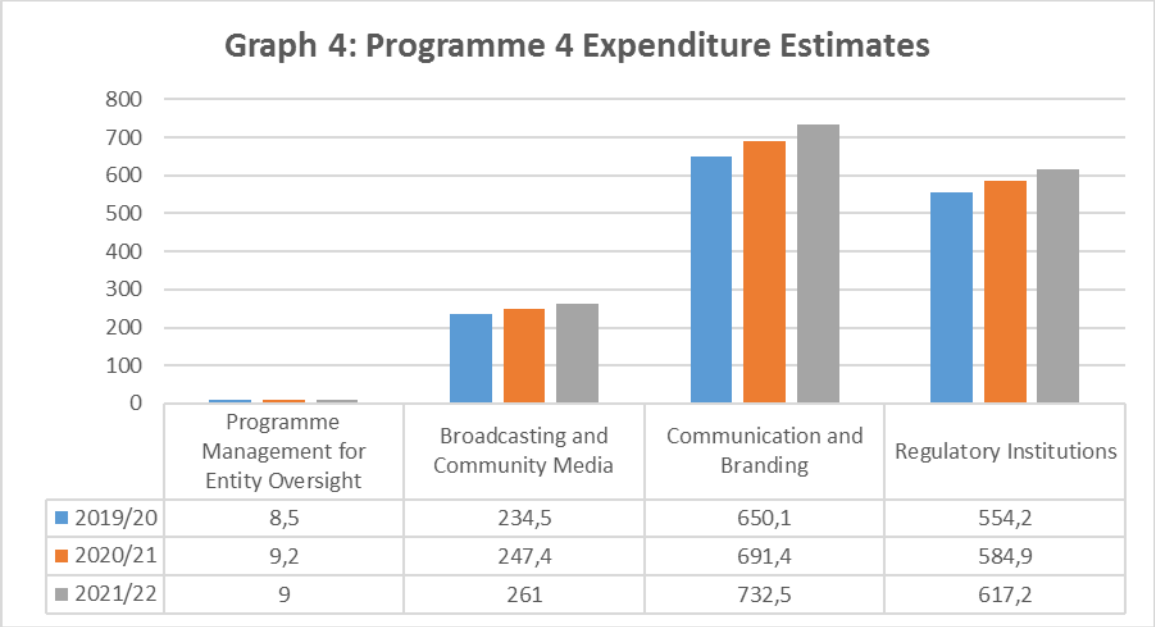
	Ministry	Departmnetal Management	Internal Audit	Corporate Services	Financial Management
2017/18	10 375	34 008	967	11 986	10 049
2018/19	10 017	28 370	832	15 682	10 892
2019/20	10 700	28 282	2 445	17 233	13 686

4.1 Strengthening entity oversight

Over the MTEF period R144 billion of the Department's total budget will be transferred to entities for the implementation of communications and broadcasting policies as well as for regulating the ICT sector. The purpose of this programme is to monitor the implementation of policies by SOEs and regulatory institutions, and provide guidance and oversight on their governance matters. There are four sub-programmes under this programme with five annual targets. However, no allocation is reflected for the Strategy and Policy Alignment sub-programme, whereas a large portion of the expenditure under this programme is for

communication and branding at R650 million, see Graph 4 below. Regulatory institutions account for R554 million. It is important to note that the broadcasting allocation is the lowest with R234 million for the 2019/20 financial year. There is an urgent need to review funding for the public broadcaster as it remains financially challenged and will continue to be unless some drastic review of the legislative and policy instruments to ensure that it is financially sustainable.

It is evident that a large sum of the budget is reserved for transfer to entities in order to monitor the implementation of policies by state-owned entities and regulatory institutions, and provide guidance and oversight on their governance matters. The onus will be on the Department to exercise effective oversight of its entities to ensure that they operate efficiently towards fulfilling their respective mandates.



	Programme Management for Entity Oversight	Broadcasting and Community Media	Communication and Branding	Regulatory Institutions
2019/20	8,5	234,5	650,1	554,2
2020/21	9,2	247,4	691,4	584,9
2021/22	9	261	732,5	617,2

Over the medium term, the Department will continue to monitor and assess the delivery of entities on their mandates and compliance to all relevant founding legislative prescripts. This is expected to be achieved through analysing quarterly performance and annual reports, and coordinating monthly and quarterly accountability forums between the Department and its entities. During 2018/19, the Department established a task team in order to ensure progress in resolving the financial constraints faced by the South African Broadcasting Corporation. The task team's purpose is to, among other things, monitor the implementation of the corporation's turnaround strategy, and assist with the development of a revised corporate plan and government guarantee application with the aim of making the corporation profitable and financially sustainable

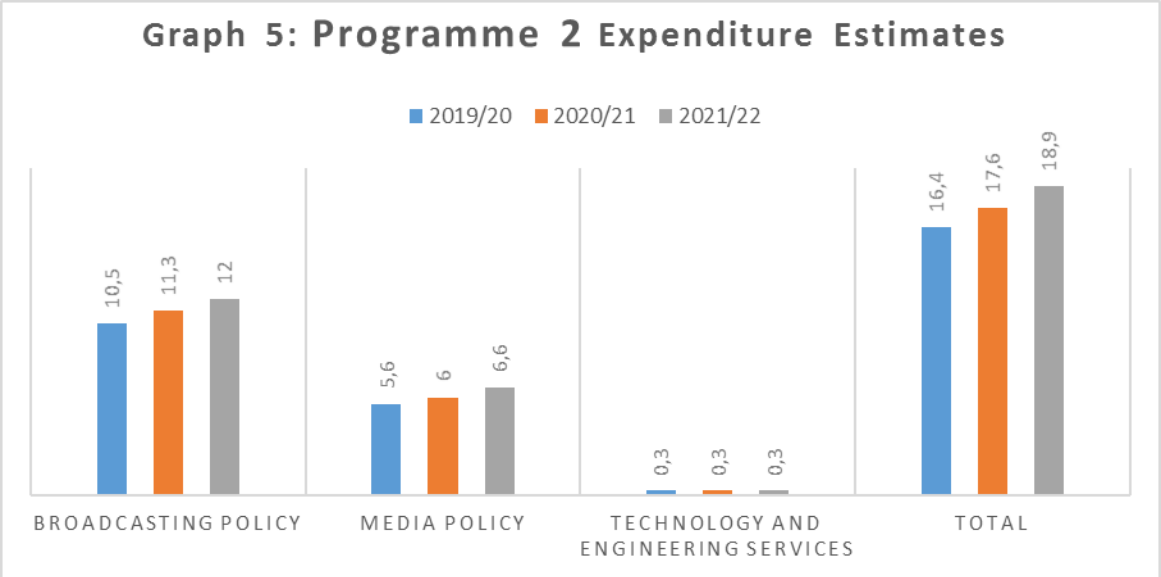
All activities related to strengthening entity oversight are carried out through the Entity Oversight programme, which has an allocation of R4,6 billion over the MTEF period.

4.2 Developing a responsive communications policy and regulatory framework

The Department is committed to promoting an informed citizenry through developing a responsive communications policy and regulatory framework. As such, over the medium term, the Department will focus on amending and updating communications policies to ensure they are aligned with international standards, especially in relation to online and on-demand broadcasting. As this involves content classification, it will ensure that children are protected from harmful content and cyberbullying. To promote a vibrant community media and communications sector, over the MTEF period, the Department plans to launch an appropriate course curriculum for digital media literacy in line with international best practice. This is expected to be done in partnership with private institutions and individuals, including non-Governmental Organisations (NGOs) and other civil society organisations.

Over the medium term, the Department also plans to develop and implement the Audio-Visual and Digital Content Bill, and a Charter for media transformation and diversity; and review and finalise the Media Development and Diversity Amendment (MDDA) Bill, which seeks to update outdated laws. These activities will be implemented through the Communications Policy, Research and Development programme, which has a budget of R52.8 million over the MTEF period.

According to the Department, the performance indicators for this programme will be measured against the strategic objectives to improve universal access to broadcasting services and information by all citizens, namely: (i) the tabling of the Broadcasting Amendment Bill; (ii) an operational PMO to support the Presidential Commission on 4IR; and (iii) the implementation of the Audio-Visual and Digital Content Act. The programme spending over the medium term as illustrated in Graph 4 below indicates that most of the budget will be spent on broadcasting policy activities and will steadily increase over the period in line with the Department's plan to overhaul the country's broadcasting and media policies in order to meet the changing needs of a sector operating in a highly advanced technological environment and meeting the communication needs of citizens. Spending on Technology and Engineering Services will remain consistent over the period.



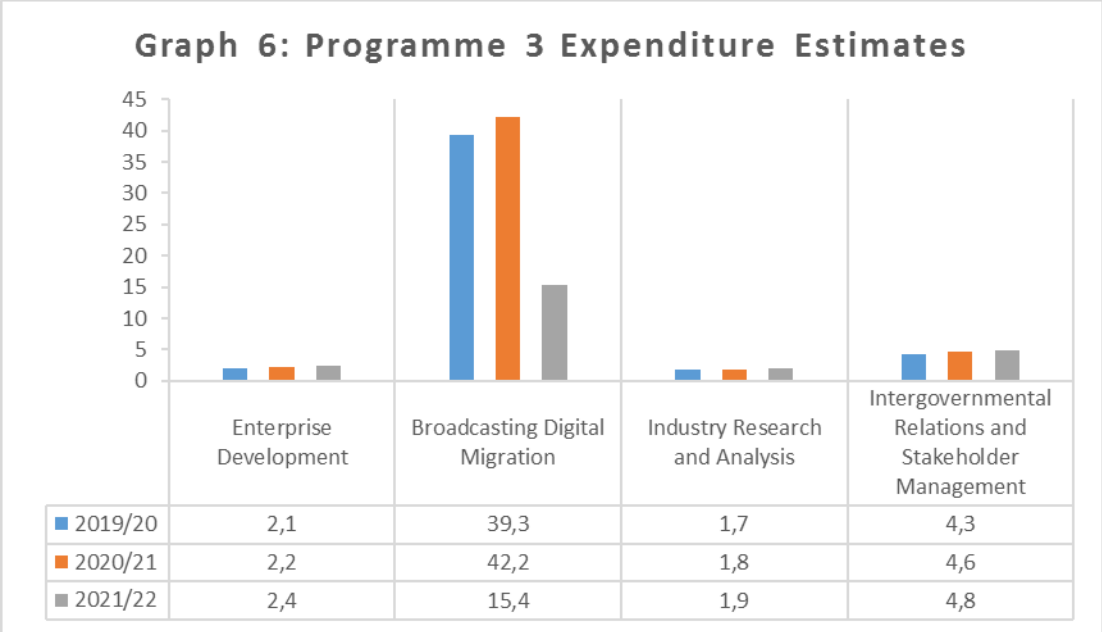
4.3 Transforming the communications sector through digital broadcasting

The shift from analogue to digital broadcasting is critical to transforming the communications sector, as it frees up much needed spectrum for broadband and other modern communications services. Digital broadcasting will enable South Africa to adapt to and participate meaningfully in a globalised economy. As such, the Department plans to fast-track the rollout of the digital migration project, which involves migrating all citizens by July 2020 to digital broadcast platforms. This is in line with the department's adoption of a new delivery model for digital migration, which was approved by Cabinet in 2018. The new model entails supplying digital set-top boxes (STBs) to citizens through retail stores rather than directly by government, thereby freeing up government procurement processes.

The model will follow a phased provincial approach, where targeted public awareness and messaging will be done by the department through marketing and education programmes broadcast mainly on the SABC's television and radio platforms, community radio and print media. Consumer awareness and registration campaigns will also be conducted by field teams comprising volunteers and contracted staff between April 2019 and July 2020. In addition, consumers will be provided with call centre support for all decoder installation and other related queries. This service will be administered and operated by Sentech due to its core role in the project. To carry out all activities related to the fast-tracking of the digital migration project, R96,9 million has been set aside over the medium term in the

Broadcasting Digital Migration (BDM) sub-programme in the Industry and Capacity Development programme.

Broadcast Digital Migration is the Department's flagship project and the majority of the budget allocated under this programme is directed towards Broadcast Digital Migration. The amount of R39 million has been allocated for the 2019/20 financial year. The expenditure is expected to increase during the 2020/21 (to R42 million) financial year presumably because of the looming switch-off deadline of analogue transmitters.



	Enterprise Development	Broadcasting Digital Migration	Industry Research and Analysis	Intergovernmental Relations and Stakeholder Management
2019/20	2,1	39,3	1,7	4,3
2020/21	2,2	42,2	1,8	4,6
2021/22	2,4	15,4	1,9	4,8

5. Entities reporting to the Department

5.1 ICASA

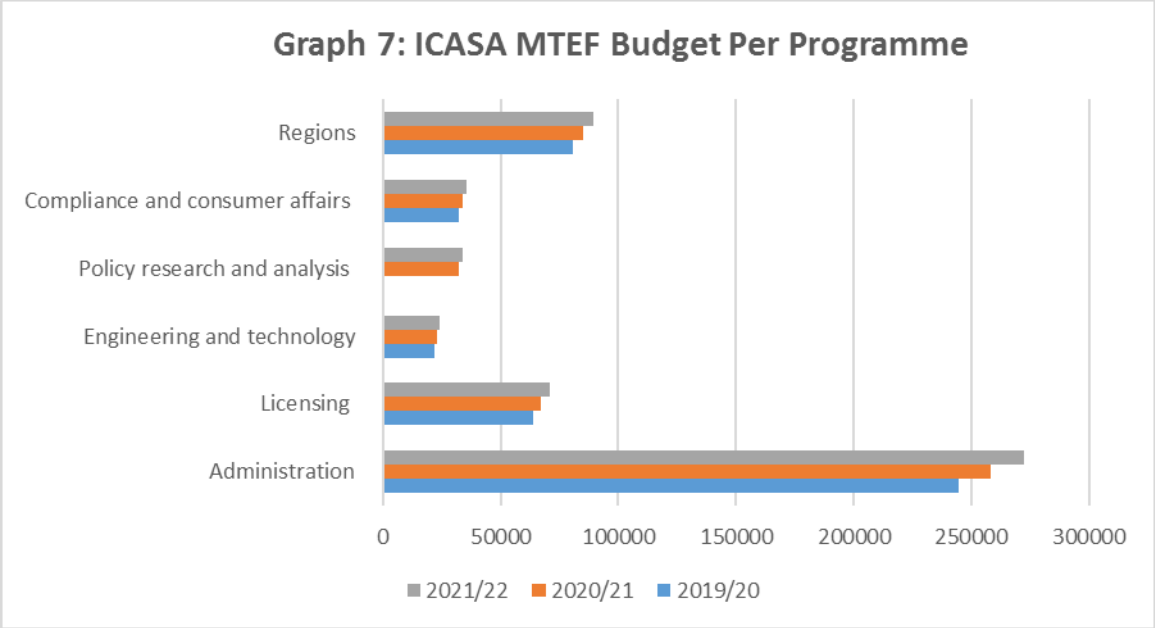
ICASA was established by the Independent Communications Authority of South Africa Act (2000) to regulate the South African communications, broadcasting and postal services sectors. The regulator's mandate is defined in the Electronic Communications Act (2005) as licensing and regulating electronic communications and broadcasting services, and in the Postal Services Act (1998) as regulating the postal services sector. Enabling legislation also empowers the regulator to monitor licensee compliance with licence terms and conditions, develop regulations for the three sectors, plan and manage the radio frequency spectrum, and protect consumers in relation to these services.

ICASA has five strategic outcome oriented goals over the period, namely: (i) to facilitate investment in and access to broadband infrastructure for sustainable socio-economic development; (ii) to promote competition and facilitate access to a broad range of communication services at an affordable cost; (iii) to promote respect, social integration, inclusivity and nation building through the regulations of broadcasting services; (iv) to position ICASA as an independent and credible regulator that inspires the confidence of consumers and other stakeholders; and (v) to enhance ICASA's capacity to fulfill its mandate through professionalism and improved organisational performance.

5.1.1 Expenditure analysis

Over the medium term, the ICASA intends to focus on increasing access to wireless broadband services to meet demand; protecting consumers against unfair practices by service providers; increasing competition in the telecommunications and broadcasting sector; and developing a framework for dynamic spectrum management. To meet the demand for wireless broadband services, the regulator plans to obtain inputs from the South African 5G Forum, which the authority established in 2018/19 to investigate the uptake of 5G systems, as well as update the national radio frequency plan after the world

radio communication conference in 2019. It is also expected to employ regulations for television white space (unused broadcasting frequencies in the wireless spectrum that can be used to deliver widespread broadband internet) as a first step to providing broadband services on a secondary basis in the 470-694 MHz band.
Over the medium term, the regulator plans to continue monitoring services provided by network operators in order to promote quality service delivery and protect consumers. Maintaining access to the high-demand spectrum at 958 MHz is expected to promote the investment and deployment of infrastructure in the sector over the MTEF period. Access to spectrum will enable licensees to roll out wireless broadband infrastructure.
ICASA receives 95.6 per cent (R1.4 billion) of its revenue over the MTEF period from transfers from the Department. Total expenditure is expected to increase at an annual average of 3.7 per cent, from R472,6 million in 2018/19 to R527,5 million in 2021/22. Graph 7 below is an overview of the regulator's budget over the MTEF period and it is evident that most of the funds are dedicated to the Administration objective with just over R244 million allocated for 2019/20 financial year; this is set to increase over the period:



5.2 SABC

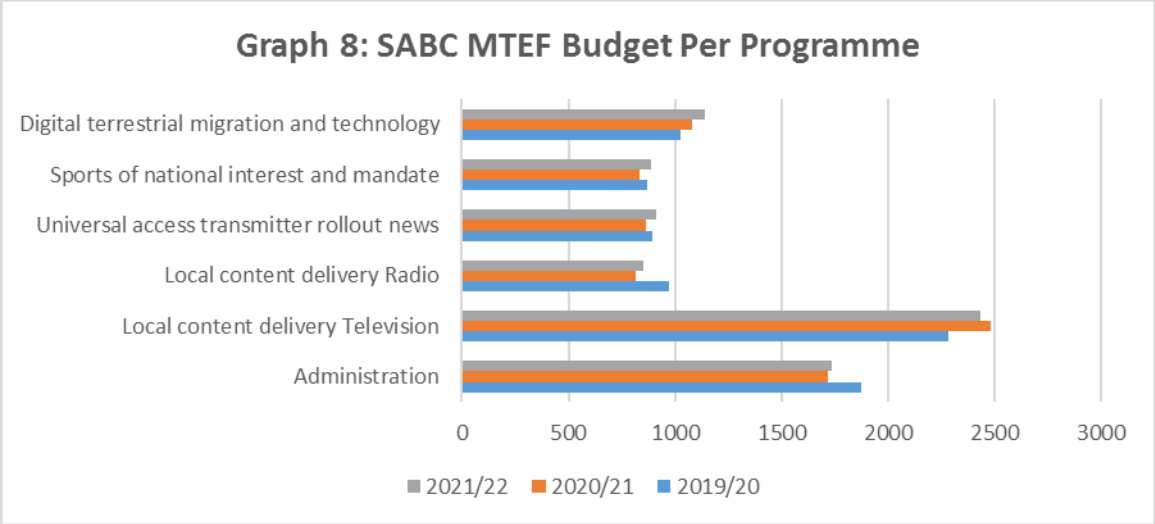
The South African Broadcasting Corporation is listed as a Schedule 2 public entity in terms of the Public Finance Management Act (1999). Its mandate is set out in its charter and in the Broadcasting Act (1999) and requires it to provide radio and television broadcasting services to South Africa.

5.2.1 Expenditure analysis

Over the medium term, the SABC plans to focus on improving the quality, diversity and accessibility of content; embracing diversity by acquiring or producing content from various demographic groups; and ensuring its long-term financial sustainability. To improve content over the MTEF period, the corporation aims to continue producing editorially independent news and current affairs content, and acquiring local and international television programmes.
In addition, over the MTEF period, the corporation plans to facilitate diverse programming by acquiring or producing content that represents all demographic groups and that portrays the African continent in a positive light. To further broaden diversity, it intends to broadcast 40 provincial programmes across its television channels. The corporation intends to broadcast 55 per cent local content on SABC 1 and SABC 2, and 45 per cent local content on SABC 3. It will also continue to broadcast all sporting codes of national interest. Total

spending on local content for television over the MTEF period is expected to be R7,2 billion, while total spending on local content for radio over the same period is expected to be R2,6 billion.

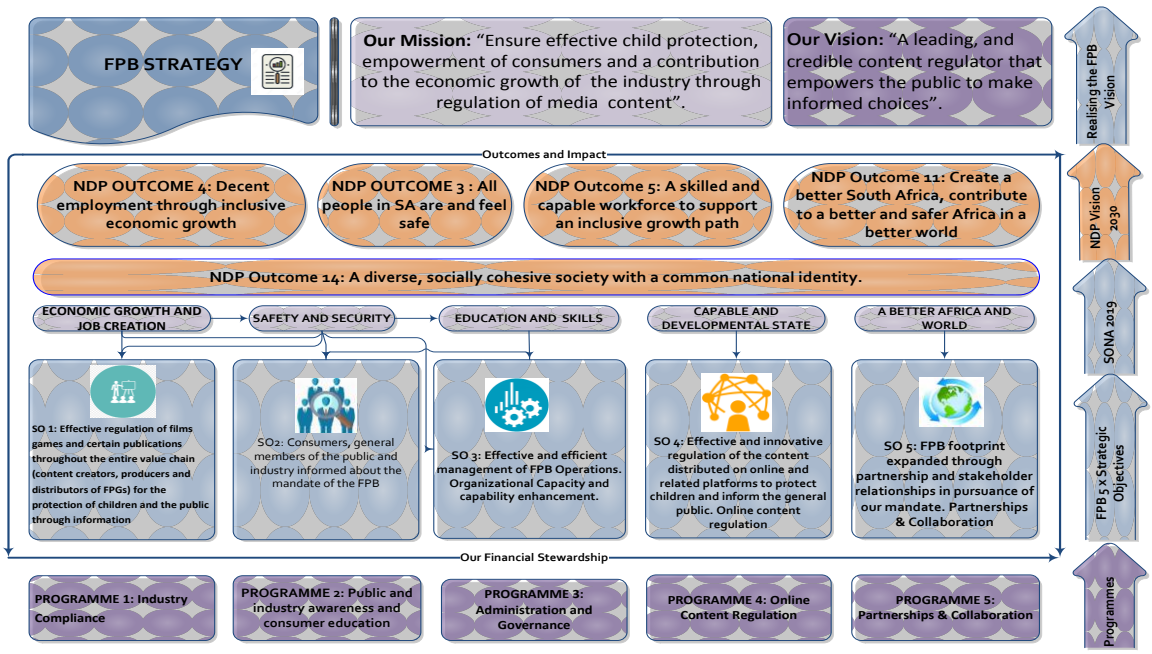
The corporation expects to generate 97.5 per cent (R23,7 billion) of its revenue over the medium term from licence fees, advertising, and sports sponsorship across television, radio and online platforms. Transfers from the Department account for 2.6 per cent (R630,5 million) of its revenue over this period. Total revenue is expected to increase at an average annual rate of 4.3 per cent, from R7.4 billion in 2018/19 to R8,4 billion in 2021/22. Expenditure is expected to increase at an average rate of 0.8 per cent, from R7,8 billion in 2018/19 to R8 billion in 2021/22. This low increase in expenditure is due to the continued implementation of austerity measures as part of the corporation's turnaround strategy. Much of the corporation's budget is spent on compensation of employees, which is expected to increase at an average rate of 5.5 per cent, from R2,8 billion in 2018/19 to R3,3 billion in 2021/22. Graph 8 below are SABC expenditure trends and estimates per programme.



5.3 The FPB

The FPB regulates and controls the creation, production, possession, exhibition and distribution of certain films, interactive computer games and publications in terms of the Films and Publications Act (1996).

The mandate of the Film and Publication Board is derived from the Films and Publications Act (1996), as amended in 2004 and 2009. The Board regulates the creation, production, possession and distribution of certain publications and films by means of classification. It is also responsible for imposing age restrictions on content and rendering the exploitative use of children in pornographic publications, films or online material punishable. The Board's total budget for 2019/20 is R110,4 million.



The illustration above is an overview of the alignment of FPB Strategic Objectives to the NDP outcomes and government priority programmes as outlined at the June 2019 State of the Nation Address (SoNA).

5.3.1 Expenditure trends

Over the medium term, the Board aims to ensure that online and mobile content, and material on related platforms, are regulated to protect children and sensitive viewers. It also plans to focus on enforcing industry compliance with the Amendment Bill which includes the criminalisation of "Non-consensual image sharing" (revenge pornography), raising public education and awareness, and strengthening partnerships and collaborations with non-governmental organisations and other government institutions.

Accordingly, over the medium term, the Board plans to conduct convergence surveys every two years to assess the extent to which our classification guidelines converge with that of SA norms and standards (social fabric) and 48 raids nationally for 2019/20 financial year and presumably 144 over the medium term.

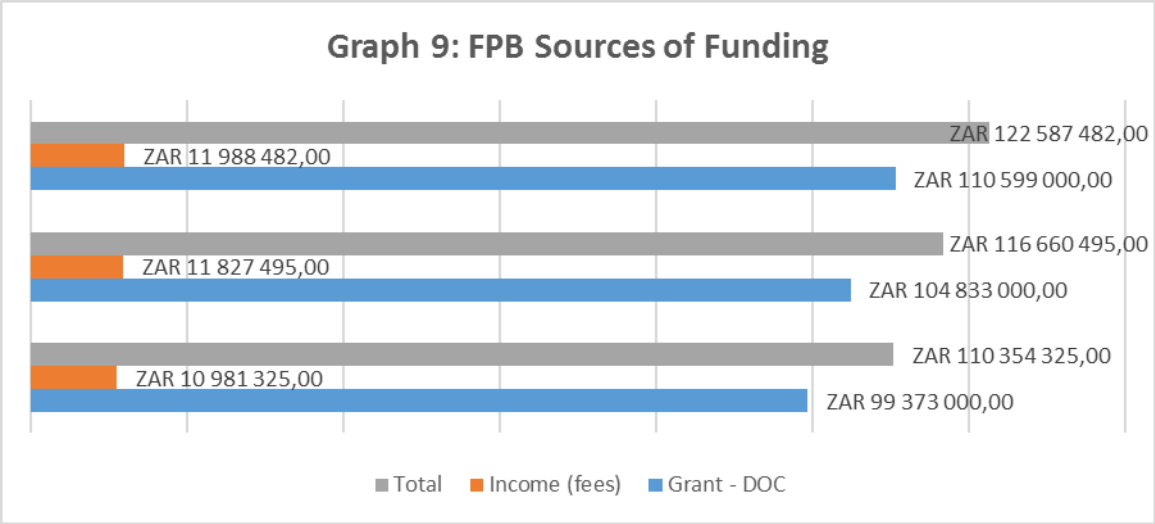
For 2019/20 financial year the Board will conduct 10 000 distributor compliance inspections, identify unregistered distributors on physical and online platforms, and analyse all material referred to it that may contain child sexual abuse. It will also issue non-compliance notices to at least 30% of inspected distributors

The Board plans to convene 1 workshop for 2019/20 financial year to initiate a SADC platform to discuss the harmonisation of content regulation strengthening partnerships and collaborations with non-governmental organisations and other government institutions. The World Bank competitiveness report ranks SA 82nd out of 190 countries with high-performing economies. The FPB goal in the next 3 years is to place SA at the Top 50 mark.

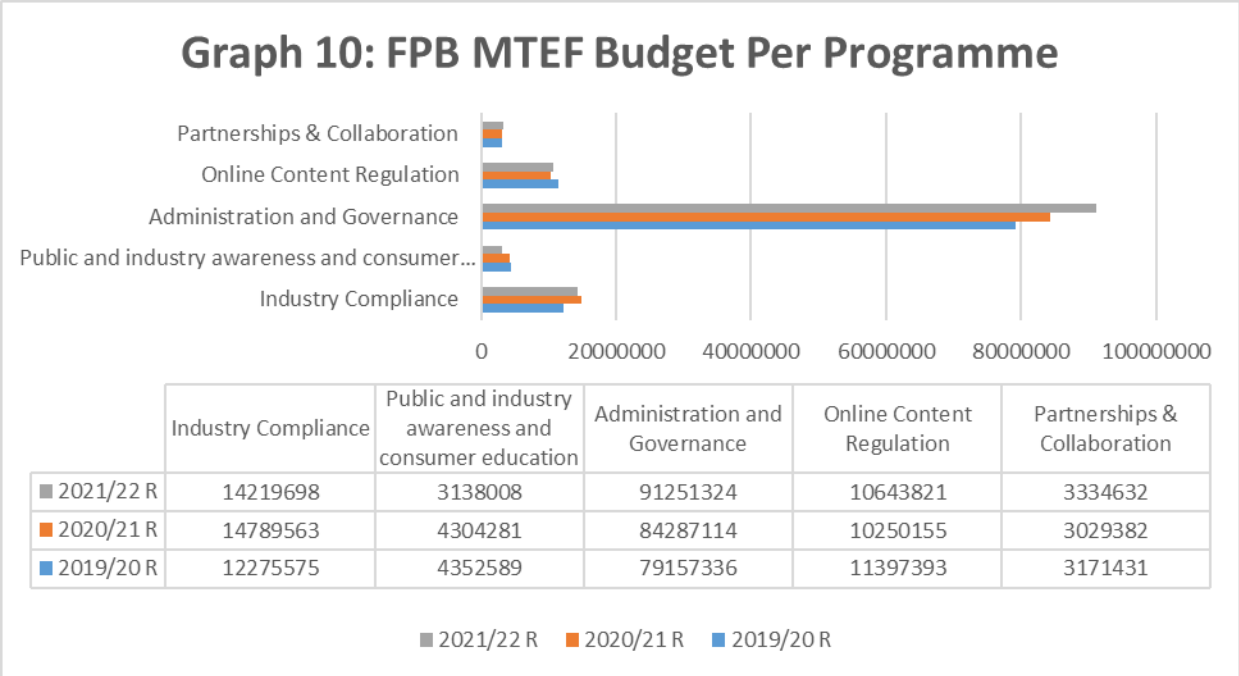
Over the medium term, the Board also aims to ensure that online and mobile content, and material on related platforms, are regulated to protect children and sensitive viewers. It also plans to focus on enforcing industry compliance with legislation, raising public education and awareness, and strengthening partnerships and collaborations with non-governmental organisations and other government institutions.

Over the medium term, the board plans to enforce industry compliance with legislation by conducting 9 000 surveys and 72 raids nationally, identifying unregistered distributors on physical and online platforms, and analysing all material referred to it that may contain child sexual abuse. The Board plans to promote education and raise public awareness by: conducting outreach and awareness campaigns nationally; training 900 educators, learners and parents on cyber safety; and strengthening partnerships and collaborations with non-governmental organisations and other government institutions.

To regulate distributed content, over the medium term, the Board aims to complete the final phase of upgrading its ICT infrastructure and implement a content regulation framework to ensure that all material submitted is classified and labelled appropriately.
To achieve these objectives, the entity receives transfers from the department amounting to amounting to R314,8 million over the MTEF period. These transfers account for 90 per cent of the Board's total revenue over the period, with the remainder generated from regulation fees. Total revenue is expected to increase at an average annual rate of 5.8 per cent, from R109 million in 2019/20 to R119 million in 2021/22.
FPB derives its funding from mainly income fees and grant funding as illustrated in Graph 9 below:



As illustrated in Graph 10 below, it is evident that the administration and governance programme is responsible for the large part of the budget. This may be because the Board nature of work involves content regulation and classification of online content. The new Amended Bill will provide much needed support to strengthen anti-child pornography campaigns, which may alter the spending patterns of the Board.



	Industry Compliance	Public and industry awareness and consumer education	Administration and Governance	Online Content Regulation	Partnerships & Collaboration
2021/22 R	14219698	3138008	91251324	10643821	3334632
2020/21 R	14789563	4304281	84287114	10250155	3029382
2019/20 R	12275575	4352589	79157336	11397393	3171431

6. Committee observations

6.1 The Department

The Committee supported the merger/reconfiguration of the two Departments (Communications and Telecommunications and Postal Services) into one.

The Committee noted:

(i) the Department's plan on the digitization of government information;
(ii) that government employees would be provided with digital skills;
(iii) that the DGs of Treasury and Communications would be meeting on Thursday, 4th July 2019 for further discussions about the SABC financial challenges;
(iv) government's commitment in assisting the SABC to deal with its financial challenges;
(v) that the Department would be tabling the Broadcasting Amendment Bill in 2019/20 which would seek to assist among others, the SABC as well as respond to the dynamics of a technology-driven sector;
(vi) that the Department would soon be issuing a spectrum policy directive;
(vii) that 1st April 2020 is the deadline given for the two Departments to have merged;
(viii) there were communities that have migrated to DTT, for an example, the Free State Province albeit with some signal challenges;
(ix) the Minister had established work streams to ensure a smooth reconfiguration; and
(x) a moratorium is in place to merge possible duplicate positions as well as the skills audit instituted to evaluate skills resources available to the Department.

The Committee noted with concern the serious financial challenges still facing the SABC.

6.1 SABC

The Committee commended the SABC Board and Executive Management:

(i) for the excellent work that they had done for the public broadcaster;
(ii) for the savings of R1 billion on the basis of the strategies implemented by the Board to (a) increase revenue, (b) Contain costs, and (c) resolving internal inefficiencies;
(iii) for a job well done in successfully covering the elections and for having the best watched online app during the 2019 National Elections; and
(iv) for entering the Over-The-Top (OTT) market with its new mobile applications.

The Committee noted:

(i) that the TV license collections revenue had witnessed a steady growth accounting for 15 per cent of its revenue;
(ii) SABC had one of the biggest digital platforms in Africa;
(iii) a government guarantee would enable the SABC to source finding;
(iv) that salary increases for employees were at 6 per cent as per a three-year agreement that SABC had with employees;
(v) that while the Board was recently complemented with new members, it is working in unison to uphold its fiduciary duties;
(vi) the SABC could not at this stage share its new business model as it was commercially sensitive information;
(vii) that despite liquidity challenges, SABC radio enjoys 73 per cent market share accounting for 28 million listenership weekly, mainly due to a dedicated staff compliment;
(viii) SABC witnessed revenue growth despite the country economic downturn;
(ix) reduction in fruitless and wasteful expenditure as well as the associated recovery of monies involved;
(x) that the SABC has responded to 89 per cent of the Audit findings to date; and
(xi) the effective partnerships that the SABC has to improve its service offering.

The Committee noted with concern:

(i) that the current funding model of the SABC is an anomaly, the public mandate funds are used for commercial obligations;
(ii) the SABC cannot guarantee the health and safety of its employees due to aging infrastructure;

(iii) that the SABC Board inherited an organisation plagued with financial crisis and continues to be, with the current debt of R1,9 billion;
(iv) that the revenue versus month-to-month expenditures relation is abnormal and may further result to additional problems
(v) that the acquisition of sports rights and the 'must-carry' regulations are both an impediment to the well-being of public broadcasting;
(vi) TV license fees have not been reviewed in a long time resulting in non-profitability;
(vii) that the SABC has witnessed a decline in Free-To-Air (FTA) market share from 47 to 38 percent in the past financial year, as a result of lack of investment in local content development and
(viii) financial net loss of R957 million with sports rights taking over R300 million and being the main driver for operating losses.

6.2 ICASA

The Committee noted:
(i) that ICASA has challenges with its funding model;
(ii) with concern that funds were not used as a result had to be returned to National Treasury;
(iii) that ICASA had a number of ongoing inquiries, which amongst others include the "must carry" regulations.

7. Committee Recommendations

7.1 The Department

The Committee resolved that:
(i) the Minister must report to the Committee once they have completed their engagements with National Treasury on the SABC financial challenges; and
(ii) the Minister should make the skills audit report available to the Committee as soon the process is finalized.

The Committee will further engage the Department and all its entities on all commitments made during the consideration of APP's.

7.2 SABC

The Committee resolved that the Minister should:
(i) make available a comprehensive operations report, containing programmes relating to the rehabilitation process of the SABC;
(ii) prioritize the normalizing of governance and financial mismanagement at the SABC;
(iii) collaborate with SIU and SAPS to try to recover monies of the SABC;
(iv) ensure that the SABC review policies in order to ensure continued compliance to sound financial practices as prescribed by the PFMA and other relevant legislation governing State Owned Entities (SOE's);
(v) ensure that the SABC fast-tracks the maintenance and prioritizes the safety of the buildings and health of its employees;
(vi) continue to implement the Reports of the Public Protector, AGSA; Internal Forensic; and Parliament's Ad hoc Committee, and provide updates to the Committee when requested to
(vii) ensure that the SABC pays off its debtors as soon as the loan is secured and report back to the Committee; and
(viii) ensure that the SABC, when ready, to present to the Committee its content development strategies to gain FTA audience market share;

Lastly, the Committee wishes to acknowledge and thank the employees of SABC for continuing to serve the public broadcaster and the country with dedication irrespective of the financial challenges at the corporation. The Committee will continue to monitor how the SABC spends the savings.

7.3 ICASA

The Committee resolved that the Minister should make available ICASA's election report as soon as it is finalized.

Report to be considered.