

# Four SA Collecting Societies collectively holding R1.17 billion in cash – egregious and a disgrace is the view, as well as an overdue and urgent call to order to order – where is the State oversight and the scrutiny of SARS, CIPC and the Reserve Bank?

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Johannesburg - An audit currently being conducted on the estates of Lebo Mathosa and Ray Phiri has brought to the fore the existence R1.17 billion due to artists, writers, record labels and publishers, in the hands of four collecting societies - hiding in plain sight...in the annual financial reports of the four collecting societies, making it very difficult to know what belongs to who.....expect that none of the cash belongs to any collecting society...none of it is owned by a collecting society to do with as it sees fit. The vast bulk belongs to members, of which Lebo Mathosa and Ray Phiri are but two of many.

Instead one finds.....in the opinion of the writer, governance gone amok.....missing in action and absent – a duty of care nowhere to be seen.

The four collecting societies, each dealing with various music rights RAV (music videos and labels), CAPASSO (authors/composers and publishers), SAMPRA (record labels and performers) had the cash holdings (money available for distribution to members in the main) at their respective 2021 financial year ends as follows:

<b>RAV</b>	<b>R73 million</b>
<b>CAPASSO</b>	<b>R353.42 million</b>
<b>SAMPRA</b>	<b>R389.80 million</b>
<b>SAMRO</b>	<b>R355.33 million</b>

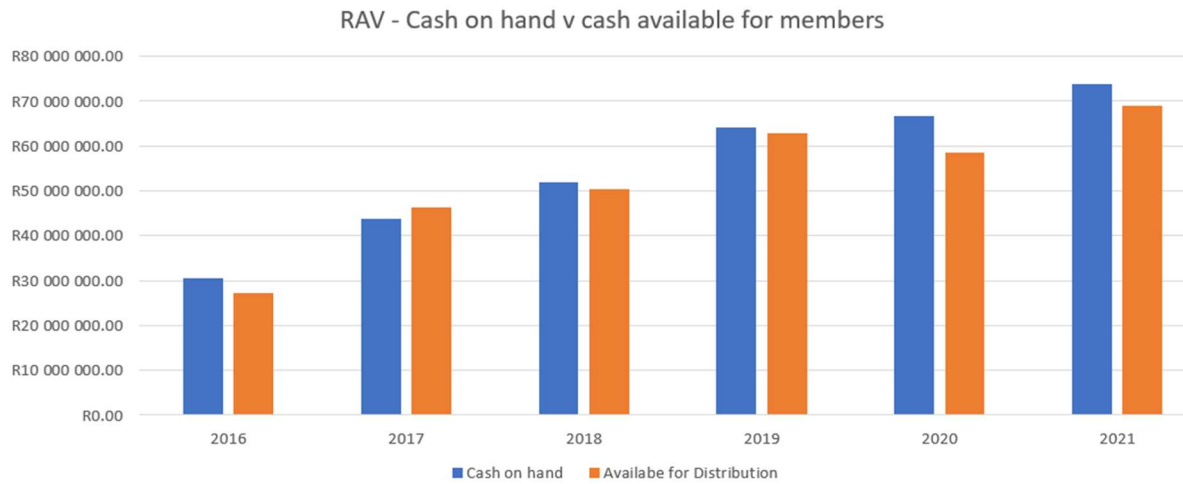
<b>Total</b>	<b>R1.17 billion</b>
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A total of R1.17 billion, the overwhelming bulk of which belongs to members variously remains unpaid sometimes for years which causes overwhelming financial prejudice to creators and performers as well as record labels and publishers.

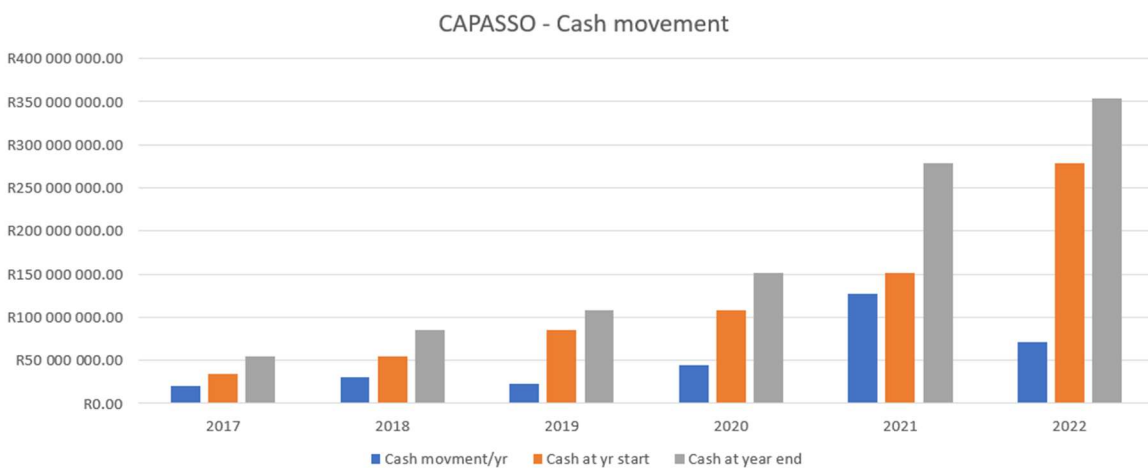
The thing is that unlike the NAC disastrous PEP fund distributions where financial grant support was offered to creators and entrepreneurs during COVID, here it is a different story – the royalty monies held by the 4 societies are actually monies already earned and received by intermediary collecting societies.....just not paid on to the members. If one thinks for a moment that the onset of COVID brought any case of care or compassion from the 4 societies to their members – think again -such

never occurred. What is jarring to the nerve ends is that the cash build that RAV, CAPASSO, SAMPRA and SAMRO have engaged in over the past 5 + years is, one opines, morally inept and a manifestation of callous disregard for a duty of care.....COVID distress be damned.

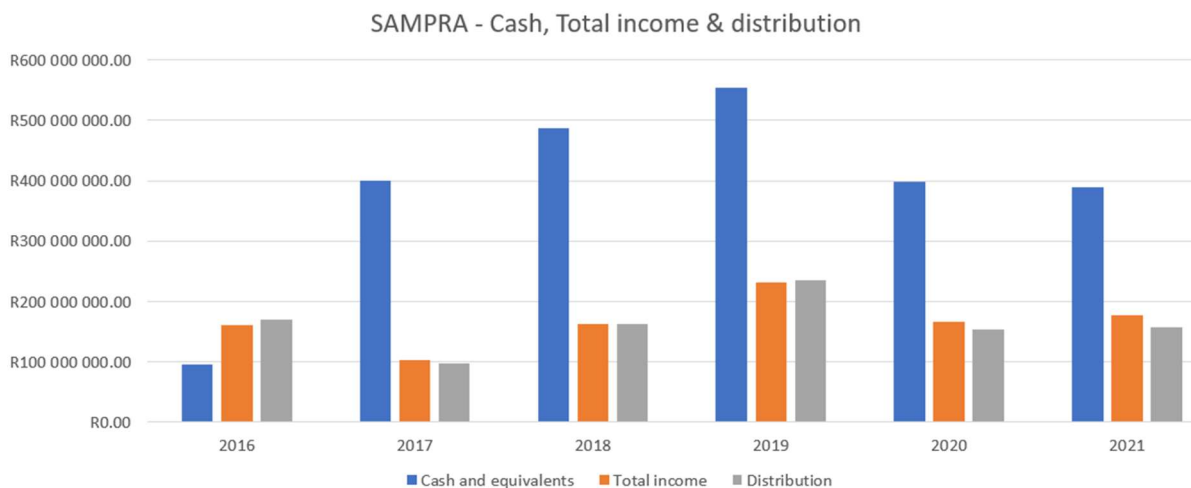
Below the charts tell a story: first RAV:



And then CAPASSO



And then SAMPRA



There are 3 looming questions that the executives at RAV, CAPASSO, SAMPRA and SAMRO must answer:

1. Why is each society holding on to so much members cash?
2. What are the tax implications of withholding monies due to members – as in *inter alia* who is responsible for tax due on these monies, the collection society or the member?
3. What exactly are the interest implications? Can any collection society (all NPOs or NPCs) lawfully pay interest to members on undistributed monies withheld by the collecting society.

Whilst there are various views, it is argued that any entity needs to hold at least a year's costs on hand, certainly never 10 years +...which is what the case is here with these 4 collecting societies.

There is a very urgent and immediate need for SARS, CIPC and the Reserve Bank to subject RAV, CAPASO, SAMPRA and SAMRO, their books and executives to very serious scrutiny as well as to consider whether in fact these four are in actual fact "financial intermediaries" for they collect monies, invest monies, pay monies, offer funds.....all in respect of members yet with the incredibly weak notion of non-profits and devoid of the scrutiny of the state.

Of critical note to the powers – each of CAPASSO, SAMPRA and SAMRO, routinely transfer copyright South African borders without interest, notion or care for the Currency and Exchanges Act, 1933 (Act No. 9 of 1933) Exchange Control Regulations, 1961 (section 10. 1 (c) read with 10.4) requirements. Scrutiny by the Reserve Bank and SARS is long overdue – the cost to the fiscus is in the billions.

It is not the job or task of collecting societies to amass piles of members cash and in doing so to treat members monies as personal piggy banks as some opine. The financials speak for themselves and if DTI finds its spine, intervention will be swift and change the workings of the music industry forever for the better.

Urgent state agency intervention is called for as well as a call for collecting societies to pay their members promptly and to cease building cash piles at the expense of members, all of whom are responsible for the African child and those not yet born.

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