



Annual Report 2019

CONTENTS

- EXECUTIVE SUMMARY
- SABC AT A GLANCE
- ANNUAL FINANCIAL STATEMENTS
- PERFORMANCE AGAINST PRE-DETERMINED OBJECTIVES
- HUMAN RESOURCES



EXECUTIVE SUMMARY

The South African Broadcasting Corporation is one of the key institutional pillars of our democracy, delivering essential content to millions of South Africans on multiple platforms and in 14 different languages, on a daily basis.

The SABC remains one of South Africa's biggest national treasures.

The SABC is going through a process of change and recovery and ultimately financial sustainability.

- The broadcasting landscape is evolving at an exceptional pace;
- there is a plethora of new technologies in the market;
- opportunities to adapt to the constant changes in audience behaviour and the way they consume content;
- participate effectively in the complex competitive environment; and
- take on the great challenges public service broadcasting across the globe is facing.

It is essential that the SABC transforms itself to meet its vision of becoming the leading, credible voice and face of the nation and the continent.

EXECUTIVE SUMMARY (cont)

- The SABC's dire financial situation worsened during the 2018/19 financial year and the Corporation ended March 2019 with a **cash balance of only R72 million**.
- Its cash flow is depleted and consequently the SABC **could not honour payments** to service providers, adhere to its committed contracts, and commission local content productions.
- The SABC ended the financial year with a **loss of R482 million**.
- Losses have decreased over the past number of years from R1 billion in 2016/17, to R744 million in 2017/18, to a loss of R482 million in 2018/19 - **this is a 35% improvement**. However, the SABC's financial position remains severe.
- **Revenue declined by 3%** to R6.4 billion, impacting further on the SABC's severe liquidity constraints.
- **Total expenses declined by 6% or R475m**. The underspent was mainly as a result of the liquidity constraints that resulted in the significant curtailment of investment in content, infrastructure, repairs and maintenance and marketing.
- The Corporation further **pursued cost containment measures** actively and is encouraged by the commitment to and achievement of the various identified initiatives.
- The main contributors to the losses were as a result of **sporting events**, the decline in **revenue** and interest incurred as a result of the liquidity constraints.

EXECUTIVE SUMMARY (cont)

- The SABC's liquidity constraints resulted in an **increase in total liabilities**, of which the main contributing factor was the increase in the trade and other payables that amounted to **R1.6 billion** as at 31 March 2019 with creditor payment days nearing 143 days.
- During the year under review, the SABC placed extra-ordinary effort in **improving its internal controls** and ensuring that governance is restored in the Corporation.
- Encouraging is the **decline in irregular expenditure by 41%** to R 336 million.
- Though fruitless and wasteful expenditure increased, the majority of the amount reported for the 2018/19 financial year, relates to transactions incurred in prior years, notably 63% or R141million. Of the remaining R83million, R81million was incurred as a result of interest and penalties due to late payments associated with the liquidity constraints
- Of significant importance is that the Corporation's **Auditor General Opinion** that improved from a **Disclaimer Opinion** for the 2017/18 financial year, to a **Qualified Opinion** for the year under review.

EXECUTIVE SUMMARY (cont)

- During the year under review, the SABC performed **very well in contributing to nation-building and social cohesion** by acquiring and scheduling content that reflects the South African story on both its radio and television platforms.
- **Local content quotas were achieved** on all three television channels.
- **74% local music** was played on the SABC's public service radio stations.
- The SABC's television programmes still demands the highest audience share during prime time and its radio stations commands an unbeatable share of **72,6%**.
- Digital media platforms are gaining traction and the SABC developed an **SABC News app and Election's Website** in time for the National Elections.
- The SABC's **social media platforms** are also attracting millions of followers.
- SABC1 and SABC3 that started broadcasting in **High Definition (HD)** on DStv and DTT in June 2018. The introduction of HD ensured that audiences enjoy a picture quality that is clearer and crispier than was the case with normal Standard Definition.

EXECUTIVE SUMMARY (cont)

- The SABC also initiated **two Commissions of Inquiry**, one into Sexual Harassment and another into the Editorial Independence of the organisation. Recommendations are being implemented where required.
- **Various investigations** by the Special Investigative Unit (SIU) were also conducted to root out wrong-doing within the organisation. This led to a number of disciplinary hearings and the subsequent dismissal of employees who were found guilty of misconduct.
- The SABC were also able to **clear 81% of all its external audit findings** prior to year-end.
- The SABC was **recognised through a variety of awards** including the Liberty Radio Awards, Promax Awards, Afrikaans Media Awards as well as the South African Traditional Music Awards.



SARC
AT A GLANCE

"ENCOURAGING
LEARNING
THROUGH
ENTERTAINMENT."



• Since 2010
Find out from the
experts how things work
and what opportunities
are available to the
young people of mZansi.
Tomz mZansi's number
one science and
technology edutainment
show. Available on
Monday and Tuesday at
16:00 on SABC2.

OUR PLATFORMS

TELEVISION

Three
terrestrial &
two satellite
channels

Average 27.9
million viewers
per month

SABC 1 = 31,4%
Prime Time Share

SABC2 = 12%
Prime Time Share

SABC3 = 3,3%
Prime Time Share



Adult (15+)
audience:
25.8 million



Adult (15+)
audience:
24.6 million



Adult (15+)
audience:
20.6 million



Adult (15+)
audience:
4.4 million



Adult (15+)
audience:
4.5 million

OUR PLATFORMS

RADIO

18 Radio Stations &
Channel Africa

Average 28.9 million
listeners per week

72,6%
Audience Share



DIGITAL MEDIA





● Since 2019
Economics Unbound equips South Africans with information that will help them make better economic and financial decisions. Joined by ordinary South Africans in well-informed and purposeful conversations about the South African economy. Thursdays at 21:30 on SABC News Channel on DSTv channel 404.



"TRANSFER SKILLS
THAT WILL ENCOURAGE
INDEPENDENCE
FOR A LIFETIME."



ANNUAL
FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS - SUMMARY

Loss for the year of
R482.4m
(FY2018 restated -
R744,1m)

35% improvement

Revenue at R6.4bn declined by **R166.4m (3%)**

↓ Advertising revenue decline - **R240.5m**

↑ Government grants growth - **R27.5m**

↑ Trade exchange growth - **R43.3m**

Drop in advertising
revenue mainly in
TV as radio
surpassed prior FY

Total Assets of R5,3bn - an
increase of **R1.1bn^[2]** from
FY2018

R1.6bn
CURRENT
ASSETS

R3.7bn
NON CURRENT
ASSETS

IFWE incurred of **R531m**



Irregular of **R336m - R235m (41%)**

Fruitless of **R224m (R141m
relates to FY2018 and before) -
R140m (167%)**



Total Expenses of R7bn - decline of **R475m^[1]** from
FY2018 **(6%)**

↓ Impairment of PFSR declined - **R141.4m**

↓ Broadcast costs declined - **R72.7m**

↓ Employee costs decline - **R291.4m**

↑ Other operational costs grew - **R34.4m**

Expenditure
reduction was
due to liquidity
challenges and
decline in
revenue

Total Liabilities of
R3.8bn^[3]
- increase of **R299m** from
FY2018

R2.4bn
CURRENT
LIABILITIES

R1.4bn
NON-
CURRENT
LIABILITIES

^[1] This decline in the current year is due to the prior period error which was processed in the current year relating to SAFA rights

^[2] Total Assets growth is mainly actuarial gains on the Defined Benefit Asset of **R1.2bn**

^[3] Total liabilities increased by R300m due to increase in Trade and Other Payables by R502m and decrease of provisions by R184m

INCOME STATEMENT ANALYSIS

Adjustment for non-recurring transactions

R '000	FY 2019	EXPLANATION
Loss for the year	(482,359)	
Adjust for Competition Commission penalty	54,290	Fines resulting from non-routine non-competitive business practice
Provision for medical aid fraud settlement reversed	(125,830)	Subsequent judgments on the on-going matters have been in favour of the SABC
SAMPRA provision adjustment (4% to 3%)	(31,424)	Downward adjustment of estimate based on the court judgement
Normalised results	(583,323)	

Net loss attributes

Advertising
revenue
decline
(-5%)

+

Interest on late
payments/
overdue
accounts
(R23 m)

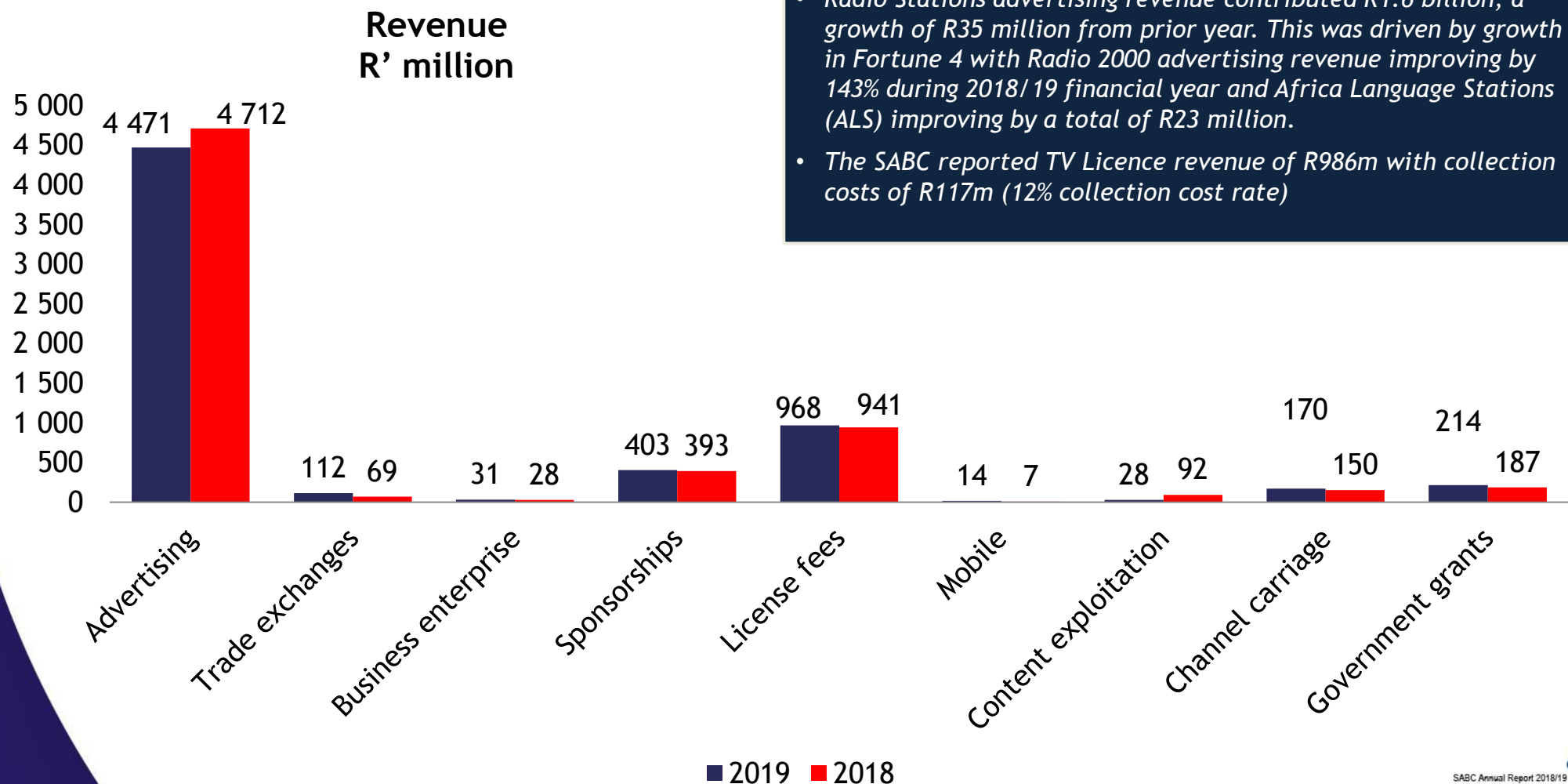
+

Sports net loss
(R406 m)

=

**Net loss
(R482m)
(107% cost
to income)**

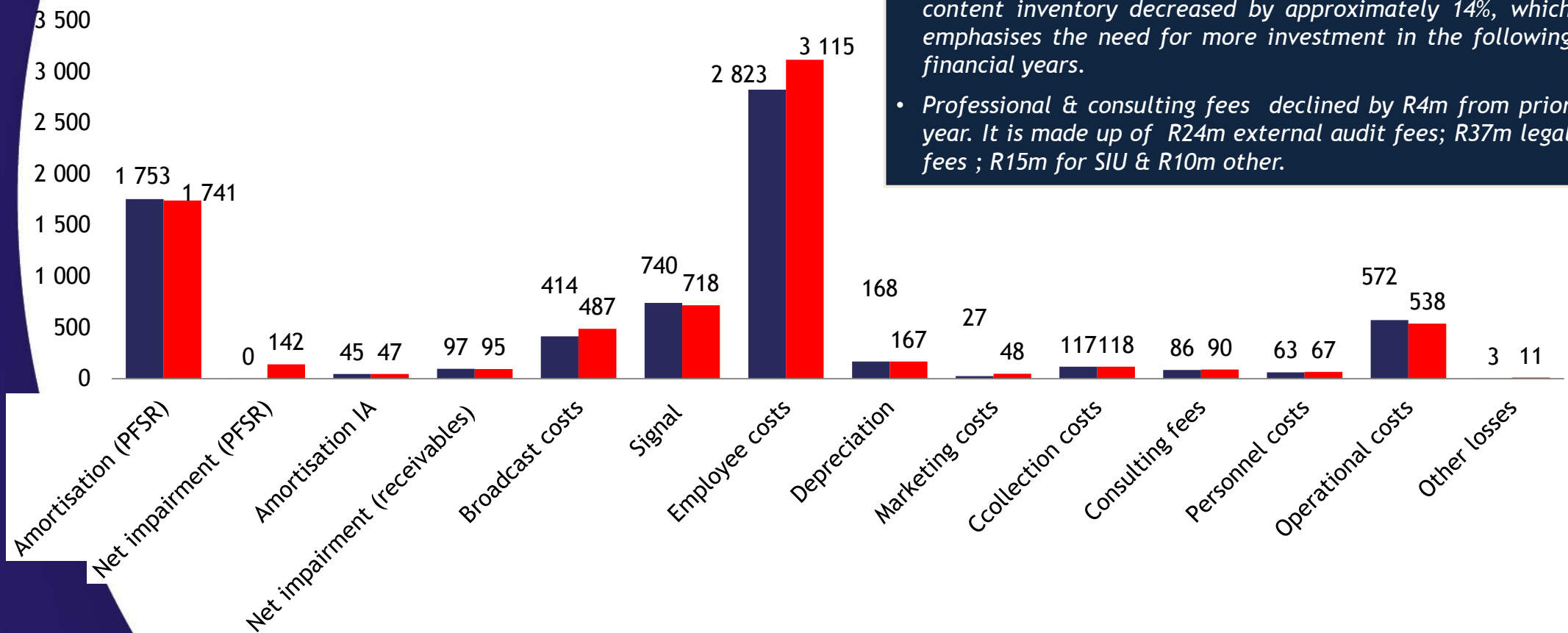
INCOME STATEMENT ANALYSIS - REVENUE



- Advertising revenue at R4.5 billion (2018: R4.7 billion) make 70% of total revenue. Of the total advertising revenue, R2.9 billion (2018: R3.1 billion) is from television advertising. Advertising revenue declined by 6% under pressure from lower investment in content that is negatively affecting channel viewership, the general depressed media market and competition from digital platforms.
- Radio Stations advertising revenue contributed R1.6 billion, a growth of R35 million from prior year. This was driven by growth in Fortune 4 with Radio 2000 advertising revenue improving by 143% during 2018/19 financial year and Africa Language Stations (ALS) improving by a total of R23 million.
- The SABC reported TV Licence revenue of R986m with collection costs of R117m (12% collection cost rate)

INCOME STATEMENT ANALYSIS - EXPENSES

Expenditure
R' million



- The salary bill and amortisation of content account for most of the SABC's total expenditure. The employee cost of 3167 permanent and 1500 independent contractors as at 31 March 2019 remained the highest expense. The 9% decrease in employee cost is as a result of reduction in the workforce through retirement, resignations and normal attrition by 243 employees.
- The SABC broadcast a high number of repeat programmes due to the financial liquidity challenges, which in turn then resulted in a decline in the amortisation of content. The content inventory decreased by approximately 14%, which emphasises the need for more investment in the following financial years.
- Professional & consulting fees declined by R4m from prior year. It is made up of R24m external audit fees; R37m legal fees ; R15m for SIU & R10m other.

■ 2019 ■ 2018

FY2018 RESTATEMENT

ADJUSTMENTS FOR PRIOR PERIOD ERRORS

R '000	Previously Reported	Adjustments	Restated Balance	Explanation
Programme Film & Sports Rights	756,473	(149,200)	607,253	Impairment of sports rights
Trade & Other Payables	1,117,746	15,129	1,132,875	Bonus accrual adjustment
Deferred government grants	203,575	38,208	241,783	Alignment of government funded assets
Total Impact on Balance Sheet		(172,299)		
Items included in the income statement				
Amortisation of PFSR	(1,714,029)	(27,280)	(1,741,309)	Adjustments to amortisation rates in terms of contract
Impairment on PFSR	(61,755)	(80,007)	(141,762)	Impairment on content not received
Employee & Director compensation	(3,099,781)	(15,129)	(3,114,910)	Adjustment to bonus accruals for in-year movements in scale codes
Impact on income statement for FY2018		(122,415)		
Adjustments to opening retained earnings	-	(80,141)		
Impact on closing retained earnings	(871,219)	(202,556)	(668,663)	

CASH FLOW REVIEW

WEAKENED PERFORMANCE

Cash Outflows from operations (R74m)	Cash invested in capital assets (incl. proceeds from disposal) (R145m)	Proceeds from government grants R180m
Payment on vehicle finance leases (R15.2m)		
Repayment of government debt (R3.4m)		
Cash balances at hand R72.6m		
Decline of R58m from 2018		

FINANCIAL POSITION REVIEW

↓ CURRENT RATIO 0.64 TIMES (0.78TIMES) TARGET 1.63 TIMES	↓ DEBTOR COLLECTION 54 DAYS (48 DAYS) TARGET 60 DAYS	↓ CREDITOR PAYMENT TERMS 142 DAYS (75 DAYS) TARGET 60 DAYS	↓ CASH BALANCE R73M (R131M PRIOR YEAR)
---------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------	----------------------------------------------------------------------

BALANCE SHEET	Mar 2019 R'000	Mar 2018 R'000
Non- current assets	3,719,559	2,590,188
Current assets	1,573,214	1,626,578
ASSETS	5,292,773	4,216,766
Equity	1,455,567	678,789
Non-current liabilities	1,388,920	1,455,407
Current liabilities	2,448,285	2,082,570
TOTAL LIABILITIES	3,837,205	3,537,977
EQUITY & LIABILITIES	5,292,773	4,216,766

- Financial statement prepared on a going concern
- Special appropriation of R3.2bn was approved by Cabinet on 23 July 2019. This will be given to the SABC in tranches (once pre-conditions are met).

ANALYSIS

- Persistent net current liability position throughout the financial year, creating liquidity challenges.
- Equity reserve only increased from actuarial gains on the defined benefit asset.
- Lower investment into capex is diminishing the asset base (negatively affecting the balance sheet).
- Trade and other payables amount to R1.6bn. Further R256m in provisions.
- Reduced cash holding.

COST CONTAINMENT INITIATIVES

Moratorium on filling of vacant positions

Usage of freelancers in the provinces for sporting events Broadcast happening in the provinces, rather than broadcasting in Auckland Park (sports freelancers)

Utilisation of internal campaigns and e-billing

Effective monitoring of legal services and close scrutiny of legal invoices (some are even sent for taxing by the Master)

Cost optimization of travel and accommodation through negotiation with travel agencies

Printing management (quota on pages being printed, print release, costing per person)

CASH CONSERVATION INITIATIVES

INITIATIVES	BUDGET SAVINGS
Delays in the execution of marketing campaigns	R43 million
Delays in the implementation of repairs and maintenance	R36 million
Lower investment in content inventory	R312 million
Lower investment in capex	R212 million
Reduction in training costs	R21 million

IRREGULAR EXPENDITURE ANALYSIS

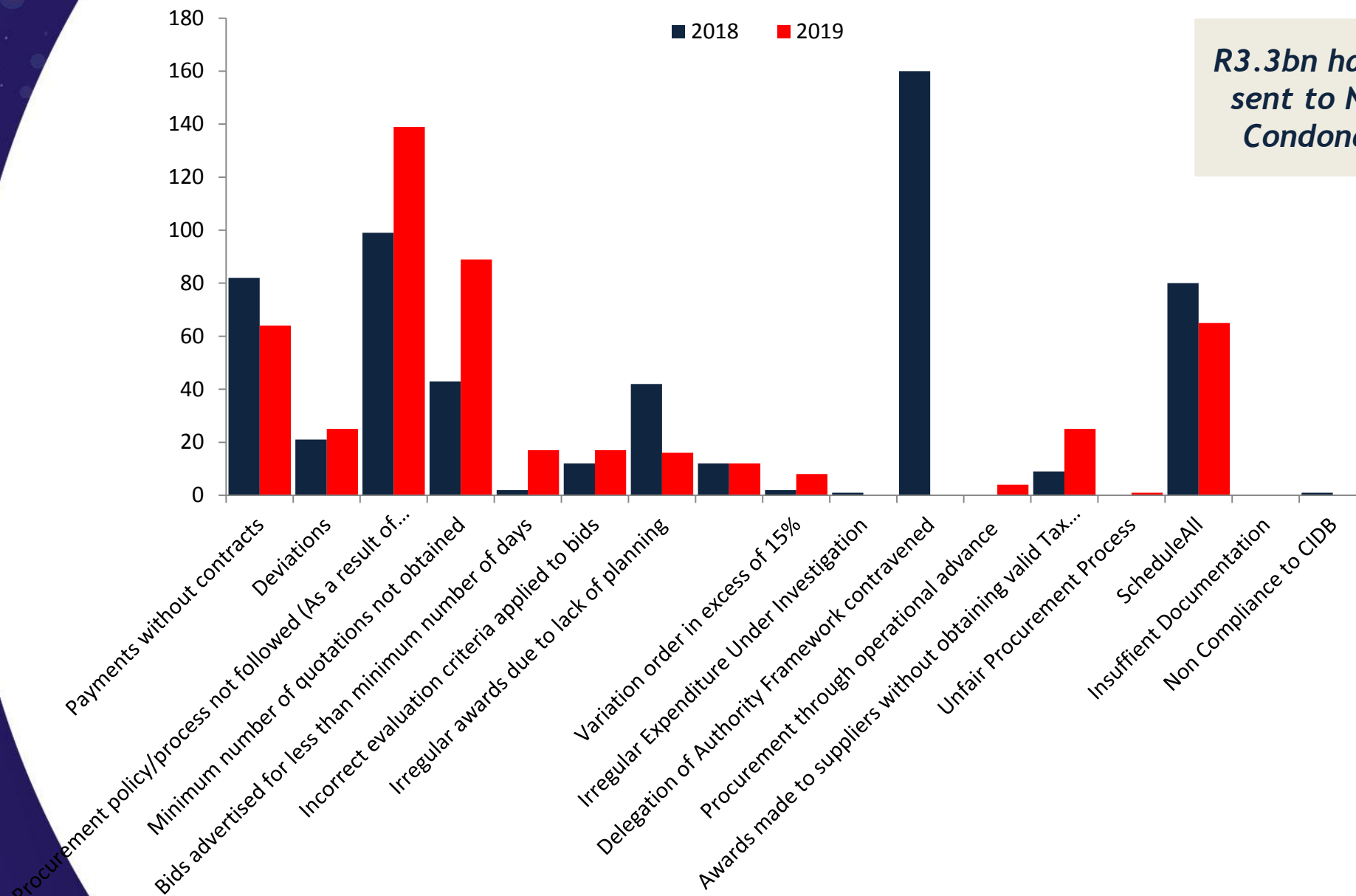
Details of Irregular Expenditure	2019			2018			Movement		
Incident	R000	No of Vendors	No of Records	R000	No of Vendors	No of Records	R000	No of Vendors	No of Records
Payments without contracts	88,743	64	820	121,504	82	930	(32,761)	(18)	(110)
Deviations	19,311	25	89	34,789	21	157	(15,478)	4	(68)
Procurement policy/process not followed (As a result of prior disclosure)	176,548	139	1,071	146,135	99	1709	30,413	40	(638)
Minimum number of quotations not obtained	26,147	89	406	27,355	43	420	(1,208)	46	(14)
Bids advertised for less than minimum number of days	85,378	17	392	8,649	2	70	76,729	15	322
Incorrect evaluation criteria applied to bids	53,267	17	153	8,759	12	84	44,508	5	69
Irregular awards due to lack of planning	11,756	16	120	101,372	42	1135	(89,616)	(26)	(1,015)
Procurement through quotation process versus competitive	6,087	12	41	7,405	12	138	(1,318)	0	(97)
Variation order in excess of 15%	14,493	8	102	1,526	2	77	12,967	6	25
Irregular Expenditure Under Investigation	0	0	0	25,364	1	265	(25,364)	(1)	(265)
Delegation of Authority Framework contravened	0	0	0	135,545	160	1485	(135,545)	(160)	(1,485)
Procurement through operational advance	17	4	4	0	0	0	17	4	4
Awards made to suppliers without obtaining valid Tax Clearance Certificates	2,810	25	24	5,531	9	33	(2,721)	16	(9)
Unfair Procurement Process	61	1	1	0	0	0	61	1	1
ScheduleAll	28,215	65	2,503	35,968	80	2875	(7,753)	(15)	(372)
Insufficient Documentation	0	0	0	55,898	0	0	(55,898)	0	0
Non Compliance to CIDB	0	0	0	1,831	1	1	(1,831)	(1)	(1)
Total	336,285	482	5,726	571,496	566	9379	(235,211)	(84)	(3,653)

IRREGULAR EXPENDITURE - 4 YEAR TREND ANALYSIS

Incident	2018/19 R'000	2017/18 R'000	2016/17 R'000	2015/16 R'000
Payments without contracts	88,743	121,504	0	40,932
Broadcast without Contract	0	00	0	14,934
Deviations	19,311	34,789	0	
Procurement policy/process not followed	176,548	146,135	514,949	16,226
Procurement through quotation process versus competitive	6,087	7,405	0	0
Variation order in excess of 15%	14,493	1,526	0	0
Irregular Expenditure Under Investigation	0	25,364	0	0
Delegation of Authority Framework contravened	0	135,545	79,968	718
Awards made to suppliers without obtaining valid Tax Clearance Certificates	2,810	5,531	92,006	142,316
Inadequate monitoring of contracts / Split Orders	0	0	0	225,980
ScheduleAll	28,215	35,968	0	0
Insufficient Documentation	0	55,898	0	0
Non Compliance to CIDB	0	1,831	0	0
Misappropriation of resources	0	0	0	0
Other	61	0	0	117
Sundry	17	0	0	0
Total	336,285	571,496	686,923	441,223

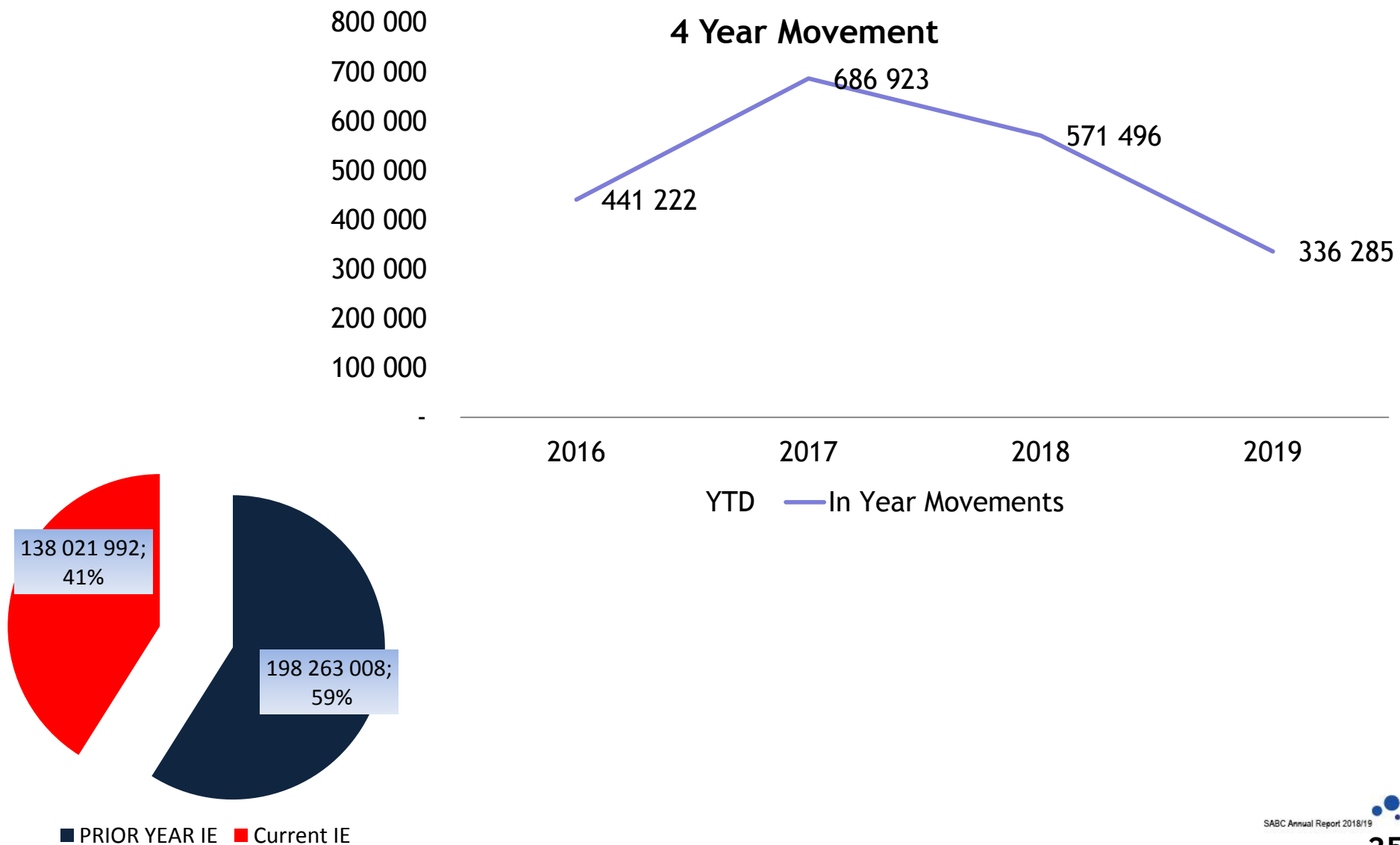
IRREGULAR EXPENDITURE ANALYSIS (cont)

CONTRIBUTORS



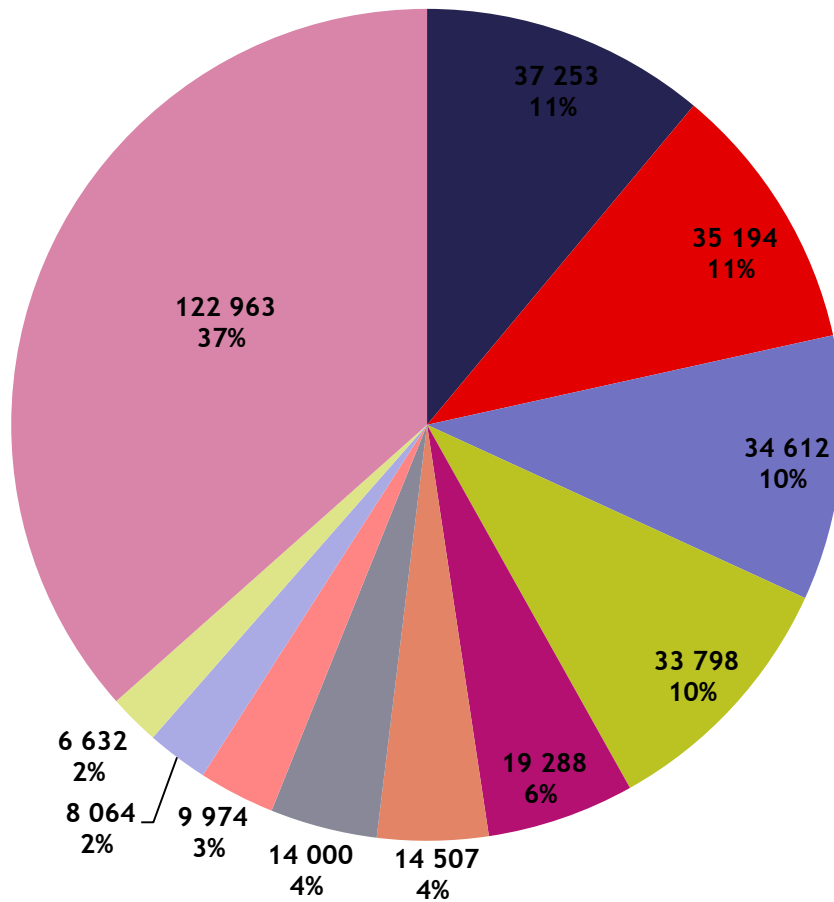
IRREGULAR EXPENDITURE ANALYSIS (cont)

CURRENT YEAR IE EXPENDITURE ANALYSIS



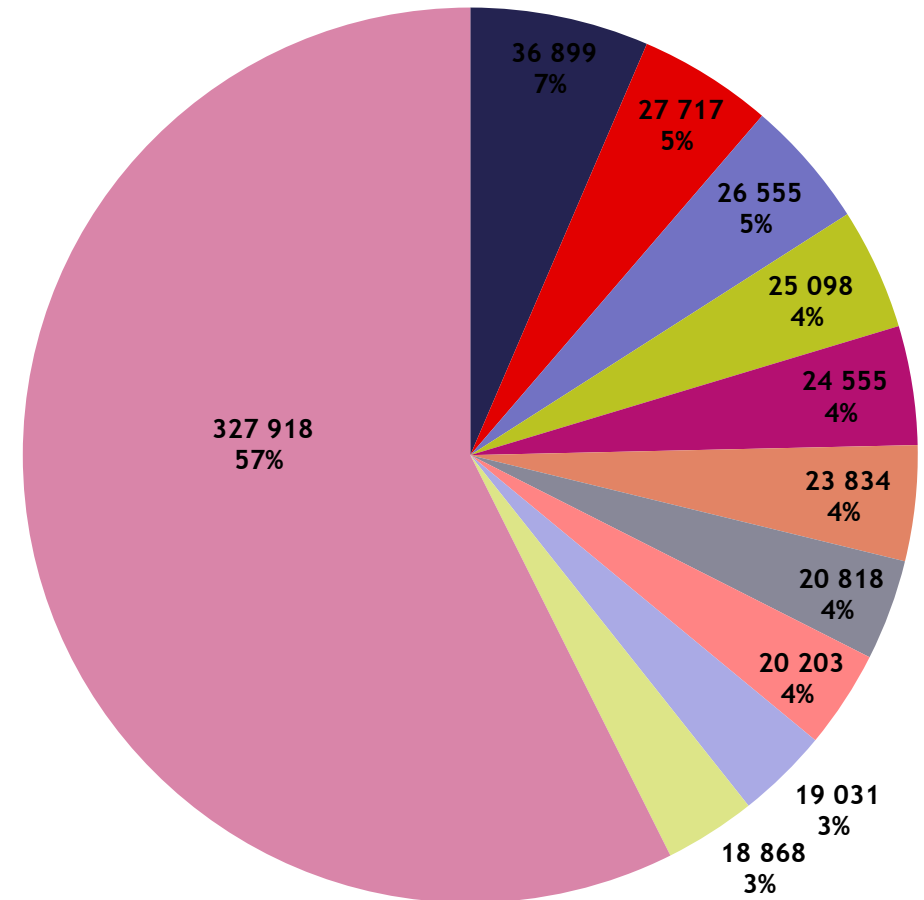
TOP 10 IRREGULAR EXPENDITURE CONTRIBUTORS

63% OF TOTAL IE
2018/19



■ Debtors collection 1 ■ Debtors collection 2 ■ Security ■ Debtors collection 3
■ Internet ■ Licensing ■ Cleaning ■ Printing
■ Transport ■ Broadcasting ■ Other

43% OF TOTAL IE
2017/18



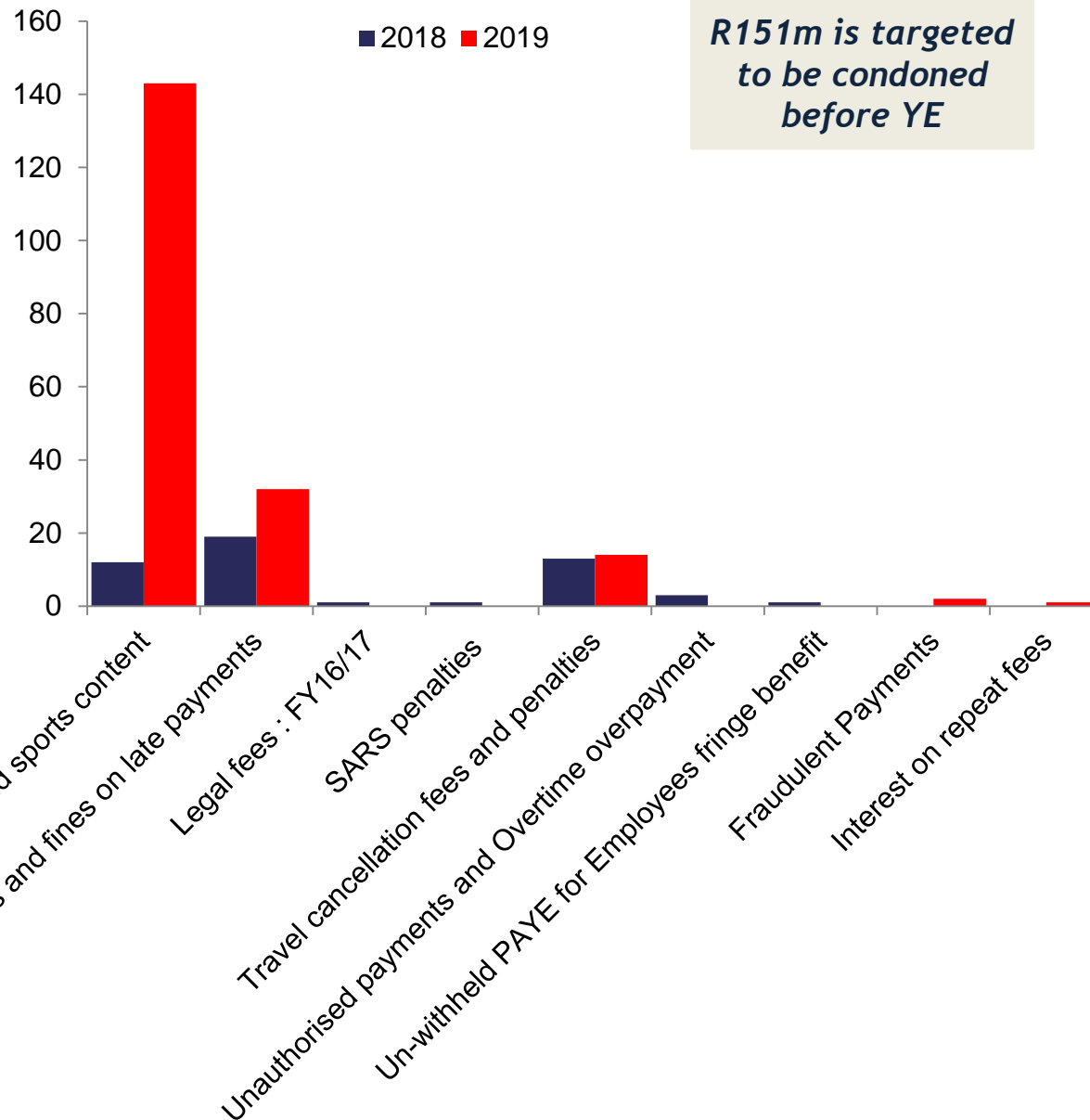
■ Technology equipment ■ Security 1 ■ Debtors collection 1
■ Debtors collection 2 ■ Debtors collection 3 ■ Internet
■ Banking ■ Marketing ■ Licensing
■ Security 2 ■ Other

FRUITLESS AND WASTEFUL EXPENDITURE ANALYSIS

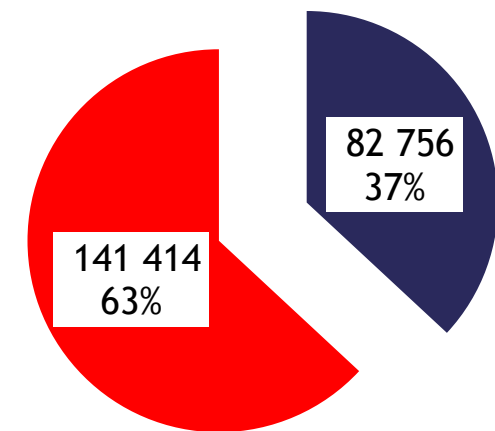
Details of Irregular Expenditure	2019			2018			Movement		
Incident	R000	No of Vendors	No of Records	R000	No of Vendors	No of Records	R000	No of Vendors	No of Records
Impairment of foreign and sports content	136,173	143	152	1,678	12	13	134,495	131	139
Interest, penalties and fines on late payments	76,953	32	640	14,235	19	319	62,718	13	321
Legal fees : FY16/17	0	0	0	5,437	1	1	(5,437)	(1)	(1)
SARS penalties	0	0	0	20,578	1	3	(20,578)	(1)	(3)
Travel cancellation fees and penalties	64	14	144	110	13	64	(46)	1	80
Unauthorised payments and Overtime overpayment	0	0	0	24,768	3	8	(24,768)	(3)	(8)
Un-withheld PAYE for Employees fringe benefit	0	0	0	17,216	1	1	(17,216)	(1)	(1)
Fraudulent Payments	7,326	2	2	0	0	0	7,326	2	2
Interest on repeat fees	3,655	1	1	0	0	0	3,655	1	1
Total	224,170	192	939	84,022	50	409	140,148	142	530

FRUITLESS AND WASTEFUL EXPENDITURE ANALYSIS (cont)

CONTRIBUTORS



CURRENT YEAR FW EXPENDITURE ANALYSIS



■ Current year ■ Prior year

AUDIT OPINION ANALYSIS

	Movement	FY 18/19	FY 17/18	FY 16/17
OVERALL AUDIT OPINION	↑	Qualified	Disclaimer	Adverse
Total number of findings		127	215	146
Financial statements	↔			
Property, plant & equipment	↔	X	X	X
Irregular expenditure	↑	X	X	X
Going concern	↑		X	X
Programme film & sports rights	↑		X	
Trade & other payables	↑		X	X
Taxation			X	
Deferred government grants	↑			X
Expenditure				X
Predetermined objectives				
Usefulness	↔			X
Reliability		X	X	X

AUDIT OPINION ANALYSIS (cont)

	Movement	FY 18/19	FY 17/18	FY 16/17
Compliance				
Annual Financial Statements, performance report & annual report	↔	X	X	X
Procurement & contract management	↔	X	X	X
Expenditure management	↔	X	X	X
Consequence management	↓	X		X
Revenue management	↓	X		
Strategic planning	↑		X	

The final external audit findings resolution rate for FY2018 was 90% (196 out of 218). This includes findings resolved after the financial year end.

AUDIT OPINION ANALYSIS (cont)

FY 18/19



QUALIFIED

Except for the items listed below, the financial statements are fairly presented

Basis of qualified opinion:

Property, plant and equipment

The registers/ schedules for the *Assets under Construction* submitted to the AG were not adequate for them to make an audit conclusion on completeness.

Irregular expenditure

Lack of adequate systems to detect all instances of SCM contraventions which resulted in irregular expenditure. Amount disclosed in AFS was therefore incomplete.

FY 17/18



DISCLAIMER

There was lack of sufficient appropriate audit evidence to express an opinion, mainly due to going concern

Basis of disclaimer:

Going concern:

The SABC had cash flow challenges which casted doubts on the viability on the foreseeable future.

Property, plant and equipment:

There were poor internal controls around management of Assets under Construction. The SABC also did not adequately apply all the technical accounting requirement for government funded assets , as well impairment tests. Also impacting tax.

Programme, film & sports rights:

The SABC did not adequately apply technical accounting requirement for content archives.

Trade & other payables:

The SABC could not substantiate that expenses which were not recognized in the prior year were actually recognized

Irregular expenditure

Lack of adequate systems to detect all instances of SCM contraventions which resulted in irregular expenditure. Amount disclosed in AFS was therefore incomplete

FY 16/17



ADVERSE

Because of the materiality of matters listed below, the financial statements were not fairly presented

Basis of adverse:

Going concern:

The SABC had cash flow challenges which casted doubts on the viability on the foreseeable future.

Property, plant and equipment:

There were poor internal controls around management of asstes (incl. assets under construction). The SABC also did not adequately apply all the technical accounting requirement for government funded assets , as well impairment tests. This also resulted in government grants information being incorrect.

Trade & other payables:

The SABC did not record all that expenses which resulted in liabilities being incomplete.

Irregular expenditure

Lack of adequate systems to detect all instances of SCM contraventions which resulted in irregular expenditure. Amount disclosed in AFS was therefore incomplete

AUDIT OUTCOME IMPROVEMENTS

AREA	OVERALL ACTION PLAN	IMPLEMENTATION DATE
Property, plant & equipment (AUC)	<ul style="list-style-type: none"> Control improvement on Capex projects In-house automation of the AUC asset register on SAP Devise cost allocation matrix from inception of all assets under construction Monthly preparation of PPE note (with supporting asset registers) 	31 March 2020
Irregular expenditure	<ul style="list-style-type: none"> Continue to analyse and investigate irregular expenditure already incurred Once investigation process has been concluded, subject this irregular expenditure to condonation process Roll out frequent training on SCM processes to the entire SABC 	31 March 2020
Predetermined objectives	<ul style="list-style-type: none"> Improve record keeping of the Portfolio of Evidence files for the reported performance indicators All quarterly reports will be subjected to Assurance process (through Internal Audit) before being finalised. This includes Annual Performance Report. 	31 March 2020
Compliance	<ul style="list-style-type: none"> Going forward, all General Manager: Finance will be involved in the review process of financial and performance information prior to audit Resolving irregular expenditure qualification will eliminate non-compliance to Expenditure Management as well 	31 March 2020



**"SPORT UNITES
AND TEACHES US TO
NEVER GIVE UP."**




● Since 2009
Soccerzone is South
Africa's premium review
Television show in
which audiences get to
relive the best moments
accompanied by an
in-depth analysis of
matches. The show
brings the who's who
of the football world,
making them accessible
via interviews conducted
in the studio and online.
Mondays live at 21:00
on SABC1.



**SABC
PERFORMANCE**

PERFORMANCE AGAINST PRE-DETERMINED OBJECTIVES

FINANCIAL SUSTAINABILITY

Strategic Objective	FY2018/19 Target	Actual Performance	Comments	
ENSURE THAT THE SABC IS FINANCIALLY SUSTAINABLE THROUGH REVENUE AND COST MANAGEMENT	Reduce net loss before interest and tax to R287.6m	R443,7m	SABC's major revenue streams (advertising and TV licence fees) did not make target resulting in underperformance in revenue	
ENSURE THAT THE SABC IS ABLE TO MEET ITS FINANCIAL OBLIGATIONS THROUGH ADEQUATE CASH MANAGEMENT.	60 average creditors payment days	143 days	The SABC's cash crisis resulted in creditors not being paid at all or only partially.	
	60 average debtors collection days	53 days	Achieved.	


PERFORMANCE AGAINST PRE-DETERMINED OBJECTIVES

CONTENT AND PLATFORMS

Strategic Objective	FY2018/19 Target	Actual Performance	Comments	
MEET ICASA LOCAL CONTENT REQUIREMENTS AS PER THE SABC's BROADCAST LICENCE	Television local content SABC 1: 55% SABC 2: 55%	Television local content SABC 1: 77.7% SABC 2: 2:80%	Achieved In addition to achieving minimum percentage full day, the SABC also achieved minimum quotas during prime time as below: SABC 1 77.1% SABC 2 87.8%	✓
	Television local content SABC 3: 35%	Television local content SABC 3: 62.5%	Achieved	✓
	Radio Local music PBS Stations: 70%	74.5%	Achieved	✓
	Radio Local music PCS Stations: 35%	39.4%	Achieved	✓



PERFORMANCE AGAINST PRE-DETERMINED OBJECTIVES

CONTENT AND PLATFORMS

Strategic Objective	FY2018/19 Target	Actual Performance	Comments	
MEET ICASA LOCAL CONTENT REQUIREMENTS AS PER THE SABC's BROADCAST LICENCE	<p>PBS Radio genre quotas</p> <ul style="list-style-type: none"> • News: 60 min/day; • Current Affairs: 60 min/day; • Informal Knowledge building: 180 min/week; • Education: 300 min/week; • Children: 60 min/week • Drama: 150 min/week 	<ul style="list-style-type: none"> • News :76 min/day: • Current Affairs: 99 min/day • Informal Knowledge building:1 498 min/week • Education:358 min/week • Children: 133 min/week • Drama:198 min/week 	Achieved	



PERFORMANCE AGAINST PRE-DETERMINED OBJECTIVES

CONTENT AND PLATFORMS

Strategic Objective	FY2018/19 Target	Actual Performance	Comments	
EMBRACE DIVERSITY IN TELEVISION BROADCASTING THROUGH THE PRODUCTION OF PROVINCIAL CONTENT AND MARGINALISED LANGUAGE PROGRAMMING.	Provincial Programmes 10 programmes <ul style="list-style-type: none"> • Limpopo - 2 • Eastern cape - 1 • Free State - 1 • Mpumalanga - 1 • KZN - 2 • Western Cape - 3 	Provincial Programmes 14 programmes <ul style="list-style-type: none"> • Limpopo - 0 • Eastern cape - 1 • Free State - 1 • Mpumalanga - 0 • KZN - 2 • Western Cape - 10 	Achieved.	
	Marginalised languages 1 hour 48 minutes	Marginalised languages 1 hour 41 minutes	Not achieved. Cash challenges impacted on the production of programmes in marginalised languages. SABC1 achieved 1 hour 19 minutes and SABC2 2 hours 3 minutes	



PERFORMANCE AGAINST PRE-DETERMINED OBJECTIVES

HUMAN RESOURCES

Strategic Objective	FY2018/19 Target	Actual Performance	Comments	
ATTRACTING AND RETAINING STAFF THROUGH EFFECTIVE TALENT MANAGEMENT.	Career Progression Framework piloted in Human Resources.	Not achieved. Career Progression Framework was approved by EXCO. Consultation sessions still to be held with Organised Labour on the Career Progression Policy prior to approval.	The policy will be submitted to EXCO and Board for approval once the consultation with organised labour has been completed.	
	Overall SABC operating model and structure reviewed. Revised operating model and structure approved and implemented.	Operating models finalised and approved by EXCO Structures reviewed but not implemented.	The SABC is busy conducting a Skills Audit. Once the results have been received and processed the operating model and structures will be finalised and implemented.	




PERFORMANCE AGAINST PRE-DETERMINED OBJECTIVES

HUMAN RESOURCES

Strategic Objective	FY2018/19 Target	Actual Performance	Comments	
EMBEDDING A HIGH PERFORMANCE CULTURE THROUGH PERFORMANCE MANAGEMENT	Final performance review of 2017/18 for top and senior management. Performance Management contracting with bargaining unit.	A total of 216 out of 454 performance contracts reviewed for Q3	Organised Labour declared a dispute against the implementation of performance management and therefore not all staff members have contracted or performed performance reviews.	
OPTIMISE LEARNING & DEVELOPMENT TO ENSURE SUSTAINABILITY AND READINESS FOR THE DIGITAL AGE	80% achievement of digital migration training needs as per the WSP.	46% of Workplace Skills Plan achieved	Lack of funds prohibited the appointment of training service providers and subsequently the training target could not be achieved.	

PERFORMANCE AGAINST PRE-DETERMINED OBJECTIVES


GOVERNANCE

Strategic Objective	FY2018/19 Target	Actual Performance	Comments	
EFFECTIVE RISK MANAGEMENT AND SUFFICIENT INTERNAL CONTROL ENVIRONMENT TO ENSURE COMPLIANT GOVERNANCE PRACTICES.	Percentage of internal audit findings resolved. 80%	39% including Provinces	Progress made on the implementation of internal audit finding is slower than anticipated owing to some dependencies in resolving the findings.	
	Percentage of previous financial years' Auditor General findings resolved. 80%	81%	Achieved.	
	Percentage completion of Disclosure of Interests for employees and Board 100%	98.3%	A small number of staff members could not declared their interests owing to long absences or illness.	

PERFORMANCE AGAINST PRE-DETERMINED OBJECTIVES

GOVERNANCE

Strategic Objective	FY2018/19 Target	Actual Performance	Comments	
EFFECTIVE RISK MANAGEMENT AND SUFFICIENT INTERNAL CONTROL ENVIRONMENT TO ENSURE COMPLIANT GOVERNANCE PRACTICES.	Percentage of policies reviewed 50%	19%	Focus on the review of policies will be increased in the new fiscal. Many of the HR policies need to be consulted with Organised Labour thereby protracting the process.	✗
	Percentage of risk treatment plans implemented 60%	38%	Not achieved. Lack of funding and resources have impacted on the implementation of risk treatment plans.	✗
	Percentage decrease in the number of physical; security breaches Decrease by 100%	Security breaches showed a decline from 109 to total 97 (3%)	Not achieved. Security breaches relates mostly to unlocked offices and Board Rooms. Security breaches are circulated to Divisions on a monthly basis for awareness and correction.	✗



*"GIVE OF YOURSELF
OFTEN AND YOU WILL
NOT ONLY UPLIFT
OTHERS BUT YOURSELF
AS WELL."*

GLOBAL
CITIZEN



SABC
HUMAN RESOURCES

● 2018

Global Citizen called South African Citizens to action, to give of themselves along with the people from across the globe in honour of Mandela's 100 year celebrations. The concert was broadcast live on SABC1.

HUMAN RESOURCES

Operating Model and Structure Review

- SABC embarked on a review of its operating model and structure in order to deliver on its revised strategic direction.
- It will also allow for an agile organisation, able to respond to challenges of the broadcasting environment.
- The structure is being adapted to align with the new operating model and taking into account the outcomes of the Skills Audit.

Performance Management

- Performance Management was driven from the top and was well received at management level.
- Challenges were, however, experienced at bargaining unit level, with a dispute being lodged against the implementation of Performance Management by organised labour. This is currently being addressed to ensure an effective roll-out in the new financial year.

Workplace Skills Plan – Digital Training

- Digital training was prioritised in the Corporation.
- However, due to financial constraints the target of completing 80% of its identified digital training needs could not be achieved.

HUMAN RESOURCES (cont)

Attract and Retain the Desired Workforce

- Headcount has been on a downward trend over the past year.
- It is, however, important to retain core skills and talent.
- Initiatives such as the implementation of Talent Boards, Career Progression and Succession Planning are currently underway. These programmes will provide an environment within which employees can grow and realise their potential within a nurturing work environment.

Wellness Programmes

- A wide range of wellness services were provided to SABC employees.
- These include wellness counselling, in-office wellness services (such as health fairs and health screenings), Employee Assistance Programmes (EAP), mental health counselling, group wellness and fitness activities (on-site gym).
- Most of the wellness programmes are provided on a national basis and are well-supported by employees.
- Wellness initiatives, in line with the National Health Calendar, were presented throughout the year.

HUMAN RESOURCES (cont)

Consequence Management

- The SABC initiated two Commissions of Inquiry, one into Sexual Harassment and another into the Editorial Independence of the organisation.
- Various investigations by the Special Investigative Unit (SIU) were also conducted to root out wrong-doing within the organisation. This led to a number of disciplinary hearings and the subsequent dismissal of employees who were found guilty of misconduct.

Employment Equity

- The SABC performed well regarding the implementation of Employment Equity within the organisation.
- All Employment Equity targets were met or exceeded and the SABC was nominated for a Gauteng Disability Rights Excellence Award.

THANK YOU



South Africa's first democratic elections.



South Africa wins the Rugby World Cup.



Truth and Reconciliation Commission.



Aids Activist
Nkosi Johnson.



South Africa
hosts the 2010
FIFA Soccer
World Cup.

VISION

To become the leading, credible voice and face of the nation and the continent.



MISSION

A high-performing financially sustainable, digitised national public broadcaster that provides compelling informative, educational and entertaining content via all platforms.



VALUES



RESPECT: Will be our currency in our engagements internally and externally.

TRUST: We will cultivate an environment of trust with each other.

INTEGRITY: We will always do what is right.

QUALITY: The quality of our work will be of the highest standard.

#SABC**FREEDOM25** 

Annexure A - Income Statement

	2019	2018	Movements	%
Advertising	4,471,268	4,711,772	(240,504)	(5)
Trade exchanges (non-monetary exchanges)	112,444	69,103	43,341	63
Business enterprise and facilities revenue	30,737	27,570	3,167	11
Sponsorships	402,992	392,597	10,395	3
License fees*	968,168	941,395	26,774	3
Mobile and other revenue	14,225	6,757	7,468	111
Programme rights exploitation revenue	28,080	92,478	(64,399)	(70)
Channel carriage fees revenue	169,750	149,952	19,798	13
Revenue recognised from government grants	214,352	186,830	27,521	15
Revenue	6,412,016	6,578,455	(166,439)	(3)
Other income	53,604	48,744	4,860	10
Revenue & other income	6,465,620	6,627,199	(161,579)	(2)
Amortisation of programme, film and sports rights	(1,753,017)	(1,741,309)	(11,708)	(1)
Net impairment (raised)/reversed of programme, film and sports rights	(333)	(141,762)	141,429	(100)
Amortisation and impairment of computer software	(45,414)	(46,647)	1,233	(3)
Net impairment and reversed/(raised) of trade and other receivables	(96,805)	(94,589)	(2,216)	2
Broadcast costs	(414,153)	(486,822)	72,669	(15)
Signal distribution and linking costs	(740,207)	(718,132)	(22,075)	3
Employee and director compensation and benefit expenses	(2,823,465)	(3,114,910)	291,445	(9)
Depreciation and impairment of property, plant and equipment	(168,143)	(167,294)	(849)	1
Marketing costs	(26,561)	(48,417)	21,856	(45)
Direct revenue collection costs	(116,904)	(118,213)	1,309	(1)
Professional and consulting fees	(86,202)	(89,947)	3,745	(4)
Other expenses				
- personnel costs other than employee compensation	(63,227)	(67,093)	3,866	(6)
- operational	(572,267)	(538,031)	(34,236)	6
Other losses	(2,691)	(11,180)	8,489	(76)
Expenses	(6,909,389)	(7,384,345)	474,956	(6)
Operating loss before finance costs and tax	(443,769)	(757,146)	313,378	(41)
Net financing income/(expenses)	(38,602)	13,067	(51,669)	(395)
Finance income	11,162	46,219	(35,057)	(76)
Finance expenses	(49,764)	(33,152)	(16,612)	50
Loss before income tax	(482,371)	(744,079)	261,709	(35)
Income tax	11	(11)	22	(200)
Loss for the year	(482,360)	(744,090)	261,731	(35)
OCI	1,259,271	(570,000)	1,829,271	(321)
Total Comprehensive income	776,911	(1,314,090)	2,091,002	(159)

Annexure B - Budget vs Actual performance

	2019	Budget	Variance	%
Advertising	4,471,268	5,264,839	(793,571)	(15)
Trade exchanges (non-monetary exchanges)	112,444	58,407	54,037	93
Business enterprise and facilities revenue	30,737	64,759	(34,022)	(53)
Sponsorships	402,992	416,610	(13,618)	(3)
License fees*	968,168	1,072,000	(103,832)	(10)
Mobile and other revenue	14,225	42,457	(28,232)	(66)
Programme rights exploitation revenue	28,080	115,000	(86,920)	(76)
Channel carriage fees revenue	169,750	179,871	(10,121)	(6)
Revenue recognised from government grants	214,352	238,254	(23,902)	(10)
Revenue	6,412,016	7,452,197	(1,040,181)	(14)
Other income	53,604	28,935	24,669	85
Revenue & other income	6,465,620	7,481,132	(1,015,512)	(14)
Amortisation of programme, film and sports rights	(1,753,017)	(2,113,055)	360,038	(17)
Net impairment (raised)/reversed of programme, film and sports rights	(333)	0	(333)	100
Amortisation and impairment of computer software	(45,414)	(34,643)	(10,771)	31
Net impairment and reversed/(raised) of trade and other receivables	(96,805)	(107,200)	10,395	(10)
Broadcast costs	(414,153)	(565,991)	151,838	(27)
Signal distribution and linking costs	(740,207)	(731,916)	(8,291)	1
Employee and director compensation and benefit expenses	(2,823,465)	(2,701,242)	(122,223)	5)
Depreciation and impairment of property, plant and equipment	(168,143)	(236,253)	68,110	(29)
Marketing costs	(26,561)	(70,001)	43,440	(62)
Direct revenue collection costs	(116,904)	(304,514)	187,610	(62)
Professional and consulting fees	(86,202)	(98,609)	12,407	(13)
Other expenses				
- personnel costs other than employee compensation	(63,227)	(92,834)	29,607	(32)
- operational	(572,267)	(707,897)	135,630	(19)
Other losses	(2,691)	0	(2,691)	100
Expenses	(6,909,389)	(7,764,155)	854,766	(11)
Operating loss before finance costs and tax	(443,769)	(283,023)	(160,746)	57
Net financing income/(expenses)	(38,602)	(4,592)	(34,010)	741
Finance income	11,162		11,162	100
Finance expenses	(49,764)	(4,592)	(45,172)	984
Loss before income tax	(482,371)	(287,615)	(194,756)	68
Income tax	11	0	11	100
Loss for the year	(482,360)	(287,615)	(194,745)	68

Annexure C - TV Licence Analysis

TV LICENCE FEES	2019	2018
Total billed	3,137,336	3,378,175
Revenue recognized	968,168	941,395
Recognition rate	31%	28%
Collection cost	116,904	118,213
Collection cost rate	12%	13%