SABC

Annual Report 2018

The theme for this year's annual report is a centenary celebration of Oliver Tambo, Nelson Mandela and Albertina Sisulu.
We celebrate these historic icons who changed the course of our country through Passion, Patriotism, Integrity and Humility.
We aspire to live their legacy through educating, informing and entertaining all audiences accessing SABC services.
As a result the SABC will inspire change through enriching credible, relevant and compelling content that is accessible by all.

**Theme is not affiliate to any political party but rather based on the centenary celebrations of our nation during the reporting period.*

Vision

The SABC inspires change
through enriching, credible,
relevant and compelling content
that is accessible by all.

Mission

To educate, inform and entertain
all audiences accessing SABC services.

Values

Conversations and partnerships.
Restoration of human dignity.
Building a common future.

This is the 81st Annual Report of the South African Broadcasting Corporation (SOC) Limited, referred to as 'SABC', 'the Corporation' or 'the Company' (Registration Number: 2003/023915/30).

It is tabled in Parliament in terms of the Broadcasting Act No. 4 of 1999, as amended, and the Public Finance Management Act No. 1 of 1999, as amended.

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Behind the scenes at SABC News.

List of *abbreviations*

15+	Over 15 years of age
ACA	Association for Communications and Advertisements
AFCON	Africa Cup of Nations
AFS	Annual Financial Statements
AGM	Annual General Meeting
AGSA	Auditor-General of South Africa
ALS	African Language Stations
AMPS	All Media Products Survey
AR	Audience Rating
ARA	Association for Responsible Alcohol Use
ATKV	Afrikaanse Taal en Kultuur Vereniging
ASA	Athletics South Africa
ASASA	Advertising Standards of South Africa
AU	African Union
BA	Broadcasting Act
BAC	Bid Adjudication Committee
BATSA	British-American Tobacco Southern Africa
B-BBEE	Broad-Based Black Economic Empowerment
BCCSA	Broadcasting Complaints Commission of South Africa
BEE	Black Economic Empowerment
BRC	Broadcast Research Council
BRICS	Brazil, Russia, India, China and South Africa
BYOD	Bring Your Own Device
CAATS	Computer Aided Audit Tools
CAE	Chief Audit Executive
CAF	Confederation of African Football
CAGR	Compound Average Growth Rate
Capex	Capital Expenditure
CCC	Complaints Compliance Committee
CCMA	Commission for Conciliation, Mediation and Arbitration
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CI	Corporate Identity
CoJ	City of Johannesburg
COO	Chief Operations Officer
CPRP	Chartered Public Relations Practitioner (CPRP)
CSA	Cricket South Africa
CSI	Corporate Social Investment
CTV	Cape Town Television
DA	Democratic Alliance
DAB	Digital Audio Broadcasting
DAF	Delegation of Authority Framework
DoA	Delegation of Authority
DoC	Department of Communications
DRM	Digital Rights Management
DSAT	Digital Satellite
DStv	Digital Satellite Television
DTH	Direct-to-Home
DTT	Digital Terrestrial Television
EAP	Employee Assistance Programme
ECA	Electronics Communications Act
ED	Economic Development
EE	Employment Equity
EFC	Magazine from sport
EMS	Emergency Management Services
EPG	Electronic Programme Guide
ENPS	Electronic News Production System
ESS	Employee Self Service
EVP	Employee Value Proposition
EXCO	Executive Committee
FAMSA	Family and Marriage Society of South Africa
FCC	Final Control Centre
FIFA	Fédération Internationale de Football Association
FM	Frequency Modulation
FPB	Film and Publication Board
FTA	free-to-air
GCEO	Group Chief Executive Officer
GE	Group Executive
GIA	Group Internal Audit
GIBS	Gordon Institute of Business Science
HCT	HIV Counseling and Testing
HD	High Definition
HDTV	High Definition Television
HR	Human Resources
IAAF	International Association of Athletics Federations
ICASA	Independent Communications Authority of South Africa
ICC	International Cricket Council
ICMA	Inkomati Catchment Management Agency

ICT Information Communications and Technology
IDZ Industrial Development Zone
IEC Independent Electoral Commission
IFRS International Financial Reporting Standards
IIA Institute of Internal Auditors
IMPRA Independent Music Performance Rights Association
IKB Information Knowledge Building
IOC International Olympic Committee
IOD Institute of Directors
IOD Injury on Duty
IP Internet Protocol
IRBA Independent Regulatory Board of Auditors
ISO International Organization for Standardization
ISP Internet Service Provider
IT Information Technology
ITIL Information Technology Infrastructure Library
ITSM Information Technology Service Management
KPI Key Performance Indicator
LAN Local Area Network
LPT Low Power Transmitters
LTO Linear Tape Open
LSM Living Standards Measure
MCC Media Credit Coordinators
MCR Main Control Room
MDM Mobile Device Management
MEC Member of Executive Council
MEGA Mpumalanga Economic Growth Agency
MEX Music Exchange Conference
MGP Mpumalanga Gambling Board
MHz Megahertz
MICT SETA Media, Information and Communication Technologies Sector Education and Training Authority
MMA METRO FM Music Awards
MoI Memorandum of Incorporation
MoU Memorandum of Understanding
MTEF Medium-Term Expenditure Framework
MTI Media, Technology and Infrastructure
MTPA Mpumalanga Tourism and Parks Authority
MWASA Media Workers' Association of South Africa
NBA National Basketball Association
NCA National Credit Act
NCC National Consumer Commission
NDP National Development Plan
NEMISA National Electronic Media Institute of South Africa
NFVF National Film and Video Foundation
NQF National Qualifications Framework
OB Outside Broadcast
ODA Optical Disk Archiving
OTT Over-The-Top
OVP Online Video Platform
PAA Public Audit Act No. 25 of 2004
PBS Public Broadcasting Services
PCC Portfolio Committee on Communications
PCS Public Commercial Services
PEB Public Election Broadcast
PFMA Public Finance Management Act No. 1 of 1999
PGM Provincial General Manager
POWA People Opposing Women Abuse
PPPF Preferential Procurement Policy Framework
PR Public Relations
PSA Public Service Announcement
PS Premier Soccer League
PWD People with Disabilities
QoS Quality of Service
QSE Qualifying Small Enterprises
RAMS Radio Audience Measurement Survey
RBF Radio Broadcast Facilities
ROI Return-on-Investment
RSG Radio Sonder Grense
SAARF South African Audience Research Foundation
SABC South African Broadcasting Corporation SOC Limited
SADC Southern African Development Community
SAFA South African Football Association
SAFTA South African Film and Television Awards
SAICA South African Institute of Chartered Accountants
SALGA South African Local Government Association
SAN Storage Area Network
SANBS South African National Blood Services
SANYO South African National Youth Orchestra
SAP System Application and Products in Data Processing
SATMA South African Traditional Music Awards
SCM Supply Chain Management
SCOPA Standing Committee on Public Accounts
SEM Socio-Economic Measure
SITA State Information Technology Agency
SIU Special Investigating Unit
SOC State Owned Company
SOE State Owned Enterprise
SONA State of the Nation Address
SOP's Standard Operating Procedures
SOPA State of the Province Address
SRSA Sports and Recreation South Africa
STB Set Top Box
TAMS Television Audience Measurement Survey
TGRP Total Guaranteed Remuneration Package
TOR Terms of Reference
TV Television
TVBMS Television Broadcast Management System
UWC University of Western Cape
VAT Value Added Tax
VHF Very High Frequency
VOD Video on Demand
WAN Wide Area Network
WASPA Wireless Application Service Providers Association
WIL Work Integrated Learning
WSP Workplace Skills Plan

1936 1 August the SABC is established through the Act of Parliament and the first meeting of the SABC Board of Governors.

1937 An Afrikaans radio service is established to run parallel to the English service as A and B programmes. The Broadcast House in Johannesburg is opened and remains the headquarters of the SABC until it moves to Auckland Park in 1975.

1938 The broadcaster tables its first Annual Report for the period 1 August 1936 to 31 December 1937.

1939 The SABC openly supports the World War two under the tutelage of René S Caprara, who was the Director General of the SABC.

1940 The first broadcast of isiZulu, isiXhosa and Sesotho are relayed for war support.

1942 Direct broadcasts in African languages are introduced on medium wave.

1945 The 'U Eie Keuse' was first broadcast and until this day it's still running on RSG.

1950 The successful story of Springbok Radio begins as the first commercial radio service, that ruled the airwaves for more than 35 years.

1952 The first market research survey is done and showed that Springbok had 632 000 adult listenership, bringing in a Million Rand worth of advertising revenue.

1953 A rediffusion service relaying the African language broadcasts is introduced to metropolitan areas and townships throughout South Africa.

1960 African language service called Radio Bantu is launched and attracted massive listener reaction, leading to the creation of Radio Zulu, Radio Xhosa and Radio Sesotho.

1961 25 December the first FM transmission is made from the SABC tower in Johannesburg broadcasting in English, Afrikaans and Springbok radio.

1962 The launch of Radio Lebowa and Radio Setswana.

1964 Launch of regional radio station, Radio Highveld.

1965 Launch of Radio Tsonga and Radio Venda and the launch of Radio Good Hope a Cape Town regional radio station.

1966 The official launch of the 'Voice of South Africa' which went on air as Radio RSA, to counties north of South Africa. In 1992 it was changed to Channel Africa.

1967 Launch of Radio Port Natal later to be known as East Coast Radio.

1975 The SABC takes over the Mozambique based LM Radio and launches it as Radio 5.
The SABC moves from Broadcast House, Corner Commissioner and Troye, Johannesburg to current premises in Auckland Park.

1976 The SABC introduces Television services for the first time in South Africa.

1978 SABC TV aired their first advertisement by a winning bidder of R11 000 for 30 seconds by Lintas Agency advertising the 'Big T Burgers'.

1982 The launch of Radio Swazi, TV2 and TV3 sharing the same platform.

1983 TV2 and TV3 were split into separate channels and the launch of Radio Lotus and Radio Ndebele.

1985 The introduction of TV4 which aired after the TV2 and 3 services at 21h00.

1986 Launch of Radio South Africa (now SAfm), Radio 2000 and regional stations such as Radio Jacaranda, Radio Oranje and Radio Algoa.
This saw the introduction of simulcast and simultaneous transmission on TV and Radio. The introduction of Radio Metro the first black English station.

1990 Another regional Radio Station is called Radio Kontrei (later to be known as Kfm) established.

1991 TSS (Topsport Surplus) was introduced as a supplementary service.

1992 The consolidation of TV2, TV3 and TV4 into one multi-cultural channel CCV (Contemporary Community Values) TV.

1994 TSS is replaced by NN (National Network) TV. The SABC appoints its first black Group Chief Executive, Zwelakhe Sisulu.

1995 The launch of an analogue sport TV channel broadcasting for six hours. The then Radio South Africa is re-launched as SAfm.

1996 The SABC re-launches TV1, CCV-TV and NNTV as SABC1, 2 and 3 respectively.
The corporation put up for sale Radio Algoa, Radio Oranje, Highveld Stereo, Jacaranda Stereo, East Coast Radio and Kfm.
All the African Language Stations underwent name changes including Afrikaans Stereo to Radio Sonder Grense.

1997 The SABC announces to commercialise the Henley TV Facilities and Air Time Outside Broadcast.

1998 The former TBVC Broadcasters are integrated into the SABC.

1999 The Broadcasting Act comes into effect and changed the broadcasting landscape tremendously.
It brought with it three categories of broadcasting i.e. Public, Commercial and Community services.

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2002 The SABC becomes SABC Ltd as prescribed in the Companies Act. The State holds 100% of the shares.

2004 The SABC launches the revised Editorial Policy, concluding a unique process of consultations with the public and stakeholders throughout South Africa.

2007 The SABC is the first South African Broadcaster to launch a 24 hour news channel on television. The channel broadcasts on Vivid platform across the continent and on regular SABC channels after midnight. The SABC Foundation is officially launched.

2010 The Public Service Broadcaster successfully hosts the 2010 FIFA World Cup, the only world cup to be staged in the African Soil.

2015 The launch of SABC News and SABC Enchore which are currently both being carried on subscription digital satellite network channel DStv 404 and 156 respectively.

2017 In line with ICASA regulations all PBS radio stations increase their local music quotas from 40% to 60% and PCS from 25% to 35%, which was hailed as great affirmation of South African music.

SABC at a *glance*

METRO FM DJ's.

Showcasing our *platforms*

SABC Radio stations

18 radio stations and Channel Africa.

SABC radio stations have remained relevant, widely accessible and are a core platform for the Public Broadcaster to deliver on its public service mandate. SABC Radio commands a healthy all-adult share (15+ years) of 70.5% which translates to 28 328 million South Africans. *[Source: Broadcast Research Council (BRC) Radio Audience Measurement Survey (RAM) July – December 2017].*

Public Broadcasting Services (PBS)

Ikwekwezi FM is a traditional but modern station that provides for the diverse needs and tastes of the IsiNdebele speaking population. The station provides information, entertainment and news. The station caters for the young and old. Ikwekwezi FM works with its communities to preserve and grow Ndebele language and traditions.

Average weekly audience: 1 188 000 million adults (15+)

Lesedi FM continues to deliver informative, educational and entertaining content to the majority of Sesotho speaking South Africans, in their own language. It is a participatory radio station that delves deep into issues that have a direct bearing on developmental needs of its listeners. The station broadcasts from Bloemfontein in the Free State Province, with one of its strongholds being the Gauteng Province.

Average weekly audience: 3 077 000 million adults (15+)

Ligwalagwala FM is an upbeat radio station that speaks to the youth and the young at heart, motivated, and upwardly mobile siSwati speaking people. The station reflects an urban and aspirational lifestyle, whilst serving the diverse needs of its rural audiences.

Average weekly audience: 1 146 000 million adults (15+)

Lotus FM's target market is the South African Indian community catering for young and old, across three religious denominations (Hindu, Islam and Christianity) in six languages. Lotus FM offers an engaging mix of informative, educational and entertaining programmes, which reflect the value systems of its dynamic audience and promotes a proudly South African Indian radio brand.

Average weekly audience: 187 000 adults (15+)

Motsweding FM's core philosophy is informed by the personal empowerment and development of its listeners. An aspirational station that strives to be worldly and cosmopolitan, the station has spill over listenership into Botswana. It broadcasts from Mahikeng in Setswana and its listeners, in the hinterlands of the North West Province, depend on the station as their source of education and entertainment.

Average weekly audience: 2 464 000 million adults (15+)

Munghana Lonene FM broadcasts in XiTsonga and supports the aspirations of its listeners whilst ensuring promotion of traditional norms and values. The station emphasizes listener participation and actively seeks expert opinion, commentary and advice on various topical issues, to deliver true empowerment to its listeners. The station has played a key role in the development of traditional XiTsonga music genres.

Average weekly audience: 914 000 adults (15+)

Phalaphala FM's programming inspires its listeners and gives them a platform to share knowledge and expertise across a range of subjects and issues. The station broadcasts from Polokwane and talks to young aspirant and upwardly mobile Tshivenda speaking people living in the Limpopo Province and surrounded areas.

Average weekly audience: 901 000 adults (15+)

Radio 2000 is a facility radio station that broadcasts nationwide in English. It reflects and unites South Africa's diverse cultures through sport and events of national importance, thereby contributing towards the strengthening of democracy and nation-building. Its programming mix consists of adult crossover music, lifestyle and talk radio. Radio 2000 provides quality content and engages audiences in healthy discussions and debates on a wide range of subjects, thus empowering and uplifting citizens of South Africa.

Average weekly audience: 442 000 adults (15+)

RSG is a contemporary radio station that represents the modern all-inclusive Afrikaans audience. RSG provides for progressive, forward thinking, loyal and strong family-orientated audiences that are proudly Afrikaans speaking South Africans.

Average weekly audience: 1 339 000 million adults (15+)

SAfm aims to engage the nation in robust but progressive conversations about topical issues of the day, whilst delivering credible up-to-the-minute news coverage. In accordance with its PBS mandate, SAfm also explores broader themes and subjects relevant to its target market through a talk show format that appeals to all South Africans. The station targets discerning, mature and sophisticated listeners nationally.

The focus is primarily on decision makers seeking insightful and enabling information to keep themselves educated and informed.

Average weekly audience: 189 000 adults (15+)

Thobela FM dedicates its programming to promoting the personal growth of its listeners, preservation of culture within a modern context, and enhancing individual economic development. Programme offering includes news, current affairs, drama, education, the latest music trends, religion and culture. The station broadcasts from Polokwane in Northern Sotho and appeals to both young and old.

Average weekly audience: 2 771 000 million adults (15+)

Tru FM views youth and youthfulness as an opportunity and young people as a resource. The station broadcasts in isiXhosa and English and creates a platform for young people of the Eastern Cape to express themselves. Tru FM empowers its listeners to improve their quality of life as well as to focus on self-development.

Average weekly audience: 184 000 adults (15+)

Ukhozi FM is South Africa's biggest radio station. It focuses on educational, informative and entertaining programming that prioritises personal development, economic growth and spiritual upliftment of its audiences. Broadcasting in isiZulu, Ukhozi FM is a leading African Language Station (ALS) that stands for the preservation and development of South African indigenous languages and culture. Traditional, choral and spiritual music genres set this station apart from its competitors. The station has maintained audiences in excess of 6 million over the last decade.

Average weekly audience: 7 304 000 million adults (15+)

Umhlobo Wenene FM broadcasts in isiXhosa and seeks to serve its listeners with honour and integrity by continuously providing quality information, education and entertainment that inspires positive thinking and personal growth for its listeners. The station is widely known for its quality sports coverage, riveting dramas and enthralling traditional music genres, which inspire communities to excel. Broadcasting from Port Elizabeth in the Eastern Cape Province, the station also boast a national reach that makes it the second biggest radio station in the country.

Average weekly audience: 5 571 000 million adults (15+)

XK-FM targets the San people of Platfontein in the Northern Cape. The community, consists of the !Xu and the Khwe people. The station currently plays a critical role of preserving some of the oldest indigenous languages and cultures in Africa, by uplifting, developing and informing the community.

No audience measurement available due to the small size of the community the station serves.

Public Commercial Services (PCS)

5FM is the entertainment powerhouse for South African youth, offering the most popular contemporary hit music and entertainment on radio. Daring to walk on the wild side, whilst inspiring personal development and encouraging freedom of expression of its listeners, is core to the station's values. The station has the biggest social media following in South African media with more than a million Facebook and Twitter followers.

Average weekly audience: 645 000 adults (15+)

Good Hope FM encapsulates the fun, energy and funkiness of urban Cape Town. It entertains and actively engages Capetonians through music, relevant lifestyle news and events. The station is well positioned to meet the lifestyle needs of its audience through showcasing high quality events and highlighting public concerns.

Average weekly audience: 490 000 adults (15+)

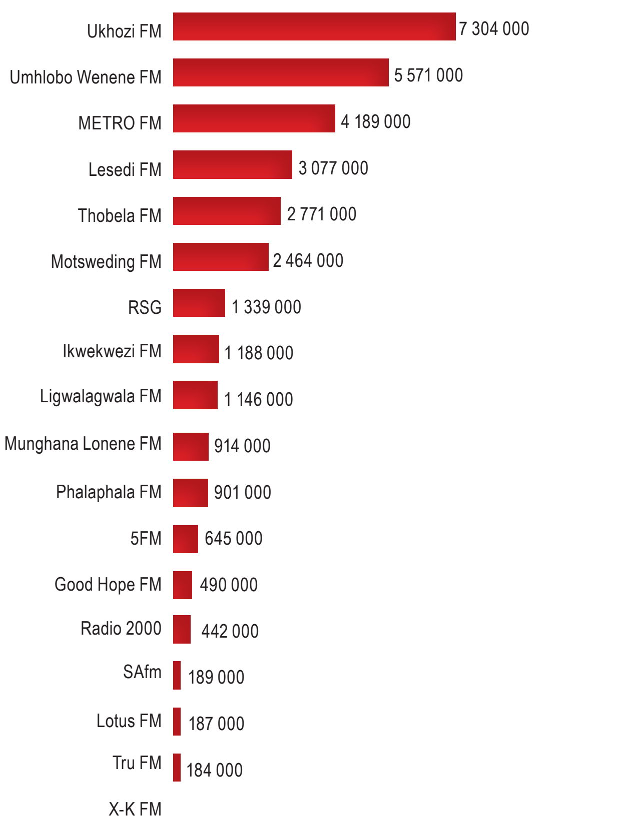
METRO FM is the most influential radio brand for youthful urban adults that embrace a pragmatic and successful lifestyle. It is the largest commercial radio station in South Africa with listeners in excess of 4 million. Though primarily a music station, METRO FM also delivers credible and impartial news reporting that keeps its listeners engaged and informed. Due to its reach, the station plays a critical role in the development of music talent in South Africa through its various initiatives.

Average weekly audience: 4 189 000 million adults (15+)

Administered for Department of Communications (DoC)

CHANNEL AFRICA is a radio station managed by the SABC on behalf of the DoC. The station broadcasts on shortwave spectrum to the Southern, Eastern and Western African audiences. The broadcasts are done in English, French, Chinyanja, Portuguese, Silozi and Swahili.

GRAPH: Summary of Weekly Listenership per Station



Source: Broadcast Research Council (BRC) Radio Audience Measurement Survey (RAM) July – December 2017.

Behind the scenes at SABC1's soapie Generations.

SABC Television Channels

SABC TV consists of three free-to-air channels and two other channels carried on a subscription digital satellite network. The channels deliver top-quality local and international content in all South Africa's languages through-out the nation. SABC1, SABC2 and SABC3 attract on average 28 million South African viewers in a typical month.

SABC1 is a full spectrum free-to-air channel that represents the youth, whether defined by age or attitude, and their aspirations reflecting a society that is in motion and progressive. The channel broadcasts in indigenous South African languages and English. Its coverage is via analogue and digital terrestrial transmitter (DTT) network: covering 91.2% of the population. It is also available via satellite on the DStv and Vivid Direct-to-Home (DTH) digital satellite platforms.

All-adult prime time audience share: 25 856 million South African viewers in a typical month.

SABC2 is a full spectrum free-to-air channel which places family, community and culture at the centre of its programming and activities. The channel broadcasts in indigenous South African languages and English. The coverage is via analogue and DTT network: covering 92.5% of the population. It is also available via satellite on the DStv and Vivid DTH digital satellite platforms.

All-adult prime time audience share: 24 993 million South African viewers in a typical month.

SABC3 is a full spectrum free-to-air channel, offering multicultural viewers content that uplifts, challenges and entertains, presenting a unique world view. Aimed at aspirant progressive South Africans, broadcasts primarily in English, and aims to carry 10% of its programmes in indigenous South African languages. Coverage via analogue and DTT network: covering 82.1% of the population. It is also available via satellite on the DStv and Vivid DTH digital satellite platforms.

All-adult prime time audience share: 21 148 million South African viewers in a typical month.

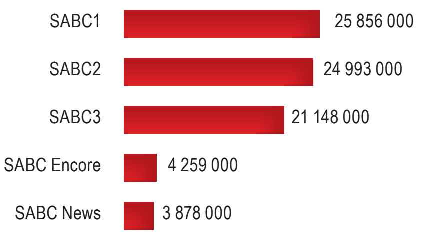
SABC ENCORE is a retro channel showcasing and celebrating SABC programming from the 1980s and 1990s. The channel, which forms an integral part of the SABC's strategy moving into a multi-channel environment, is currently being carried on DStv channel 156, a subscription digital satellite network channel.

All-adult prime time audience share: 4 259 million South African viewers in a typical month.

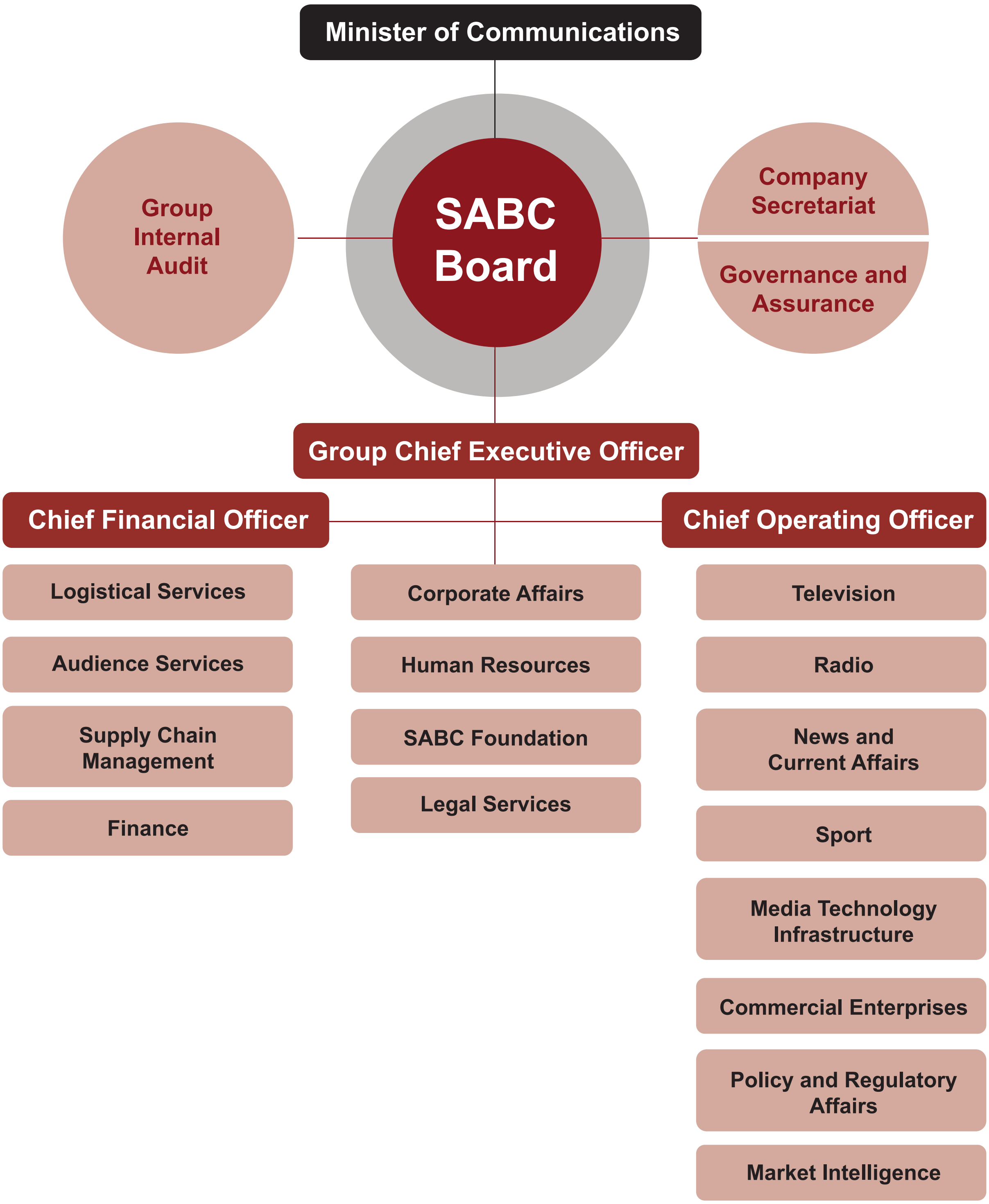
SABC News is broadcast on DStv channel 404 and offers breaking news and continuous news updates. The channel broadcasts in English and reaches 51 African countries as it aspires to be a Pan-African channel. It has the second highest number of viewers on the DStv news block and continues to display impressive growth. It offers a seamless fusion of rolling news and current affairs programming, boasting 18 hours of live daily coverage. For the period under review, the channel's average ratings had increased by 11 401 viewers to average daily viewership of 30 849.

All-adult prime time audience share: 3 878 million South African viewers in a typical month. *(The channel is currently not able to measure other African audience viewership numbers).*

GRAPH: Summary of Weekly Audience per Channel



Organisational *structure*



Chairperson's *foreword*

The 2017/18 financial year was a demanding one for the SABC, the Board, its employees and many of our stakeholders. We had to overcome some daunting challenges and the pattern seems to continue with even greater severity for the year ahead.

However, these challenges must be overcome. The SABC 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 also remains one of South Africa's national treasures. Despite its turbulent recent history, the Corporation must be aptly managed and restored to ensure fulfilment of its unique public mandate and adherence to the values that underpin our Constitution.

The period under review saw the transition from the interim SABC Board appointed for six months (after a Parliamentary Ad Hoc Committee inquiry) to a permanent Board appointed for a five-year term on 16 October 2017.

The reappointment of the five Interim Board members to the current SABC Board made the transition seamless and ensured continuity in the actions taken to stem chronic failures in governance and ethics in the organisation.

The new SABC Board continued to implement measures to stabilise the Corporation at a governance level and stepped up actions to address the endemic levels of corruption and maladministration that had been prevalent at the SABC for many years. I am pleased to report that we have made significant headway in this regard and we remain firmly committed to ensuring that the SABC roots out all forms of unethical conduct.

For the period under review, the SABC's financial position remained under severe pressure. The Corporation is still paying the price for years of ineffective leadership, failed governance and prejudicial decision-making. Self-inflicted actions, like the arbitrary 90/10 decision, continue to impact on the SABC's revenue. The Corporation sits on a huge and unsustainable cost base, built up over time without proper consideration for a workable operating model.

Total revenue for the full financial year was R6.6 billion against a budget of R7.3 billion resulting in an underperformance of R633 million (9%). While it is positive that the SABC managed to reduce the Corporation's operating loss from R1.1 billion in the prior year to R622 million in the year under review, the Board has approved a comprehensive turnaround strategy to be led by the new team of executive directors.

After rigorous and independent appointment processes, the SABC Board was able to appoint a permanent team of executive directors by June 2018 - Mr Madoda Mxakwe (Group Chief Executive Officer), Mr Chris Maroleni (Chief Operations Officer) and Ms Yolande van Biljon (Chief Financial Officer).

The Board is confident that, under the executive leadership of Mr Mxakwe, SABC management will successfully implement the turnaround strategy and ensure the financial sustainability of the Public Broadcaster.

It is clear, however, that the challenges to the SABC's sustainability will not just be financial. The Corporation must urgently 'play catch-up' on the technology front and embrace rapidly evolving digital technology platforms that reach audiences in new and exciting ways.

The SABC faces an increasingly competitive multiplatform, digital world that is driven primarily by commercial interests. Therefore, the Corporation has to chart a course that ensures our audiences can access SABC content everywhere, whilst protecting the Public Broadcaster's long-term sustainability.

The SABC is addressing the delay in the migration of television and radio services to digital broadcasting platforms. The Corporation is resolved to play a more central role in achieving rapid migration to DTT and DTH platforms, working closely together with the DoC and other key stakeholders.

The SABC needs additional television channels to be able to fulfil its public mandate to broadcast more sport, education and entertainment programming. Our three analogue television channels cannot sustain the impact on commercial schedules from sport in particular. A successful digital migration is therefore vital to the Public Broadcaster's future in many ways.

Another priority is to develop and expand the SABC's digital properties on the internet via social media and enhanced websites. With expansion of broadband networks and the increasing availability of free Wi-Fi, the SABC must ensure that its content can be accessed on all devices. High data costs are still an inhibitor for many South Africans and the SABC will explore innovative ways to deliver content to our audiences in affordable ways.

But the key to a sustainable Public Broadcaster is not only to be found in organisational efficiencies and technological change. The SABC operates within a regulatory framework that must take into account the legislative requirement to protect the integrity and viability of the Public Broadcaster. There are several regulations, however, that inhibit the Public Broadcaster.

During the period under review, the SABC requested the Independent Communications Authority of South Africa (ICASA) to undertake an urgent regulatory review of the Must Carry Regulations, gazetted in 2008. These regulations have had a negative, cumulative impact on the SABC from a potential revenue point of view. The SABC's so called Must Carry Channels are the three free-to-air (FTA) television channels, SABC1, SABC2 and SABC3, which are required by regulation to be carried by subscription broadcasters at no cost. The SABC has submitted to ICASA that this regulation was in conflict with the enabling legislation which envisaged 'commercially negotiable terms' being agreed to between the SABC and subscription broadcasters. The SABC Must Carry Channels are some of the most watched channels on pay TV bouquets and therefore the Corporation should receive market value for its television content.

The SABC has also identified the Sports Broadcasting Regulations for urgent review by ICASA. These regulations have inadvertently led to the SABC incurring huge sports rights costs in an attempt to fulfil its public mandate. The regulations should be reviewed in order to promote fair competition for sports rights and prevent unfair sub-licensing and hoarding practices. A thorough review of these regulations will ensure the Public Broadcaster is able to fulfil its legislative mandate to cover not just the big three sports of soccer, rugby and cricket, but also a range of developing sporting codes.

The Board is encouraged that a full policy review of broadcasting in South Africa will be conducted by the DoC in the 2018/19 financial year.

On 4 June 2018 SABC News relaunched a completely rebranded, values-driven SABC News service, with the words 'Independent. Impartial' at the core of the new offering. This marked an important moment in distancing the SABC from past perceptions about its news service. The Board is proud of what the SABC News team has achieved so far in the highly competitive 24-hour television news market. A vibrant, independent and impartial SABC News is the cornerstone of what public broadcasting means to the SABC.

The SABC Board thanks the public and all our stakeholders, in particular the independent producers, for their loyalty and understanding throughout some of the more difficult years in the organisation's history.

We thank the Minister of Communications for her support and championing of the SABC's role as a Public Broadcaster. The Board recognises the challenges ahead and looks forward to further engagements with the Minister and the DoC on how best to create a sustainable Public Broadcaster.

The SABC Board will remain a robust platform from where we provide leadership and direction to the organisation, while working closely with all our key stakeholders.

In closing, I would like to thank my colleagues on the Board for their dedication and input.

Mr B Makhathini

Chairperson of the SABC Board

SABC News re-branding.

SABC board


Mr B Makhathini
Chairperson


Ms F Potgieter-Gqubule
Deputy Chairperson


Ms R Kalidass


Ms K Kweyama


Mr M Markovitz


Mr J Matisonn


Mr D Mohuba


Mr K Naidoo


Mr J Phalane


Mr V Rambau


Mr M Tsedu


Mr M Mxakwe
GCEO
(appointed 1 July 2018)


Ms Y van Biljon
CFO
(appointed 25 June 2018)


Mr C Maroleni
COO
(appointed 1 February 2018)

Composition of the *board*

The SABC has a unitary Board structure, which in terms of the Broadcasting Act No. 4 of 1999, as amended, will comprise 12 Non-Executive Directors and three Executive Directors.

The Broadcasting Act No. 4 of 1999, as amended, provides that the SABC will be governed and controlled, in accordance with this Act, by a Board of Directors. The Non-Executive Directors are appointed by the President on the advice of the National Assembly and the Non-Executive Directors are required to appoint the Executive Directors independently without any involvement of the Minister of Communications.

The term of the Interim Board, appointed by the President on 27 March 2017, expired on 26 September 2017. On the approval of the President, a permanent Board was appointed on 16 October 2017. In terms of the Broadcasting Act, the Non-Executive Directors appointed to the new Board must hold office for a period of five years. Executive Directors have standard employee service contracts and are subject to the SABC's conditions of service.

Change in Directors

Mr Bongumusa Emmanuel Makhathini

Chairperson
Appointed to the new Board on 16 October 2017.

MCom in Business Management and Economics (University of Johannesburg); Hon in Geography (University of Zululand); BEd (University of Zululand); Diploma in HR Management (University of Zululand); General Management Program (Harvard Business School); SABMiller Executive Development Programme (University of Cambridge).

Mr Makhathini currently serves as the Chairperson of the SABC Board and is a Board member of the Ekurhuleni World Outreach Centre Advisory Board.

Mr Bongumusa Makhathini has served and continues to serve on various bodies. These include being an Executive Board member of British American Tobacco Southern Africa (BATSAA); Executive Board member of the South African Breweries; member of the SAB Thrive Fund; Board member of the Sport Trust; Board member of the Industry Association for Responsible Alcohol Use (ARA) where he chaired the Board Committee on Responsible Drinking and Advocacy; the President of Convocation at the University of Zululand and a Member of the University of Zululand Council. Mr Makhathini held a senior management position at Accenture, where he spent eight years in business consulting and strategy, handling complex IT and business transformation projects.

Ms Fébé Charlene Potgieter-Gqubule

Member of the Interim Board.
Appointed to the new Board on 16 October 2017 as the Deputy Chairperson.
Resigned with effect from 28 March 2018.

Master of Management (Public Policy and Development Management) (University of Witwatersrand).

Ms Fébé Potgieter-Gqubule is a member of the Board of the Mapungubwe Institute for Strategic Reflections and the African City Alliance Think Tank Board. She previously served on the Board of the Lejweleputswa Development Agency; Deputy Chairperson of the Board of the State Information Technology Agency (SITA); the Advisory Board of the University of Witwatersrand's Education Policy Unit; the Witwatersrand's Board of the Education and Training Unit and is a member of Council of the Mangosuthu University of Technology. Between 2012 and 2017, she was Advisor: Strategic Planning and Deputy Chief of Staff at the African Union Commission. Prior to joining the African Union, she served as South African Ambassador and Head of Mission to Warsaw in Poland from 2005 to 2009.

Ms Potgieter-Gqubule is a director and publisher for Khaloza Books, which publishes fiction and non-fiction books for children, teens and young adults. She worked as National Executive Committee (NEC) Co-ordinator at the African National Congress (ANC) Headquarters, on the Editorial Board of the journal Umrabulo and served as a member of the NEC of the ANC between 2007 and 2012.

Ms Rachel Kalidass

Appointed to the new Board on 16 October 2017.
Resigned 15 November 2017.

BCom (Hons); Certificate in the Theory of Accountancy (CTA) (University of Natal); BCompt (UNISA); CA (SA).

Ms Rachel Kalidass has 18 years of extensive experience in internal and external auditing, financial management, corporate governance and risk management and is currently the Managing Director of R Kalidass and Associates, a practice of Chartered Accountants and Business Consultants. She has experience within the public sector environment, and is a member of the South African Institute of Chartered Accountants (SAICA), Independent Regulatory Board of Auditors (IRBA), the Institute of Internal Auditors (IIA) and Institute of Directors (IOD).

Her previous audit committee positions include the Mpumalanga Provincial Legislature, Mpumalanga Provincial Department of Education, Mpumalanga Provincial Department of Health, Mpumalanga Tourism and Parks Agency (MTPA), Mpumalanga Gambling Board (MGB), Inkomati Catchment Management Agency (ICMA), Mpumalanga Economic Growth Agency (MEGA), NEHAWU Investment Company as well as the Ehlanzeni District Municipality. She previously served as the Chairperson of the Audit Committee of the Mpumalanga Shared-Services Audit Committee Cluster comprising Office of the Premier, Department of Safety and Security, Department of Co-operative Governance, Department of Human Settlements and the Department of Culture, Sport and Recreation.

Ms Khanyisile Thandiwe Kweyama

Interim Board Chairperson
Appointed to the new Board on 16 October 2017.

Post Graduate Diploma in Management (Wits); Barloworld Executive Development Programme.

Ms Khanyisile Kweyama's wealth of experience and leadership is depicted in her current roles as the Chairperson of the Board for Brand South Africa; a Director at Telkom Ltd; the Chairperson of the SABC Interim Board; and Chairperson of Telkom's Social and Ethics Committee. This is after she held Directorships in Boards of various companies which include BMW SA (Pty) Ltd; Barloworld Logistics Africa Ltd; Sovereign Foods Limited; Anglo American Platinum Ltd; Kumba Iron Ore; to mention but a few. Ms Kweyama served in various positions at various national statutory bodies such as the Employment Equity Commission and the National Planning Commission amongst others. In March 2016, she was appointed to Gauteng Eminent Persons Group.

She has held senior positions at many companies in South Africa and abroad. She has received many accolades and awards including the Most Influential Woman in the Mining, Resources and Extractive Sector and one of the 100 Most Inspiring Women in Mining in the World.

Mr Michael Grant Markovitz

Appointed to the new Board on 16 October 2017.

LLB (Wits); MA in Southern African Studies (University of York); BA (Hons) in African Studies (Rhodes University); BA Journalism and Media Studies (Rhodes University).

Mr Michael Markovitz has over two decades of experience as an executive and consultant in the media, technology and entertainment sectors. During this period, he headed up Primedia's Digital Division, served on the company's Group Executive Committee and chaired five Group Company Boards over a period of eight years.

Mr Markovitz has expertise in regulation and participated in drafting South Africa's new broadcasting legislation in 1993 at the Multi-Party Negotiation Process. He also served as the special adviser to the Independent Broadcasting Authority (IBA) and thereafter to ICASA's Chairperson, Mr Mandla Langa from 1999 to 2005.

SABC Education activation.

In July 2018, Mr Markovitz was appointed by the Minister of Communications, to serve on the Digital Migration Advisory Council.

As an active angel investor, Mr Markovitz has taken investment stakes in start-up digital businesses across South Africa. His other interests are in the hospitality industry where he is the board chairperson of independent hotel group, V&A Hotel (Pty) Ltd.

Mr John Matisonn

Member of the Interim Board.
Appointed to the new Board on 16 October 2017.

BA (Wits); William F Benton Fellow in Broadcast Journalism, (University of Chicago); Fellow in Stellenbosch Institute for Advanced Studies; Broadcast training courses in Canada, Hong Kong and South Africa.

Mr John Matisonn is a seasoned and senior newspaper, radio, television and online political journalist and foreign correspondent. He is a founder of the Public Broadcast Initiative, which prepared for the transformation of the SABC from a state broadcaster to a Public Broadcaster in 1994. He was a Councillor on the first council of the Independent Broadcasting Authority and he chaired its Policy Committee.

He was appointed the United Nations' Chairperson of the Electoral Media Commission in Afghanistan. Mr Matisonn returned from a second tour to Afghanistan to write the well-received book on South African media and politics; God, Spies and Lies: Finding South Africa's future through its past. His work has been published in the New York Times, Financial Times, Washington Post and The Observer among many others, as well as in most South African newspapers and a wide range of radio and TV channels.

He is the Executive Director of a book publishing company, Ideas for Africa (Pty) Ltd. Before his appointment to the SABC Interim Board, he was the presenter and producer of a TV programme called BETWEEN THE LINES for Cape Town Television (CTV). He is a recipient of various awards including the National Association of Black Journalists' Award (US) in 1992 for a four part radio documentary series comparing race relations in the US and South Africa.

Mr Dinkwanyane Kgalema Mohuba

Appointed to the new Board on 16 October 2017.

BA Paed, BEd University of the North; MDP (UNISA SBL); HELM (Wits School of Governance); EMP (Turfloop Graduate School of Leadership); EDP (University of Stellenbosch Business School); MBA (Regenesys Business School).

Mr Dinkwanyane Mohuba is Chartered Public Relations Practitioner (CPRP) of PRISA and is currently the Executive Director: Marketing and Communication and Acting Dean of Students at the University of Limpopo. He serves in various governance and management structures: amongst others the Council, Audit Committee of Council, Risk Management Committee, Senate, Executive Management Committee and Executive Committee Senate.

He has a business interests in communications, public relations, marketing, the built environment and engineering services.

Mr Krish Naidoo

Member of the Interim Board.
Appointed to the new Board on 16 October 2017.

BProc (Law) (University of Durban Westville); MLitt (Strategic Studies) (University of Aberdeen, UK); Attendance Certificate in Banking Law and Financial Markets (Nelson Mandela School of Law and the University of the Witwatersrand).

Mr Krish Naidoo has practiced as an attorney for 31 years and is currently on the non-practising roll. He has extensive experience in the fields of human rights, administrative law, mining and commercial law and conveyancing. Mr Naidoo provides legal advice to the ANC's National Disciplinary Committee. He worked for Armscor as the Senior Manager of Corporate Communications and gained experience in liaising with the Diplomatic Corps and the Parliamentary Defence Committee. He participated in programmes relating to defence and has written articles for media and defence journals.

Mr Naidoo was a Non-Executive Director of Peregrine Treasury solutions and the Managing Director of Public Sector Consultants where he developed risk and financial management strategies for municipalities. As the General Manager and Acting CEO of Boxing South Africa, he settled the Boxing Act and Regulations in consultation with the Chief State Law Advisor. He was a Founding Member of the National Association of Democratic Lawyers Steering Committee and a Founding Member of the National Sports Congress. He was part of the team that wrote the White Paper for the Department of Sport and Recreation.

Mr Jack Howard Phalane

Appointed to the new Board on 16 October 2017.

BA, LLB, and LLM (Telecommunications Law) degrees and an MBA (Wits); MCom (SA and International Tax) (North West University); Certificate in Advanced Corporate Law and Securities (UNISA) and a Teachers Diploma (Dr CN Phatudi College of Education).

Mr Jack Phalane has been practising as a commercial attorney for over 14 years, specialising in Company Law. He is experienced in drafting and advising clients on various commercial transactions, including mergers and acquisitions, corporate governance, telecommunications and broadcasting law.

Mr Victor Rambau

Appointed to the new Board on 16 October 2017.

MBA (Milpark Business School); BTech in Operations Management (University of Johannesburg); Diploma in Operations Management (Wits Technikon);; Management Advancement Program (MAP 46) (Wits Business School); Six Sigma Black Belt (Vanguard Consulting UK).

Mr Victor Rambau, is an eminent strategist and former Partner of a Mining Consulting Firm and Technical Director of a Construction Company. He has vast experience and expertise in strategic planning, performance management, banking and corporate management.

From 2012 to 2016, Mr Rambau has been working for Standard Bank South Africa as Value Chain Lead responsible for various strategic projects. In 2016, Standard Bank seconded him to National Student Financial Aid Scheme (NSFAS) to assist the institution with improving its operations.

He also has extensive experience in infrastructural projects in mining and construction. In addition to his general corporate experience, he has vast experience in strategy and operations as well as a strong capability to drive innovation.

Mr Mathatha Godfrey Tsedu

Deputy Chairperson of the Interim Board.
Appointed to the new Board on 16 October 2017.

Honours degree in Journalism and Media Studies (Wits); attended Journalism courses in South Africa, Kenya, UK, Belgium, Zimbabwe and the USA.

Mr Mathatha Tsedu is a former Adjunct Professor in the Journalism Department at Wits. Mr Tsedu has conducted journalism training programmes both in South Africa and on the continent. He also started the Media24 Journalism Academy which provided work based experience and theory for journalism graduates. He started his career as a freelancer in rural Limpopo and rose up the ranks to edit several leading national newspapers. He was editor of the City Press and Sunday Times, as well as deputising for the Head of News at the SABC.

His distinguished career includes being an Executive Director of SANEF; General Manager: Media24 News and Director of the Press Freedom Commission. Mr Tsedu has received a number of awards and accolades in recognition of his sterling work including an Honorary Doctorate by the University of the Western Cape for his work in the media; the Nieman Fellowship; the Nat Nakasa Award for Courageous Journalism; the Shanduka Lifetime Achiever Award as well as the the Print and Digital Media Fellow for 2012/13.

EXECUTIVE MEMBERS OF THE BOARD

Mr Madoda Theo Mxakwe

Group Chief Executive Officer (GCEO)
Appointed on 1 July 2018.

MA (Global Political Economy) (Sussex University, UK); MA and BA (Hons) (University of Cape Town); Executive Leadership Development Certificates (London Business School); Post Graduate Diploma in Business Administration (Gordon Institute of Business Science); BA (Education) (Central University of Technology).

Mr Madoda Mxakwe is the Group Chief Executive Office for the South African Broadcasting Corporation. His extensive experience emanates from a broad combination of skills and expertise he derived from senior executive positions he held in business, communications and public affairs, both in the public service and the private sector, at national and global levels, with evidence of turning businesses around.

Mr Mxakwe has successfully managed businesses and led diverse teams in Southern Africa, East Africa, West Africa and Europe within the fast moving consumer goods industry spanning more than 13 years. Prior to joining the SABC, he was Nestle's Country Head responsible for Mozambique, Namibia, Botswana, Swaziland and Lesotho. In this role he provided strategic, commercial and financial leadership in the five countries, with a focus on driving sustainable profitable growth.

Between 2013 and 2015, Mr Mxakwe's strong leadership and results-oriented approach ensured solid growth under difficult economic conditions for Nestle Nigeria where he served as the Head of Sales in Lagos.

In 2010, he was promoted to the position of Deputy Vice President of Corporate Affairs at Nestle's headquarters in Switzerland, where he was responsible for strategically positioning Nestle, building global partnerships and reputation management. In 2005, he joined Nestle Corporate Affairs Director for Southern and Eastern Africa, responsible for the company's corporate communications and transformation programmes. He worked in the office of the Minister of Public Service and Administration, Mrs Geraldine Fraser-Moleketi, as a Director of Media Relations and Communications and was subsequently appointed the Chief of Staff in the Minister's office.

Ms Yolande van Biljon

Chief Financial Officer (CFO)
Appointed on 25 June 2018.

MCom (Taxation); BCom (Hons) (University of Pretoria); BCompt (Hons) (University of South Africa); BCom (Accounting) (Rand Afrikaans University); CA (SA).

Ms Yolande van Biljon is the Chief Financial Officer of the South African Broadcasting Corporation. She gained in-depth and broad experience in Finance Departments of a number of small, medium and larger companies she served in previous years. Her career which spans more than 20 years, depicts her skills and contribution to transformation, turnaround and growth strategies and implementation thereof.

In 2014, Ms van Biljon was appointed as the Chief Financial Officer of the Road Accident Fund where she contributed to the successful turnaround of the organisation. This is evident in the institution's achievement of four consecutive clean audits and the scores achieved against its Annual Performance Targets.

Ms van Biljon's career also includes seven years she spent in strategic positions at Denel Dynamics a division of Denel SOC Ltd. She joined this company as Manager: Finance Accounting in 2007 before being appointed Chief Financial Officer in 2008. As a member of the Executive team, she contributed to the transformation of Denel Dynamics from an organisation that was faced with insurmountable sustainability challenges to being able to tick of all indicators of medium to long term sustainability including, amongst others, industry acceptable financial results, strong internal controls, exceptional client relations and a healthy order book, in seven years. Following the completion of her articles, she had a brief stint at a Private Investment Bank in London.

Mr Bandlalenkosi Chris Maroleni

Chief Operations Officer (COO)
Appointed on 1 February 2018.

BA, (UCT); BA Hons (International and Comparative Politics), (UCT); Master of Arts (UCT).

Mr Chris Maroleni has extensive experience in strategic leadership and providing direction and leadership to multifunctional teams during times of crisis and in driving and coordination of engagements with stakeholders both locally and internationally.

His success as the founding Africa Editor and Head of Department of the highly successful eNews Africa Service serves as a testimony. Mr Maroleni also has extensive experience in recruiting and training competent technical and editorial teams, establishment of content channels and development of comprehensive broadcast scheduling and distribution plans. He has an in depth knowledge of change management, strategy, sound operational performance and pragmatic financial planning and execution.

His work in broadcasting, telecommunications and Public Affairs, have led to an appreciation for nuance and the sensitivities of the South African political discourse and regional dynamics. In addition, his media experience (Head of Department and Africa Editor of eNCA and Executive Producer, Anchor of the current affairs show Africa 360) has given him a unique experience and insight into running the workings of an active broadcasting operation.

Ms Nomsa Priscilla Philiso

Acting GCEO
From 21 July 2017 to 30 June 2018.

National Diploma in Business Management (Cape Peninsula University of Technology); Leadership Development Programme (Gordon Institute of Business Sciences GIBS); Executive Development Programme (University of Stellenbosch).

Ms Nomsa Philiso was appointed Acting GCEO on 21 July 2017. She joined the SABC in 1994 in a management accounting role and has risen through the ranks. In 2005, she was appointed as Senior Manager: Technology Special Projects. In 2011, she became General Manager: Sales Operations. In April 2015, she joined Commercial Enterprises as a Group Executive responsible for advertising and sponsorship revenue for the SABC. In August 2016 she assumed the role of Group Executive: Television responsible for the management of four SABC TV channels.

Ms Philiso has a wealth of experience which spans over 22 years in the broadcast industry which she spent across a spectrum of fields such as finance, broadcast technology, project management, and operations. Prior to joining the SABC, Ms Philiso acquired financial management experience in the retail industry.

Mr Tseliso Ralitabo

Acting GCEO
From 22 May 2017 until 19 July 2017.

General Management Programme (GIBS); Senior Management Development Programme (The Graduate Institute of Management and Technician); Train the Trainer (IPM); Human Resource Management (IPM); Industrial Relations Course (IPM); Programme for Management Development (University of Cape Town Graduate School of Business).

Mr Ralitabo was appointed as the SABC's Acting GCEO from May 2017 till 19 July 2017. He was Group Executive: Media Technology Infrastructure till March 2018. He has immense experience at the SABC spanning for more than 35 years. During this period, he held the positions of: General Manager Operations and Strategy: Corporate Affairs; General Manager (Acting): Henley TV Facilities; Head Henley Production Facilities; Manager: Personnel Development (Henley); Studio Manager News; Journalist; and as a Camera Operator

Before joining the SABC, Mr Ralitabo worked for Western Deep Levels Ltd as a Chief Administration Clerk. His other involvement at the SABC was as the trade unionist of Media Workers' Association of South Africa (MWASA), which took him to many labour related forums internationally.

Mr James Rogers Aguma

CFO
Acting GCEO from 28 June 2016.
Resigned July 2017.

BCom (Hons) (Makerere University); BCom; PGDA (University of Cape Town); PGCTA (Natal); CA (SA); ACMA; CGMA.

Mr James Aguma joined the SABC in March 2013 as a General Manager: Strategic Support and was appointed as CFO on 5 January 2015. He was appointed as acting GCEO in June 2016 the position he held till his suspension in May 2017 and resignation in July 2017, respectively.

Mr Aguma has extensive experience in the public and private sectors. He spent eight years at the AGSA where he was employed as a Senior Manager. He has led audits at numerous government departments and public entities. He also oversaw audits of several public entities. He trained and worked for PricewaterhouseCoopers, servicing local and international clients including Rand Merchant Bank, USAID, Momentum Group, Gensec Bank, Imperial Bank, PSG, EU, the World Bank, Swedish Development Agency, National Roads Agency of Mozambique and Bristol Myers Squibb Foundation.

Ms Bessie Lillian Tugwana

Acting COO

From 27 September 2016 to 30 January 2018.

Certificates in Journalism and Advanced Journalism; Public Relations Information and Communication Policy Development Management; Television Production.

Ms Bessie Tugwana joined the SABC as a Schedule Co-coordinator for SABC1 and held various positions including General Manager for SABC1, General Manager for SABC Africa Operations, General Manager for SABC2, General Manager: Operations SABC News Channel, Acting Group Executive: Television, Head of SABC Sport, and was Acting COO until 30 January 2018.

Prior to joining the SABC, she was a journalist for Bonanza Magazine, and True Love Magazine, where she was later promoted to Associate Editor. She was employed as a Project Manager for Nokusa Promotions doing sport promotions (African Cup of Nations) and events.

Ms Thabile Sylvia Dlamini

Acting CFO

From 13 July 2017 to 24 June 2018.

BCom (Accounting) (RAU); BCompt (Hons)/CTA (UNISA); CA (SA); Executive Development Programme (University of Stellenbosch).

Ms Thabile Dlamini joined the SABC in November 2005 as a Financial Manager and has held various positions, which include Financial Analyst in the Office of the Chief Financial Officer and General Manager: Finance in the Commercial Enterprises Division.

Ms Dlamini completed her formal training with Anderson thereafter she joined Ngubane and Company as an Audit Manager. She has also served as a member and Chairperson of the Board of Media Credit Coordinators (MCC), which is a critical organisation in the Advertising industry. She served as a member of the Audit Committee for Kungwini Local Municipality. Ms Dlamini is registered as a Training Officer by the South African Institute for Chartered Accountants (SAICA).

Ms Audrey Raphela

Acting CFO

From 28 June 2016 to 27 June 2017.

BCom (former University of Bophuthatswana now University of North-West); Bcompt (Hons)/CTA (University of South Africa); CA (SA); Executive Development Programme, Gordon Institute of Business Science (GIBS).

Ms Audrey Raphela was appointed as acting CFO on 28 June 2016. She joined the SABC in February 2016 as a General Manager: Financial and Management Reporting. She trained at Ernst and Young in Mafikeng, where she serviced local, public and private entities including government departments. After completion of her articles she joined the private sector.

Ms Raphela has extensive experience in the public sector which includes more than four years at Magalies Water where she was employed as an Executive Manager (CFO) in Finance. She has also held a number of senior/executive management positions in the finance and auditing fields at Johannesburg Roads Agency, National Housing Development Corporation, South African Post Office, South African Airways, Eskom and other public entities.

The SABC GCEO, Mr Madoda Mxakwe, interacts with SABC staff.

SABC leadership


Mr M Mxakwe
GCEO
(appointed 1 July 2018)


Ms Y van Biljon
CFO
(appointed 25 June 2018)


Mr C Maroleni
COO
(appointed 1 February 2018)


Ms L Bayi
Company Secretary


Mr H Jiyane
GE: Corporate Affairs (acting)


Ms N Philiso
GE: Television


Mr M Munlo
Head: Legal (acting)


Mr J Thekiso
GE: Human Resources


Ms T Geldenhuys
GE: Governance and Assurance


Ms N Wotshela
GE: Radio


Ms P Magopeni
GE: News


Mr T Mulaudzi
GE: Commercial Enterprises


Mr A Visser
GE: Media Technology Infrastructure (acting)


Mr P Moilwa
GE: Sport (acting)


Ms I Marutla
Head: Supply Chain Management (acting)


Mr K Kganyago
Head: Group Communications


Ms I Cupido
CEO: SABC Foundation

Provincial Offices and *leadership*

The Provincial Offices represent the Corporation in all corners of the country and are managed by Provincial General Managers.

The Provincial Offices are a mirror of the Head Office, although on a much smaller scale, and includes staff from radio stations, Logistics, Finance, Sales, Technology and Human Resources.

These offices bring about provincial relevance in news and other programming, as well as playing the important role of reflecting the life and culture of people of different geographical areas.

During the 2017/18 financial year, the main focus of the Provinces was centred around monthly themes such as Human Rights Day in March, Youth Month in June, Heritage Month in September, World Aids Day and International Day of No Violence against Women and Children in December. January was mainly about matric results announcements and back to school campaigns coverage.

Provincial Offices were actively involved in a range of developmental and social projects across the country, aligning the SABC CSI activities with those of its core business. This allowed the Public Broadcaster to leverage its national footprint, resources and expertise, when partnering with NGO's and other institutions.

Mr V Tsoenyane
PGM: Free State

Mr P Mnci
PGM: Eastern Cape (acting)

Mr J Shikwambana
PGM: Western Cape

Mr B Mpanza
PGM: KwaZulu Natal (acting)

Mr F de Villiers
PGM: Mpumalanga (acting)

Ms A Fourie
PGM: Pretoria (acting)

Ms T Makuya
PGM: Limpopo

Mr R Makgopa
PGM: North West (acting)

Ms M Motaung
PGM: Northern Cape

Executive Director's Overview

'It always seems impossible until it's done'
– Nelson Mandela

As the national Public Broadcaster the SABC must offer, in all of South Africa's official languages, a range of informative, educational and entertainment programmes that showcases South African attitudes, opinions, ideas, values, talent and artistic creativity.

Programming must also offer a plurality of views and a variety of news, information and analyses from a South African perspective and advance the national and public interest. A task that, at times, seemed impossible to do! However, throughout the year, the SABC brought it all and much more to South African audiences across its radio, television and digital media services.

The SABC, once again had a demanding financial year with cash resources stretched to the maximum to ensure continued business operations. Diminishing investment in areas such as content, technology and infrastructure not only impacts on the Public Broadcaster's mandate but also on its future sustainability and competitiveness.

At the end of the financial year, the SABC posted a net loss of R622 million with its cash balance closing on R131 million. Total revenue was R6.6 billion, representing a slight increase of R42 million compared to the previous year. Expenses amounted to R7.3 billion which was within budget and R453 million lower than 2016/17 financial year.

At the end of the fiscal, the SABC's going concern status once again came under scrutiny owing to the Corporation not being able to service all outstanding debts. In order to mitigate the situation several short, medium and long-term strategies are being engaged and implemented in order to return the SABC on a path of renewal and sustainability.

Despite the SABC's financial challenges, the Public Broadcaster is still, by far, the one with whom audiences spend the most time. The SABC is a powerful provider of local programming and services to all South African citizens. Its five television channels reaches on average 28 million viewers – 25 856 million for SABC1, 24 993 million for SABC2, 21 148 million for SABC3, 3 878 million for SABC News and 4 259 million for Encore. The SABC provides Radio services to all South Africans in their mother-tongue and the combined average number of listeners is 28 328 million per week – this makes the Corporation's offering a unique one that no other broadcaster can equal.

Against the backdrop of a year filled with many challenges, including labour strike action, the SABC was able to significantly deliver, and in some cases exceed, its mandate from a local content, music and language perspective. The SABC, through its News and Current Affairs platform, covered numerous leading stories and events of national importance. With the 2019 National Elections around the corner, the SABC will once again ensure that through its network of national bureaus and cross media journalists, it provides unrivalled coverage of election events. Broadcasting of sporting events on the SABC's platform remained an attraction for many viewers and listeners. The Corporation will endeavour to satisfy the public's demand to showcase exciting sporting events, despite a shortfall in funding.

During the year under review, the SABC also embarked on reviewing its Editorial Policies with extensive public and stakeholder consultation. The 2018 Editorial Policies are set for finalisation during the 2nd Quarter of 2018/19 financial year. A review of the Corporation's operating model was also necessary in order to keep up with a shifting competitive landscape, eg., customer needs, markets and competitive threats.

Good progress was made in terms of leadership stability with the appointment of the permanent Board in October 2017 as well as the filling of a number of vacant Group Executive positions. The SABC also welcomed its Chief Operating Officer to the Corporation in February 2018.

In a media environment which continues to be uncertain and fast-changing, the SABC will continue, in partnership with others in the sector, seek a new and sustainable funding base for public service broadcasting. The transformation of the organisation over the next few years will be in the context of a changing regulatory and commercial environment for all media and the funding model, like the SABC itself, must continue to adapt to new challenges.

I wish to acknowledge the Portfolio Committee on Communications, Minister of Communications and her team, the Board, Executive Management and staff of the SABC for their unwavering commitment and support during the year. Gratitude is also extended to our external stakeholders and business partners for their continued support despite challenging circumstances. Lastly, thank you to the millions of South African audiences around the globe who believe in the SABC as a first-class Public Broadcaster.

Ms N Philiso

Group Chief Executive Officer (acting)
(From 21 July 2017 to 30 June 2018)

COO Chris Maroleni's 100 days in office.

Strategic Overview

For millions of South Africans, the SABC remains their primary source of news and information.

The SABC has the capacity, through it's television, radio and digital media platforms, to provide live and in-depth information on important developments and events across the country. This enables the SABC to fulfil its mandate to inform, educate, and entertain its viewers nationally, regionally and locally.

The SABC's objectives and plans for the year under review are derived from four strategic pillars: Financial Sustainability, Content and Platforms, Human Resources and Governance. Initiatives within each of the pillars are designed to restore the integrity, credibility and to promote a culture of excellence in the Public Broadcaster.

Sufficient revenue generation to fund the mandate and business operations of the SABC remained a severe challenge throughout the financial year. As a result, the Corporation posted a net loss of R622 million at the end of March 2018. The SABC's cash position of R131 million at the end of March 2018 improved marginally compared to the previous financial year. However, the amount owed to trade creditors remained above R500 million resulting in the SABC not being able to service all its outstanding debts. Global and local economic pressures, client cut-backs on advertising budgets, the increasingly competitive broadcasting environment and a decline in audience share numbers contributed to revenue targets not being met.

To meet its mandate, the SABC must offer a range of programmes that showcase South African attitudes, opinions, ideas, values, talents and artistic creativity in all official languages. Programming must also offer a plurality of views and a variety of news, information and analyses from a South African perspective, as well as advancing the public interest. During the period under review, SABC exceeded all its local content quotas on both television and radio, featuring more programmes from Provinces outside Gauteng and ensuring through the broadcasting of programs with sign language and sub-titling, that people with disabilities are not left behind. The Public Broadcaster continues to play a critical role in nation-building and the development of social cohesion.

The SABC continues to upgrade internal and external broadcasting and production facilities and has plans in place to take advantage of the opportunities created by the following platforms: Digital Terrestrial Television (DTT), Direct-to-Home (DTH) satellite broadcasting, the rapid rollout of broadband Internet connectivity, the rise of alternative mobile entertainment options such as Video-on-Demand (VOD), and the emergence of Over-The-Top (OTT) video entertainment services. These technology upgrades are imperative for the SABC to sustain viable broadcasting platforms and multichannel content distribution in the digital age.

Various Human Resources strategies were deployed during the year under review. For example, performance management for top and senior management was rolled-out during the period under review with the aim of contracting with all staff in the 2018/19 financial year. While skills development through learning interventions was a key objective for the SABC, due to the Corporation's financial constraints delivery on the Workplace Skills Plan (WSP) was minimal. However, to mitigate this situation, alternative initiatives are being put in place to ensure continued skills development, particularly in the digital media field.

During the year under review, the SABC made good progress in reviewing its operating model, to keep up with the shifting competitive landscape and ensure the SABC remains fit for purpose. The operating model is earmarked for completion and review by the board in the second quarter of the 2018/19 financial year.

The SABC has emerged from an environment which saw chronic failures in corporate governance in previous years. Therefore the Corporation put considerable effort into strengthening its internal controls during the 2017/18 financial year. Progress was made in resolving internal and external audit findings, developing new policies and Standard Operating Procedures (SOP's), reviewing out-dated policies and mitigating risks through the implementation of risk management plans.

Going forward, the SABC's priority is to ensure that it achieves financially sustainability. This will be achieved primarily by addressing the Corporation's cost base and by growing its revenue base from traditional media and commercial partnerships, as well as by improving the collection of TV licence fees. Taking into account the current SABC's cash crisis, greater emphasis will be placed on immediate and longer-term revenue generation and cost reduction strategies.

The SABC's financial constraints are, however, impacting negatively on the roll-out of further critical technology and infrastructure projects. Funding is required to ensure business continuity.

Legislative *mandate* and other mandates

The South African Broadcasting Corporation (SOC) Limited ('The SABC') is a Schedule 2 (Major Public Entity) entity in terms of the Public Finance Management Act No. 1 of 1999, as amended.

Founding, Current Legislation and Policies

The SABC was established through an Act of Parliament in 1936, which replaced the previous state-controlled African Broadcasting Corporation, formed in 1927 and included the South West African Broadcasting Corporation, which later became the Namibia Broadcasting Corporation.

Until 1993, the SABC Board was appointed unilaterally by the Minister. During the early 1990s, a broad-based civil society coalition – the Campaign for Independent Broadcasting (CIB) – made a strong case for the independent appointment of the SABC Board before the first democratic elections, in order to ensure a free and fair, level playing field. During the negotiations process that brought about the South African democracy, the parties agreed that a panel of judges would conduct the first independent appointment process for an SABC Board. In May 1993, in the first public interview process for any official appointment in South Africa, a judicial panel received over 700 nominations and publicly interviewed a shortlist of 86 people in the full glare of the media. Although the final appointment of the board was still contested by the apartheid government and was not without its problems, the appointment of the 1993 SABC Board represented an important moment in the history of the SABC.

With a democratic parliament in place from 1994, the SABC Board was appointed with the involvement of a multi-party parliamentary committee and this system remains to date.

The Broadcasting Act No. 4 of 1999 ('the Broadcasting Act') was the next important milestone for the SABC. Section 7 of the Broadcasting Act established the incorporation of the SABC, as the successor to the 1927 Corporation, and provided that the affairs of the SABC would be run in accordance with the Companies Act of 1973 as repealed by the Companies Act No. 71 of 2008, as amended.

The business of the SABC is further defined by the Broadcasting Act into two distinct services namely the Public Broadcasting Services (PBS) and Public Commercial Services (PCS), which are to be administered separately. The SABC has requested for this distinction to be removed because in practical terms the SABC has unitary model that governs its services and is consequentially unable to account separately for each group of services (PBS 15 radio stations and two TV channels; PCS three radio stations and two TV channels).

Each SABC radio service and television channel is licensed separately by ICASA and are all required to adhere to their respective licence conditions and the provisions of the Broadcasting Act, including the SABC Charter.

Public Broadcasting Service Mandate

The mandate of the SABC, as a Public Broadcaster, is embedded in a range of statues, regulations, policies, codes of conduct and license conditions. *The SABC's statutory framework includes:*

- The Constitution of the Republic of South Africa 108 of 1996 as amended;
- Broadcasting Act No. 4 of 1999 as amended;
- Independent Communications Authority of South Africa Act No. 13 of 2000 as amended;
- The Electronic Communications Act No. 36 of 2005 as amended; and
- The Companies Act No. 71 of 2008 as amended.

In executing its mandate, the SABC is also guided, among others, by:

- Public Finance Management Act (PFMA) No.1 of, 1999 as amended;
- The King IV Report on Corporate Governance for South Africa™;
- South African National Treasury Regulations;
- The SABC's Delegation of Authority Framework;
- Basic Conditions of Employment Act No. 75 of 1997, as amended;
- Labour Relations Act No. 66 of 1995, as amended;
- Employment Equity Act No. 55 of 1998, as amended;
- The Preferential Procurement Policy Framework Act No. 5 of 2000 as amended; and
- The Skills Development Act No. 97 of 1998, as amended.

The Broadcasting Act

The Broadcasting Act remains the SABC's core founding statute. The SABC's obligations in terms of the Broadcasting Act are encapsulated in the ICASA Regulations and licence conditions for the Corporation's five television channels and 18 radio stations.

The SABC Charter

Section 6 of the Broadcasting Act outlines the Charter of the SABC. Subsection 6(3) provides that the Corporation, in pursuit of its objectives and in the exercise of its powers, enjoys freedom of expression and journalistic, creative and programming independence as enshrined in the Constitution.

Subsection 6(4) states that the Corporation must encourage the development of South African expression by providing, in South African official languages, a wide range of programming that:

(a) Reflects South African attitudes, opinions, ideas, values and artistic creativity;
(b) Displays South African talent in education and entertainment programmes;
(c) Offers a plurality of views and a variety of news, information and analysis from a South African point of view; and
(d) Advances the national and public interest.

In addition to its legislative and regulatory obligations, the SABC Board is charged with control and direction of the affairs of the Corporation as set out in the SABC's Memorandum of Incorporation (MoI), as approved by the Shareholder, represented by the Minister of Communications. The relationship between the SABC, its Board and the Shareholder is governed by a Shareholder Compact, reviewed and renewed on an annual basis. The MoI and the Shareholder Compact ensure that the Corporation complies with the essential pillars of a governance framework, which includes the Broadcasting Act, the Companies Act, the PFMA and the Constitution.

The *objectives* of the SABC

The objectives of the Corporation, as set out in Section 8 of the Broadcasting Act are:

(a) To make its services available throughout the Republic;

(b) To provide sound and television broadcasting services, whether by analogue or digital means and to provide sound and television programmes of information, education and entertainment funded by advertisements, subscription, sponsorship, licence fees or any other means of finance;

(c) To acquire from time to time a licence or licences for such period and subject to such regulations, provisions and licence conditions as may be prescribed by the Authority;

(d) To provide, in its public broadcasting services, radio and television programming that informs, educates and entertains;

(e) To be responsive to audience needs, including the needs of the deaf and the blind and account on how to meet those needs;

(f) To provide other services, whether or not broadcasting or programme supply services, such services being ancillary services;

(g) To provide television and radio programmes and any other material to be transmitted or distributed by the common carrier for free-to-air reception by the public subject to section 33 of this Act;

(h) To provide to other bodies by such means and methods as may be convenient, services, programmes and materials to be transmitted or distributed by such bodies and to receive from such other bodies services, programmes and materials to be transmitted by stations of the Corporation for reception as above;

(i)To commission, compile, prepare, edit, make, print, publish, issue, circulate and distribute, with or without charge, such books, magazines, periodicals, journals, printed matter, records, cassettes, compact disks, video tapes, audio-visual and interactive material, whether analogue or digital and whether on media now known or hereafter invented, as may be conducive to any of the objects of the Corporation;

(j) To establish and maintain libraries and archives containing materials relevant to the objects of the Corporation and to make available to the public such libraries and archives with or without charge;

(k) To organise, present, produce, provide or subsidise concerts, shows, variety performances, revues, musical and other productions and performances and other entertainment whether live or recorded in connection with the broadcasting and programme supply services of the Corporation or for any purpose incidental thereto;

(l) To collect news and information in any part of the world and in any manner that may be thought fit and to establish and subscribe to news agencies;

(m) To carry out research and development work in relation to any technology relevant to the objects of the Corporation and to acquire by operation of law, registration, purchase, assignment, licence or otherwise copyright and designs, trade marks, trade names and any other intellectual, industrial and commercial property rights;

(n) To nurture South African talent and train people in production skills and carry out research and development for the benefit of audiences;

(o) To develop, produce, manufacture, purchase, acquire, use, display, sell, rent or dispose of sound recordings and films and materials and apparatus for use in connection with such sound recordings and films; and

(p) To develop and extend the services of the Corporation beyond the borders of South Africa.

> "The fight for freedom must go on until it is won; until our country is free and happy and peaceful as part of the community of man, we cannot rest."
>
> - Oliver Tambo

1917
27 October Oliver Reginald Kaizana born in Nkantolo village, Eastern Cape.

1940
Studies law at Fort Hare University, meets Nelson Mandela and becomes involved in student politics.

1942
Expelled from Fort Hare University for student activism and becomes a maths and science teacher at St Peter's School in Johannesburg.

1948
National Party comes to power. Tambo earns his law degree, and in 1951 starts a law firm with Mandela, while still involved in political activism.

1955
Becomes Secretary-General of the ANC.

1956
Marries Adelaide Tshukudu.

1958
Becomes Deputy President of the ANC.

1959
Receives five-year banning order from apartheid government.

1960
Exiled to London, England.

1967
Becomes president of the ANC folowing the death of Chief Albert Luthuli (re-elected in 1985).

1990
Returns to SA folowing the unbanning of the ANC and release of political prisoners.

1993
Dies 24 April.

SABC Performance

Situational *analysis*

SABC staff behind the scenes.

Service Delivery

The SABC's bouquet of services includes 18 radio stations, five television channels as well as a digital media offering. Channel Africa, the 19th Radio Station, is managed by the SABC on behalf of the DoC.

The Public Broadcaster's three terrestrial television channels attract, on average, 28 million South Africans in a typical month. The SABC's News channel and SABC Encore channel are delivered through DStv's digital satellite platform and reach 3 878 million and 4 259 million viewers respectively in a typical month. Seventeen of the nation's top 20 television programmes are broadcast by the SABC's television channels.

The SABC provides radio services to all South Africans in their preferred language through its 18 radio stations. The combined average of 28 328 million SABC radio listeners per week is based on a richly diverse offering that no other broadcaster can equal.

The SABC also has a growing digital media presence across the internet including social media, online video, podcasts and streaming platforms. SABC television channels and shows, radio stations and other brands have some of the most popular and engaged audiences in the South African social media landscape.

Behind the scenes of SABC3's The Hostess with Lorna Maseko.

Organisational Environment

The SABC, like every other Public Broadcaster, is facing a world in transition and has to devise and implement a set of strategic responses to the challenges facing the delivery of Public Service Broadcasting. Noting the rapidly changing broadcasting environment, the SABC, as a commercially-funded, state-owned entity, must move with agility to compete with commercial competitors, meet its public service mandate and comply with public sector operating guidelines.

The past two fiscals were particularly difficult for the SABC on many different levels. Against the backdrop of legacy governance and management failures that have impacted the SABC over many years, the Corporation was unable to successfully implement key strategies and continued to suffer from reputation and credibility issues.

However the Board and management made great strides in reducing losses and continued to focus on the fundamental, core issues at the SABC, including stabilising the organisation by filling key vacancies, implementing consequence management and reviewing all commercial agreements, regulations and licence conditions that impact on the viability of the SABC. The Board is confident that the new Executive Director has a turnaround plan that will make a fundamental impact on both costs and revenue in the second half of the next fiscal.

During the year under review, various executive appointments were made including that of the Chief Audit Executive (CAE), Group Executive (GE): Radio, GE: News and Current Affairs, GE: Human Resources and Chief Operating Officer (COO). Positions of the Group Chief Executive Officer (GCEO) and Chief Financial Officer (CFO) were also filled by July 2018. Positions of GE: Media Technology Infrastructure, GE: Corporate Affairs and Head of Legal were all advertised prior to the end of the 2017/18 financial year and the recruitment process will be finalised in the next financial year. These appointments will go a long way in providing the necessary stability to the Corporation from a group executive leadership perspective.

Key Legislative *changes*

During the period under review, ICASA published new regulations and discussion documents as required by the Electronic Communications Act of 2005.

The SABC participated in the public consultation leading to the development of these regulations. Herewith are ICASA regulations which affect the business of the SABC.

ICASA General Licence Fees Regulations as published in Government Gazette Notice No. 41510 of 20 March 2018

On 20 March 2018, ICASA published a notice to inform the industry about the increase of administrative fees in relation to service licences. The annual increases are a prerogative of ICASA and as such this increment was introduced without instituting the public consultation process. The increase is effective as of 1 April 2018. ICASA stated that all administrative fees associated with applications and registrations is increased by 5,3% in line with the average Consumer Price Index (CPI). Thus the application fee for the amendment of licences and transfer of licences for broadcasters has changed from R57 837 to R60 940. Whilst the application fee for the renewal of licences has increased from R5 787 to R6 094.

ICASA Regulations on South African Television Content, 2016, Government Gazette No. 39844 and ICASA Regulations on South African Music, 2016, Government Gazette No. 39844

On 23 March 2016, ICASA published the revised television and radio local content regulations. The SABC participated in the public consultation process leading to the development of the local content regulations. These regulations have prescribed new local content quotas. As a result the SABC Radio Services implemented increased local music quotas from September 2017 whilst SABC TV implemented the increased quota from 23 March 2018. The increased local music quotas for radio services are as follows::

Broadcaster	Current quota	New quota	1st year	2nd year
SABC public radio	40	70	60	70
SABC commercial radio	25	35	(applicable after 18 months of the publication of the final regulations)	

For television services the increased quotas are as follows:

Broadcaster	Current quota	New quota
SABC Public Television	55%	65 %
SABC Commercial Television	35%	45%
New incentive channels	20% local content at launch	

ICASA inquiry into subscription television broadcasting services

On 25 August 2017, ICASA published the Government Gazette Notice No. 41070 in respect of the Discussion Document – Inquiry into Subscription Television Broadcasting Services ('Discussion Document'). The publication invited interested parties to submit written comments or representations on the Discussion Document by 4 December 2017. The Discussion Document sought to address the existing barriers to entry and any other anti-competitive practices in the sector. The SABC participated in the public consultation process with the view to influence balanced regulations that promote fair competition in the broadcasting sector.

The Review of the SABC Editorial Policies

The Editorial Policies were developed by the SABC in 2003 and in 2004 the final Editorial Policies were published for implementation. In 2013, the SABC embarked on the review of the policies and conducted provincial workshops and thereafter a report was compiled but not translated into the final Editorial Policies.

In 2016, the SABC revised the policies and submitted these policies to ICASA for approval. Thereafter, ICASA declared the 2016 amendments and policies invalid because there was no proper consultation with the public with respect to the final policies. In 2017, the Board revived the project with a view to aligning the SABC Editorial Policies with ICASA's ruling as well as aligning the policies with the revised and new broadcasting legislation.

The first public consultation process began in July 2017 and the second public consultation process will be carried out in the 2018/19 fiscal.

Other pending policies or legislation that are likely to affect the SABC business are:

Policy/Legislation	Impact
a) National Alcohol Bill	Restrictions on the alcohol advertising in terms of air-time allocation
b) Unhealthy Foods Regulations	The ban of unhealthy foods advertising
c) Films and Publications Board (FPB) Online Content Regulation	Regulation of online content (this space is currently unregulated)
d) Review of the Must Carry Regulations	Obligation for Pay-TV services to carry SABC TV channels for free
e) Review of Sports Broadcasting Rights Regulations	Obligation to broadcast listed sports events in line with the prescripts of the regulations

SABC management interacting with stakeholders.

Strategic Outcome oriented goals

Financial Sustainability

Goal: To be a financially sustainable organisation

For the period under review, the SABC's financial position remained under pressure. Total revenue for the full financial year was R6.6 billion against a budget of R7.3 billion resulting in an underperformance of R709 million (10%). However, a year-on-year performance showed an improvement of R56 million (1%) driven mainly by commercial revenue.

Total expenditure incurred for the 2017/18 financial year amounted to R7.269 billion compared to the budget of R7.279 billion. The R11 million (1%) underspend is mainly owing to amortisation of content and other expenses.

As a result of the above performance, the SABC showed a total net loss of R622 million, compared to the budgeted net profit of R32 million, which is a variance of R654 million.

As at 31 March 2018, the SABC's cash position was R131 million. Net cash inflow of R49 million was generated since the beginning of the financial year. Although a slight improvement from the previous year, the Corporation was still unable to generate sufficient cash to meet all its financial obligations.

At the end of the 2017/18 financial year, the SABC's creditors' payment days stood at 205 days compared to the 93 days at the end of the previous financial year. The Corporation was unable to settle outstanding accounts within the prescribed period owing to insufficient funds.

Debtors' days of 39 days ensured that the cash flow position was improved during the year. The reduction in collection days was mainly achieved through early-settlement discount for advertising accounts.

Content and Platforms

Goal: To acquire and schedule compelling and quality programming, spanning a range of genres, in all official South African languages, across traditional and digital media platforms.

During the year under review, the SABC performed very well in its objective of contributing to nation building by acquiring and scheduling content that reflects the South African story. Local content quotas on all three television channels were exceeded. PBS radio stations also exceeded all their genre quotas in terms of news, current affairs, informal knowledge building education, children and drama ensuring that the nation is informed, educated and entertained in the language of their choice.

The SABC continues to provide the South African public with a wide range of high quality local programmes that reflect the diverse cultures, languages, life experiences, interests and needs of its audiences. During the 2017/18 financial year, the Public Broadcaster commissioned content from Provinces outside Gauteng. Approximately 50 such programmes were broadcast during the year under review. An increase in the hours of content broadcast in marginalised languages was also noteworthy.

One of the SABC's 2017/18 financial year's strategic objectives was to enhance its digital media platforms to attract more audiences and increase universal access on a multiplatform basis. In order to achieve this it was crucial to upgrade the Corporation's websites resulting in increased consumer and commercial appeal. The SABC was only able to upgrade two of its websites after the service provider responsible for this project was requested to suspend its services. Towards the latter part of the year Board and management placed renewed focus on the SABC's digital media strategy to ensure that the Public Broadcaster is competitive in this space.

Human Resources

Goal: To develop a dynamic and motivated fit-for-purpose workforce that embraces learning and is sufficiently adaptable to migrate into the digital age.

People orientated strategies remained a key focus area for the SABC during the year under review. Attracting and retaining staff through effective talent management, embedding a high performance culture and optimising learning and development were the main objectives during the period under review.

A Career Progression Framework, to enhance employee development, was developed and presented to the Executive Committee (EXCO). The proposed framework will be implemented once the review of the SABC's operating model has been concluded.

Performance management was put in place for top and senior management with the majority of performance contracts having been signed off by the end of the financial year. Performance contracting will be cascaded down to the rest of staff in the 2018/19 financial year.

The SABC remained committed to delivering on its Workplace Skills Plan (WSP). However, due to the financial constraints experienced by the Corporation, the delivery on WSP training was nominal. Training service providers could not be procured or paid resulting in priority being placed on urgent and critical training needs only.

Competition for audiences and advertising revenue is increasing with significant new players entering the market, many of whom operate on a global scale. A fresh look was necessary from the inside (business processes, systems and staff) and from outside (market behaviour) in order to stay relevant.

Governance

Goal: To ensure compliant governance practices complemented by effective risk management and internal controls.

For the period under review, the SABC's aim was to deliver on the highest standards of compliance with not only the letter, but also the spirit of relevant governance codes. To achieve this, processes and practices were reviewed to ensure compliance with relevant legal requirements. There was a renewed focus on the use of funds, to ensure spending in an efficient and cost-effective manner, as well as adherence to good corporate governance practices that are continually benchmarked against the risk management framework issued by National Treasury.

In an effort to strengthen the Corporation's internal controls, additional effort went into clearing previous internal and external audit findings. Significant progress was made on both these deliverables, however, it should be noted that this is an on-going process that will continue in the new financial year.

The identification, assessment and mitigation of strategic, compliance, operational and fraud risks form the core of the SABC's enterprise-wide risk management. During the period under review, 76 risk management plans were completed for identified risks. The plans are monitored and evaluated on an on-going basis.

Delivery on Predetermined Objectives

SABC 2017/18 PERFORMANCE ON PREDETERMINED OBJECTIVES

Strategic Objective	Key Activities	Performance Indicator(s)	Target FY2017/18	Performance	Comments on Variance
FINANCIAL SUSTAINABILITY					
GOAL: To be a Financially Sustainable Organisation					
Ensure that the SABC is financially sustainable through maintaining profitability.	Manage revenue and expenditure in accordance with the approved budget.	Achieve annual Net Profit before Tax as per the approved budget.	R0	R622 million loss	Not achieved. Revenue targets were not met. Expenditure was within budget. Tough economic conditions, advertiser cut-backs, decline in audience share and households' low disposable income contributed to revenue targets bot being met.
Ensure that the SABC is able to meet its financial obligations through adequate cash management.	Maintain a favourable cash position through working capital management (financial ratios).	Maintain favourable creditors' payment average days ratio.	60 average creditors payment days.	205 days	Not Achieved. Owing to the SABC's financial situation and minimal cash resources creditors could not be paid within the target date.
		Maintain favourable debtors collection average days ratio.	60 average debtors collection days.	39 days	Achieved. Initiatives such as early settlement discounts contributed to the lower debtors collection days.
CONTENT AND PLATFORMS					
GOAL: to acquire and schedule compelling and quality content, spanning a range of genres, in all official South African languages, and exceeding mandate objectives across traditional and digital media platforms.					
Meet local content requirements of SABC licences as per the ICASA regulations	Contribute to nation-building by acquiring and scheduling content that reflects the South African story.	Achieve ICASA local content quotas as per terrestrial television channel licence conditions.	SABC1 70% SABC2 60% SABC3 40%	SABC1 73% SABC2 71% SABC3 52%	Achieved. Local content quotas were exceeded on all three channels.
		Achieve ICASA PBS Radio genre quotas as per SABC Broadcast licence.	• 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	• News: 87 min/day; • Current Affairs: 172 min/day; • Informal Knowledge building: 1 561 min/week; • Education: 359 min/week; • Children: 134 min/week • Drama: 207 min/week	Achieved. PBS Radio genre quotas exceeded.
Embrace diversity in television broadcasting through the production of provincial content and marginalised language programming.	Increase number of provincial programmes.	Number of provincial programmes.	8 programmes	57 programmes	Achieved. The SABC was able to commission / procure more provincial programmes than expected.
	Meet ICASA marginalised language targets on PBS platforms	Hours of marginalised language content broadcast	Ave 1hr 48min per week	Ave 1hr 35 min per week	Not achieved. Corrective action strategies to increase marginalised language content could not be implemented owing to a lack of funds.
Strategic Objective	Key Activities	Performance Indicator(s)	Target FY2017/18	Performance	Comments on Variance

METRO FM entertains its listeners at the All White Gospel Picnic.

CONTENT AND PLATFORMS continued...					
GOAL: to acquire and schedule compelling and quality content, spanning a range of genres, in all official South African languages, and exceeding mandate objectives across traditional and digital media platforms.					
Enhance digital media platforms to attract more audiences and increase universal access	Upgrade SABC websites to increase consumer and commercial appeal.	Number of SABC websites upgraded and launched.	7	3	Not achieved. The service provider that was contracted for the project was handed over to SIU for investigation. Insufficient SABC capacity for website development and content delivery.
		Percentage audience growth on SABC Websites.	5%	24% decline	Not achieved. SABC's old and out-dated websites are not attracting audiences.
HUMAN RESOURCES					
GOAL: develop a dynamic and motivated fit-for-purpose workforce that embraces learning and is sufficiently adaptable to migrate into the digital age.					
Attracting and retaining staff through effective talent management.	Develop and implement a Career Progression Framework to enhance employee development and improve employee retention.	A developed Career Progression Framework and Policy.	Developed Career Progression Framework approved by the Board.	The Career Progression Framework was developed and presented to Group Exco.	Not achieved. A decision was taken to pause further approval and implementation until such time that the SABC's operating model review was finalised.
Embedding a high performance culture through performance management.	Institutionalise Performance Management policy with revised tool for top and senior management.	Signed-off performance contracts and reviews conducted.	Performance Contracts in place for top and senior management.	Over 70% of top and senior management performance contracts were concluded.	Not achieved. New incumbents and individuals in acting positions still needed to be concluded. The matter will be rectified in new financial year.
Optimise learning and development to ensure sustainability and readiness for the digital age.	Develop a Workplace Skills Plan (WSP) and operational training plan that is aligned to the digital migration requirements.	Digital migration training needs addressed through WSP.	80% achievement of digital migration training needs as per the WSP.	1.3% training needs addressed.	Not achieved. The SABC could not procure and pay service providers for training owing to Corporation's financial situation.
GOVERNANCE					
Goal: ensure compliant governance practices complemented by effective risk management and internal control framework.					
Effective risk management and sufficient internal control environment to ensure compliant governance practices.	Strengthen internal controls	Percentage of previous internal audit findings resolved.	50%	50%	Achieved. On-going process to clear audit findings.
		Percentage of previous Auditor-General findings resolved.	50%	49%	Not achieved. A total of 146 findings were issued by the by AGSA on its final management letter dated 8 August 2017 - 69 findings have been resolved, 77 are still in progress and 7 findings have not been started.
	Identification, assessment and mitigation of strategic, compliance, operational and fraud risks.	Number of completed risk management plans.	16	40	Achieved. Targeted number of risk management plans exceeded.

Summary of Financial *information*

The Corporation reported a net loss of R622 million (Total comprehensive loss of R1.2 billion) for the year.

The Corporation still faces tough economic conditions which sees expenses exceeding the revenue generated. The audience share and TV license collections have not yet stabilized to result in a sustainable upswing in the revenue generation.

There are significant liquidity challenges which have resulted in the Corporation not being able to settle all its creditors timeously. Trade and other payables have therefore significantly increased by 58% from the previous financial year, even though cash reserves grew by R49 million (60%). The Corporation maintained its solvency, however declined into a net current liability position.

The Turnaround strategy that was approved subsequent to the financial year end is designed to ultimately return the Corporation to financial sustainability.

Solvency and Liquidity

	31-Mar-18 R'000	31-Mar-17 R'000	31-Mar-16 R'000
Non-current assets	2 590 188	3 135 955	2 923 194
Current assets	1 775 798	1 716 042	2 902 116
Total assets	4 365 986	4 851 997	5 825 310
Equity	881 346	2 073 022	2 676 017
Non-current liabilities	1 417 199	1 362 770	1 423 066
Current liabilities	2 067 441	1 416 205	1 726 227
Total liabilities	3 484 640	2 778 975	3 149 293
Total equity and liabilities	4 365 986	4 851 997	5 825 310
Solvency	1.25	1.75	1.85
Current ratio	0.86	1.21	1.68

Solvency

The SABC maintained its solvency (assets exceeded liabilities) as at the end of 31 March 2018. The solvency decreased over the past three years. This is due to the liquidity constraints faced by the Corporation. The cash levels dropped significantly, coupled with increases in liabilities. The net losses experienced over the years have also negatively affected the equity of the Corporation.

Liquidity

The short term liabilities (Trade and Other Payables) increased significantly in the course of the financial year due to the Corporation being unable to settle all creditors timeously. The liquidity challenges have resulted in the Corporation being in a net current liability situation (current liabilities exceed current assets). The payment period exceeded the planned payment period of 60 days (as stipulated in the Annual Performance Report). This was however offset with outstanding debtors' collection of 39 days, which assisted in working capital management.

Going Concern

The SABC continues to operate as a going concern with the solvency ratio still favourable. It must be noted however that the Corporation is faced with liquidity challenges which affect the business continuity. These have been outlined in detail in the annual financial statements section (note 1b) and the Corporation has embarked on a turnaround strategy to address these challenges. The approved three year budget depicts a positive outlook which will improve our liquidity position.

Cash Flow Statement

	31-Mar-18 R'000	31-Mar-17 R'000	Movement	%
Net cash inflows/(outflows) from operating activities	43 191	(713 074)	756 265	(106)
Net cash outflows from investing activities	(148 642)	(321 180)	172 538	(54)
Net cash inflows from financing activities	154 226	234 889	(80 663)	(34)
Net decrease in cash and cash equivalents	48 775	(799 365)	848 140	(106)
Cash and cash equivalents at beginning of the year	81 742	881 107	(799 365)	(91)
Cash and cash equivalents at end of the year	130 517	81 742	48 775	60

The Corporation contained its cash outflows on the operating activities, compared to the previous year. Notwithstanding the increase in the trade creditors (which reduced the cash outflow), the net loss for the current financial year was lower than the previous year which contributed to the slight improvement in the cash position.

Lesser investment took place in capital expenditure, compared to the previous financial year due to constrained internal resources to fund the capital expenditure plan. This however resulted in delays in the investments on infrastructure projects which could expose the Corporation to various risks.

The first instalment of R7 million for the perpetual government debt of R27 million was repaid to the DoC. The Corporation has held this debt since 1972. A further R6 million is scheduled to be paid in two instalments over the next two financial years. The Corporation also paid R12 million towards the finance lease arrangement for fleet of motor vehicles.

Profitability

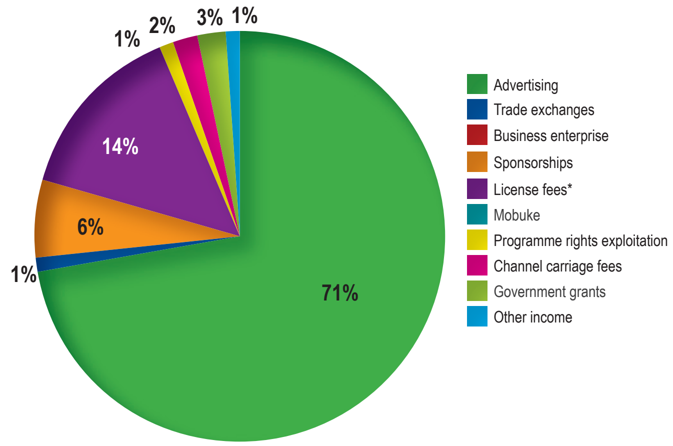
	31-Mar-18 R'000	31-Mar-17 R'000	Movement	%
Total revenue and income	6 627 198	6 571 312	55 886	1
Total expenses	(7 261 930)	(7 714 702)	452 772	(6)
Operating loss before finance costs and tax	(634 732)	(1 143 390)	508 658	(44)
Net financing income/(expenses)	13 067	27 062	(13 995)	(52)
Income tax	(11)	76 378	(76 389)	(100)
Loss for the year	(621 676)	(1 039 950)	418 274	(40)
Other comprehensive income/(loss) for the year net of tax	(570 000)	436 954	(1 006 954)	(230)
Total comprehensive income/(loss) for the year	(1 191 676)	(602 996)	(588 681)	98

The Corporation recorded a net loss R622 million, lower than the previous financial year net loss of R1 billion. The total comprehensive loss of R1.2 billion was due to the negative actuarial valuations on post-employment benefits and long service awards which amounted to R570 million.

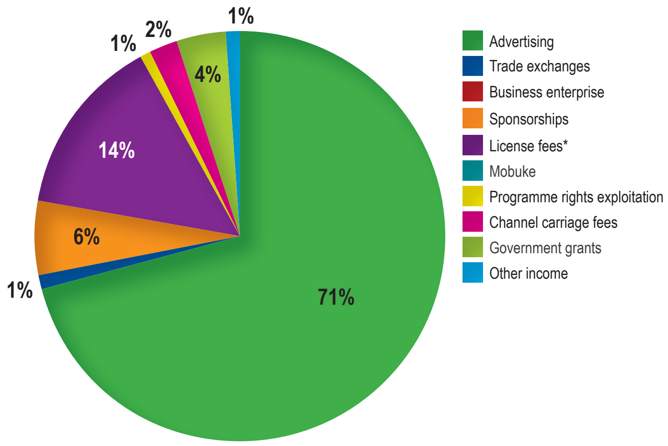
The total revenue and income performed better than the previous year by R56 million (1%), whilst the Corporation contained its expenditure amounting to a reduction of R453 million (6%) from the prior year. The major savings were reported on amortization programme, film and sports rights and other expenses (operational).

Total Revenue and Income

GRAPH: 2018



GRAPH: 2017



The composition of revenue streams performed similarly in the comparative year. The advertising revenue still contributes a significant portion of the Corporations revenue mix (71%). The license fees comprised 14% of the total revenue in both financial years. In line with advertising revenue trend, sponsorship generated 6% in the revenue mix. Collectively the commercial revenue generated 77% of the total revenue for the Corporation. Government grant revenue slightly decreased by a percent.

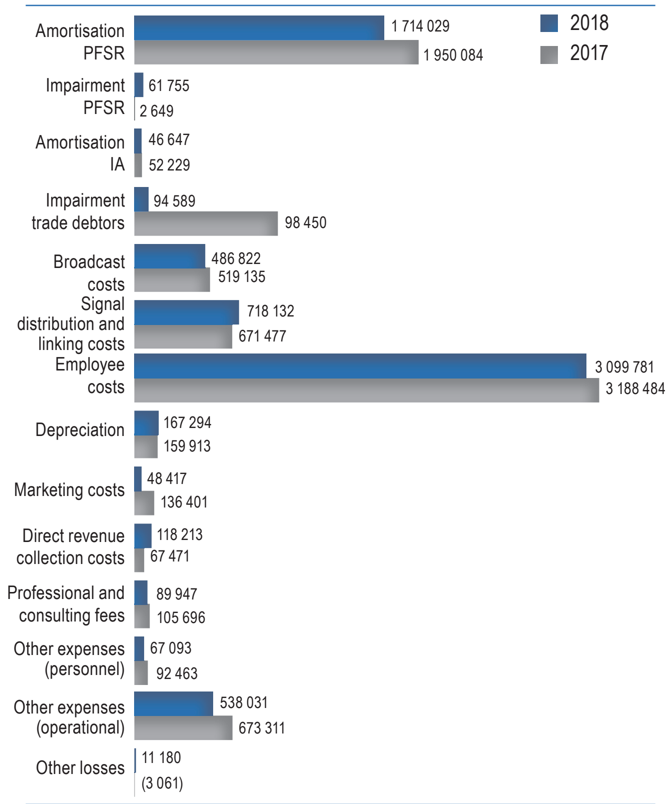
Total Expenditure

The overall total expenses decreased by R453 million from the previous financial year. Amortisation of content was a major contributor of this decrease. This is directly linked to the liquidity constraints faced by the Corporation. These challenges resulted in delays/ difficulties in securing licensed and commissioned content. Heavy reliance was therefore placed on repeat programs being broadcasted. Some of the sporting events could also not be broadcasted.

In containing its costs, the Corporation yielded savings in other expenses (especially travelling expenses and maintenance costs). Lower usage of consultants and legal services also resulted is some cost savings. Marketing campaigns/ initiatives were suspended due to low cash flows, resulting in savings as well.

The employee cost still constitutes the major portion of the total expenses (exceeding an average of 40%).

GRAPH: Total Expenditure



Audit Outcome

The Auditor-General issued a disclaimer of audit opinion to the Corporation. The basis for a disclaimer of opinion is mainly attributable to three core areas which are:

Uncertainty of the going concern assumption used as basis for the preparation of the financial statements

In preparation of the annual financial statements, the Corporation used the going concern assumption but noted the material uncertainties affecting the assessment being:

- R622 million net losses as at 31 March 2018; and
- Current liabilities exceeded current assets, meaning that the Corporation was not able to meet all the short term debts when they are due.

The Auditor-General could not satisfy itself of the reasonability of the Corporation's cash flow projections and forecasts supporting the going concern assumption used to prepare the annual financial statements and management's assessment of the viability of the entity in the foreseeable future.

Property, plant and equipment

Findings related mainly to:

- The inability of the Auditor-General to satisfy itself of the existence and completeness on assets under construction;
- The late submission of the estimated useful lives of fixed assets and the impairment review; and
- The prior year findings (which led into a qualification) related to transfers of assets, changes in estimated useful life assessments and the completeness of the asset register were not resolved during the current financial year.

These findings also impacted on the taxation calculations.

Irregular expenditure

The Corporation has a number of challenges with internal control systems, supply chain management and record-keeping. This impacts on its ability to prevent, identify, record and substantiate irregular expenditure. As a result the Auditor-General could not satisfy itself with the completeness of reported irregular expenditure.

For information on other areas that contributed to the disclaimer of opinion please refer to the report of the Auditor-General on pages 84 to 87.

Commercial *revenue*

SABC2 staff and talent interacts with media and stakeholders.

Business Environment

Against the backdrop of the depressed economy and unsettled political environment in South Africa throughout the 2017/18 financial year, the continued perception of SABC's instability held by most of its trading partners led to a decline in revenue. Other factors contributing to revenue under-performance were the audience decline of SABC2 and especially SABC3. Further more, the audience and revenue recovery from the self imposed 90/10 local content quotas on radio stations taking longer than anticipated. To address advertising cutbacks and concerns about the state of the organisation during the period under review, on-going high-level meetings were held with all major advertisers and agencies to assure them about business continuity and the value offered by the extensive mix and depth of SABC's audience reach.

The appointment of the SABC Interim Board and subsequently the permanent Board in October 2017, signalled the beginning of a process to restore organisational stability. Attention was given to reviving unimplemented strategies, addressing the cash crisis facing the SABC and dealing with leadership instability in order to rejuvenate the SABC within the confines of its funding model. Likewise, Commercial Enterprises engaged its trading partners to restore the confidence of advertising stakeholders and create avenues for on-going interaction with them.

Significant business risks for Commercial Enterprises in the forthcoming fiscal are:

- Any fine arising from the Competition Commission finding that the SABC had engaged in collusive practices with other media owners in its granting of Agency Commission and Early Settlement Discounts; and
- Any legislative bans on advertising alcohol or regulation of fast foods during peak audience times.

Revenue Generation

The SABC mandate to deliver extensive public value is funded primarily by commercial revenue. The purpose of Commercial Enterprises is to maximise commercial airtime revenue by delivering business opportunities to clients in an increasingly competitive media advertising market. The revenue is generated through the sale of classic advertising, programme and sport sponsorships across SABC television, radio, and online platforms.

The extent of advertising cutbacks and difficult trading conditions resulted in Commercial Enterprises falling short of quarterly revenue targets from the start of the financial year. Of note was that SABC1 and the portfolio of ALS radio stations were consistent revenue flagships.

In addition to efforts to maximise SABC commercial airtime revenue from the sale of classic advertising and programme and sport sponsorships, alternative revenue streams were identified and developed during the period under review. Accordingly, the 'Ad-Venture' Unit was established to generate revenue from non-traditional sources and return-on-investment (ROI) based initiatives.

The Digital Media project is a cross-divisional responsibility of Media Technology Infrastructure, Television and Radio. The Digital Media strategy is to optimise SABC websites and social media initiatives to increase consumer and commercial appeal. Revenue potential will be realised once all the envisaged digital platforms are operational.

Industry development

Commercial Enterprises successfully migrated to Net Rate Cards (also known as zero-based or non-commission bearing) from 1 April 2017. The move from Gross to Net Rate Cards was a key element of the 2017/18 divisional strategy and it involved reviewing commercial airtime inventory and discounts prior to finalising the annual Pricing Strategy.

Extensive planning was done to ensure a smooth transition by Commercial Enterprises implementing the VAT increase effective from 1 April 2018 from 14% to 15%. In addition to cross-divisional systems alignment, the advertising booking system was configured to apply the new VAT rate to all order confirmations for bookings from 1 April 2018. All campaigns overlapping into April 2018 were analysed and campaign spots were moved to new campaigns to ensure accurate invoicing.

Another focus area was to embed the Commercial Enterprises business ethos and values in the minds of all staff. The objective was to cultivate a shared divisional understanding of 'delivering business opportunities to clients' and also entrenching accountability and discipline. The business ethos is aligned with the broader SABC mission, vision and values.

Live entertainment with Radio 2000's Planet Haibo.

Lesedi FM DJ in studio.

Delivery on mandate

SABC RADIO

The SABC boasts the top five most listened to radio stations in the country, based on All-Adult share performance. These are:
1. Ukhozi FM: 16.7%;
2. Umhlobo Wenene FM: 13.6%;
3. Lesedi FM: 7.4%;
4. Thobela FM: 7.2%; and
5. METRO FM: 5.3%.

Compliance with Licence Conditions

SABC Radio consists of 15 PBS radio stations and three PCS radio stations, as divined by the Broadcasting Act. The SABC is acutely aware that innovation and appealing content plays a crucial role in ensuring that SABC Radio platforms remain the stations of choice for South Africans. To this end, SABC radio stations continue to fulfil and in some instances surpass the needs of listeners such as news, programming, information, edutainment and music.

SABC Radio concluded the year under review with 27.9 million all adult (age 15+) listeners, which translates to a total share of 70.5% of national radio listening [Source: Broadcast Research Council (BRC) Radio Audience Measurement Survey (RAM) July – December 2017]. The SABC's PBS radio stations contribute 63.8% towards the overall share total, while the three PCS radio stations account for 6.7%.

Public Service Mandate

To many South Africans who have limited access to information technology and other media platforms, radio remains a critical source of information, education and entertainment. To that end, the SABC's radio stations continue to serve this large section of the South African population and the PBS radio stations remain core in the delivery of the Corporations' public service mandate.

This mandate is set out in the SABC's founding legislation. Each station has licence conditions that cover a myriad of issues such as education, national development programme, social cohesion, sports and recreation, arts and culture and much more.

South African Music (PCS and PBS)

SABC's recent experience bears testimony to the fact that music is a key driver of radio listenership and it can also be a tune out factor. Therefore SABC Radio has strived to meet listeners' needs by playing a variety of music styles that resonate with different people from all walks of life. For the year under review, the development of home grown artists and their music was promoted by different SABC radio stations through extensive airplay, interviews, inclusion in performance line-ups at events and through music awards ceremonies like the annual METRO FM, Tshivenda Music Awards and Xitsonga Music Awards.

During the financial year under review, the SABC radio stations far exceeded ICASA's minimum requirements for South African music. The current Regulations require that the PBS radio stations broadcast a weekly average of 60% South African music while PCS has to broadcast a weekly average of 35% South African music.

TABLE: PBS and PCS performance on local music and ICASA quotas

Stations	Year Ave. %	ICASA Quota *	Broadcast Language	Week Cume Audiences	
				Jul 16 - Dec 16	Jul 17 - Dec 17
PBS Radio					
SAfm	67	60	English	148 000	230 000
Tru FM	78	60	Equally in isiXhosa and English	118 000	220 000
Lotus FM	50	60	Mainly English with daily broadcasts in Urdu, Tamil, Gujirathi and Hindi	293 000	171 000
RSG	79	60	Afrikaans	1 387 000	1 273 000
Munghana Lonene FM	84	60	Vernacular	1 027 000	861 000
Lesedi FM	82	60	Vernacular	3 404 000	3 119 000
Radio 2000	72	60	Primarily English	367 000	429 000
X-K FM	90	60	Equally in !Xintali and Khwedam	Sample too small to measure	
Umhlobo Wenene FM	80	60	Vernacular	5 274 000	5 506 000
Ligwalagwala FM	87	60	Vernacular	935 000	1 105 000
Motsweding FM	76	60	Vernacular	2 510 000	2 363 000
Phalaphala FM	73	60	Vernacular	795 000	802 000
Thobela FM	85	60	Vernacular	2 802 000	2 789 000
Ukhozi FM	88	60	Vernacular	7 310 000	7 274 000
Ikwekwezi FM	93	60	Vernacular	1 371 000	1 109 000
PCS Radio					
5FM	45	35	English	822 000	702 000
Good Hope FM	49	35	English	473 000	473 000
METRO FM	44	35	English	3 674 000	4 120 000

** New ICASA music quotas came into effect on 23 September 2017 (previous quotas were at 25% for PCS Radio and 40% for PBS Radio)*

TABLE: On Performance against ICASA genre quotas

Station	News (Daily)			Current Affairs (Daily)			IKB	Education	Children	Drama
	Mon-Fri	Sat	Sun	Mon-Fri	Sat	Sun	Weekly	Weekly	Weekly	Weekly
ICASA Quota	60	60	60	60	60	60	180	300	60	150
Ikwekwezi FM	116	67	67	156	60	60	1450	346	112	269
Munghana Lonene FM	78	74	74	101	60	60	1199	335	99	203
Thobela FM	93	63	63	125	71	71	1815	467	86	175
Phalaphala FM	70	75	75	109	60	60	2301	329	144	167
Ukhozi FM	91	65	65	158	60	60	2284	291	76	173
Lesedi FM	87	65	65	196	64	64	565	319	100	226
Umhlobo Wenene FM	84	75	75	165	62	62	895	380	310	180
Ligwalagwala FM	95	61	61	133	60	60	1660	364	238	205
Motsweding FM	93	65	65	106	63	63	3352	287	94	156
ICASA Quota	60	60	60	60	180	240	60	150		
SAfm	96	90	90	384	1412	518	109	215		
ICASA Quota	60	60	60	60	60	60	180	300	420	150
RSG	103	60	60	154	60	60	1107	314	421	305
ICASA Quota	60	60	60	60	60	60	180	-	-	150
Lotus FM	123	65	65	96	62	62	615	-	-	150
ICASA Quota	30	30	30	30	30	30	180	300	15	-
X-K FM	69	45	45	126	55	55	210	576	480	-
ICASA Quota	60	60	60	30	30	30	60	120	30	-
Tru FM	64	64	64	72	43	43	2378	299	93	-

ICASA Genre License Conditions

During the 2017/18 financial year, PBS radio stations delivered well above the minimum requirements as stated in the ICASA license conditions. On the news front, PBS Radio delivered well against ICASA license conditions with the majority of the radio stations exceeding weekly targets of news and current affairs; drama, children's programming, education as well as Information Knowledge Building (IKB).

Delivery on Public Value by SABC Radio

SABC radio stations delivered public value by broadcasting innovative programming that advocates for social cohesion, nation building, promotion of democracy and empowerment of South African citizens. To observe these themes, stations utilised a variety of public service programming genres that incorporated drama, talk-back show format, pre-recorded inserts, interviews and magazines as well as highly entertaining but informative commercial programming and content.

During the period under review, radio broadcast SABC mandate programming based on monthly themes that covered days of national importance. These included:

- **April 2017:** Freedom Month is observed annually in April throughout South Africa to celebrate the dawn of freedom and democracy as well as building a common future. Radio tackled the fundamental meaning of democracy in South Africa, the lives lost in fighting for the ultimate prize of freedom and the different human rights as stipulated in the Constitution.
- **May 2017:** Workers Month and also known as Africa Month is commemorated annually in most African Union (AU) member states. Radio promoted the Pan African Parliament and the African Union Anthem. Content and on-air messaging also focused on anti-Xenophobia campaigns and prevention of violence against women. Workers Day was also celebrated in May.
- **June 2017:** June is Youth Month, paying tribute to learners who lost their lives in the 16 June 1976 Soweto uprising. Radio ushered in Youth Month by tracing the roots of the 1976 youth riots and contextualizing this against the current challenges facing the youth of today.
- **July 2017:** July is Nelson Mandela Month. In celebrating Mandela Month under the theme 'Do Your Bit of Good in Honour of Madiba' #LiveHisLegacy, SABC radio stations focused on recording footage relating to 67 minutes of helping, empowering and encouraging needy communities in our country.

  Off air activations included painting of schools, feeding of the homeless and the destitute by presenters and station staff as well as partnerships where shoes, winter clothing and blankets were distributed to the needy.
- **August 2017:** Women's Month commemorates women stalwarts who marched to the Union Buildings in 1956. Emphasis of stations' content was on the celebration of women as community builders; women empowerment and success stories; women's health; women with disabilities; mentoring young women; including dialogues with women from different walks of life.

  In August 2017, Good Hope FM in association with GrandWest hosted the United in Hope Benefit Concert which was born out of the need to alleviate the plight of communities severely impacted by the Cape storms and Knysna fires. The initiative was supported by SABC Foundation and sister-stations 5FM and METRO FM. Local talent offered their services for free and the station raised over R300 000 which was paid out in equal proportions to the two beneficiaries, the Community Chest and the South African Red Cross.
- **September 2017:** Heritage Month was celebrated by all the SABC radio stations. Content and programming included a variety of topics related to heritage. Stations promoted nation building through on air programming, digital platforms, as well as through events hosted by radio brands as initiated by the stations or in partnership with other stakeholders. Heritage Month was given life on air by deploying a month long SABC radio campaign themed #LoveSA. To celebrate the month all stations played 100% local music on Heritage Day.

Behind the scenes of SABC1's Tjovitjo.

- **October 2017:** Radio continued to play a leading on-air role in the countdown to the centenary celebrations of OR Tambo. The countdown involved a number of stations participating in outside broadcasts on 20 October when a man size statue of OR Tambo was unveiled at the OR Tambo International Airport in Johannesburg. The event culminated in the coverage by most radio stations on 27 October 2017 in Nkantolo, Nbizana, the birth place of the stalwart, OR Tambo.
- **November 2017:** Content predominantly promoted awareness of '16 Days of Activism for No Violence against Women and Children', highlighting the horrid attacks on women and children that continue to mar our society. This month was also dominated by matric revisions preparing grade 12 learners for the exams while health programming focused on World Diabetes Day and the #H2OSlowtheflow to raise awareness on the water crisis in Cape Town.
- **December 2017:** SABC Radio successfully covered the 54th ANC Elective conference which took place at Nasrec from 14 to 16 December 2017. Stations also actively supported World Aids Day and Arrive Alive Campaigns through creative on-air campaigns.
- **January 2018:** For the back-to-school campaign, Radio stations launched various on-air and marketing campaigns to provide assistance to less fortunate learners and schools. The annual School Shoe collection and distribution campaigns were prioritised during this period. SABC platforms also broadcast live the January 8 address by the President of the African National Congress (ANC).
- **February 2018:** World Radio Day is a day to commemorate radio as a medium and is celebrated annually on 13 February. SABC radio stations supported the initiative by discussing various topics including the UNESCO theme of sports commentary in radio and its relevance today.

Stations covered the resignation of former President Jacob Zuma, the swearing in of the new President Cyril Ramaphosa, the State of Nation Address by President Ramaphosa, the cabinet reshuffle and the budget speech by the Minister of Finance, Mr Malusi Gigaba.

- **March 2018:** March is generally regarded as International Women's Month. It is also Human Rights Month in South Africa. Human Rights Day is commemorated on 21 March every year. Radio content featured the meaning of this day, including a commemoration of the Sharpeville massacre as a key event in the history of our country.
- **2018** is a significant year in South Africa's history as it commemorates the centenary of the birth of the country's revered former President Nelson Mandela. As a result, radio stations delivered content that celebrated the life and times of Nelson Mandela. This was done through promos, interviews and scheduling of relevant music genres as part of the build-up to his birthday in July 2018.

Forward looking:

The majority of South Africans from a diversity of backgrounds rely on at least one SABC radio station as their primary source of news, information, entertainment and inspiration. In the coming fiscal, SABC Radio will do everything in its power to continue serving the nation, and to defend its 71% audience share. A special focus will be given to talent attraction and retention, as well as audience research to ensure that all radio stations deliver content that is aligned with audience needs. Radio stations will continue to explore new digital media platforms, for audience engagement and growth purposes.

SABC Television

Compliance with Licence Conditions

Local Content

ICASA regulates local content quotas for all the SABC channels. The primary differentiation of these quotas is between the PBS channels, SABC1 and SABC2 and the PCS, SABC3. The PBS portfolio had to meet a 55% target and the PCS 35%. Within these overarching targets, the regulatory authority also stipulates quotas against different broadcast genres. The graphs below illustrate SABC's compliance per genre.

The measurement of local content carried on SABC platforms is as per ICASA defined methodologies, meaning that Sport is excluded from local content calculations and only the first play-out of a local programme is fully accounted for. First repeats are counted as half and thereafter no recognition is given to local content repeats.

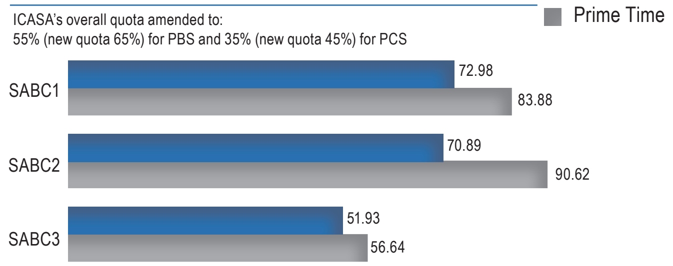
For the period under review, all three channels exceeded the local content requirements, even when measured using the ICASA prescribed methodology. SABC1, in terms of full-day coverage, exceeded the target at 72.98%. About 84% of content broadcast during SABC1's prime time was local content. SABC2, which shares SABC1's 65% target, delivered 70.89% for full-day coverage and 90.62% on prime time. SABC3, as the PCS channel has a local content quota of 45%. The platform delivered 51.93% for full-day and 56.64% for prime time.

Genre

In terms of the SABC's genre quotas, SABC2 fell short on its children and educational genre mandates. These shortfalls were primarily as a result of schedule disruptions to accommodate events of national importance and sports coverage. Due to the time at which these events take place the impact was greatest on children and educational programmes. SABC3 exceeded all its genre quotas for the period under review.

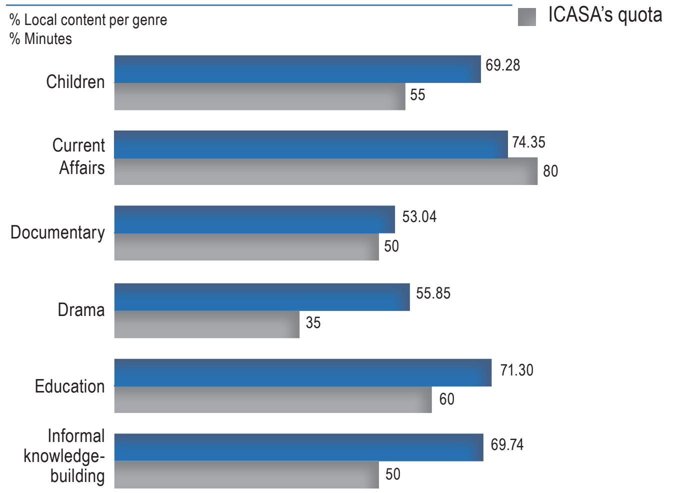
The graph on the following page depicts the SABC's performance on genre:

GRAPH: SABC Local content



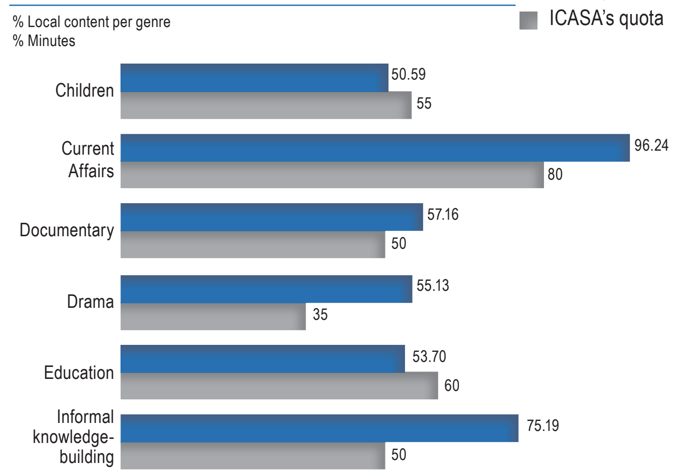
Source: Broadcast schedules 3 April 2017 - 1 April 2018

GRAPH: SABC1 as PBS channel



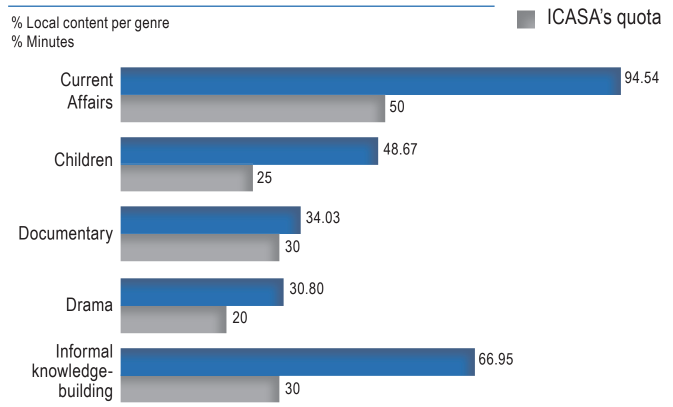
Source: Broadcast schedules 3 April 2017 - 1 April 2018

GRAPH: SABC2 as PBS channel



Source: Broadcast schedules 3 April 2017 - 1 April 2018

GRAPH: SABC3 as PCS channel



Source: Broadcast schedules 3 April 2017 - 1 April 2018

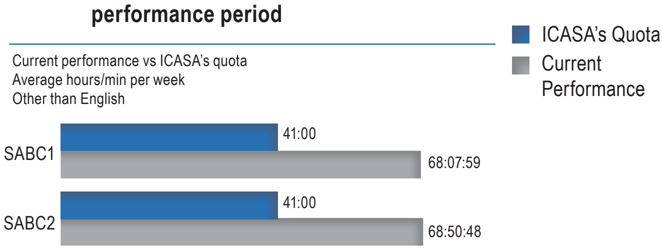
Language

SABC Television delivery on the language mandate is measured as follows:

- A minimum number of hours of programming in languages other than English, excluding marginalised languages, in prime time;
- A minimum number of hours of programming in marginalised languages in prime time;
- A minimum number of hours of programming in languages other than English, including marginalised languages, in prime time; and
- A minimum number of hours of programming in languages other than English, including marginalised languages, in performance period.

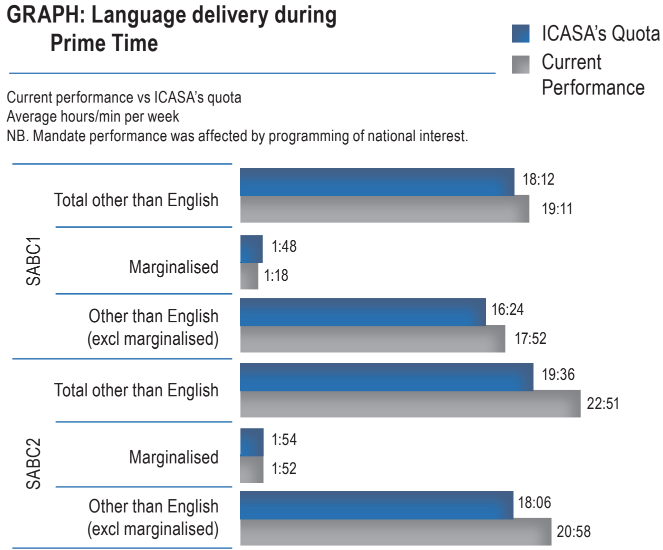
For the period under review, despite challenges in terms of the schedule disruption, with the exception of SABC3's delivery on languages other than English, the SABC TV network either met or exceeded ICASA language mandate with regards to minority languages.

GRAPH: Language delivery during TV performance period



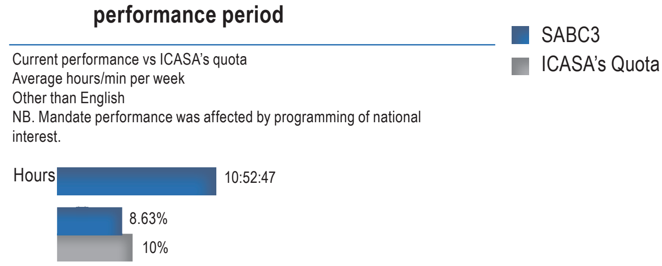
Source: Broadcast schedules 3 April 2017 - 1 April 2018

GRAPH: Language delivery during Prime Time



Source: Broadcast schedules 3 April 2017 - 1 April 2018

GRAPH: SABC3 Language delivery during TV performance period



Source: Broadcast schedules 3 April 2017 - 1 April 2018

Delivery on Public Value

In addition to delivering public value through meeting license conditions as outlined above, SABC TV fulfilled its public service role through a number of initiatives and on-going programmes.

During the period under review, public value was also placed at the centre of the Division's activities, with strategic objectives dealing specifically with delivery of content from companies owned by People with Disabilities (PWD), and content from the non-metropolitan provinces. With the broadcast of 58 programmes that regularly include content from those provinces, the network surpassed these targets. The Division also provided programming that met the needs of the deaf community through Deaf TV and sign language on three programmes.

Nation building and social cohesion were put at the core of the Division's activities, with significant time on the schedules being allocated to coverage of national days of importance. Additionally, plotlines were developed that incorporated these days and provided accessible and educational information about them, some of the activities included:

- **Quarter 1:** Freedom Day, Africa Month, Workers Day and Youth Day, were areas of special focus for SABC TV. The channels also carried one of South Africa's iconic sports, with full-day coverage of the Comrades Marathon. SABC1 also got actively involved with the campaign against women abuse in the month of May as South Africa went through an upsurge of femicide.
- **Quarter 2:** July's focus was Mandela month; with programming across the network highlighting the role he played in the creation of a democratic country, and celebrating his life, wisdom and legacy. In August the Divisional focus shifted to National Women's Day; the three channels carried content dealing with women's issues especially concentrating on violence against women and young girls, The channel also took a live broadcast on 9 August 2017 from the Northern Cape, where the President delivered a key note address as part of the women's day celebrations. Other highlights included 'YO TV's' roll out of the 'She' campaign – comprising a set of inserts that feature young female celebrities and a group of five young girls who 'hangout' and chat about pertinent issues affecting them. 'Hectic Nine 9' celebrated 'Women in Science', and 'Mostwako' and 'Real Talk' interviewed women who are impacting society in various fields. '7de Laan' featured Sophia Williams-De Bruyn as storyline integration to highlight the crucial role that she, Frances Baard, Helen Joseph, Rahima Moosa and Lillian Ngoyi played in the 1956 Women's March.
- September is Heritage Month which culminates in the of Heritage Day celebration on 24 September. Public broadcasting content across the three channels was aligned to the commemorations and celebrations where special emphasis was on the celebration of our heritage. On Heritage Day, SABC2 took a live broadcast of the official heritage celebrations as delivered by the President in Mpumalanga. South African culture was celebrated across a range of programmes as part of SABC's contribution to heritage month, including 'Daily Thetha', 'Selimathunzi', 'Expresso', 'Kulture Kwest', 'iDentity', 'An Nur', 'Sadhana', 'Izwi la Bantu', 'Aum', 'Journeys of Inspiration', 'YO TV' and 'Hectic Nine 9, culminating in the annual South African Traditional Music Awards (SATMA), which were broadcast on the last night of the month. SABC made further contributions to nation building through content that commemorated the 40th Anniversary of Steve Biko's death in detention, including discussions about Black Consciousness.
- For the 16th year, South Africa is taking part in the global 16 Days of Activism for 'No Violence against Women and Children' campaign. In November, SABC Television joined hands with NGO People Opposing Women Abuse (POWA) to support the 16 Days of Activism for No Violence against Women and Children by holding a Walkathon. This was in addition to programming dedicated to addressing this scourge.
- The SABC is committed to empowering South Africans living with disabilities, both through the provision of appropriate content and by commissioning content, where possible, from production houses where people with disabilities (PWD) are represented in ownership structures. In October, in addition to regular programming, there was a special emphasis on content themes related to this, with sign language extended to additional programmes such as 'Op Pad' on a temporary basis and features on the challenges facing those dealing with albinism. In addition to events of national importance, World AIDS Day and the International Day of People Living with Disabilities were celebrated by all three channels. Activities to honour these days included dedicated talk shows and other support programmes.
- SABC provided live coverage of a range of events of national importance, including coverage of the State of the Nation Address (SONA) and the Budget Speech. In addition, key national events, such as the ANC National Conference and the events leading to the resignation of President Jacob Zuma and the inauguration of his successor, President Cyril Ramaphosa were also well covered.

TABLE: Performance Period TV performance FY17-18 Quater (Adults 15+)

Performance Period	Network		SABC1		SABC2		SABC3		e.tv	Mnet	DStv	Other TV/ Non TV
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Actual	Actual	Actual	Actual**
Prime Time 18:00-22::00												
Q1 of FY 17/18*	55	55.8	36	38.2	14	13.4	5	4.2	15.3	0.6	21.5	6.8
Q2 of FY 17/18*	54	54.7	35	37.2	14	13.1	5	4.4	15.1	0.6	22.2	7.4
Q3 of FY 17/18*	54	52.7	35	36.5	14	12.5	5	3.7	15.2	0.5	23.8	7.7
Q4 of FY 17/18*	54	52.5	35	36	14	12.9	5	3.6	14.1	0.6	24.5	8.3
FY 17/18*	54	54	35	37	14	13	5	4	14.9	0.6	23	7.5
05:00-23:00												
Q1 of FY 17/18*	46	46.2	27	28.7	13	12.3	6	5.2	14.8	0.4	28.3	10.2
Q2 of FY 17/18*	46	44.6	27	27.6	13	11.9	6	5.1	14.6	0.4	29.2	11.3
Q3 of FY 17/18*	46	43.5	27	27.2	13	11.4	6	4.9	13.3	0.3	31.4	11.6
Q4 of FY 17/18*	46	43	27	25.8	13	11.6	6	5.5	12.7	0.4	31.7	12.2
FY 17/18*	46	44.3	27	27.4	13	11.8	6	5.2	13.8	0.3	30.2	11.3

Programming Highlights

During the period under review, SABC1 remained the most popular television channel in the country, averaging 37% prime time audience share and 27% across the performance period. SABC2 ended the financial year with a 13.0% share of prime time audiences, while SABC3 enjoyed 4% share.

For the period under review, 17 out of 20 of South Africa's most watched television programmes were carried on SABC channels and all of the top 15 were SABC shows. 'Uzalo', a SABC1 flagship property, was 2017/18's top show followed by 'Skeem Saam', 'Generations: The Legacy' and 'Muvhango'.

Key achievements

SABC TV remains the most popular television network in South Africa with more than half of all South Africans tuning into the SABC during prime time. This was achieved despite the SABC's serious financial challenges and tightening cash flows.

The beginning of the second quarter marked the official launch of delivery of content in the SABC's new 16:9 High-Definition (HD) standard. The successful delivery of digital formats and the realignment of workflows are critical to SABC's growth in the non-traditional digital space. The SABC will convert SABC2 and SABC3 from analogue to HD in the next first quarter of the new financial year. SABC1 was earmarked for conversion ahead of the 2018 FIFA World Cup.

There were a number of special content highlights during the 2017/18 financial year including the Crown Gospel Awards which celebrates the best in local Gospel music. SABC1 also successfully partnered with Cassper Nyovest on the 'Fill Up FNB Stadium' campaign and also partnered with the South African Hip Hop Awards during the period under review.

SABC2's annual refresh took place February 2018 and there was great excitement regarding the launch of these new titles such as 'Guilt', 'Botho', 'Abomzala' and 'Raising Babies 101'. The refresh also saw the return of the much anticipated 'Naruto' which saw a huge outcry from viewers when it was off air.

The cast of SABC1's Generations the Legacy.

Looking Forward

Television looks forward to creating a portfolio of content that can live across platforms, accessible to all South Africans and creating a disruption in the market place as it seeks to remain audience-centric in an increasingly fragmented market. Its stable of brands will consciously connect with existing and lapsed viewers on their terms as we begin to transform into a content media hub and not just a broadcaster.

TV's Business Mantra for the coming fiscal

Don't look down look up and stay up.

Key Areas of concentration

- Continue to deliver against the competitive environment and retain its position as the broadcaster with the lion's share of the market (50%);
- Upgrade and innovate existing offerings to audiences;
- Ensure agnostic content to expand SABC's digital offering;
- Increase funding partnerships to drive content innovation cost effectively;
- Development of SABC Education Virtual Academy with an aim of empowering high school learners with online support;
- Subtitling of wall to wall content on the minority and previously marginalized languages; and
- Retain editorial rigor as a DNA towards ensuring strong social impact.

TABLE: South Africa's most popular terrestrial TV programmes March 2018

	Programme	Channel	Genre	All Adults 15+			15+ LSM 7-10		
				AR	Audience	Share	AR	Audience	Share
1	Uzalo	SABC1	Drama	24.4	8,505,872	65.1	16.5	2,460,603	44.3
2	Generations The Legacy	SABC1	Soap opera	23.1	8,030,751	61.4	15.6	2,335,032	41.7
3	Skeem Saam	SABC1	Drama	17.5	6,096,476	55.5	12.8	1,904,778	37.5
4	Muvhango	SABC2	Drama	13.2	4,599,062	40.7	9.7	1,443,092	28.4
5	Scandal	e.tv	Soap opera	12.7	4,410,283	34.7	10.3	1,536,313	27.6
6	Zulu News	SABC1	News	11.6	4,038,661	34.0	7.5	1,122,008	21.1
7	Xhosa News	SABC1	News	11.6	4,029,054	34.6	7.6	1,134,519	21.6
8	Selimathunzi	SABC1	Variety	10.9	3,786,842	29.2	6.8	1,013,348	17.8
9	Ingozi	SABC1	Drama	10.6	3,703,627	31.6	5.7	854,884	15.8
10	Live Amp	SABC1	Music	10.1	3,526,790	28.9	5.9	878,174	16.4
11	The Vodacom Show	SABC2	Competition	10.0	3,477,101	29.3	7.3	1,078,645	20.4
12	Tjovitjo	SABC1	Drama	9.9	3,453,935	30.0	5.4	812,827	15.6
13	Zaziwa	SABC1	Variety	9.7	3,391,252	26.7	5.8	866,635	15.6
14	Throwback Thursday	SABC1	Music	9.5	3,315,693	26.5	5.9	888,149	16.1
15	Single Galz	SABC1	Sitcom	9.5	3,314,261	25.6	5.3	798,164	14.0
16	Rhythm City	e.tv	Drama	9.0	3,147,760	26.0	7.3	1,095,839	20.4
17	Nyan Nyan	SABC1	Reality	8.8	3,058,640	33.1	6.6	987,150	21.4
18	Psl: Pirates V Chiefs	SABC1	Sport	8.2	2,851,825	35.5	4.7	703,028	18.7
19	Taken 3	e.tv	Movies	7.9	2,745,155	28.1	7.8	1,157,468	25.1
20	Lesilo Rula	SABC2	Drama	7.8	2,705,101	28.6	5.6	834,924	19.4

Behind the scenes with SABC News presenters.

SABC NEWS AND CURRENT AFFAIRS

SABC News and Current Affairs Performance

SABC News broadcasting on terrestrial platforms contributed 60% of the top ten News broadcasts on free-to-air (FTA) TV in South Africa during the period under review. This represented a 10% decline from the previous year due to the decline in popularity of one of the live properties. SABC News bulletins on terrestrial channels SABC1, SABC2 and SABC3 and across the day commanded between 12% and 14% of all viewing by FTA audiences. Performance of Current Affairs programming was consistent at 8% of all television viewing.

Digital Platforms

Following downtime that lasted for more than six months, due to procurement issues, the SABC News website launched on a new platform. At the end of the 2017/18 financial year, traffic on the website showed steady growth ending the year at 875 000 page views. The SABC News YouTube channel reached 10 million views in March 2018 from an average monthly performance of 5 million views.

On Twitter, the @sabcnewsonline account broke through the 1 million followers ceiling, with Facebook likes also growing steadily to around 750 000 by the end of the period under review.

Programming Highlights

During the period under review, the Division reviewed its radio current affairs offerings to align with ICASA requirements. The move contributed to the achievement of efficiencies in a number of areas. Changes were made on the line-up of SABC3 and the SABC News channel. On SABC3, the evening English bulletin moved to a new slot to pursue competitive scheduling. In addition, 90 minutes news and current affairs block was introduced on Sundays, featuring a new programme 'Frankly Speaking'. Preliminary data suggested positive performance attributed to the changes.

The Division also participated in the process of reviewing editorial policies during the 2017/18 financial year. This process contributed to renewing public confidence in the SABC brand as it positions itself as trusted and independent. The review will be finalised in the next financial year.

The Division pursued a range of stories in keeping with its public mandate, with highlights such as:

- The successful coverage of the ANC 54th National Elective Conference in December 2017. This story catapulted viewership on the SABC News channel to an unprecedented 192 000 viewers during the conference; and
- The resignation of President Jacob Zuma and the subsequent election and swearing in of President Ramaphosa. The coverage boosted February audience ratings on the 24-hour channel to an average of 50 854 viewers per day in the overview period.

Other Special broadcasts included:

- Live broadcast of memorial services and/or funerals of high profile South Africans and icons like Mama Winnie Madikizela Mandela, jazz legend Hugh Masekela, and poet Professor Keorapetse Kgositsile;
- The inquest into the death of anti-apartheid activist Ahmed Timol;
- The Life Esidimeni Inquiry;
- The Class of 2017 Matric Results;
- The drought in the Western Cape and the Cape Town Water Crisis; and
- The outbreak of listeriosis.

The most significant editorial resource deployment on the international front involved the political changes in Zimbabwe and the subsequent stepping down of former President of Zimbabwe, Mr Robert Mugabe. This story was a lead contributor to the gains of 13 169 viewers on the SABC News channel year on year.

Looking Forward

The Division will roll-out its repositioning strategy based on the following pillars:

- The introduction of a distinct news philosophy supported by transformation of the business to achieve operational efficiencies;
- A review of the schedule and line-up of the SABC News channel to deliver rolling news coverage;
- The renewal of the SABC News brand, imaging and corporate identity; and
- Balancing mandate obligations with commercial viability through new revenue streams and innovative partnerships.

SABC SPORT

Compliance with Licence Conditions

For the period under review, the SABC's mandate to broadcast sports of national interest was realised with the continued exclusive FTA broadcast of SAFA matches which included home and away friendlies of the national teams as well as all home CAF, AFCON and FIFA World Cup qualifiers.

The much anticipated yet disappointing loss of Bafana in the 2018 FIFA World Cup qualifying match against Senegal did not deter SABC audiences from viewing the broadcast of the 2017 FIFA Confederations Cup, customarily regarded as the FIFA World Cup dress rehearsal.

The live crossing to Moscow, Russia for the 2018 FIFA World Cup Draw launched The Road to Russia weekly magazine series building up to the world's most widely viewed sporting event, the FIFA World Cup. Other matches covered during the period under review were the Macufe Cup and Maize Cup.

As the exclusive broadcaster of key Athletic SA events in South Africa, the SABC continued with extensive production and coverage of the four major marathons, that is the Comrades, the Two Oceans, Mandela Day and the Cape Town City Marathons. Coverage of the Comrades Marathon, which is widely regarded as the world's premier ultra-marathon, was broadcast on SABC2 live for 13 hours. The Cape Town City Marathon is Africa's first marathon to be awarded International Association of Athletics Federations (IAAF) Gold Label Status.

Complementing the production and broadcast of these Marathons, the SABC produced a weekly magazine show that showcased a variety of athletic genres inclusive of national track and field events such as the Athletics South Africa (ASA) Senior and Junior Championship as well as the Grand Prix.

The Soweto Marathon has grown year on year and as host broadcaster, the SABC's coverage has not only followed potential race winners but has also showcased some of Soweto's historic landmarks.

Rugby Inbound international test matches played against New Zealand, Australia and Argentina currently ranked 1st, 4th and 9th, respectively in the world rugby rankings, were broadcast on both SABC radio and television platforms. Inbound Cricket matches against Bangladesh, Zimbabwe and India was broadcast on SABC3 and Radio 2000 with ball-by-ball commentary.

Basketball ranks among many low-profile sports in South Africa but the acquisition of an exhibition game involving National Basketball Association (NBA) stars in a Team World and Team Africa game offered our viewers a taste of NBA glitz and glamour as well as acknowledging the many big names that the African continent has given to the NBA.

The monthly live broadcast of Extreme Fighting Championships continues to enjoy popularity on SABC3.

Although only three live boxing tournaments broadcast rights were secured during 2017, the weekly boxing magazine show on SABC2 continued to promote and revive boxing to the status it once held. The 2017 Boxing South Africa Awards was broadcast live on SABC2.

Numerous Sport Awards were broadcast in 2017 including the PSL Awards, the SA Sports Awards, the SA Cricket Awards, Gauteng Sports Awards and the GSport Awards. In order to celebrate the female athletes a new internal weekly programme was launched entitled The Ladies Club; a studio based talk show honouring athletes' achievements and excellence on and off the field of play.

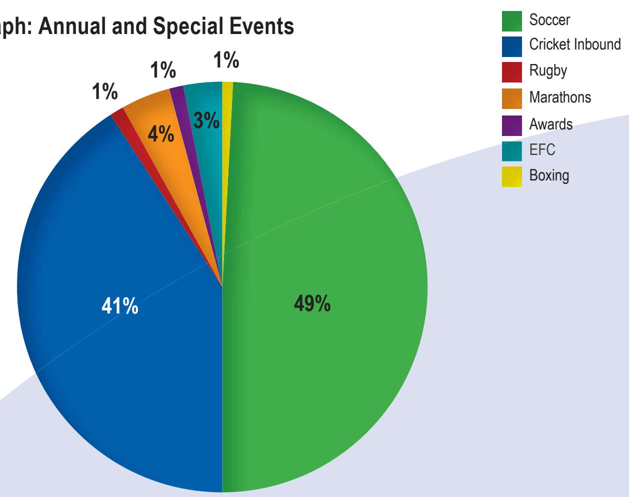
The sport radio magazine shows saw the revamp of The Ultimate Sport Show on METRO FM with Thomas Mlambo as the new presenter and Sport on SAfm was launched on SAfm aligned with the station's move to a more talk-orientated radio station.

During the period under review, the SABC experienced financial challenges and as a result all outbound Cricket and Rugby events could not be broadcast on TV. The Super Rugby and outbound rugby tests were only broadcast on Radio.

Sport Genres

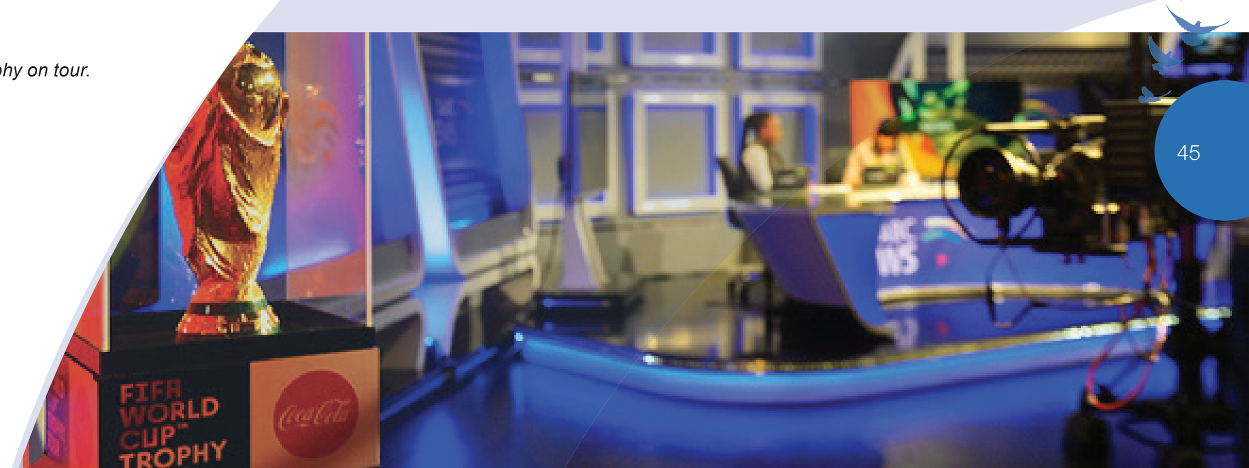
Weekly magazine shows on television continued to fulfil their mandate. These include Soccerzone, a popular soccer review show, Soccer 411, an informative preview soccer show and Beyond Boundaries, a weekly Sport magazine show focusing specifically on athletes with disabilities, amongst others.

Graph: Annual and Special Events

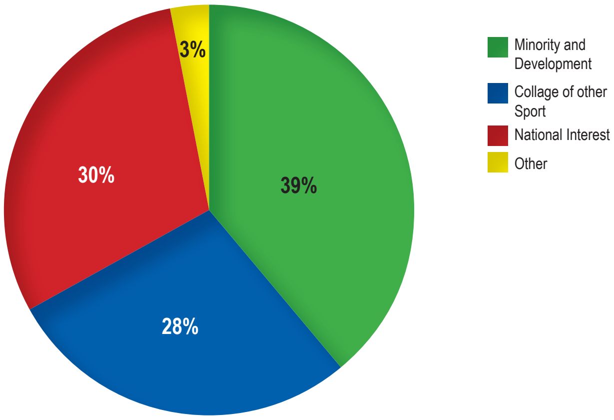


This graph depicts the number of minutes afforded to each sport/genre and the high percentage of cricket is due to the time of play which is made up of nine tests, nine ODI's and five T20's, however soccer still dominates on all SABC platforms.

FIFA World Cup™ trophy on tour.



Graph: Sport Genres



Minority and Developmental sports

The broadcast of minority and developmental sports included programmes such as Sportbuzz, Nedbank ke yona, Boxing Magazine, National Basketball, EFC Magazine, and Swimming Magazine programmes.

Collage of other Sports

Other sport programmes that were featured for the period under review included Sport Lifestyle, Eita Diski, Sport @ 10, and The Ladies Club.

Sports of National Interest

Most of the programming on sports of national interest was carried on Soccerzone, Soccer 411, and Athletics Alive. Other programmes included Durban July, Spar Race, Immortals, and Dream Team.

Looking Forward

The SABC successfully contracted the Rights from the International Olympic Committee (IOC) for the 2018 and 2022 Youth Games, the 2018 and 2022 Winter Games and the 2020 and 2024 Summer Games. The acquisition of these long term premier rights will ensure that South Africa's athletes are showcased and celebrated. The SABC will endeavour to acquire rights to broadcast the listed events coming up in 2019/20 and 2020/21.

TABLE: Upcoming events in 2019/2020 and 2020/21.

Special Events	Host Country/City	Time line
2018-2019		
Commonwealth Games	Australia	4 - 15 Apri2018
FIFA World Cup	Russia	14 - 15 Jun 018
Summer Youth Olympics	Argentina	11 - 23 Sep 2018
2019-2020		
ICC Cricket World Cup 2019	England	30 May - 15 Jul 2019
AFCON	Cameroon	7 - 30 Jun 2019
FIFA U/20 Women's World Cup	TBC	TBC
FIFA U/17 Women's World Cup	TBC	TBC
All Africa Games	TBC	Sept 2019
Rugby World Cup	Japan	20 Sept - 2 Nov 2019
Africa National Championship (CHAN)	TBC	TBC
Winter Youth Olympics	Switzerland	10 - 19 Jan 2020
ICC World T20	Australia	TBC
2019-2020		
FIFA Beach Soccer	TBC	TBC
FIFA U/20 World Cup (Men)	TBC	TBC
FIFA U/17 World Cup (Men)	TBC	TBC
Summer Olympics	Tokyo	24 Jul - 9 Aug 2020
Paralympics	Tokyo	25 Aug - 6 Sep 2020
Winter Youth Olympics	Switzerland	TBC

Universal *access*

About 68% of households have radios through which they access communication services. The DAB+ trials will assist towards increasing the availability of radio services to the public.

For the period under review, the Division successfully facilitated the Short Wave DRM Trial with Channel Africa and Sentech to ensure digitisation of the short wave transmitter for Channel Africa.

Transformation

SABC's Broad-Based Black Economic Empowerment (B-BBEE) Compliance

The SABC is committed to Black Economic Empowerment (BEE) and all its business activities are aligned with the national transformation agenda and thus complying with the B-BBEE Act 2003 and the Information Communications Technology (ICT) sector B-BBEE Codes.

For the period under review, the SABC's performance against the set targets on the B-BBEE ICT sector Codes resulted in an improvement of the B-BBEE status from Level 2 Contributor to Level 1.

Strategic initiatives across the Corporation were implemented for each element of the scorecard and the resulted in the attainment of the highest BEE contribution Level 1.

All Supply Chain Management (SCM) activities are subjected to the Preferential Procurement Policy Framework (PPPF) Act No. 5 of 2000. The latest Preferential Procurement Regulation 2017 effective 1 April 2017, made it possible to pre-qualify for SCM opportunities where black owned, black women, exempted and qualifying small enterprises are earmarked.

TABLE: The SABC's Preferential Procurement Performance

Indicator	Compliance Target	Achievement
B-BBEE Procurement Spend from all Suppliers	80%	112%
B-BBEE Procurement Spend from all Qualifying Small Enterprises	15%	19%
B-BBEE Procurement Spend from all Exempted Micro-Enterprises	15%	11%
B-BBEE Procurement Spend from Suppli-ers that are at least 51% Black owned	40%	41%
B-BBEE Procurement Spend from Suppliers that are at least 30% Black Women owned	12%	18%

TABLE: SABC's Scorecard against the ICT Sector B-BBEE Codes

B-BBEE Element	Weighting Points	Company Score
Management Control	20	19.40
Skills Development	25	17.57
Enterprise and Supplier Development	50	51.39
Socio-Economic Development	12	12
Overall Score	100.36	
B-BBEE Level	1	

SABC security upgrades.

SABC *technology*

The Media Technology Infrastructure (MTI) Strategy is part of an integrated approach to provide a platform from which the SABC can deliver on all its key objectives including the digital migration.

Digital Terrestrial Television (DTT)

In preparation for the DTT migration, SABC Radio provided live audio feeds for each radio station to Television Main Control Centre for multiplexing into the Digital Terrestrial Television (DTT) platform.

The Division also formulated the Content Delivery Standards Document to incorporate latest digital formats, EBU R 128 audio loudness parameters and HD compliance requirements as well as facilitation of File Transfer Protocol Solution for SABC Content in order to improve content delivery in preparation for DTT.

During the period under review, the TV Outside Broadcast (OB) unit upgraded all TV facilities to digital in the Provinces in preparation for DTT migration. Additional facilities such as Hybrid ENG vehicles were deployed to increase the number of live broadcasts from remote areas in the Provinces.

In the next financial year, the Division will roll out additional broadcast play out infrastructure to enable the SABC to effectively cater for the proposed offering on the Digital DTT platform.

Some of the successes on digital migration include:

- In February 2018, under the leadership of the SABC Board's Digital Technology Committee hosted a high level workshop on the SABC's State of Readiness for digital migration. The focus was on all the key content, technology and operational issues that will ensure a successful migration process;
- The conclusion of the DTT tariffs and DTT service level agreement for Multiplex 1 negotiations with Sentech SOC; and
- The successful facilitation of the Digital Audio Broadcasting (DAB+) trial with NAB, Sentech and broadcasting industry players.

Milestones

During the period under review, the Division successfully worked on the integration testing of new Radio Playout and Scheduling System for the 19 radio stations to current Landmark sales system and Electronic News Production (ENPS).

The roll out of the Radio Playout and Production System (dira!) commenced in the 2017/18 financial year for all the radio services. The dira! system is an end to end solution for radio production and radio broadcasting. It provides instant access to the three most important elements of radio production: namely the audio files, any accompanying data and the broadcasting schedule. This also includes production, scheduling and playout of radio commercials, dramas, current affairs and news stories. It provides ICASA compliant administrative reports as well as music rights reporting.

The hardware for Johannesburg based radio stations was procured and installed in the first radio station, 'Radio Sonder Grense' (RSG).

The Division facilitated the operational, technical, broadcast, post production, production studios and OB requirements for various SABC Sport and SABC News special events as well as flagship dramas for SABC TV.

The 'Preservation of Legacy Material' production was operational as from June 2017 and successfully delivered more than 300 Linear Tape Open (LTO) format for Digital Archiving by the end of the 2017/18 financial year.

The Division in conjunction with the content management team worked on the adaptation of the SABC HD Delivery Standard and Workflows. All stakeholders were consulted including local producers on the commencement of content delivery in HD as of 1 July 2017.

During the period under review, the Division put in place the interim HD infrastructure setup for studios 3, 4 and 5 with major changes to Control Room and floor equipment. The installations included IP Digital Video Switchers, HD Monitoring systems and HD Camera chains for the studio floor as part of the adoption of the SABC HD Delivery Standard. The in-house productions of Generations and Muvhango started preparing for transition of the recording of their productions into full HD during the period under review.

During the 2017/18 financial year, the transmission technical support team defined the best configuration for the Play-Out of SD and HD content. This informed a decision to also have all the scheduled media ingest for broadcast on 16:9 Aspect Ratio transmissions for Final Control Centre (FCC).

Workstations and Play-out system for the Digital News production were upgraded and the drone technology infrastructure was introduced during the period under review. The workstations upgrade has improved the productions.

The SABC3 FCC was switched from SD to HD as on 22 March 2018. This is a major accomplishment in the Division's efforts to improve the on air quality for SABC TV channels. The Division aims to convert the rest of the FCC's to HD concurrently with the implementation of the new Pebble Beach automation in the new financial year.

Innovation

During the period under review, all radio studios were equipped with Social Media systems which integrate with services like WhatsApp, Skype, Facebook and the radio stations' websites. Web cameras were placed in studios for the public to view via the radio stations' websites. The Division facilitated video streaming to Provincial studios to allow for off tube commentary from these areas.

The Division tested and implemented IP over satellite to reduce the SABC's reliance on Telkom for communication infrastructure. The IP over satellite service is supplied to Radio when Telkom is unable to supply lines.

The Division also provides facilities to enhance and increase the frequency of live video streaming for Digital News. Other high profile events such as awards, ceremonies and elections were streamed live.

IP Portfolio

During the period under review, the Division provided live audio feeds for each radio station from the Antfarm streaming audio services which are available on all SABC Radio websites through a streaming audio player.

IP Communications

IP based technology is in use to assist with communication between OB Points and SABC studios as well as facilitate internal communication between SABC Auckland Park MCR, FCC, News Line Record Room and Production Studios.

Looking Forward

In the next financial year, the Division will continue with the roll out of the radio play-out and production system. The system is extensive and will be installed in all the SABC radio stations. The project is earmarked for completion towards the end of 2019.

The Division is also upgrading the radio drama facilities in Auckland Park, to ensure that radio meets its mandate on the production of local content and radio dramas.

The Division will prioritise HD and Digitisation of Studio 7, while Studio 6 structural restoration work is being carried out. This will be followed by Studios 3, 4, and 5 to facilitate business continuity.

Other projects for the next financial year include: a Multi-Channel Play-out Facility to cater for additional TV channels on DTT, and other Carriage Agreements, News Studio 10 and 12 replacement, replacement of Studio 1 and 2, and the acquisition of five OB vans.

One of SABC's TV Outside Broadcast vehicle.

The new contract for the leasing of a 36MHz satellite segment to enable delivery of SABC content for SABC News, SABC Sport and SABC TV and radio stations (Sport) from locations within sub-Saharan Africa will be concluded in the next financial year.

Preparations for News Coverage of the 2019 Elections in Pretoria, Provincial IEC Centres and other contribution points are on-going.

The Division will also prioritise the digital migration project and to ensure stability of digital broadcasting services on DTT as well as DTH platforms; facilitation of the Digital Audio Broadcasting (DAB+) trial with NAB, Sentech and broadcasting industry players.

The SABC's financial constraints are, however, impacting negatively on the roll-out of further critical technology and infrastructure projects. Funding is required to ensure business continuity.

The Media Asset Management system will be implemented in the next financial year, and will address a number of critical business issues the organisation is currently facing, including:

- The requirement to introduce tapeless, file-based content production and management processes;
- The need to serve a growing number of delivery platforms, particularly DTT channels and online/mobile services, without significantly increasing costs or adding process complexity; and
- The requirement to access SABC content as and when required for post-production packaging and transmission.

Digital Broadcasting and Over-the-Top (OTT) services

The broadcasting industry is in the midst of a revolution as it migrates from analogue to digital broadcasting and broadband infrastructure is becoming more wide spread and accessible. The rise of digital technology has allowed audiences to consume content anywhere, anytime, and on any device.

While the impact of digital technology is felt throughout the business, its effect is most profoundly felt on the technology and infrastructure of the SABC. With a reliable technology infrastructure suited to the digital age, the Corporation will lead and compete with new digital broadcasting entrants.

Consumers of audio-visual content no longer want to be limited to accessing content through the traditional radio and TV sets.

Responding to the needs of consumers, SABC content has been made available online through audio streaming services available on all SABC radio websites. An audio podcast service is also available. Both platforms are currently offered through multiple service providers.

The Online Video Platform (OVP) service currently used by the SABC is though the YouTube platform, with multiple channels offered.

The SABC seeks to provide a compelling value proposition to SABC audiences and advertisers. In the 2019 fiscal the SABC will be pursuing an OTT strategy with the aim of offering a range of audio, video and text-base content. The aim of the SABC OTT is to offer the content centrally over the internet through mobile applications giving more options on how and when to consume the content.

Marketing Initiatives: *building the brand*

Client, marketing and brand interaction.

During the 2017/18 financial year, work was accelerated on refining the SABC brand to position the organisation more favourably and restore the corporate brand reputation.

The objective was to rebuild the SABC brand and reposition some of the SABC sub-brands, thereby continuing to meet audience share and revenue targets.

For the period under review, the SABC brand was promoted through marketing campaigns and a strong digital media presence and brand experiences to position the Corporation internally and externally in order to restore public confidence.

The SABC continued on the drive to create awareness around the benefits of paying the TV licence fees. A campaign with the SABC manifesto #MadepossibleByYou continued driving awareness featuring SABC talent including Thabile Ngwato, Stoan Seete, and the late Joe Mafela. The campaign yielded positive results and created a platform for engagement and feedback from the public.

SABC Television focused on brand-building initiatives at channel level, network level and across all platforms. The following brand activities by television network were implemented:

- SABC1 ran a series of seasonally themed campaigns including the annual summer campaign themed 'Izinto Ze Summa' which was run on-air and digital from November to December;
- In second quarter of the period under review, SABC1 launched new shows and new seasons with a campaign 'Spring Burst';
- SABC1 ended the year with the launch of the S'Phethe Ezishisayo Campaign mid-quarter aimed at celebrating and promoting new seasons as well as schedule changes. The campaign comprised of outdoor, radio, on-air, PR (including a media launch) and digital;
- SABC2 marketing campaign included a highlight of the annual family picnic aimed at entrenching the channel's positioning as the family channel. Activities included on-air elements, digital and direct engagements;
- SABC2 implemented the 'New Arrivals' campaign which is aligned with the channel strategy in communicating the new offerings and new seasons that the channel is hosting; and
- SABC3 entrenched its brand positioning in the market with 'The Stage is Yours' an aggressive campaign which included outdoor, radio, on-air, PR and digital elements.

Radio Marketing Highlights

SABC Radio still maintained an audience share of over 70% with exciting above the line campaigns. Media used included billboard, taxis, buses and innovative digital campaigns. RSG and SAfm took the lead in this particularly as they were celebrating 80 years in existence.

Transversal relations between TV and radio were strengthened during the period under review. Strategic partnerships like BuyeleKhaya Pan African Music Festival in East London, 5FM Mid-Year Break in Sun City and the Mozart Requiem with SAfm, were instrumental in bringing the radio brands closer to the listeners.

Broadcasting *complaints*

There are two categories of complaints against the SABC's radio, television and online services, namely; direct complaints and complaints referred by third parties such as Regulators and Chapter Nine institutions.

All complaints are dealt with centrally by the Broadcast Compliance Unit of the SABC's Policy and Regulatory Affairs Department.

Direct Complaints during the 2017/18 Financial Period

During the period under review, a total of 1684 direct complaints were received and all of them were satisfactorily addressed by the SABC.

The table shows details of direct complaints report for the 2017/18 period.

Broadcasting Complaints Commission of South Africa (BCCSA)

During the 2017/18 financial year, 115 complaints against SABC services were finalised by the BCCSA. Of these complaints, 109 were dismissed and only six were upheld. Of those upheld, combined fine of R30 000 was imposed. Details of upheld cases are provided below.

BCCSA Upheld Cases 2017/18

- SABC1 was fined R10 000 for airing a vulgar song during the live broadcast of the METRO FM awards;
- The SABC was reprimanded for two cases in which SABC2 did not put additional warnings when broadcasting sensitive episodes on 7de Laan;
- SAfm Current Affairs was reprimanded for airing a story that promoted illegal conduct. This was a clip wherein an SABC journalist stated that his late friend had committed insurance fraud;
- METRO FM News was warned not to repeat the offence after airing a misleading story that implied that a woman had disrupted President Jacob Zuma's speech in Kliptown; and
- SABC1 was fined R20 000 for the broadcast of Casper Nyovest's concert without the appropriate on-screen warnings.

The BCCSA referred 11 matters to the SABC which were outside their mandate. The matters have been referred to the relevant services for considerations.

Independent Communications Authority of South Africa (ICASA)

During the period under review, ICASA referred complaints pertaining to TV licence accounts which were successfully resolved.

Advertising Standards Authority of South Africa (ASASA)

The ASASA ruled against the SABC in a matter involving a television advertisement for TV Licences. The ASASA agreed with the complainant that the advertisement was sexist.

TABLE: SABC direct complaints report for the 2017/18 financial year

Date	TV Licence	Reception	Scheduling	Prizes
April 2017	14	4	71	1
May 2017	12	4	44	-
June 2017	22	3	66	-
July 2017	14	6	61	-
August 2017	63	2	73	-
September 2017	43	2	51	-
October 2017	35	1	17	-
November 2017	4	-	2	-
December 2017	73	5	19	-
January 2018	347	-	39	-
February 2018	288	3	6	-
March 2018	266	4	19	-
ANNUAL	**1 181**	**34**	**468**	**1**

TABLE: BCCSA complaints report

Year	Complaints	Dismissed	Upheld
2017/18	115	109	6

Stakeholder *engagements*

The importance of a clear, focused and integrated stakeholder engagement strategy for the SABC in the modern day business climate is crucial for long term (financial) business success and sustainability.

Building and managing robust stakeholder networks was a key focus for the period under review particularly in Africa at different levels. During the period under review the SABC's stakeholder engagement activities continued to grow. This was evident in the heightened stakeholder interactions with the interest groups, community organisations, government bodies as well as international stakeholders.

In January 2018, the SABC in collaboration with the SABC Foundation, facilitated events around the announcement of the 2017 matric results, including a breakfast, the live broadcast of results and post results Morning Live coverage.

The SABC participated in inter-governmental preparatory meetings which culminated in the OR Tambo Centenary celebration which took place on 27 October 2017 at Kantolo, Bizana in the Eastern Cape. Part of the build-up activities included the broadcast of the unveiling of the OR Tambo statue at the OR Tambo International Airport on 20 October 2017.

International Relations

The SABC engaged various international stakeholders during the period under review with an aim of fostering mutually beneficial relationships. The following activities were carried out:

- Radio 2000 visited the Rwanda Broadcasting Agency to foster cultural exchange, which culminated in a strategic engagement with Rwanda Broadcasting;
- A study visit to the SABC by the Public Media Alliance bursar from Lesotho National Broadcasting Services was facilitated during the period under review;
- A media workshop that was conducted by the SABC for diplomats on behalf of the Department of International Relations and Corporations (DIRCO);
- The SABC attended the 53rd National day of the Republic of Zambia as per the invitation by the office of the High Commissioner accredited to the Republic of South Africa;
- His Excellence Ambassador of the Kazakhstan Republic in South Africa Mr Kulayev Talgat held talks with the SABC which were preceded by the live interview of the Ambassador on Morning Live;
- The SABC held a dialogue with a representative of the Jiangsu Broadcasting Corporation with a view to establish areas of strategic cooperation;
- The SABC facilitated a visit by a high profile delegation from Ethiopia Broadcasting Corporation (EBC) which was headed by the EBC CEO in November 2017;

- The SABC facilitated talks with the senior delegation from Deutsche Welle (DW) to finalise the envisaged MoU between DW and SABC;
- The SABC hosted a high profile delegation from the Embassy of the Republic of Japan accredited to the Republic of South Africa; and
- The SABC facilitated a visit by the Executive Members of the Southern African Broadcasters Association (SABA) regarding how the SABC can play a strategic role in the association.

Other stakeholder engagement activities the SABC engaged in:

- The engagement with the Swazi Television officials on matters pertinent to the proposed study visit to the SABC by Swazi TV;
- Facilitated a follow up study visit to the SABC by Zimbabwe Broadcasting Corporation;
- Facilitated a study visit to the SABC by the US based Pennsylvania school of Journalism;
- Facilitated a study visit to the SABC by Namibian Broadcasting Corporation;
- Facilitated talks with Liberia Broadcasting Corporation in relation to a visit to the SABC intended to culminate in discussions pertinent to possible areas of co-operation; and
- Facilitated a meeting with the Secretary of the Embassy of the Arab Republic of Egypt.

Memorandum of Understanding (MoU's)

For the period under review, the following MoU's were signed with the SABC:

- MoU with the Vaal University of Technology (VUT);
- MoU with Econcetric in partnership with the Department of Public Enterprise for flighting of funded programme on the SABC News channel;
- MoU with People Opposing Women Abuse (POWA) for Walkathon event in partnership with SABC2;
- MoU with The African Cultural Development Foundation to partner on the hosting of World Choir Games 2018; and
- MoU with Telkom SA in partnership with Commercial Enterprises.

People with Disabilities (PWD)

To commemorate International Disability Day, the SABC Foundation celebrated the first anniversary of its Disability 360 initiative in collaboration with the Department of Social Development.

Government and Community Relations

In order to comply with the Broadcasting Act and an ICASA ruling on the matter, the SABC recommenced the review of its Editorial Policy.

The public consultation process was revived following the ruling by ICASA's Complaints and Compliance Committee that the SABC did not comply with the requirements of section 6 (6) of the Broadcasting Act in reviewing or amending the 2004 Editorial Policies. The new process was intended to ensure that the public is properly consulted and that the final polices emanating from the process are legitimate and compliant with the law.

SABC stakeholders on tour of SABC facilities.

The Editorial Policy Public hearings commenced on 31 July 2017 and all Provinces were visited over a period of 30 days with three to four villages, locations and towns visited per Province. The initial closing date of submission was 29 August 2017 but was extended 29 September 2017 due to the requests from various stakeholders. The final round of public hearings and the publication of a revised draft for public comment, is planned to take place in the next financial year.

Employees

SABC employees engage with management on a regular basis through established internal communication platforms. During the period under review, the engagements were structured so that critical information on organisational progress or challenges was shared empowering employees to be better brand ambassadors.

The SABC encourages its employees to participate in voluntary and civic activities which the Corporation sponsors from time to time. During the period under review, SABC employees participated in a myriad of activities including the following:

- National Days of Importance;
- Fun sporting events; and
- The Soweto, Two Oceans and Comrades Marathons.

SABC Athletics team.

Pabi Moloi scoops her award.

Achievements and awards

This section highlights awards, achievements and recognition received by SABC platforms, programmes and individuals.

SABC Radio

A total of 24 awards were received by SABC Radio during the period under review. These include:

- METRO FM and Umhlobo Wenene FM won 1st place and 3rd place respectively in the Coolest Radio Station category at the Sunday Times Generation Next Awards in 2017.

SABC Radio scooped majority of the awards at the Liberty Radio Awards as follows:

- 5FM's Ms Cosmo received the Best Traffic Presenter Award from the Liberty Awards 2017;
- SAfm's Johan Le Roux won the award for the Disappointment of the Blitzbokke at the Rio Olympics. He was also joined by Nomsa Mdhluli, SAfm's newsreader who was awarded Best PBS Radio Newsreader;
- Ligwalagwala FM's Dumisa 'Shabbisto' Mavuso also received Best Afternoon Drive Presenter award;
- Thobela FM's Nkadimeng Kekana received The Best Breakfast Presenter award;
- Radio 2000 was honoured for receiving most votes for the My Station Listeners Choice category. Thami Ngubeni also won Best Night Time Show (PBS) award for the station;
- RSG's Bloedlyn won the Best Daytime Show;
- Lotus FM's Walk The Talk show, presented by Alan Khan won an award for News and Current Affairs;
- Ukhozi FM scooped two awards for the Best Promotions Stunt/Event category as well as the Best Breakfast Show ward for the Station's Vuka Mzansi Breakfast Show; and
- Umhlobo Wenene scooped awards in the following categories:
  - Best Content Producer award was received by Mpumelelo Mali;
  - Best Daytime Show was won by SJL (Sijik' Ilanga);
  - Best Music Show was won by Ikwayala Eziphambili;
  - Station Imaging was awarded to Umhlobo Wenene FM;
  - Best Weekend Show was won by Ibuzwa Kwabaphambili; and
  - Station of the Year (PBS) was also won by Umhlobo Wenene FM.
- Tru FM's afternoon programme, truAfternoon was named the Best Afternoon Drive Show (PBS) while the station's energetic presenter was nominated for the Bright Stars Category.

SABC Television

During the reporting period, SABC TV amassed a number of awards which included:

SABC1's YouTube channel started the year with a Special Google Award for surpassing 100,000 subscribers. The channel was followed by SABC2 and SABC Education, while SABC1 managed to reach 270,000 subscribers by year end.

SABC Television had a strong showing at the 13th Sunday Times Generation Next Awards with the following awards:

- 'Khumbul'ekhaya' was voted Coolest Community Programme 2017;
- 'Zaziwa' was also awarded the Coolest Reality TV show award;
- '100% Youth' was nominated in the Best Community TV show category;
- Skeem Saam won 3rd place; and
- 'Uzalo' won Coolest Soap 2017.

SABC1 received the Top TV Service Award in the Sunday Times Top Brands Awards.

SABC3 was ranked October runner up by Africa Brand Index for Television Brands on social media

SABC Television won a total of 20 Golden Horns at the 12th South African Film and Television Awards:

- On the Drama front, SABC1's Sunday night game-changer, Tjovitjo scooped six out of the seven awards they were nominated for including: Best TV Drama and Best Achievement in Cinematography categories, making it the biggest winner of the night;
- Drawing in almost nine million viewers daily, SABC1's Uzalo bagged the Most Popular TV Soap or Telenovela as voted for by the public;
- Themed 'Our Stories Are Gold', the awards also saw SABC2's longest serving presenter and producer, Johan Stemmet honoured with a Lifetime Achievement Award for his contribution to the television industry over the past 38 years;
- In the comedy category SABC1's 'Ses Top La' won the Best Achievement in Make-up and Hairstyling: TV Comedy;
- SABC2's 'Gauteng Maboneng' scooped the award for the Best Actor and Best Supporting Actress in the TV comedy;
- SABC3's High Rollers won Best Telenovela and Best Achievement in Post Production - TV Soap/Telenovela awards;
- Lerato Kganyago won the Best TV Presenter, for Live Amp;

- SABC3's Pabi Moloi received the Best Presenter in a Talk Show nod for 'Trending SA' and 'Xcellerate' scopped an award for Best Children's Programme;
- MTV Shuga – In Real Life received the Best Youth Programme recognition;
- Emmanuel Castis won Best Supporting Actor - TV Drama for the SABC2 drama, Erfsondes 4; and
- Our Moments also received Best Factual and Educational Programme for SABC2.

News

The Division's excellence in pursuit of its mandate was recognised by various nominations and awards including the following:

Liberty Radio Awards – News and Actuality Shows

- Lotus Radio CAFF / Prabashini Naicker Newsbreak: 'Aids Conference';RSG Radio CAFF / Izak du Plessis: 'Gekaapte Geboue [Hijacked Buildings]';
- PE Radio News / Jayed-Leigh Paulse: 'Black students protesting against hair issues at a Model C school'; and
- PE Radio News / Jayed-Leigh Paulse: 'Tragic drowning of children in a municipal sewage pit'.

Liberty Radio Awards – News Reader:

- SAfm: Jwalane Thulo and Nomsa Mdhluli; and
- Umhlobo Wenene Dikeledi Mbanga, Thandile Skeyi and Bukiwe Zide.

Liberty Radio Awards – Radio Documentary:

- RSG Radio CAFF / Hanri Wondergem: 'Die slag van Delville-bos [The Battle of Deville Wood]'. SABC News won two awards in the competition;
- SABC News Researcher, Thandeka Mabona was awarded the prestigious Public Media Association Travel Bursary to share her expertise in education news with another member broadcaster of the organisation;
- One of the Division's investigative programmes broke the story of the bogus pastor Omotoso which led to the rescue of many victims of human trafficking and the arrest of the suspect;
- Five RSG Radio Current Affairs team members and a former colleague won 3 ATKV Mediaveertjies at Gold Reef City (12/05). Anita Visser and Ivor Price won the Best Radio Current Affairs Presenter/Interviewer award; Izak du Plessis and Melissa Tighy won the Best Radio Current Affairs Insert award; while Suzanne Paxton and Marlinée Fouché won the Best Radio Current Affairs Programme;
- North-West Radio Journalist Sisi Segalo and RSG's Current Affairs Correspondent Darren Taylor were finalists in the Discovery Health Journalism Awards. The award went to the RSG Current Affairs Correspondent Darren Taylor; and
- RSG Radio Current Affairs Producer Hanri Wondergem clinched both the national and northern regional Vodacom Radio News Journalist of the Year Awards for her 'outstanding' report on the dangers of WhatsApp voice notes.

Six other Radio News and Current Affairs team members received five regional Vodacom Journalist Awards:

- Vusi Khumalo for both Radio News and the Radio Feature in KwaZulu-Natal;
- Neo Bodumela for Radio News in the Central region; and
- In the Eastern region, Yanga Funani for Radio News; and Veronica Fourie, Jayed-Leigh Paulse and Iviwe Poti jointly for the Radio Feature.

In addition, the following SABC journalists won awards at the Central Regional Awards for the Vodacom Journalist of the Year Awards for 2017, which were held in October 2017:

- 2017 Radio News: Neo Bodumela for radio story 'Negligence at Kimberley Hospital' and 'Elderly woman raped';
- 2017 Sustainability: Keith Sayster and Eddie Stemmet for TV feature 'Vissers debakel';
- 2017 Financial/Economic: Keith Sayster and Jabulani O-A Afrika for TV News feature 'SASSA uncertainty';
- 2017 Television News: Refilwe Gaeswe, TV News story for 'Education denied for Northern Cape children with a disability';
- 2017 Television Feature: Keith Sayster and Gerhard Botes for television feature 'Karretjie mense';
- TV News category: Janine Lee, camera Gcobani Blom and Markus Brenner for the Run-away fires in the Eastern Cape;
- Economic category for all media: Iviwe Poti and cameraman Cwenga Mgubasi, top honours for the N2 Toll road project in the Wild coast; and
- TV Features category: Ntsiki Nohiya and three camera men for a series of stories.Environmental Award: Minoshni Pillay.

Sport

The Sport @ 10, a 48-minute live talk show that showcases the freshest and most alternative view of the world of sport,won the award for Programme of the Year in this year's Gauteng Sports Awards.

The Ultimate Sport Show on METRO FM won The Best Sport Show in the Commercial Radio Station category.

The cast of SABC1's Uzalo.

1918
18 July *Rolihlahla Mandela* born in Mvezo,Transkei.

1942
Completes BA through the University of South Africa (UNISA)
Begins to attend African National Congress (ANC) meetings informally

1943
Graduates with BA from Fort Hare; Enrols for an LLB at Wits University

1944
ANCYL is established and Nelson Mandela appointed Secretary General; marries Evelyn Ntoko Mase. (They had four children.)

1951
Elected President of the ANCYL

1952
Defiance Campaign begins; Arrested and charged for violating the Suppression of Communism Act; Elected Transvaal ANC President; Convicted with J.S Moroka, Walter Sisulu and 17 others under the Suppression of Communism Act; Sentenced to nine months imprisonment with hard labour, suspended for two years; Elected first of ANC deputy presidents; Opens South Africa's first black law firm with Oliver Tambo

1953
Devises the M-Plan for the ANC's future underground operations.

1956
Arrested and later joins 155 others on trial for treason.

1958
Divorces Evelyn Mase.
Marries Nomzamo Winnie Madikizela. (They had two daughters.)

1960
The ANC is banned.

1961
Goes underground; Umkhonto weSizwe (MK) is formed.

1962
Leaves the country for military training and to garner support for the ANC. Returns to South Africa.
Arrested near Howick in KwaZulu-Natal. Sentenced to five years in prison for incitement and leaving the country without a passport.

1963
Sent to Robben Island. Returned to Pretoria Local Prison. Appears in court for the first time in what becomes known as the Rivonia Trial, with Walter Sisulu, Denis Goldberg, Govan Mbeki, Ahmed Kathrada, Lionel 'Rusty' Bernstein, Raymond Mhlaba, James Kantor, Elias Motsoaledi and Andrew Mlangeni. Pleads not guilty to sabotage in the Rivonia Trial.

1964
All except Rusty Bernstein are convicted and sentenced to life.
Arrives on Robben Island.

1985
South African President PW Botha's offer to release him if he renounces violence.

1990
The ANC is unbanned, he is released and elected ANC Deputy President.

1993
Awarded the Nobel Peace Prize with President FW de Klerk.

1994
Votes for the first time in his life, he is elected by Parliament as first president of a democratic South Africa and inaugurated as President of the Republic of South Africa. He launches his autobiography Long Walk to Freedom.

1995
Establishes the Nelson Mandela Children's Fund.

1996
Divorces Winnie Mandela.

1998
Marries Graça Machel on his 80th birthday.

2004
Announces that he will be stepping down from public life.

2010
Formally presented with the Fifa World Cup trophy before it embarks on a tour of South Africa.

2013
5 December, passes away at home in Johannesburg at the age of 95.

> *"As I walked out the door toward the gate that would lead to my freedom, I knew if I didn't leave my bitterness and hatred behind, I'd still be in prison."*
>
> *- Nelson Mandela*

SABC Governance


Mr Tshedu on Radio 2000.

Governance and Accountability

The Directors of the South African Broadcasting Corporation SOC Limited (SABC) regard corporate governance as fundamental to the success of the business and are fully committed to ensuring that good governance is practised in order that the SABC remains a sustainable and viable business.

This commitment is embraced at all levels of the SABC. The SABC ensures that its processes and practices are reviewed on an ongoing basis to ensure compliance with relevant legal requirements, the use of funds in an economic, efficient and effective manner, and adherence to good corporate governance practices that are continually benchmarked. Processes and practices are underpinned by the principles of openness, integrity, and accountability and an inclusive approach that recognises the importance of all stakeholders with respect to the viability and sustainability of the SABC.

Compliance, with not only the letter, but also the spirit of relevant governance codes remains a priority for the Corporation. As a state owned company, the SABC is guided by the principles of King IV Report on Corporate Governance for South Africa™ (King IV™), as well as the Protocol on Corporate Governance in the Public Sector 2002. In keeping with these principles, the SABC will implement the requirements of King IV™, which came into effect on 1 April 2017. Furthermore, the statutory duties, responsibilities and liabilities imposed on the Directors of the SABC by the Companies Act No. 71 of 2008, as amended, are augmented by those contained in the Public Finance Management Act (PFMA), No. 1 of 1999, as amended.

Portfolio Committee on Communications

During the year under review, the SABC Board appeared eight times before the Portfolio Committee on Communications:
- 10 May 2017;
- 1 August 2017;
- 10 October 2017;
- 7 November 2017;
- 24 November 2017;
- 23 January 2018;
- 13 February 2018; and
- 20 March 2018

Standing Committee on Public Accounts (SCOPA)

During the year under review, SCOPA visited the SABC on 27 June 2017.

Select Committee on Public Enterprises

During the year under review, the Select Committee on Public Enterprises visited the SABC on 16 August 2017.

Executive Authority

Shareholding

The Government of the Republic of South Africa is the sole shareholder of the SABC. The shareholder representative is the Minister of Communications.

Shareholder Compact

In terms of the Treasury Regulations issued in accordance with the PFMA, the SABC must, in consultation with its Executive Authority (the Minister of Communications), annually conclude a Shareholder Compact documenting the mandated key performance measures and indicators to be attained by the SABC as agreed between the Board and the Executive Authority.

The Compact is not intended to interfere in any way with normal company law principles. The relationship between the Shareholder and the Board is preserved, as the Board is responsible for ensuring that proper internal controls are in place and that the SABC is effectively managed.

The SABC Board attended three meetings with the Ministry of Communications during the 2017/18 financial year, as follows:
- 6 April 2017;
- 31 October 2017; and
- 8 March 2018.

The Accounting Authority/Board

Role and Function of the Board

The Board is the Accounting Authority of the SABC in terms of the PFMA and constitutes the fundamental base of corporate governance in the SABC. Accordingly, the SABC must be headed and controlled by an effective and efficient Board, comprising Executive and Non-Executive Directors, of whom the majority must be Non-Executive Directors in order to ensure independence and objectivity in decision-making. The Board of the SABC has absolute responsibility for the performance of the entity and is accountable for such performance.

On 16 October 2017, Judge Matojane handed a seminal judgement in the matter between the Minister the Communication vs. SOS; Support Public Broadcasting Coalition and others. The Judge held that the non-executive directors of the SABC Board are required to appoint the executive directors independently, without any involvement of the Minister. As such, all of the new executive directors of the SABC Board were appointed independently by the non-executive directors in compliance with this judgement.

The Board Charter sets out the roles, duties and responsibilities of the Board as well as salient corporate governance principles.

The role of the Board includes the following activities:

- The independent appointment of the three executive directors of the Board namely Group Chief Executive Officer (GCEO), Chief Operations Officer (COO) and Chief Financial Officer (CFO);
- Providing strategic direction and leadership;
- Determining the goals and objectives of the company;
- Approving key policies including investment and risk management;
- Reviewing the company's goals and strategies for achieving its objectives;
- Approving and monitoring compliance with corporate plans, financial plans and budgets;
- Reviewing and approving the company's financial objectives, plans and expenditure;
- Considering and approving the annual financial statements and notices to the shareholder;
- Ensuring good corporate governance and ethics;
- Ensuring that the Shareholder's performance objectives are achieved and that this can be measured in terms of the performance of the SABC;
- Ensuring that the SABC complies with and is operating in accordance with all applicable laws, regulations, government policies and codes of business practice, regulations and instructions prescribed in terms of legislation;
- Monitoring and reviewing performance and effectiveness of controls;
- Ensuring effective, prompt and open communication with the Shareholder and relevant stakeholders with substance prevailing over form;
- Liaising with and reporting to the Shareholder;
- Guiding key initiatives;
- Retaining full and effective control over the SABC and monitor management in implementing Board decisions, plans and strategies; and
- Approving transactions beyond the authority of management;

The President approved the appointment of an Interim Board with effect from 27 March 2017 to 26 September 2017. Subsequent to the interviews of the nominated candidates, the President approved the appointment of the permanent Board with effect from 16 October 2017 for a period of five years.

Delegation of Authority (DoA)

The Board has the authority to lead and control the business of the SABC including the authority to delegate its powers. The Board's aim is to ensure that the SABC remains a sustainable and viable business.

The Board's responsibilities are supported by a well-developed governance structure of Board Committees and a clear and comprehensive Delegation of Authority Framework. The Board delegates the management of the day-to-day operations of the Corporation to the GCEO. The GCEO is assisted by the Group Executive Committee (Group EXCO). The Delegation of Authority Framework, which annually undergoes an extensive review, assists in the control of the decision-making process and does not dilute the duties and responsibilities of the Directors.

Director Induction and Orientation

All new Directors are taken through an induction programme that is designed to enhance their understanding of the SABC's legislative framework, its governance processes and the nature and operations of its business. Members of the Board that were appointed in October 2017, were inducted on 29 October and 31 October 2017.

Continuous training is also provided on request to meet the needs of Directors. Directors are made aware of new laws and regulations on an ongoing basis.

Board Evaluation

The performance of the Board and individual Directors is evaluated annually. The performance of Board Committees is evaluated against their Terms of Reference (TOR). However, during the period under review the evaluation of the Board was not conducted. Performance Contracts were finalised with Executive and Senior Management. The Governance and Nomination Committee is responsible for the evaluation of Executive Management. Performance Contracting will be implemented throughout the SABC in the next financial year.

Staff introduction to the new Board.

Report of the SABC Board for the Financial Year Ending on 31 March, 2018

The Board of Directors is pleased to present the 81st Annual Report of the South African Broadcasting Corporation SOC Limited for the financial year ended 31 March, 2018.

The Annual Financial Statements comprise the consolidated annual financial statements of the Corporation and its subsidiaries, (together referred to as the group), and of the Company for the year ended 31 March 2018.

These Annual Financial Statements are presented in accordance with the Companies Act No. 71 of 2008 (as amended), the Broadcasting Act No. 4 of 1999 (as amended), the Public Finance Management Act. No. 1 of 1999 (as amended), and in accordance with International Financial Reporting Standards.

It is important to register that during the 2017/18 year the following changes were made to the Board:

- The term of the Interim Board ended on 26 September 2017 and the new Board was appointed by the President with effect from 16 October 2017;
- Mr J R Aguma, the Chief Financial Officer (CFO), was appointed as the Acting Group CEO from 28 June 2016, resigned in July 2017;
- Mr T E Ralitabo, the Group Executive: Media Technology Infrastructure, was appointed as the Acting Group CEO from 22 May 2017 until 19 July 2017;
- Ms N P Philiso, the Group Executive: Television was appointed as the Acting Group CEO from 20 July 2017;
- Ms M A Raphela was appointed as the Acting CFO from 28 June 2016 until 30 June 2017;
- Ms T S Dlamini, the General Manager Finance: Commercial Enterprises, was appointed as the Acting Group CFO from 13 July 2017;
- Ms B L Tugwana, the Group Executive: Corporate Affairs, was appointed as the Acting Chief Operations Officer (COO), from 13 July 2017 until 30 January 2018;
- Mr C B Maroleni was appointed as the COO from 1 February 2018;
- Ms R Kalidass resigned from the SABC Board on 15 November 2017; and
- The resignation of the Deputy Chairperson, Ms F C Potgieter-Gqubule, was accepted by the President on 28 March 2018.

The contribution of the Interim Board in bringing the SABC through a difficult time is acknowledged and we, as the new Board and everyone at the SABC thank them for their accomplishments. During their tenure, they continued to eliminate those actions, which led to the financial crisis and ensuring that the lapses of the past do not recur. The Board will continue to ensure that the following, among other things, are achieved:

- Corporate governance is maintained at the SABC;
- Financial and internal controls and risk measures are entrenched and maintained;
- The culture of fruitless and wasteful expenditure is totally eradicated within the Corporation;
- The cost-to-income ratio is reversed as cost growth has far outpaced revenue growth; and
- Content procurement practices are aligned to the attraction of advertising spend.

Mr B E Makhathini
Chairperson of the SABC Board

Attendance at Board Meetings

Board meetings are scheduled annually in advance. Special meetings are convened as necessary to address specific issues. Directors or external committee members who, on an exceptional basis, cannot physically attend meetings may communicate electronically. The record of attendance of the 33 Board meetings during the reporting period is reflected below including meetings of the Interim Board:

BOARD

Members	Attendance
27 Board meetings, 5 Inductions and 1 Strategy Session were convened.	
B E Makhathini *(Chairperson)*	12
F C Potgieter-Gqubule *(Deputy Chairperson)*[1]	32
K T Kweyama *(Chairperson of the Interim Board)*	32
M G Tsedu *(Deputy Chairperson of the Interim Board)*	33
J R Aguma[2; 3]	7
T S Dlamini[4]	21
R Kalidass[5]	4
M G Markovitz	13
C B Maroleni[6]	2
J Matisonn	32
D K Mohuba	8
K Naidoo	31
J H Phalane	11
N P Philiso[7]	20
T E Ralitabo[8]	5
M A Raphela[9]	9
V Rambau	9
B L Tugwana[10]	26

1. Resigned effective 28 March 2018
2. Appointed as Acting GCEO effective 28 June 2016 until May 2017
3. Resigned effective May 2017
4. Appointed as Acting CFO effective 13 July 2017
5. Resigned 15 November 2017
6. Appointed as COO 1 February 2018
7. Appointed as Acting GCEO effective 20 July 2017
8. Appointed as Acting GCEO effective 22 May 2016 until 19 July 2017
9. Appointed as Acting CFO effective 28 June 2016 until 27 June 2017
10. Appointed as Acting COO effective 27 September 2016 until 31 January 2018

Board Committees

A number of Board Committees exist in order to assist the Board in discharging its responsibilities. This assistance is rendered in the form of recommendations, reports and minutes submitted to Board meetings whereby transparency and full disclosure of Committee activities are ensured. Each Committee operates within the ambit of its defined Terms of Reference that set out the composition, role, and responsibilities, delegated authority and meeting requirements of each Committee.

Audit and Risk Committee

With regard to the legislative and governance requirements for the compulsory establishment of Audit Committees for State Owned Entities, the responsibilities of the Audit Committee are briefly set out below. The SABC Board has elected to combine the roles of the Risk Committee with the Audit Committee. The Committee comprises three independent Non-Executive Directors, who are appointed by the Shareholder in terms of the requirements of Section 94 of the Companies Act. The Committee is chaired by an independent Non-Executive Director. Members collectively have sufficient qualifications and experience to fulfil their duties and have sufficient understanding of financial reporting; internal financial controls; external audit process; internal audit process; corporate law and information technology governance.

The roles and responsibilities of the Committee include:

- Serving as the audit and risk committee for the SABC Group;
- Recommending the appointment of the External Auditors and overseeing the external audit process;
- Monitoring the internal control system to protect the SABC's interests and assets;
- Reviewing the accuracy, reliability and credibility of financial reporting and recommends the annual financial statements and the Annual Report, as presented by management, together with the External Auditors' report, for approval by the Board;
- Reviewing any accounting and auditing concerns raised by Internal and External Audit, the annual financial statements and the various reports to Shareholder;
- Ensuring that an effective Internal Audit function is in place and that the roles and functions of External Audit and Internal Audit are clear and co-ordinated to provide an objective overview of the operational effectiveness of the Corporation's systems of internal control, risk management, governance and reporting;
- Reviewing the activities of the Internal Audit Department, the effectiveness thereof and the adequacy of available Internal Audit resources;
- Evaluating the independence, objectivity and effectiveness of the External Auditors;
- Ensuring that the Corporation has implemented an effective policy and plan for risk management that will protect the Corporation's ability to achieve its strategic objectives;
- Ensuring that a combined assurance model is applied;
- Obtaining assurance for information technology (IT) as it relates to the management of IT assets, governance and controls, risks and disaster recovery;
- Monitoring the SABC's compliance with statutory and legislative obligations and fiduciary responsibilities;
- Confirming that the SABC has appropriate controls in place to identify, and implement legislative and regulatory changes, which will affect its operations;
- Monitoring that management and administration of the products and services are conducted in accordance with relevant legislation, regulation, governing rules and within the terms of any delegation;
- Reviewing significant breaches, or potential breaches, of regulation and the steps taken to ensure that the underlying root causes of any regulatory control failures are being addressed;
- Assisting in identifying, evaluating, mitigating, and monitoring the business risks that the Group faces during the course of its operations, its exposure to significant risk, and the adequacy of the identification of risk;
- Reviewing the SABC's risk appetite and future risk strategy, particularly for economic (i.e. risk-based) capital, liquidity and reputation, but also for operational risk, and to make recommendations on risk appetite to the Board; to review the principal risk policies for consistency with the Group's risk appetite and to approve any material changes to these policies;

- Reviewing the risk profile against its risk appetite and strategy and review the drivers of the changes, if any, in the risk profile and their implications for liquidity and going concern status;
- With input from the Audit and Risk Committee, as appropriate, reviewing the adequacy of the Group's processes and the effectiveness of controls over the determination of the compliance with the requirements of the Government Guarantee;
- Reviewing the design, completeness, and effectiveness of the risk management framework relative to the enterprise-wide risk management policy, and plans for management of the significant risks activities;
- Reviewing the adequacy and quality of the risk management function and the effectiveness of risk reporting (including timeliness and risk events);
- Evaluating the risk of exposure to fraud, review policies, and procedures in place to minimise, or detect fraud, and make recommendations to the Board to enhance such policies and procedures;
- Developing and refining the SABC's enterprise-wide appetite for risk, in conjunction with the full Board; and

Refer to page 75 for the report of the Audit and Risk Committee detailing how it carried out its functions.

Fourteen Committee meetings were held during the financial year. These were attended by External Auditors, the GCEO, CFO, COO, Chief Audit Executive and other relevant corporate officials. The Chief Audit Executive and the External Auditors have unrestricted access to the Chairperson of the Committee and to the Chairperson of the Board. The attendance of Members at Committee meetings was as follows:

Members	Attendance
14 Meetings were convened.	
F C Potgieter-Gqubule[1]	12
V Rambau *(Chairperson)*	1
K T Kweyama	2
J Matisonn *(members during the Interim Board)*	12
K Naidoo *(Chairperson during the Interim Board)*	14
J R Aguma[2; 3]	3
N P Philiso[2]	6
T S Dlamini[2]	10
T E Ralitabo[2]	1
M A Raphela[2]	2
B L Tugwana[2]	8
J Malele[4] *(advisor during the Interim Board)*	11

1. Resigned effective 28 March 2018
2. Attends by invitation
3. Resigned effective May 2017
4. Appointed as Advisor effective 1 August 2015 until 26 September 2017

Digital Technology Committee

The Digital Technology Committee comprises three independent Non-Executive Directors and is chaired by an independent Non-Executive Director. The Committee was established in 2017 to assist and advise the Board in fulfilling its obligations and, in certain instances, by acting on behalf of the Board through its mandate, on matters relating to digital technology. 'Digital Technology' is defined by the Committee to mean all known (and yet to be developed and commercialised) digital technology platforms, including but not limited to, Digital Terrestrial Television (DTT), direct to home digital satellite broadcasting (DTH) and mobile and web channels, with a strategic focus on the successful distribution of all SABC content over such platforms.

The Committee's formation has been motivated by the massive impact of digital technology on all of the SABC's core services and how the successful implementation of strategies in this regard will impact on the sustainability of the Corporation in the future.

The roles and responsibilities of the Committee are as follows:

- Ensuring that the Corporation employs innovative digital technology and information systems that enables the SABC to deliver on its statutory mandate;
- Assessing and evaluating the adequacy of the Corporation's digital technology and related systems and make necessary recommendations to the Board to consider and resolve;
- The achievement of a successful migration from analogue terrestrial television broadcasting to DTT and DTH platforms, including oversight of the roll-out and distribution of STBs and associated viewer awareness campaigns, platform management and all related strategic and technology matters;
- The development of a multi-channel / multi-platform SABC content strategy across all digital technology platforms and oversight of the implementation of such strategy;
- The development of a technical infrastructure digitisation strategy;
- Ensuring that the Corporation liaises with all the relevant stakeholders and key industry bodies with respect to all SABC Digital Technology projects, where necessary, including but not limited ICASA, DoC, Sentech, USSASA, the SA Post Office and the NAB;
- Reporting to the Board on progress of all Digital Technology projects within the Corporation;
- Ensuring that the Corporation employs technology, which enables it to fulfil both its commercial and public mandates in line with its statutory mandate;
- Ensuring digital transformation in the SABC workplace so that SABC management and staff have access to innovative technology and an information systems platform that will enable the Corporation to deliver on its mandate and enable major business improvements such as enhancing audience experience, streamlining operations or creating new business models;
- Ensure that the technology employed by the Corporation is appropriate and able to support the strategic objectives of the Corporation; and
- Recommend to the Board the approval of policies, which fall within its mandate.

Three Committee meetings were held during the financial year. These were attended by the GCEO, CFO, COO and other relevant corporate officials. The attendance of Members at Committee meetings was as follows:

Members	Attendance
Three Meetings (which included a workshop) were convened.	
M G Markovitz *(Chairperson)*	3
J Matisonn	3
J Phalane	3
F C Potgieter-Gqubule[1]	2
B E Makhathini[2]	1
K T Kweyama[2]	1
D K Mohuba[2]	1
M G Tsedu	1
N P Philiso[2]	3
C B Maroleni[2]	1
T S Dlamini[2]	2
B L Tugwana[2]	3

1. Resigned effective 28 March 2018
2. Attends by invitation

Finance, Investment and Procurement Committee *(formerly the Finance, Investment, Procurement and Technology Committee)*

The Finance, Investment and Procurement Committee comprises three independent Non-Executive Directors and is chaired by an independent Non-Executive Director.

The roles and responsibilities of the Committee include:

- Reviewing the long-term and short-term funding plan, for submission to the Board;
- Monitoring the current funding plan of the Corporation to enable it to fulfil both its commercial and public mandates in line with the corporate goals;
- Reviewing and recommending the annual capital and operating budget to the Board for approval;
- Recommending the limits applicable to counter-parties to the Board, and monitoring and reviewing all borrowings made by the Corporation, and the guarantees and sureties issued on behalf of the Corporation;
- Reviewing funding and solvency implications of transactions and make recommendations to the Board;
- Reviewing the capital investment process, monitoring total Group capital expenditure;
- Reviewing and approving any capital project, or the procurement of any capital or the commencement of any capital project item included in the approved budget of the SABC, above R100 million up to R200 million;
- Reviewing and recommending to the Board the commencement of any capital project or the procurement of any capital item the cost of which exceeds R200 million;
- Reviewing the performance of all investments and acquisitions made;
- Reviewing and recommending to the Board the opening of new offices or new regional offices within the borders of the Republic of South Africa;
- Reviewing and making recommendations to the Board regarding the SABC's investment strategy;
- Evaluating and making recommendations to the Board regarding business cases for new ventures or projects;
- Approving the criteria and guidelines for investments and approving investments within its delegated authority;
- Reviewing the budgetary processes adopted by management for effectiveness, integrity and adherence to the objectives of the Board and the Public Finance Management Act (PFMA);
- Ensuring that the reporting and budget submission deadlines set by the SABC are complied with;
- Reviewing the Group's procurement policies for alignment with the B-BBEE Charter and procurement policy guidelines set by Government from time to time;
- Reviewing the Bid Adjudication Committee processes for effectiveness and integrity and ensuring group-wide adherence thereto having regard to the principles of the Group's procurement policies;
- Reviewing the appropriateness of the Bid Adjudication Committee's processes to the needs of the individual entities within the Group having due regard to the operational dynamics of each entity and to implement such measures as are deemed necessary to ensure the functional effectiveness of these processes;
- Reviewing the effectiveness of the Bid Adjudication Committee and implement such measures as are deemed necessary to ensure that this structure is functionally effective;
- Considering and approving the write-off resulting from the impairment of assets, up to an amount of R20 million, and recommending for approval by the Board of any amount over R20 million;
- Reviewing disposals made by EXCO in accordance with the authority granted to it by the Board;
- Reviewing and recommending to the Board for approval the writing off of assets above R15 million (at book value) to remove them from the asset register;
- Reviewing and recommending to the Board for approval the writing off of stock (at book value) above R15 million to remove them from the asset register;
- Reviewing and recommending to the Board for approval the sale of moveable assets at book value from R10 million to R16 million and for Board to recommend approval by the Shareholder for assets above R16 million;
- Subject to the provisions of the Public Finance Management Act (PMFA), reviewing and approving any sale or disposal of assets, the cost of which shall not exceed R50 million per item;
- Reviewing and recommending to the Board for approval the write-off resulting from the impairment of assets, up to an amount of R20 million;
- Reviewing and recommending to the Board for approval the entering into any agreement for the lease/hire/rental of property, where the cumulative value and the term are above R25 million per annum/5 years;
- Recommending to the Board the approval of policies, which fall within its mandate and identifying, evaluating and reporting to the Board on any risks associated with the technology of the Corporation;
- Overseeing the development of the disaster recovery plan put in place by the Corporation and advise the Board on the adequacy and suitability thereof;
- Advising the Board generally on purchasing decisions involving the acquisition of technology or systems;

- Determining whether the proposed transaction is in line with the strategic objectives approved by the Board for the Technology Division and the SABC generally;
- Determining whether the proposed transaction is in line with the public broadcasting mandate set out in Section 10 of the Broadcasting Act and the corporate goals;
- Determining whether the proposed transaction has been budgeted for and whether the business aspects of the decision are fundamentally sound;
- Determining whether the financial implications of the transaction will be and how much money will the Corporation make/stand to lose by supporting/rejecting the proposal; and
- Determining whether the proposal before the Committee contains all relevant information in sufficient detail and is the Committee satisfied that it has sufficient, appropriate information to enable it to thoroughly probe the decision and make a recommendation to the Board.

Seven Committee meetings were held during the financial year. The GCEO, COO, CFO and other relevant corporate officials attended the meetings by invitation. The attendance of Members at the Committee meetings was as follows:

Members	Attendance
7 Meetings were convened.	
J H Phalane *(Chairperson)*	3
B E Makhathini[2]	3
K T Kweyama[2] *(Chairperson during the Interim Board)*	3
M G Markovitz	2
M G Tsedu *(members during the Interim Board)*	3
K Naidoo[2] *(members during the Interim Board)*	4
N P Philiso[2]	3
T S Dlamini[2]	5
B L Tugwana[2]	6
J R Aguma[2]	1
M A Raphela[2]	2
T E Ralitabo[2]	1

1. Resigned effective 28 March 2018
2. Attends by invitation

Governance and Nominations Committee

The Governance and Nominations Committee comprises three independent Non-Executive Directors and is chaired by an Independent Non-Executive Director (Chairperson of the Board).

The roles and responsibilities of the Committee include:

- Regularly reviewing the size, structure and compositions of the Committees of the Board, with due regard to the legal requirements, skills and expertise required for effective performance of each Committee;
- Ensuring that appropriate succession planning is in place for both Executive and Non-Executive Directors of the Board;
- Evaluating succession-planning arrangements for Executive Directors to ensure that these are orderly and calculated to maintain an appropriate balance of diversity, skills, knowledge and experience;
- Annually reviewing the key data indicators of listed successors for direct reports of the Group Chief Executive Officer to determine their status on the succession plan and readiness to assume a role as the need arises. Such data should include the performance evaluation outcomes and outputs of management conversations;
- Supervising the administration of the Corporation's policies relating to actual or potential conflicts of interest affecting Members of the Board;
- Responsible for preparing a description of the role and capabilities required for particular appointments of Executive Directors to the Board and for identifying and nominating candidates for the approval of the Board;
- Making recommendations to the Board for the continuation (or not) in service of any Director as an Executive or Non-Executive Director;
- Reviewing and, where appropriate, making recommendations to the Board about proposed appointments to the Boards and Committees of Subsidiary Businesses including the exercise of shareholder rights to remove a Director, the nomination of Group representatives to sit on the Boards of subsidiaries;
- Approving conditions of employment and all benefits applicable to the Group Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and the terms and conditions of the severance of employment of such individuals;
- Assisting the Group Chief Executive Officer in the selection of the Chief Financial Officer and Chief Operating Officer when vacancies occur provided that the appointment of such persons would remain the decision of the Minister;
- In consultation with the Board, and subject to the approval of the Minister, determining the remuneration for the Executive Directors, on appointment, having regard to the remuneration policy;
- The Committee shall make recommendations in respect of the fees and/or remuneration of the Non-Executive Directors to the Board from time to time, which Directors' fees and/or remuneration shall be subject to the approval of the Minister;
- The Committee will recommend to the Board for its approval, appropriate Key Performance Indicators (KPIs) for the Executive Directors at the beginning of each Financial Year;
- The Committee will determine and agree with the Board the policy for the remuneration of the Executive Directors. No Director or Executive shall be involved in any decisions as to their own remuneration;
- When appropriate, the Committee shall request and consider reports and presentations by the Audit and Risk Committee; or the Social and Ethics Committee;
- Developing, evaluating and reviewing the corporate governance structures, policies, practices and procedures of the Corporation and implement such structures, policies, practices and procedures as the Committee deems to be in keeping with the tenets of good corporate governance;
- Reviewing and evaluating regularly the balance of skills, knowledge and experience and performance and effectiveness of the Board and its Committees, make recommendations to the Board with regard to any adjustments that it considers appropriate, and approve the section in the Annual Report dealing with the performance of the Board;
- Establishing and ensuring the implementation of an induction programme for new appointees to the Board;
- Approving a performance and evaluation measurement framework to monitor the effectiveness of the Board, Board Committees, individual Directors, the GCEO, CFO and COO;

- Reviewing and, where appropriate, make recommendations to the Board about actual or potential conflicts of interest affecting any Member of the Board, carry out an annual review of declarations of conflicts of interest by the Board, and approve a report to the Shareholder on how the Corporation's Policy on Conflicts of Interest has been applied during the year;
- Preventing any Human Capital practices that will result in unauthorised, irregular, fruitless and wasteful expenditure and losses from criminal conduct and expenditure not complying with legislation;
- Ensuring compliance with the relevant and applicable labour related legislation;
- Responsible for the oversight and monitoring of the Human Capital management strategies and implementation within SABC, and ensuring that these are beneficial to the Corporation and employees, the continued existence of the Corporation, and to ensure a return on investment for the Shareholder;
- Ensuring that there is rigorous probing of strategic plans and investment proposals, by asking 'what if' and 'why not' questions, and by challenging the assumptions underlying strategy;
- Ensuring that a proper strategic planning process is implemented;
- In conjunction with the Board, setting parameters within which Management develops strategy, which may include ensuring that short-term and longer-term strategies are balanced and that it provides a platform for sustainability;
- Ensuring that the strategies are aligned with the purpose of the business, the prevailing culture and ethics and the interests of the SABC's stakeholders; and
- Instituting regular and formal Board strategy reviews or strategy audits and examine progress towards the predetermined objectives and evaluate current performance in the light of these predetermined objectives.

Two Committee meetings were held during the financial year. The attendance of members at the Governance and Nominations Committee meetings was as follows:

Members	Attendance
2 Meetings were convened.	
B E Makhathini *(Chairperson)*	2
F C Potgieter-Gqubule[1]	2
M G Tsedu	2
J H Phalane	2
K T Kweyama[2]	1
R Kalidass[2]	1
M G Markovitz[2]	1

1. Resigned effective 28 March 2018
2. Attends by invitation

Human Resources, Governance and Nominations Committee

The Human Resources, Governance and Nominations Committee was established by the Interim Board. The Committee comprised three independent Non-Executive Directors and was chaired by an independent Non-Executive Director.

The roles and responsibilities of the Committee include:

- Ensuring that the structure, size, composition, skill sets and performance of the Corporation is regularly reviewed and maintained at levels which are appropriate;
- Evaluating succession-planning arrangements for Group Executives, to ensure that these are orderly and calculated to maintain an appropriate balance of diversity, skills, knowledge and experience;
- Approving conditions of employment and all benefits applicable to the Group Executives of the Corporation; and the terms and conditions of the severance of employment of such individuals;
- Approving the general material terms and conditions of employment to be applied for all employees of the Group;
- Reviewing the specific application of the Remuneration Policy with regard to Group Executives and make a recommendation to the Board for approval;
- The remuneration of the General Managers and Heads of Business Units will be determined by the Group Chief Executive Officer, within the ranges laid down by the Committee and recommended to the Committee for approval;
- Assisting the Board in its oversight of the Remuneration Policy and its specific application to the Group Executives and its general application to all Group employees, the review of the remuneration philosophy of the Group, the adoption of annual and longer-term incentive plans, the determination and approval of levels of reward to the Group Executives;
- Approving general retirement policies of the Group and any changes in such policies or to the rules of the retirement funds; and
- Considering and recommending the Human Capital Policies and reviewing the prevailing industrial relations policies and the Corporation's strategies in respect thereof in order to ensure that the appropriate policies are applied.

Ten Committee meetings were held during the financial year. The GCEO, COO, CFO and other relevant corporate officials attended the meetings by invitation. The attendance of Members at the Committee meetings was as follows:

Members	Attendance
10 meetings were convened.	
K T Kweyama *(Chairperson)*	9
M G Tsedu	9
J Matisonn	10
N P Philiso[1]	4
T E Ralitabo[1]	2
B L Tugwana[1]	6
T S Dlamini[1]	3
M A Raphela[1]	3
J R Aguma[1]	1

1. Attends by Invitation
2. Resigned effective 28 March 2018

Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee comprises three independent Non-Executive Directors and is chaired by an Independent Non-Executive Director.

The roles and responsibilities of the Committee include:

- Ensuring that the structure, size, composition, skill sets and performance of the Corporation is regularly reviewed and maintained at levels which are appropriate;
- Evaluating succession-planning arrangements for Group Executives, to ensure that these are orderly and calculated to maintain an appropriate balance of diversity, skills, knowledge and experience;

- Approving conditions of employment and all benefits applicable to the Group Executives of the Corporation and the terms and conditions of the severance of employment of such individuals;
- Approving the general material terms and conditions of employment to be applied for all employees of the Group;
- Reviewing the specific application of the Remuneration Policy with regard to Group Executives and making a recommendation to the Board for approval;
- The remuneration of the General Managers and Heads of Business Units will be determined by the Group Chief Executive Officer, within the ranges laid down by the Committee and recommended to the Committee for approval;
- The Committee will assist the Board in its oversight of the Remuneration Policy and its specific application to the Group Executives and its general application to all Group employees, the review of the remuneration philosophy of the Group, the adoption of annual and longer-term incentive plans, the determination and approval of levels of reward to the Group Executives;
- Approving the general retirement policies of the Group and any changes in such policies or to the rules of the retirement funds; and
- Considering and recommending the Human Capital Policies and reviewing the prevailing industrial relations policies and the Corporation's strategies in respect thereof in order to ensure that the appropriate policies are applied.

Four Committee meetings were held during the financial year. The GCEO, COO, CFO and other relevant corporate officials attended the meetings by invitation. The attendance of Members at the Committee meetings was as follows:

Members	Attendance
4 Meetings were convened.	
K T Kweyama *(Chairperson)*	4
R Kalidass[1]	0
D K Mohuba	4
K Naidoo	4
M G Tsedu	1
N P Philiso[2]	4
C B Maroleni[2]	1
B L Tugwana[2]	3
T S Dlamini[2]	4
J Matisonn[2]	1

1. Resigned effective 28 March 2018
2.Attends by invitation

Public Broadcasting Services Committee

The Public Broadcasting Services Committee comprises three independent Non-Executive Directors. The Committee is chaired by an independent Non-Executive Director.

The role of the Committee is to ensure that the SABC delivers on its obligations as provided for in the Public Broadcasting Service Charter of the Corporation. Public Services must:

- Be made available to South Africans in all the official languages;
- Reflect both the unity and diverse cultural and multilingual nature of South Africa and all of its cultures and regions to audiences;
- Strive to be of high quality in all of the languages served;
- Provide significant news and public affairs programming, which meets the highest standards of journalism, as well as fair and unbiased coverage, impartiality, balance and independence from government, commercial and other interests;
- Include significant amounts of educational programming, both curriculum-based and informal educative topics from a wide range of social, political and economic issues, including, but not limited to, human rights, health, science, early childhood development, agriculture, culture, technology, religion, justice and commerce and contributing to a shared South African consciousness and identity;
- Enrich the cultural heritage of South Africa by providing support for traditional and contemporary artistic expression;
- Strive to provide a broad range of services targeting, particularly, children, women, the youth and the disabled;
- Include programmes made by the Corporation as well as those commissioned from the independent production sector;
- Include national sports programming as well as developmental and minority sports;
- Review the Sports Broadcasting Rights;
- Report to the Board on the extent to which the News division has achieved its objectives during the relevant period;
- Develop proposed policies for consideration by the Board on news and current affairs programming, which ensure that SABC's news and current affairs content is fair, balanced, accessible, accurate, compelling, professional, authoritative and in line with the Constitution of South Africa, the Broadcasting Act and other relevant legislation;
- Assist the Board to preserve the Corporation's editorial independence and integrity and to ensure that the Corporation does not allow commercial, political or personal considerations to influence its editorial decisions; and
- Review the editorial policies of the Corporation from time to time to ensure that they remain appropriate to the operational needs of the corporation and the fulfilment of the statutory and regulatory obligations and mandates of the corporation.

Seven Committee meetings were held during the financial year. The GCEO, COO, CFO and other relevant corporate officials attended the meetings by invitation. The attendance of Members at these meetings is reflected below:

Members	Attendance
7 Meetings were convened.	
D K Mohuba *(Chairperson)*	2
J Matisonn	7
J R Aguma[1]	2
M G Markovitz	2
F C Potgieter-Gqubule *(Chairperson during the Interim Board)*	5
M G Tsedu	5
N P Philiso[2]	5
T E Ralitabo[2]	1
B L Tugwana[2]	5
T S Dlamini[2]	4
M A Raphela[2]	1

1. Resigned effective July 2017
2. Attends by invitation

Public Commercial Services Committee

The Public Commercial Services Committee comprises three independent Non-Executive Directors. The Committee is chaired by an independent Non-Executive Director.

The role of the Committee is to ensure that the SABC delivers on its obligations as provided for in the Public Commercial Service Charter of the Corporation. Commercial Services must:

- Be subject to the same policy and regulatory structures as outlined in the Act for commercial broadcasting services;
- Comply with the values of public broadcasting service in the provision of programmes and service;
- Commission a significant amount of their programming from the independent sector;
- Subsidise the public services to the extent recommended by the Board and approved by the Minister;
- Be operated in an efficient manner to maximise the revenues provided to the Shareholder;
- Report to the Board on the extent to which the News division has achieved its objectives during the relevant period;
- Develop proposed policies for consideration by the Board on news and current affairs programming, which ensure that SABC's news and current affairs content is fair, balanced, accessible, accurate, compelling, professional, authoritative and in line with the Constitution of South Africa, the Broadcasting Act and other relevant legislation;
- Assist the Board to preserve the Corporation's editorial independence and integrity and to ensure that the Corporation does not allow commercial, political or personal considerations to influence its editorial decisions; and
- Review the editorial policies of the Corporation from time to time to ensure that they remain appropriate to the operational needs of the corporation and the fulfilment of the statutory and regulatory obligations and mandates of the corporation.

Seven Committee meetings were held during the financial year. The GCEO, COO, CFO and other relevant corporate officials attended the meetings by invitation. The attendance of Members at these meetings is reflected below:

Members	Attendance
7 Meetings were convened.	
J Matisonn *(Chairperson)*	7
J R Aguma[1]	2
D K Mohuba	2
M G Markovitz	2
F C Potgieter-Gqubule	5
M G Tsedu	5
N P Philiso[2]	5
T E Ralitabo[2]	1
B L Tugwana[2]	5
T S Dlamini[2]	4
M A Raphela[2]	1

1. Resigned effective July 2017
2. Attends by invitation

News and Editorial Committee

The News and Editorial Committee comprises four independent Non-Executive Directors and is chaired by an Independent Non-Executive Director.

The primary role of the Committee is to assist the Board in setting the editorial policies of the Corporation, having regard to the need to ensure the editorial integrity of news and current affairs programming presented by the Corporation. The Committee must ensure that the SABC produces accessible, accurate, compelling, professional and authoritative news, current affairs and other programming that is fair, balanced and in line with its editorial policies and regulations. Defend the editorial independence of the News Division and encourage the pursuit of excellence of the highest professional standards.

The duties and responsibilities of the Committee are:

- Reporting to the Board on the extent to which the News Division has achieved its objectives during the relevant period;
- Overseeing a consultative process to develop policies for consideration by the Board on news and current affairs, programming, which aim to ensure that the news and current affairs programming, presented in all official languages, promotes the values of democracy, non-racialism, nation building, and empowerment, for approval by the Board;
- Assisting the Board to guide the editorial direction of the Corporation and to set editorial policies in line with the corporate goals;
- Assisting the Board to preserve the Corporation's editorial independence and integrity and ensure that the Corporation does not allow advertising, commercial, political or personal considerations to influence its editorial decisions; and
- Overseeing the review of editorial policies of the Corporation from time to time to ensure that they remain appropriate to the operational needs of the Corporation and fulfilment of the statutory and regulatory obligations and mandates of the Corporation; and whether the business aspects of the decision are aligned with the Corporation's operational plan.

Three Committee meetings were held during the financial year. The GCEO, COO, CFO and other relevant corporate officials attended the meetings by invitation. The attendance of Members at these meetings is reflected below:

Members	Attendance
3 Meetings were convened.	
M G Tsedu *(Chairperson)*	3
K T Kweyama	2
J Matisonn	3
D K Mohuba	1
B E Makhathini[1]	1
F C Potgieter-Gqubule[1]	1
M G Markovitz[1]	1
N P Philiso[1]	2
B L Tugwana[1]	3
T S Dlamini[1]	3

1. Attends by Invitation

Social and Ethics Committee

The Social and Ethics Committee comprises four independent Non-Executive Directors and is chaired by an independent Non-Executive Director.

The role and function of the Committee is to monitor/oversee the Corporation's activities, having regard to any relevant legislation, other legal requirements, or prevailing codes of best practice, with regard to matters relating to the following functions:

- The Social and Economic Development goals of the Corporation, including the Corporation's standing in terms of the goals and purposes of the ten principles set out in the United Nations Global Compact Principles are an integral part of the business strategy, day-to-day operations, and organisational culture;
- The United Nations Global Compact Principles are incorporated in the decision-making processes of the Board;

- The Corporation advances the United Nations Global Compact Principles and the case for responsible business practices through advocacy and outreach to peers, partners, clients, consumers, and the public at large;
- Reviewing and making recommendations to the Board with respect to the Corporation's Social Economic Development;
- Monitoring Social Economic Development Initiatives;
- The Committee has the mandate to assist the Board in discharging its responsibility to ensure that Broad-Based Black Economic Empowerment (B-BBEE) is pursued and implemented throughout the SABC;
- The Committee shall review the Corporation's standing in terms of the goals and purposes of the promotion of equality and the prevention of unfair discrimination;
- The Committee will review the SABC's standing in terms of its support of the four strategic objectives in respect of the International Labour Organization Protocol on decent work and working conditions;
- Monitoring the SABC's employment relationships, and its contribution toward the educational development of its employees;
- Reviewing recommendations on ethical matters made by Management or other external sources and to make recommendations to the Board whether, and if so, to what extent, these should be applied to the SABC;
- In conjunction with the Audit and Risk Committee, the Committee oversees and reviews the anti-corruption and bribery practices;
- Reviewing the policies and processes for managing non-financial risks affecting the business, including relationships with stakeholders (principally colleagues, partners, customers, local communities, non-governmental organisations, regulators, shareholders and suppliers), and the impact of the SABC's activities on its general business reputation;
- The Committee shall promote environmental policies that relate to the activities where the SABC has its most significant environmental impacts in respect of energy management and climate change, water quality, resource productivity (including leakage and waste); and
- In conjunction with the Audit and Risk Committee review and make recommendations to the Board with respect to the SABC's Health and Safety Policies and review the procedure for reporting and investigating accidents, incidents and accidents at work.

COO interaction with staff.

Five Committee meetings were held during the financial year. The GCEO, COO, CFO and other relevant corporate officials attended the meetings by invitation. The attendance of Members at these meetings is reflected below:

Members	Attendance
5 Meetings were convened	
M G Tsedu *(Chairperson during the Interim Board)*[1]	4
F C Potgieter-Gqubule *(Chairperson)*[2; 3]	2
K Naidoo *(Chairperson)*[4]	6
J Phalane	2
V Rambau	1
N P Philiso[5]	3
T E Ralitabo[5]	1
B L Tugwana[5]	4
T S Dlamini[5]	4
M A Raphela[5]	2

1. Chairperson during Interim Board
2. Chairperson during new Board
3. Resigned Effective 28 March 2018
4. Appointed as Chairperson March 2018
5. Attends by invitation

Directors' Remuneration

Non-Executive Directors receive fees for their contribution to the Board and the Committees on which they serve. The Shareholder determines the rate in consultation with National Treasury. Non-Executive Directors are also reimbursed for out-of-pocket expenses incurred on the Corporation's behalf.

Further information on Directors' remuneration appears on pages 135 to 136.

Company Secretarial Function

Directors have unrestricted access to the advice and services of the Company Secretary as well as the Secretariat Department. The Directors are entitled to obtain independent professional advice at the SABC's expense should they deem this necessary.

The Company Secretary together with other assurance functions monitors the SABC's compliance with the requirements of the PFMA, Companies Act and other relevant legislations.

Reporting to Stakeholders

In order to present a balanced and understandable assessment of its position, the SABC is continuously striving to ensure that reporting and disclosure to stakeholders are relevant, clear and effective. It places great emphasis on addressing both positive and negative aspects in order to demonstrate the long-term sustainability of the organisation. The King IV™, Report is used in compiling the annual report.

Stakeholder Relations

In addition to the interests of the government as shareholder, the SABC recognises the legitimate interest of specific government departments, employees, consumers, suppliers, the media, policy and regulatory bodies, trade unions, non-governmental groups and local communities in its affairs. Communication and interaction with stakeholders are ongoing during the year and are addressed through various channels depending on the different needs of the various stakeholders.

SABC Foundation partners with Africa Teen Geeks.

Risk management

In a continuing effort to attain a fully compliant status, amongst other initiatives, the SABC has implemented a risk management methodology that is based on best business practice and in line with the risk management framework issued by National Treasury.

The Public Finance Management Act (PFMA) was enacted in 1999 with the primary purpose of securing sound and sustainable management of the financial affairs of government bodies. Responsibilities of the SABC's Group Chief Executive Officer, as the Accounting Officer specifies, that he/she is responsible for managing the financial administration of the SABC. Included in this duty is the maintenance of an effective, efficient and transparent system of risk management.

Furthermore, the King IV Code of Corporate Governance for South Africa™ (King IV™) states that risk management should be practised throughout the organisation by all staff in their day-to-day activities.

Risk Management is about identifying and assessing key risks, designing and implementing strategies and processes by which those risks can be managed, and finally, continual review of processes to ensure that risks identified have been mitigated to a level acceptable to the relevant stakeholders.

In accordance with the above, the methodology of the SABC employs an eight-phased approach, which incorporates the principles as mentioned in the previous paragraph.

By establishing and working from a set model, the SABC has ensured a consistent and logical approach to risk management.

Risks have been assessed in context with the achievement of the SABC objectives, as contained in the Strategic Imperatives.

Strategic risks and their mitigation strategies are evaluated and monitored at both Board and Executive level. Where applicable, strategic risks have been rolled down to an operational level, and collectively each Business Unit throughout the SABC has a role to play in managing and mitigating these risks.

Internal control

The Board has the ultimate responsibility for establishing a framework for internal control, including an appropriate procurement and provisioning system.

The Board has the ultimate responsibility for establishing a framework for internal control, including an appropriate procurement and provisioning system.

The controls throughout the SABC focus on those critical risk areas identified by operational risk management, confirmed by executive management and endorsed by the internal auditors. The controls are designed to provide cost-effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed.

Organisational policies, procedures, structure and approval frameworks provide direction, accountability and segregation of responsibilities and contain self-monitoring mechanisms. Management with the assistance of the Internal Audit Department closely monitor the controls and actions that are taken to correct deficiencies as they are identified.

Internal *audit*

In line with the PFMA and the King IV™ requirements, the Internal Audit Department provides the Audit Committee and management with the assurance that the internal controls are appropriate and effective.

This is achieved by means of an independent objective appraisal and evaluation of the risk management processes, internal controls and governance processes as well as by recommending corrective actions and suggested enhancements to the controls and processes. The risk based Internal Audit Plan is based on the major risks emanating from the SABC's internal risk management process. The Internal Audit Plan is responsive to changes in the SABC's risk profile.

The Internal Audit Department is fully supported by the Board and the Audit Committee and has full and unrestricted access to all Corporation activities, records, property and personnel.

The External Auditors are responsible for independently auditing and reporting on the financial statements in conformity with International Standards on Auditing.

Activities of Group Internal Audit

Mandate and Purpose of Internal Audit

The mandate of the SABC Group Internal Audit is determined in terms of Section 51(1)(ii) of the PFMA which requires the SABC Board of Directors (Accounting Authority) to ensure that the SABC has and maintains 'a system of internal audit under the control and direction of an Audit Committee complying with and operating in accordance with regulations and instructions prescribed in terms of sections 76 and 77' of the Act. Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve on organisational operations, in order to ensure that the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The Internal Audit Charter which is approved by the SABC Audit and Risk Committee informs the purpose, scope of work, responsibility, accountability, independence and authority conferred by Board on SABC Internal Audit unit in terms of the PFMA as well as the International Standards for Professional Practice of Internal Auditing (Standards).

In line with the approved SABC Internal Audit Charter, the PFMA, the Internal Auditing Standards and King IV™, the following are incorporated in the activities of Group Internal Audit:

- Provide assurance on the adequacy and effectiveness of risk management processes, system of internal controls and governance processes;
- Investigations of possible misconduct/irregularities; and
- Consulting services on corporate governance matters and elements impacting on the control environment.

Internal Audit Performance

Group Internal Audit (GIA) played pivotal role in the governance pillar by executing audit projects against the Risk Based Annual Audit Plan as approved by the Audit and Risk Committee and reporting the findings to management accordingly. GIA also executed continuous business monitoring projects to provide management with an alternative view on business risks and controls thereby assisting in proactively monitoring key risk areas within the organisation to ensure the achievement of the business objectives. Data analysis through Computer Aided Audit Tools (CAATS) was conducted on critical transactions within Human Resource, Procurement and Payroll.

The following table presents the summary of performance for the year:

Details	2015/16	2016/17	2017/18
Internal Audit Report Issued as per audit plan	41 (91%)	41 (91%)	32 (58%)
Follow up audit reports and other management requests*			60 (34%)
Planned Audits (Deferred)	4(9%)	4(9%)	23 (8%)

** As per the Audit and Risk Committee special request to GIA and other Management requests*

GIA adopted a continuous audit approach in the review of the supply chain management processes. There was also a refocus of our audit efforts to assist Management in providing assurance on the resolution of long outstanding internal audit findings.

Internal Audit Overall Assessment of the Internal Control Environment

GIA executed audit projects based on the audit coverage from the approved 2017/18 Risk Based Annual Audit Plan. See the status of performance against the approved plan contained in the Internal Audit Performance above.

In our opinion, we found that the internal controls over the most focus areas were inadequate and ineffective and required significant improvements. Internal Audit completed 92 audit reports of which 58 related to the follow up reviews performed at the special request of the Audit and Risk Committee.

The results and the audit opinions are reflected in the table below:

Year	2015/16	2016/17	2017/18
No. of report issued	41	41	92
Rating 3 and 4 Audit Opinions (Negative Opinions)	90%	81%	91%
No. of Significant Findings	204	140	171
Follow Up Reviews (Unresolved and Repeat Internal Audit Findings)			261
1 and 2 Audit Opinions (Positive Opinions)	10%	19%	9%

Compliance with Laws and regulations

As a public entity, adherence to sound governance principles is of utmost importance. To this effect, regular measurement against the Public Finance Management Act and King IV™ is carried out to ensure that deficiencies are identified and corrective measures are implemented.

Public Finance Management Act (PFMA)

The PFMA focuses on financial management with related outputs and responsibilities. The Directors, as the Accounting Authority, comply with their fiduciary duties as set out in the PFMA. In terms of the PFMA, the responsibilities of the Board include taking appropriate action to ensure that:

- Economic, efficient, effective and transparent systems of financial and risk management and internal controls are in place;
- A system is maintained for properly evaluating all major capital projects prior to a final decision on each project;
- The implementation of appropriate and effective measures to prevent unauthorised, irregular or fruitless and wasteful expenditure, expenditure not complying with legislation, or losses from criminal conduct; and
- All revenues due to the SABC are collected;
- The economic and efficient management of available working capital; and
- The definition of objectives and the allocation of resources in an economic, efficient, effective and transparent manner.

In terms of the Treasury Regulations, the SABC's Accounting Authority must, for purposes of 'material' and 'significant' in terms of sections 54(2) and 55(2) of the PFMA, develop and agree a framework of acceptable levels of materiality and significance with the relevant Executive Authority.

In terms of Section 52 of the PFMA the Accounting Authority for a public entity must submit to the Accounting Officer for a Department designated by the Executive Authority for that public entity, and to the relevant treasury, at least one month, or another period agreed with the National Treasury, before the start of its financial year, a corporate plan in the prescribed format covering the affairs of the public entity for the following three financial years. In terms of TR 29.1.1 (f) such a corporate plan must include a materiality/significant framework.

The principles of the King IV Code of Corporate Governance for South Africa™ (King IV™), require that disclosure be made on matters of significance, interest and relevance to shareholders and a wide range of stakeholders. The Accounting Authority should establish guidelines of materiality for disclosure by the Corporation.

This framework will be reviewed and updated annually.

The materiality and significance framework for the financial year under review, which is determined and annually reviewed by management, is as follows:

Section	Requirement	Material/Significant
Section 50(1)	The accounting authority for a public entity must – (c) On request, disclose to the executive authority responsible for that public entity or the legislature to which the public entity is accountable, all material facts, including those reasonably discoverable, which in any way may influence the decisions or actions of the executive authority.	The SABC submits quarterly reports to the Executive Authority, which includes all relevant information, which may influence the decisions or actions of the Executive Authority. These reports cover all information that is considered relevant to the Executive Authority.
Section 54(2)	Before a public entity concludes any of the following transactions, the accounting authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transaction :	The SABC will inform the National Treasury of individual transactions covered by this section which are in excess of R50 million.
	(a) Establishment or participation in the establishment of a company;	
	(b) Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement;	
	(c) Acquisition or disposal of a significant shareholding in a company;	
	(d) Acquisition or disposal of a significant asset;	
	(e) Commencement or cessation of a significant business activity; and	
	(f) A significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.	
Section 55(2)	The annual report and financial statements referred to in subsection 55(1)(d) must –	All losses arising from criminal conduct are considered, by their nature, to be material and will be reported in accordance with the provisions of section 55(2) of the PFMA.
	(b) Include particulars of – (i) Any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year;	Individual transactions in excess of R8 million arising from irregular expenditure and fruitless and wasteful expenditure will be considered to be material and will be dealt with in accordance with the provisions of section 55(2) of the PFMA. This figure is based on 2% of the surplus or deficit.

KING IV™

The SABC has applied the King IV™ principles and practices. As a state owned company, some of these cannot be applied. In other instances, the SABC has adopted alternative practices to those recommended by King IV™. Explanations are presented in the table below. Where there are not approved policies, processes or procedures yet, these are reflected as areas for improvement. Draft documents do exist, and these will be approved by the relevant governance structures in the next reporting cycle.

Applying the King IV™ principles and practices:

Number and description of King III principle or practice not in place		Explanation
2.16.1	Board should elect a Chairperson on an annual basis	Determined by the President
2.17.1	Board should appoint a Chief Executive	Determined by Shareholder in conjunction with the Board
2.18.10	Board should be able to remove any director without shareholder approval	Determined by the President in conjunction with the National Assembly
2.8	The Board should be responsible for information technology (IT) governance	The Audit and Risk Committee is tasked with overseeing IT Governance and is awaiting the IT Governance Framework
2.27	Remuneration policy	Policy in place
2.24	Subsidiary governance framework	Draft Framework in place
3.5.1	Combined assurance model	Practice being updated
5.1.2	IT Charter	Charter in the process of being finalised
5.3	IT Governance Framework	Framework in the process of being finalised
6.1.1	Compliance register	Register in the process of being finalised
3.8.2.2	Internal financial control policy	Policy will be developed
5.3	Internal control framework	Framework was approved by the Board on 30 May 2017
2.1	The Board should report on the effectiveness of the company's system of internal controls	The internal controls are in the process of being reviewed
3.4	The audit committee should oversee integrated reporting	Consideration is being given to the preparation of the integrated report
9.1	The Board should ensure the integrity of the company's integrated report	Consideration is being given to the preparation of the integrated report
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting	Consideration is being given to the preparation of the integrated report
9.3	Sustainability reporting and disclosure should be independently assured	Consideration is being given to the preparation of the integrated report

Fraud and *corruption*

Forensic Investigations

The Board is responsible for ensuring that an integrated crime prevention plan is implemented in order to minimise the risk and opportunity for crime and irregularities, in particular, fraud.

In order to support the strategic intent and business objectives of the SABC, the Board or its Committees, at its discretion, may, request a forensic audit where there is prima facie evidence that this is justified.

Minimising Conflict of *interest*

A revised Conflicts of Interest Policy was approved by the Board on 30 June 2017. This Policy is in the process of being rolled out throughout the Corporation. As part of the improvements in this regard, an electronic system was developed and all employees are required to complete their declarations of interest on line, which is forwarded to their line manager for approval.

Code of *conduct*

The SABC Board approved a revised Code of Business Conduct and Ethics on 26 April 2018. The aim thereof is to ensure that every employee of the Corporation shares in the same values and levels of accountability. This policy is in the process of being rolled out throughout the Corporation.

Health and Safety Expo held at SABC Auckland Park.

Health, Safety and Environmental issues

The SABC is committed to safeguarding all employees, contractors and visitors against any injury and risk to their health and safety arising from any operations associated with the SABC. The Corporation enforces health, safety and environmental standards in the workplace, as prescribed by the Occupational Health and Safety Act No. 85 of 1993, its regulations and related safe work practices.

Safety

The SABC's vision for occupational health and safety of the workforce is zero tolerance to on-the-job fatalities, injuries and diseases. The effective implementation of the Occupational Health and Safety Programme, Storage and Stacking Programme, Fire Safety Programme, health and safety policies and awareness programmes assisted in keeping injuries on duty as low as possible. Combined, these initiatives resulted in the creation of a conducive work environment.

During the 2017/18 financial year, the SABC had seven disabling injuries on duty, with no fatalities. This is significantly low compared to the total workforce of 3 444. However, the target is zero and, with concerted effort from all parties involved, it is achievable. The SABC was issued with a Letter of Good Standing from the Compensation Commissioner for the year 2017/18 for effectively managing these injuries occurring on duty, as required by the Compensation for Occupational Injuries and Diseases Act No. 61 of 1997.

Legal Safety Compliance Audits were conducted in all Provinces to ensure that our broadcast facilities comply with the Occupational Health and Safety Act.

Health

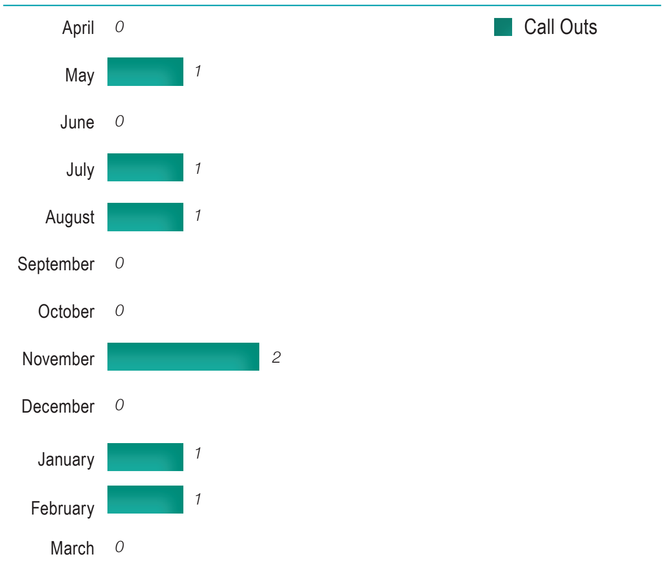
During the period under review, the Occupational Health and Safety and Wellness Unit held regular workshops and expos where facilities were provided for employees to have their cholesterol, glucose levels and blood pressure checked, as well as other health assessments.

The Environment

The SABC is committed to creating a healthy environment for all its employees. During the year under review, the SABC embarked on a biological programme to reduce the 'sick building syndrome' effect on the workforce. The following initiatives were implemented:

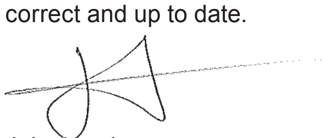
- Noise, air quality and light surveys were conducted in most of the SABC offices to determine compliance with legislation. Shortcomings were identified and were corrected;
- Water quality tests are conducted periodically to ensure that the tap water in the SABC buildings is free from harmful bacteria. All results of tests conducted during the 2017/18 financial year, were negative;
- Waste management in the SABC buildings is being addressed accordingly and waste is disposed according to classification including hazardous chemicals where appropriate certificate of disposal is obtained; and
- Smoking in SABC buildings is restricted to designated areas bringing the SABC in line with the requirements of the Tobacco Products Control Amendment Act No. 83 of 1993.

GRAPH: Injuries on Duty 2017-18



Report by the Company secretary

In my opinion, as Company Secretary, I hereby confirm that, in terms of the Companies Act No. 71 of 2008, for the year ended 31 March 2018, the South African Broadcasting Corporation SOC Limited, has lodged with the Registrar of Companies all such returns as required of a public company in terms of the Companies Act, and all such returns are true, correct and up to date.



Johannesburg
July 2018

SABC Foundation Chair Mr Tshedu hosted a breakfast to engage and inspire SABC Foundation bursary holders.

Social *responsibility*

During the period under review, SABC platforms in partnership with the SABC Foundation participated in various nation building initiatives.

Television

Gives Back campaign

SABC1 had a very successful back-to-school campaign which involved giving back to deserving communities and schools.

Below is a list of schools where SABC talent accompanied SABC channels on the #SABC1GIVESBACK drive:

- Eastern Cape Province in Mthatha - 7 and 8 March 2018
  - Efata School for the deaf and blind and Zwelibango Combined School;
- Limpopo Province – 12 and 13 March 2018
  - Mudzinga Primary in Makhado and Rivoni School for the Blind in Elim; and
- North West Province in Mafikeng - 15 and 16 March 2018
  - Itshokeng Learning Centre and E H Mogase.

Mandela Month

SABC1 staff and SABC talent visited two homes for their 67 minutes campaign on 18 July 2017 namely; the Tau Old Age Home in Daveyton and Mmamohau Children Living with Disability Home Care Centre in Mappleton. The aim of these two initiatives was to give back to the less privileged in the form of wheelchairs, stoves, adult nappies, blankets, paint, linen, curtains and a treat of lunch and breakfast.

Channel programmes like 'YOTV', 'Expressions' and 'Selimathunzi' brought their teams to show support and cover the 67 minutes initiatives for broadcast purposes.

SABC2

SABC2 and Fluor refurbished a science laboratory at a Soweto school to celebrate Mandela Month 2017. A CSI collaboration that kicked off in 2016, culminated in the handover of a newly refurbished science laboratory at the Diepsdale Secondary School in Soweto.

The refurbished laboratory will benefit Grade 10 to 12 Mathematics and Science learners of Diepsdale directly, and other educational facilities will be able to conduct science experiments to enhance their students' learning experience.

Radio

GoodHope FM

1000 Woman 1 Voice Lunch - The event was supported to raise awareness and funds for women impacted by gender based violence and human trafficking.

The Western Cape was hit by the worst storm the City has seen in 30 years, which impacted on the Province severely where 1000's of people were displaced, property was damaged and destruction around the city impacted most communities. Over 172 schools were damaged by the storms.

GoodHope FM partnered with Grand West Casino and Entertainment World on 5 August 2017 to host the GoodHope FM United in Hope Benefit Concert to raise funds for the flood victims in partnership with the SABC Foundation.

SAfm

SAfm in partnership with Gift of the Givers supported all those who were affected as Western Cape battled fires, winds and massive wave, by distributing blankets, food parcels, sanitary packs and bottled water. The campaign was run online and was supported by the on-air element, from 9 to 16 June.

Ikwekwezi FM

Abaphole Baphile Outreach Programme is a monthly prayer and praise programme that the station takes to the people. The station attended the School's memorial service for the 18 car crash victims at Verena Sports Ground in Mpumalanga on 4 May 2017. The deceased pupils were from Refano Primary School and Mahlenga High School.

METRO FM

METRO FM and McCain joined forces and hosted a cook-off at the Frieda Hartley Shelter in Bellevue Johannesburg. METRO FM personalities were channeled to motivate the women and children in order for them to regain their confidence and their independence. The personalities cook and entertain them, refurbish their facilities and gave them a sense of hope. There are 22 women and 17 children that are accomodated at the shelter. The ladies are accommodated for approximately 3 to 12 months and during this time they receive counseling, life skills, work skills and are motivated to excel.

Phalaphala FM

Phalaphala FM continues with 'Ri a Luvha' Road shows. This is an initiative where the station visits various chieftaincies in Vhembe District with the objective of building strong relationship with the listeners under those royal/local chieftaincies. The station visited Thovhele Gole Mphaphuli at Nweli village under the leadership of Khosi Vho Ramukumba on the 9 to 10 June 2017.

Ligwalagwala FM

Ligwalagwala FM's Sitasive Project took place during Disability Month at Siviwe Stimulation Centre. The project was led by Lender Malope, an SABC employee with a disability. Clothes was donated to 23 children with disabilities in celebration of International Day of Persons with Disabilities. Live crossings were done for kiddies hour and Tfokomala Namishow broadcast at the venue.

XK-FM

The SABC featured a female group from the !Xun and Khwedam Community. SABC Foundation, in support of XK-FM, approached Asanda Empires to collaborate with this community to come up with a song in !Xun and Khwedam.

Highlights

Mandela Day in partnership with Habitat for Humanity, Orange Farm

The SABC Foundation entered into a transversal agreement with Habitat for Humanity for the 'Nelson Mandela International Build' which took place from 17 to 21 July 2017 in Orange Farm, Gauteng.

The event saw a total of 67 houses being built by SABC employees, Habitat for Humanity and other local civic organisations/NGO who donated their time to build houses for the beneficiaries.

Wanga from Burns to Beauty

SABC Foundation has been assisting Wanga, an 8 year old little girl from Thembisa who was burnt at four months old in her mother's shack. Doctors performed the laser treatment Pro-Bono for Wanga. The 'Wanga from Burns to Beauty' campaign is ongoing and doctors at the Red Cross Hospital will continue with laser procedures to her face. The campaign created awareness around the sad statistics of shack fires.

People Living with Cancer: Cancervive Ride

The campaign started off in September 2017 with the aim of bringing awareness to Cancer survivors or those affected by cancer. The bikers launched their ride from the SABC Auckland Park offices. On the route shelters and schools were identified and provided with early detection resources, educational tips and they created awareness on breaking the stigma of Cancer. The SABC Foundation has supported this worthy campaign for the past two years.

SABC Foundation assisting needy communities.

Quellin Manillier, Strabismus Procedure

Strabismus refers to a condition of misalignment of the eyes that can be present on the horizontal, vertical or oblique level. Quellin has been in and out of Government Hospitals for the past 10 years, hoping that corrective surgery would be done. Dr Jhetam (Ophtalmologist) performed the procedure at the Ahmed Kathrada Hospital in Lenasia on 4 December 2017. The Ear Institute in Rosebank provided Quellin with hearing aids, as his hearing in both ears was impaired. Both procedures were done Pro-Bono with the assistance of the SABC Foundation.

South African National Youth Orchestra Concert

SABC Foundation partnered with the South African National Youth Orchestra (SANYO). SANYO held a concert on 16 December at M1 Studio which turned out to be a wonderful 'red carpet' experience for the young musicians and the audience. SABC Foundation arranged for all percussion instruments from the SABC Music Library. SANYO also partnered with the Academy of Sound Engineering (which was a mutually beneficial agreement for both institutions).

Christmas Hampers

Wepener is an area plagued with high levels of unemployment, poverty and a high prevalence of the HIV and AIDS pandemic. In the hope of uplifting families who are less fortunate, 1000 Christmas hampers were distributed in Wepener, Johannesburg and Cape Town in December 2017.

Disability360 Programme

Talk Sign Day

The month of November 2017 was dedicated to the Disability Rights Awareness Month which commenced with the launch of Disability Month on 3 November 2017. All brands hosted activations as well as interviews with the PWD sector during this period. The activations ended on 3 December which is the International Day of Persons with Disability.

SABC Disability 360 Awards

As part of the Disability Rights Awareness Dialogue on 30 November, the SABC hosted the Disability360 awards for the top performing stations in terms of disability content delivery.

The Disability 360 project was launched on 30 November 2016. From January 2017 to October 2017 the SABC measured disability content churned on SABC platforms.

The Top 3 brands that aired the most disability content between Jan – Oct 2017 are as follows:
- **1st place:** XK-FM - 1 892 minutes;
- **2nd place**: RSG - 1 261 minutes; and
- **3rd place:** SAfm - 1 153 minutes.

The Top 3 brands that both aired and podcast disability content are as follows:
- **1st place:** RSG - 1 261 minutes;
- **2nd place:** SAfm - 1 153 minutes; and
- **3rd place:** Lotus FM - 435 minutes.

Disability Dialogue

The Deputy Minister of Social Development Ms Hendrietta Bogopane-Zulu and Chairperson of the SABC Foundation Mr Mathatha Tsedu hosted a dialogue themed: 'Economic opportunities for people with Disabilities' with a particular focus on the Youth.

SABC EE Committee

The SABC's EE committee and Procurement department hosted an open day on the ground floor auditorium, for young disabled entrepreneurs to sell their products, as part of empowering them economically.

SABC Foundation assisting with the Wanga from Burns to Beauty campaign.

Audit and Risk Committee *report*

We present our report for the financial year ended 31 March 2018.

Audit and Risk Committee Members

Section 94 of the Companies Act No. 71 of 2008 (as amended), requires that the Members of the Audit Committee must be appointed by the Shareholder at every AGM. During the year under review, the Shareholder confirmed the appointment of the Members of the Audit and Risk Committee at the AGM held on 11 August 2016. Subsequently, the SABC Board was dissolved, which left the SABC without an Audit and Risk Committee until the appointment of the Interim Board on 27 March 2017.

Audit and Risk Committee Responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from Section 51 (a) (ii) of the PFMA, the requirements of Treasury Regulation 27.1 and Section 94 of the Companies Act 71 of 2008. The Audit and Risk Committee has adopted an appropriate formal Terms of Reference and has attempted to discharge its responsibilities as contained therein.

The Effectiveness of Internal Controls

The Committee assessed whether suitable accounting policies had been adopted and whether management had made appropriate estimates and judgements. The Committee also reviewed reports from the external auditor on the half year and full year results, which provided an overview of the audit work undertaken and highlighted any issues for discussion

The various reports of the Internal Auditors and the Audit Reports on the Annual Financial Statements and Management Letter of the Auditor-General indicate that the system of internal control has shortcomings.

Risk Management

The implementation of appropriate risk management activities to ensure that regular risk assessments, including consideration of IT risks and fraud prevention, are conducted and that a risk strategy to address the risks is developed and monitored had areas of improvement with a roadmap in place to address shortcoming. The processes to ensure that the Audit and Risk Committee promotes accountability and service delivery through evaluating and monitoring responses to risks and providing oversight over the effectiveness of the internal control environment, including financial and performance reporting and compliance with laws and regulations had shortcomings, due to overwhelming pressure to redress previous' s years organisational challenges.

Evaluation of Financial Statements

The Committee oversaw and supported the process used by the executive team to assess going concern and the viability of the Group, the stress testing of key trading assumptions and the preparation of the viability statement.

The Committee also satisfied itself that the disclosures in relation to accounting approach and key sources of estimation uncertainty were appropriate made.

Management present reports to the Committee setting out the basis for the assumptions used and these reports are then discussed and challenged by the Committee. All the issues were also discussed with the external auditor and their views considered. The Committee is satisfied that assumptions made are reasonable and appropriate disclosures have been included in the accounts.

The Audit and Risk Committee accepts the conclusions of the Auditor-General on the Annual Financial Statements and believes the audited annual financial statements be accepted and read together with the report of the Auditor-General.

Mr Victor Rambau
Chairperson of the Audit and Risk Committee

1918
21 October *Nontsikelelo Thethiwe* born in the village Camama, Transkei.

1944
Albertina married Walter Sisulu.
Albertina joins her husband at the founding conference of the ANC youth League.

1947
Albertina accepted the responsibility of supporting the family as the sole bread winner, after Walter decided to quit his job and join the African National Congress (ANC) full time.

1948
Walter, Albertina and other ANC members sought new ways to fight injustice and oppression.
Albertina joined the ANC Women's League.

1954
The Federation of South African Women (FEDSAW) was established and Albertina was a founding member.

1955
The ANC's boycott of Bantu Education and Albertina leads a campaign.

1956
FEDSAW organized the anti-pass women's march to the union buildings.
Albertina had to ensure that women bypassed the reported police stops.

1958
Albertina demonstrated as part of the Nurses' protest that started at Baragwanath against passes. Over 2000 women were jailed for participating in these demonstrations including Albertina.

1959
Albertina is elected to be the treasurer of the ANC Women's League.

1964
Walter along with other struggle icons were sentenced to life imprisonment on Robben Island. Albertina and other supporters formed a guard of honour for them but they were turned away and sang 'Nkosi Sikele i'Afrika' in solidarity and mourning.
Albertina was left to raise their five children plus her late sister's two children.
Albertina functioned as a link between the ANC leaders in jail and those in exile.

1969
Albertina obtained her matric certificate through an adult education course.

1977
Albertina facilitated the departure of many young people into exile post-1976 and there were many opportunities to mobilise not only the youth but also women.

1981
Albertina succeeded Lillian Ngoyi as president of FEDSAW.

1983
August, Albertina was arrested and held without bail for more than six months on the charge of singing ANC songs at the funeral of a woman leader of the movement.
Whilst incarcerated Albertina was elected president of the newly formed United Democratic Front (UDF).

1988
Following the rent crisis, where homes were being raided to persecute non-ratepayers in Soweto, Albertina formed part of a delegation that met the mayor of Soweto to put an end to the raids.

1990
When the ANC was unbanned in 1990, Albertina worked on a committee that re-established the ANC Women's League. At the time she was the deputy President.

1991
Albertina was elected to serve on the ANC's national executive committee.

1994
The Sisulu's observed the transition of their country in its first democratic election.
Walter and Albertina's 50th wedding anniversary.

1999
At the end of this year, Albertina and Walter left parliament for the last time and retired from politics completely.

2002
Walter and Albertina Sisulu: In Our Lifetime, a biography by Sisulu's daughter-in-law Elinor, is launched by the Nigerian poet Ben Okri, who also wrote a tribute for Walter's 90th birthday.

2003
Walter collapsed and dies in Albertina's arms.

2011
2 June, Albertina Sisulu dies at the age of 92.

> "Women are the people who are going to relieve us from all this oppression and depression."
>
> - Albertina Sisulu

SABC

Human Resources

SABC employees celebrate Women's Day in style.

Human Resources *Overview*

The fourth Industrial Revolution has brought about change within business, the broader economy and society.

One of the main features of this new era is not merely change, but fast-paced change, which creates new rules for both business and HR. The SABC faces a shift in the framework of the workforce, the workplace and the world of work. The shift in these areas has changed the rules for nearly every human resource practice, from learning to leadership to the meaning of work. Innovation is the key for the future success of the SABC as well as our audiences. The HR strategy has therefore been to create value for our shareholder and audiences by developing and implementing innovative initiatives to ensure delivery on the organisational strategic goals.

The business environment requires organisations to focus on performance and efficiency, while building capacity for the future. In light of this, HR has embarked on a drive to embed a performance culture within the organisation with the support of the Acting Group Chief Executive Officer who took the initiative to ensure performance contracts are in place for all her direct reports. This process was cascaded down to management level and will continue into the new financial year.

As the broadcasting landscape evolves employee skills are becoming more specialised, making engagement and culture priorities for HR. Every organisation's culture should support technology and the ensuing digital transformation. During the 2017/18 financial year, the division conducted a culture and climate survey to provide employees with an opportunity to voice their opinions regarding important aspects of the SABC's working environment. The results of the survey were translated into division specific interventions which were communicated to employees and are currently being implemented in the organisation.

With digitisation becoming a priority, a new set of skills is required. This is not simply one of reskilling, instead, HR is looking at leadership, operating models and structures. During the period under review, various executive vacancies were filled through a transparent executive search process conducted with the assistance of professional search agencies. These vacancies included:

- Chief Operations Officer (COO);
- GE: Radio;
- GE: News and Current Affairs;
- Chief Audit Executive (CAE); and
- GE: Human Resources.

The SABC operating model and structure has undergone an intensive review at both organisational and divisional level with a new operating model having been approved during the period under review. The next step is to translate the operating model into specific divisional structures and this part of the process is earmarked for completion in the next financial year.

Leading companies are also moving to revamp their career models. During the 2017/18 financial year, the SABC developed an integrated Career Progression Framework and Policy to ensure that all employees have career direction and opportunities for progression within the organisation. This initiative is dependent on the operating model of the SABC being implemented in the next financial year.

During the period under review, the issue of transforming corporate learning came under the spotlight. As a result the Learning and Development Department rolled out a drive to develop and present in-house training programmes as well as e-learning. These initiatives also contributed to cost saving in this area.

In order to improve service delivery to internal clients an e-recruitment system was developed and tested for implementation in the next financial year. The e-recruitment process is a transparent process and will improve record keeping within HR.

To ensure that the division remains relevant from a governance and legislative perspective, HR policies are reviewed and updated periodically. Benchmarking exercises are also conducted to ensure adherence to best practice in the market. The process of reviewing policies includes consultation with all relevant stakeholders ahead of socialising them within the SABC community.

During the period under review, SABC employees who are participants in the Total Guaranteed Remuneration Package (TGRP) were empowered to structure their own salary packages with the implementation of an Employee Self Service (ESS) tool on SAP. This tool allows the said employees to structure their remuneration packages within specified guidelines.

Employee wellness is a priority for the organisation. Wellness Centres have therefore been established in all the SABC offices across the country. These centres provide wellness services including Primary Health Care, Employee Assistance Programme (EAP), HIV Counseling and Testing (HCT), Chronic Disease Management, Wellness Screening and Occupational Health. These services are utilised regularly by SABC employees and contractors.

From the above it is clear that Human Resources has contributed in many ways to ensure an effective and efficient workforce and workplace within the SABC.

Performance against Corporate Plan: HR Priorities for the Year under Review

Career Progression

An integrated Career Progression framework and policy was developed and presented to the relevant stakeholders for approval. Planning is currently underway to conduct a pilot exercise within HR. This will provide an opportunity to identify gaps in the process and to address these before Career Progression is launched throughout the organisation.

Performance Management

During the period under review, performance contracting commenced with the Acting Group CEO signing her performance contract with the Chairperson of the SABC Board. Contracting with her direct reports and other executives then followed. Performance contracting only took place at management level. Further contracting will take place during the new financial year.

Workplace Skills Plan (WSP)

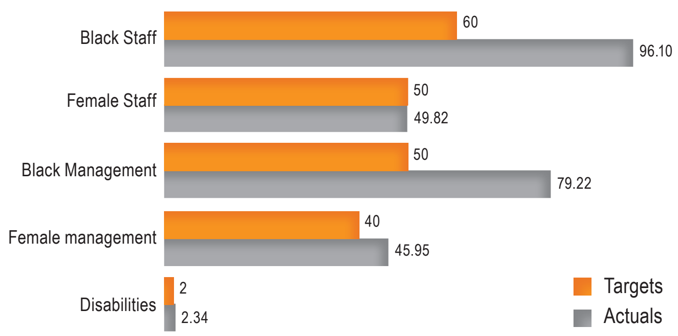
Delivery on the WSP was slow due to financial constraints. However, during the year under review, new ways of training were developed and this yielded cost savings within this environment whilst addressing the skills needs of the organisation.

Other Priorities

Employment Equity

The SABC reflected a strong employment equity profile when measured against its employment equity targets during the period under review. The organisation met all its targets except for females which improved since the last reporting period to 49.82% of the entire workforce.

GRAPH: % Progress against Employment Equity Corporate Targets



The SABC continued to implement employment equity in line with relevant legislation to ensure that diversity and inclusion is managed in a non-discriminatory manner. The Corporation's diversity and inclusion programmes were elevated from the traditional way of creating awareness to innovative programmes that sensitise, challenge and create understanding.

Women empowerment is central to achieving gender equality. To support women empowerment the SABC implemented a number of initiatives such as sexual harassment campaigns, the SABC Women of Worth Awards, holistic women's health drives, Women's month, 16 days of activism, 365 days of no violence against women and children and establishing a women empowerment portal that offers women a place to connect, share experiences, get advice and insights.

Employees with disabilities are an integral part of the organisation and represent 2% of the workforce. Disability declaration campaigns were conducted to encourage declarations and to ensure that reasonable accommodation is provided so that these employees are able to perform the inherent requirements of their positions. The SABC intends to increase the representation of these employees to 5% by 2019 and has therefore adopted a targeted recruitment approach.

Employee Relations

During the reporting period, one of the priorities of the SABC Board was to reduce the number of disciplinary cases and grievances within the Corporation. It is for this reason that HR focused on the finalisation of outstanding disciplinary cases and also reduced the number of disciplinary cases within the organisation to a manageable number.

On the collective bargaining front, Employee Relations facilitated wage negotiations under the auspices of the CCMA. The negotiations were characterised by two strike actions. The first round of the strike action was unprotected whilst the second round was protected and led to the conclusion of a wage agreement. After constructive engagements between the parties, a wage deal was struck and the wage dispute was resolved.

Challenges

Financial constraints hampered the execution of training programmes, which will be addressed within the new financial year, should budget allow.

The SABC Board also indicated dissatisfaction with the services provided by the Recruitment Agencies on the SABC Supply Chain Management database during the recruitment of executives. This was addressed with the appointment of a specialist Executive Search Agency.

Creating awareness around disability.

Management participating in the launch of #mywellbeing for Television.

Future HR Plans

The HR Division future plans include the following

- Establishing the approved operating model for the SABC and structuring the organisation in accordance with the operating model;
- Implementation of Career Progression across the Corporation;
- A focused drive to establish performance management at all levels within the organisation;
- Implement Talent Boards and related interventions to ensure that the SABC pays more attention to its talent;
- Implementing TGRP at bargaining unit level;
- Providing focused learning and development opportunities for all employees; and
- Regular meetings with organised labour to give effect to SABC Collective Bargaining ideals.

Human Resource Oversight Statistics

Personnel Cost by Division

Division	Total Expenditure (R'000)	Permanent Employee Compensation and Benefits Expenditure (R'000)	Permanent Employee Compensation and Benefits Expenditure as a % of Total Expenditure	Number of Employees	Average Employee Compensation and Benefits Expenditure per Employee
Commercial Enterprises	205 784	182 398	88,6%	221	825
Group Services*	1 319 563	664 996	50,4%	727	915
News	829 984	459 659	55,4%	695	661
MTI	817 988	643 397	78,7%	941	684
Provincial Operations	221 861	107 659	48,5%	161	669
Radio	938 761	247 419	26,4%	348	711
SABC Sport	657 731	54 961	8,4%	67	820
Television	2 258 945	179 555	7,9%	254	707
Grand Total	**7 250 616**	**2 540 043**	**35,0%**	**3 414**	**744**

Leave and Past Retirement Medical Aid (PRMA) are reflected under Group Services for total company

Personnel Cost Level

Level	Permanent Employee Compensation and Benefits Expenditure (R'000)	Permanent Employee Compensation and Benefits Expenditure as % of Total	Number of Employees	Average Employee Compensation and Benefits per Employee
Top Management	25 113	1,0%	9	2 790
Senior Management	94 495	3,7%	48	1 969
Middle Management	518 045	20,4%	443	1 169
Junior Management	519 879	20,5%	571	910
Supervisory Levels	1 177 598	46,4%	1872	629
Rest of Staff	204 913	8,1%	471	435
Grand Total	**2 540 043**	**100,0%**	**3414**	**744**

Performance Rewards

Level	Performance Rewards	Employee Compensation and Benefits Expenditure (R'000)	% of Performance Rewards vs Total Employee Compensation and benefits expenses
Top Management	-	25 113	0,0%
Senior Management	-	94 495	0,0%
Middle Management	-	518 045	0,0%
Junior Management	-	519 879	0,0%
Supervisory Levels	-	1 177 598	0,0%
Rest of Staff	-	204 913	0,0%
Grand Total	**-**	**2 540 043**	**0,0%**

Training Costs by Division

Division	Permanent Employee Compensation and Benefits Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as % of Permanent Employee Compensation and Benefits Expenses	Number of Employees Trained	Average Training Cost per Employee (R'000)
Commercial Enterprises	182 398	387	0,2%	19	20
Group Services	664 996	1 934	0,3%	95	20
News	459 659	2 687	0,6%	132	20
Provincial Operations	643 397	651	0,1%	32	20
Radio	107 659	631	0,6%	31	20
SABC Sport	247 419	41	0,0%	2	20
MTI	54 961	3 501	6,4%	172	20
Television	179 555	651	0,4%	32	20
Grand Total	**2 540 043**	**10 482**	**0,4%**	**515**	**20**

Employment and Vacancies by Division

Division	2016/17 Number of Employees	2016/17 Vacancies	2017/18 Number of Employees	2017/18 Vacancies	% of Vacancies
Commercial Enterprises	240	8	221	12	5,2%
Group Services	771	31	727	31	4,1%
MTI	849	36	695	31	4,3%
News	883	14	941	23	2,4%
Provincial Operations	173	6	161	6	3,6%
Radio	372	9	348	14	3,9%
SABC Sport	67	2	67	1	1,5%
Television	258	9	254	9	3,4%
Grand Total	**3613**	**115**	**3414**	**127**	**3,6%**

Employment and Vacancies by Level

Division	2016/17 Number of Employees	2016/17 Approved Posts	2017/18 Number of Employees	2017/18 Vacancies	% of Vacancies
Top Management	11	4	9	3	25,0%
Senior Management	59	16	48	18	27,3%
Middle Management	465	47	443	55	11,0%
Junior Management	622	11	571	21	3,5%
Supervisory Levels	1957	30	1872	25	1,3%
Rest of Staff	499	7	471	5	1,1%
Grand Total	3613	115	3414	127	3,6%

Employment Changes

Division	Employment at Beginning of Period	Appointments	Terminations	Employment at Beginning of Period	Level Movements
Top Management	11	4	6	9	-2
Senior Management	59	3	12	48	-11
Middle Management	465	4	31	443	-22
Junior Management	622	2	48	571	-51
Supervisory Levels	1957	18	100	1872	-85
Rest of Staff	499	2	35	471	-28
Grand Total	3613	33	232	3414	-199

Reasons for Staff Leaving

Reason	Number of Employees	% of Total number of staff leaving
Death	14	6,0%
Resignation	78	33,6%
Dismissal	9	3,9%
Retirement	92	39,7%
Ill Health	6	2,6%
Expiry of Contract	33	14,2%
Other	0	0,0%
Grand Total	232	100,0%

The highest number of staff leave the SABC on the grounds of normal and early retirements. The SABC currently has an aging workforce, therefore the number of retirements. These positions are filled with emerging talent.

Employment Equity Targets and Status

Level	African		Coloured		Indian		White		Disabled Staff	
	Current	Target	Current	Target	Current	Target	Current	Target	Current	Target
MALE										
Top Management	-	1	-	-	-	-	-	-	-	-
Senior Management	3	6	-	1	-	-	-	1	-	-
Professional Qualified	196	212	20	24	22	28	44	44	4	5
Skilled	1 057	1 191	106	120	52	57	179	226	30	33
Semi-Skilled	30	56	3	5	-	-	-	-	2	2
Unskilled	-	-	-	-	-	-	-	-	-	-
Grand Total	**1 286**	**1 466**	**129**	**150**	**74**	**85**	**223**	**271**	**36**	**40**
FEMALE										
Top Management	-	-	-	-	-	-	-	-	-	-
Senior Management	5	5	1	2	-	1	-	-	-	-
Professional Qualified	134	149	15	24	16	17	44	55	4	5
Skilled	1 056	1 112	151	171	68	83	192	249	40	61
Semi-Skilled	17	31	2	5	-	2	1	1	1	3
Unskilled	-	-	-	-	-	-	-	-	-	-
Grand Total	**1 212**	**1 297**	**169**	**202**	**84**	**103**	**237**	**305**	**45**	**69**

Creating awareness around Cancer.

"*Money* won't create *success*, the *freedom* to make it *will.*"

- Nelson Mandela

Annual *Financial Statements*

Statement of Responsibility
by the Board of Directors

The Directors of the South African Broadcasting Corporation SOC Limited (SABC) are responsible for the preparation of the annual financial statements of the Corporation, to maintain a sound system of internal control and to safeguard the shareholder's investment and the SABC's assets.

In presenting the accompanying financial statements, International Financial Reporting Statements and applicable accounting policies have been used, while prudent judgements and estimates have been made. In order for the Directors to discharge their responsibilities, management is in the process of developing and will continue to maintain a system of internal controls, which is aimed at reducing the risk of error or loss, in a cost effective manner. Such systems can provide reasonable, but not absolute, assurance against material misstatement or loss. The Directors meet periodically, primarily through the Audit and Risk Committee, with the external and internal auditors and executive management to evaluate matters concerning accounting policies, internal controls, auditing and financial reporting.

The SABC's internal auditors independently evaluate the internal controls and coordinate their audit coverage with the external auditors. The Auditor-General is responsible for reporting on the financial statements. Both external and internal auditors have unrestricted access to all records, property, personnel and systems as well as to the Audit and Risk Committee.

Based on the information and explanations given by management and the internal auditors, and on comment by the external auditors on the results of their audit conducted for expressing their opinion, the Directors are of the opinion that the internal accounting controls are inadequate. The financial records were relied on for preparing the financial statements and maintaining accountability for assets and liabilities.

As the Directors have reviewed the Corporation's financial budgets for the year to 31 March 2018, and in the light of the current financial position, they consider it appropriate that the annual financial statements be prepared on the going-concern basis. The Auditor-General has audited the annual financial statements of the Corporation and his report appears on pages 84 to 87. Against this background, the Directors of the Corporation accept responsibility for the annual financial statements, which were approved by the Board of Directors on 17 July 2018 and are signed on its behalf by:

Mr B E Makhathini	**Mr M Mxakwe**
Chairperson of the SABC Board	*Group Chief Executive Officer*
	(Appointed 1 July 2018)

Report of the Auditor-General to Parliament on the *South African Broadcasting Corporation SOC Ltd (SABC)*

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Disclaimer of opinion

1. I was engaged to audit the consolidated and separate financial statements of the SABC and its subsidiaries (the group) set out on pages 88 to 138, which comprise the consolidated and separate statement of financial position as at 31 March 2018, the consolidated and separate statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, as well as the notes to these financial statements, including a summary of significant accounting policies.

2. I do not express an opinion on the consolidated and separate financial statements of the public entity. Because of the significance of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated and separate financial statements.

Basis for disclaimer of opinion

Going Concern

3. As indicated in note 1(b) to the consolidated and separate financial statements, the entity incurred a net loss of R621 676 000 as at 31 March 2018 and at that date, its current liabilities exceeded current assets by R291 643 000. The entity was therefore commercially insolvent because it was not able to pay its debts as and when they were due, even though its assets exceeded its liabilities. Additionally, I was unable to obtain sufficient appropriate audit evidence to confirm the reasonableness of the cash flows forecasted and the related assumptions, conditions and events to support management's assessment of the entity's viability in the foreseeable future. The solvency of the public entity and the reasonability of the cash flow forecast is also impacted by my further qualifications on property, plant and equipment and programme, film and sports rights as these assets may not be properly valued. Consequently, I was unable to confirm or dispel whether it is appropriate to prepare the consolidated and separate financial statements using the going concern assumption.

Property Plant and Equipment

4. Capital work in progress amounting to R106 427 627 included in note 5 to the consolidated and separate financial statements was incorrectly classified as capital work in progress, while it was available for use in terms of IAS 16, *Property, plant and equipment*. This resulted in capital work in progress being overstated and the related classes of completed assets being understated by R106 427 627.

5. The public entity did not assign unique identifying codes to assets classified as capital work in progress in the asset register. As a result, I was unable to obtain sufficient appropriate audit evidence relating to the existence and completeness of these assets. Consequently, I was unable to determine whether any further adjustments were necessary to capital work in progress stated at R184 038 000 in note 5 to the consolidated and separate financial statements. I was unable to verify these assets by alternative means.

6. Management did not provide the useful lives of property, plant and equipment as part of the asset register, stated in note 5 to the consolidated and separate financial statements at R1 582 476 000. I was unable to recompute the depreciation charge for the year of R167 294 000 reflected in note 5. I was therefore unable to confirm the accuracy of the accumulated depreciation of R1 839 556 000 also reflected in note 5. I was unable to determine the amount of the misstatement of depreciation and accumulated depreciation, as it was impracticable to do so. Due to the limitation on the depreciation charge I was unable to determine whether revenue amounting to R43 280 000 relating to the depreciation of technology assets acquired in terms of the deferred technology grant and the related deferred grant liability was accurate. As a result, I was unable to determine whether revenue recognised from government grants and the related deferred grant liability amounting to R186 830 000 and included in notes 19 and 25 to the consolidated and separate financial statements are accurate.

7. The entity did not assess property, plant and equipment for impairment in accordance with IAS 36, *Impairment of assets*. There was no system in place on which I could rely for the purpose of the audit, and there were no satisfactory audit procedures that I could perform to obtain reasonable assurance that no assets should have been impaired. Because of the nature of the assets, I was unable to confirm or verify by alternative means the value of property, plant and equipment. As a result, I was unable to determine the correct net carrying amount of property, plant and equipment; depreciation; and impairment stated at R1 582 476 000 (2017: R1 615 102 000); R167 294 000 (2017: R159 912 000); and R0 (2017: R6 813 000), respectively, in note 5 to the consolidated and separate financial statements, as it was impracticable to do so.

8. In the prior year, I was unable to obtain sufficient appropriate evidence to confirm transfers between asset classes amounting to R212 072 000, as there was no adequate system of internal control to substantiate the transfers between asset classes. Consequently, I was unable to determine whether any adjustments were necessary to property, plant and equipment disclosed in note 5 at R1 615 102 000 for the prior year for transfers between asset categories. I could not confirm the transfers by alternative means.

9. In the prior year, I was unable to obtain sufficient appropriate audit evidence for the change in accounting estimates relating to the review of the useful lives of property, plant and equipment disclosed in note 5 amounting to R68 089 000. I was unable to confirm the change in accounting estimates by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to property, plant and equipment as stated at R1 615 102 000 in note 5 to the consolidated and separate financial statements relating to the prior year.

10. In the prior year, the SABC did not include all items of property, plant and equipment in the entity's accounting records, as required by IAS 16, *Property, plant and equipment*. The entity did not implement adequate internal control systems in the prior year to ensure that all items of property, plant and equipment owned by the entity were recorded in the asset register. This resulted in property, plant and equipment being understated in the prior year. I was unable to confirm the amount of property, plant and equipment to be disclosed in the prior year by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to property, plant and equipment stated at R1 615 102 000 in the consolidated and separate financial statements relating to the prior year.

Programme, film and sports rights

11. The entity did not adequately review the amortisation method and the amortisation period at year-end to properly account for the pattern of usage of originated programme, film and sports rights that are currently being used to generate exploited revenue and carriage fees, as required by IAS 38, *Intangible assets*. These assets were recorded at a zero value. Consequently, I was unable to satisfy myself that the originated programme, film and sports rights were recorded at the correct value. I was further unable to determine the amount of any adjustments that may be necessary to the programme, film and sports rights stated at R756 473 000 (2017: R768 500 000) in note 7 to the consolidated and separate financial statements, as it was impracticable to do so.

Trade and other Payables

12. In the prior year, the entity did not completely accrue for all goods and services received prior to the year-end but not paid for at year-end, which resulted in the understatement of the prior year trade and other payables, disclosed in note 22 at an amount of R706 617 000, and related prior year expenditure for broadcast costs of R519 135 000, marketing costs of R136 401 000, direct revenue collection costs of R67 471 000, professional

and consulting fees of R105 696 000, and other operational expenses of R673 311 000. This was due to inadequate systems and processes in the prior year to properly accrue for expenses. I was unable to determine the amount of any adjustment to trade and other payables and related expenses, as it was impracticable to do so.

13. I was unable to obtain sufficient appropriate audit evidence to verify the prior year restated trade and other payables balances of R378 563 000 included in note 22 to the consolidated and separate financial statements. This was due to management not reconciling trade creditor balances to creditor statements. Consequently, I was unable to determine whether the trade and other payables balances were stated at the correct amount. I was unable to determine whether any adjustments were necessary to the trade and other payables balances for the prior year, as it was impracticable to do so.

Irregular expenditure

14. The SABC did not include particulars of all irregular expenditure in the notes to the consolidated and separate financial statements, as required by section 55(2)(b)(i) of the Public Financial Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA). The entity did not implement adequate internal control systems to identify and record all instances of irregular expenditure in both the current and prior years. This resulted in the irregular expenditure disclosure being understated. The full extent of the misstatement identified could not be quantified and I was unable to confirm the amount of irregular expenditure to be disclosed by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the irregular expenditure disclosure stated at R4 997 300 000 (2017: R4 405 804 000) in note 42 to the consolidated and separate financial statements.

15. In the prior year, I was unable to obtain sufficient appropriate evidence to confirm irregular expenditure amounting to R192 998 000, as there were no adequate record keeping controls to ensure that complete, relevant and accurate information was accessible and available to support the irregular expenditure disclosed. I could not confirm the irregular expenditure by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to irregular expenditure of R4 405 804 000 as disclosed in note 42 relating to the prior year.

Taxation

16. Due to the impact of the above qualification matters, I was unable to obtain adequate assurance that the deferred tax disclosures in note 20 to the consolidated and separate financial statements were fairly stated. I was unable to determine whether any adjustments were necessary, as it was impracticable to do so.

Emphasis of matters

17. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

18. As disclosed in notes 4.5 to 4.7 to the financial statements, the corresponding figures for 31 March 2017 were restated as a result of errors in the financial statements of the public entity at, and for the year ended, 31 March 2018.

Significant judgement

19. As disclosed in note 25 to the consolidated and separate financial statements, the entity did not recognise licence fees to the amount of R2 436 780 000 (2017: R1 016 541 000). In management's judgement, it is not probable that the economic benefits associated with these transactions will flow to the entity in order to meet the recognition criteria.

Significant uncertainties

20. As disclosed in note 39 to the financial statements, the SABC is a defendant in a number of lawsuits. The ultimate outcome of these matters cannot be determined currently, and no provision for any liability that may result was provided for in the financial statements.

Responsibilities of the board of directors for the consolidated and separate financial statements

21. The board of directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of the PFMA and the Companies Act of South Africa, 2008 (Act No. 71 of 2008) (Companies Act), and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

22. In preparing the consolidated and separate financial statements, the accounting authority is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting authority either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

Auditor-General's responsibilities for the audit of the consolidated and separate financial statements

23. My responsibility is to conduct an audit of the consolidated and separate financial statements in accordance with the International Standards on Auditing and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

24. I am independent of the group in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit of the consolidated and separate financial statements in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

Introduction and scope

25. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

26. My procedures address the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

27. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the public entity for the year ended 31 March 2018:

Objectives	Pages in annual performance report
Strategic Goal 1 - Financial sustainability	33
Strategic Goal 2 - Content and platforms	33-34
Strategic Goal 4 - Governance	34

28. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

29. The material findings in respect of the usefulness and reliability of the selected objectives are as follows:

Strategic Goal 1 – Financial Sustainability

Indicator 1 – Achieve annual net profit before tax as per the approved budget

30. The reported achievement of a R622 million loss for the target of R0 was not reliable, due to the matters reported under the basis for disclaimer of opinion related to property, plant and equipment and programme, film and sports rights.

Strategic Goal 2 – Content and Platform

Indicator 1 – Achieve ICASA local content quotas as per terrestrial television channel licence conditions

31. I was unable to obtain sufficient appropriate audit evidence to support the reported achievement of the targets listed below. This was due to inadequate technical indicator descriptions and proper performance management systems and processes that predetermined how the achievement would be measured, monitored and reported. I was unable to confirm the reported achievement of the indicator by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement listed below as reported in the annual performance report.

Description	Target	Actual Achievement
SABC1	70%	73%
SABC2	60%	71%
SABC3	40%	52%

Indicator 2 – Achieve ICASA PBS radio genre as per SABC broadcast licence

32. I was unable to obtain sufficient appropriate audit evidence to support the reported achievement of the targets listed below: This was due to inadequate technical indicator descriptions and proper performance management systems and processes that predetermined how the achievement would be measured, monitored and reported. I was unable to confirm the reported achievement of the indicator by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement listed below as reported in the annual performance report.

Description	Target	Actual Achievement
News	60 min/day	87 min/day
Current Affairs	60 min/day	172 min/day
Informal Knowledge building	180 min/week	1 561 min/week
Education	300 min/week	359 min/week
Children	60 min/week	134 min/week
Drama	150 min/week	207 min/week

Indicator 3 – Number of provincial programmes

33. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of 57 against the target of 8 programmes. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement of 57 programmes as reported in the annual performance report.

Strategic Goal 4 – Governance

Indicator 2 – Percentage of previous Auditor-General findings resolved

34. The achievement for the target of 50% reported in the annual performance report was 49%. However, the supporting evidence provided did not agree to the reported achievement and indicated an achievement of 12,5%.

Other matters

35. I draw attention to the matter below.

Achievement of planned targets

36. Refer to the annual performance report on pages 33 to 34 for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 30 to 34 of this report.

Adjustment of material misstatements

37. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of the financial sustainability strategic goal. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

38. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the public entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

39. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements, performance report and annual report

40. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and were not supported by full and proper records, as required by section 55(1)(a) and (b) of the PFMA and section 29(1)(a) of the Companies Act.

41. Material misstatements of revenue; expenditure; taxation; property, plant and equipment; and programme, film and sports rights identified by the auditors in the submitted consolidated and separate financial statements were corrected subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in these financial statements receiving a disclaimer of opinion.

Procurement and contract management

42. Goods, works or services were not procured through a procurement process which is fair, equitable, transparent and competitive, as required by section 51(1)(a)(iii) of the PFMA. Similar non-compliance was also reported in the prior year.

43. Some contracts and quotations were awarded to bidders based on preference points that were not allocated and/or calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act of South Africa, 2000 (Act No. 5 of 2000) and its regulations. Similar non-compliance was also reported in the prior year.

Expenditure management

44. Effective and appropriate steps were not taken to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the PFMA. The value as disclosed in note 42 is not complete, as management was still in the

process of quantifying the full extent of the irregular expenditure. The majority of the irregular expenditure disclosed in the financial statements was caused by deviations from processes prescribed in the supply chain policy of the entity.

45. Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R84 021 000, as disclosed in note 42 to the annual financial statements, in contravention of section 51(1)(b)(ii) of the PFMA. The majority of the fruitless and wasteful expenditure was caused by interest on overdue accounts and unauthorised compensation identified through forensic audits conducted.

Strategic planning

46. An annual shareholders' compact was not concluded prior to the start of the financial year in consultation with the executive authority, as required by treasury regulation 29.2.1. The compact was submitted to the executive authority prior to the start of the financial year, however this was only approved in February 2018.

47. As a result of the above, the key performance measures and indicators included in the shareholders' compact were not agreed between the accounting authority and the executive authority prior to the start of the financial year, as required by treasury regulation 29.2.2.

OTHER INFORMATION

48. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act. The other information does not include the consolidated and separate financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported in this auditor's report.

49. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

50. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

51. As a result of the disclaimer of opinion expressed on the financial statements, I do not conclude on material misstatements of the other information relating to the financial statements. If, based on the work I have performed relating to the audit of performance information and compliance with legislation, I conclude that there is a material misstatement of this other information, I am required to report that fact.

52. I have no matters to report in this respect.

INTERNAL CONTROL DEFICIENCIES

53. I considered internal control relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the disclaimer of opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

Leadership

54. Action plans developed to address the poor audit outcomes of prior years were not effectively implemented and monitored during the year. However critical leadership positions were filled after year end and management have started developing a turn-around strategy. The impact of this strategy will be assessed with the next audit.

55. Despite weaknesses identified in the supply chain management control environment, the entity did not implement adequate consequence management processes for transgressions against applicable policies, laws and regulations.

Financial and performance management

56. As the Public Broadcaster, the SABC has a public communications mandate and serves the large majority of citizens in this country. The entity is in the process of negotiating for additional support from the DoC and the National Treasury as well as various financial institutions. However, the public entity did not prepare reliable cash flow forecasts.

57. The property, plant and equipment register was not properly maintained to ensure that all assets were recorded at the correct value.

58. Management did not implement adequate review procedures to ensure that indicators and targets included in the corporate plan were useful and that information reported in the annual performance report was adequately supported with appropriate evidence.

59. Management did not adequately implement review and monitoring controls to prevent non-compliance with applicable laws and regulations relating to supply chain management.

60. In addition, where the controls did not prevent non-compliance with supply chain management legislation, detection controls were also deficient as not all irregular expenditure was disclosed.

Governance

61. There was a lack of appropriate risk management activities to ensure that threats affecting the entity were effectively identified, monitored and responded to on a strategic level.

OTHER REPORTS

62. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation..

Investigations

63. The Special Investigations Unit and the forensic unit of the SABC were in the process of conducting several investigations related to various instances and allegations of financial misconduct and possible fraud. The investigations were ongoing at the date of this report and may, or may not, result in disciplinary and/or criminal proceedings against the parties concerned.

Auditor - General

Pretoria
17 August 2018

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Statement of Financial Position
as at 31 March 2018

	Note	GROUP 31-Mar-18 R'000	GROUP 31-Mar-17 *Restated R'000	GROUP 31-Mar-16 *Restated R'000	COMPANY 31-Mar-18 R'000	COMPANY 31-Mar-17 *Restated R'000	COMPANY 31-Mar-16 *Restated R'000
ASSETS							
Property, plant and equipment	5	**1 582 476**	1 615 102	1 479 794	**1 582 476**	1 615 102	1 479 794
Investment property	6	**9 648**	8 938	9 032	**9 648**	8 938	9 032
Computer software	7	**116 400**	163 815	189 927	**116 400**	163 815	189 927
Defined benefit asset	8	**852 872**	1 333 672	805 420	**852 872**	1 333 672	805 420
Investment in subsidiaries	9	**-**	-	-	**1 761**	1 761	1 761
Available-for-sale financial assets	10	**12 220**	9 652	9 812	**12 220**	9 652	9 812
Prepayments	11	**16 512**	4 661	209	**16 512**	4 661	209
Deferred Tax	20	**-**	-	428 376	**-**	-	428 376
Operating leases		**60**	115	624	**60**	115	624
Total non-current assets		**2 590 188**	3 135 955	2 923 194	**2 591 949**	3 137 716	2 924 955
Programme, film and sports rights	7	**756 473**	768 500	772 611	**756 473**	768 500	772 611
Property held for sale		**-**	-	8 541	**-**	-	8 541
Consumables	12	**5 362**	5 301	4 682	**5 362**	5 301	4 682
Trade and other receivables	13	**800 494**	822 030	1 100 408	**834 411**	840 047	1 114 090
Prepayments	11	**82 953**	38 469	134 767	**82 953**	38 469	134 767
Cash and cash equivalents	14	**130 516**	81 742	881 107	**127 068**	77 760	874 652
Total current assets		**1 775 798**	1 716 042	2 902 116	**1 806 267**	1 730 077	2 909 343
Total assets		**4 365 986**	4 851 997	5 825 310	**4 398 216**	4 867 793	5 834 298
EQUITY							
Share capital	15	**1**	1	1	**1**	1	1
Fair value adjustment reserve	16	**10 126**	8 133	8 257	**10 126**	8 133	8 257
Retained earnings		**871 219**	2 064 888	2 667 759	**903 555**	2 082 498	2 679 308
Total equity		**881 346**	2 073 022	2 676 017	**913 682**	2 090 632	2 687 566
LIABILITIES							
Government debt instrument	17	**17 401**	20 798	27 390	**17 401**	20 798	27 390
Interest bearing loans and borrowings	18	**31 416**	43 288	2 636	**31 416**	43 288	2 636
Deferred government grant	19	**203 575**	243 368	306 119	**203 575**	243 368	306 119
Employee benefits obligation	21	**1 164 807**	1 055 316	1 086 921	**1 164 807**	1 055 316	1 086 921
Total non-current liabilities		**1 417 199**	1 362 770	1 423 066	**1 417 199**	1 362 770	1 423 066
Trade and other payables	22	**1 117 746**	706 617	789 213	**1 117 650**	704 802	788 166
Contract liabilities	25	**65 847**	68 936	43 248	**65 847**	68 936	43 248
Employee benefits	21	**218 821**	218 644	168 614	**218 821**	218 644	168 614
Deferred income	23	**-**	15 396	17 530	**-**	15 396	17 530
Current portion of government debt instrument	17	**3 397**	6 592	-	**3 397**	6 592	-
Current portion of loans and borrowings	18	**13 231**	13 231	736	**13 231**	13 231	736
Tax payable	34	**96 975**	19 836	355 112	**96 965**	19 837	353 598
Current portion of deferred government grant	19	**110 852**	85 199	94 207	**110 852**	85 199	94 207
Provisions	24	**440 572**	281 754	257 567	**440 572**	281 754	257 567
Total current liabilities		**2 067 441**	1 416 205	1 726 227	**2 067 335**	1 414 391	1 723 666
Total liabilities		**3 484 640**	2 778 975	3 149 293	**3 484 534**	2 777 161	3 146 732
Total equity and liabilities		**4 365 986**	4 851 997	5 825 310	**4 398 216**	4 867 793	5 834 298

Statement of Profit or Loss
for the year ended 31 March 2018

	Note	GROUP 31-Mar-18 R'000	GROUP 31-Mar-17 *Restated R'000	COMPANY 31-Mar-18 R'000	COMPANY 31-Mar-17 *Restated R'000
Revenue	25	**6 578 454**	6 536 368	**6 578 454**	6 536 368
Other income	26	**48 744**	34 944	**47 243**	34 944
Amortisation of programme, film and sports rights	7	**(1 714 029)**	(1 950 084)	**(1 714 029)**	(1 950 084)
Net impairment (raised)/reversed of programme,film and sports rights	7	**(61 755)**	(2 649)	**(61 755)**	(2 649)
Amortisation and impairment of computer software	7	**(46 647)**	(52 229)	**(46 647)**	(52 229)
Net impairment and reversed/(raised) of trade and other receivables		**(94 589)**	(98 450)	**(94 589)**	(98 450)
Broadcast costs		**(486 822)**	(519 135)	**(486 822)**	(519 135)
Signal distribution and linking costs		**(718 132)**	(671 477)	**(718 132)**	(669 809)
Employee and director compensation and benefit expenses	27	**(3 099 781)**	(3 188 484)	**(3 099 781)**	(3 188 484)
Depreciation and impairment of property, plant and equipment	5	**(167 294)**	(159 913)	**(167 294)**	(159 913)
Marketing costs		**(48 417)**	(136 401)	**(48 417)**	(136 401)
Direct revenue collection costs		**(118 213)**	(67 471)	**(118 213)**	(67 471)
Professional and consulting fees	28	**(89 947)**	(105 696)	**(73 442)**	(105 446)
Other expenses					
- personnel costs other than employee compensation		**(67 093)**	(92 463)	**(67 093)**	(92 463)
- operational		**(538 031)**	(673 311)	**(538 264)**	(667 430)
Other losses	30	**(11 180)**	3 061	**(11 180)**	3 061
Operating loss before finance costs and tax		**(634 732)**	(1 143 390)	**(619 961)**	(1 135 591)
Net financing income/(expenses)	31	**13 067**	27 062	**13 011**	26 992
Finance income	31	**46 219**	40 209	**46 163**	40 139
Finance expenses	31	**(33 152)**	(13 147)	**(33 152)**	(13 147)
Loss before income tax		**(621 665)**	(1 116 328)	**(606 950)**	(1 108 599)
Income tax	32	**(11)**	76 378	**-**	74 711
Loss for the year		**(621 676)**	(1 039 950)	**(606 950)**	(1 033 888)

Statement of Comprehensive Income
for the year ended 31 March 2018

	Note	GROUP 31-Mar-18 R'000	GROUP 31-Mar-17 *Restated R'000	COMPANY 31-Mar-18 R'000	COMPANY 31-Mar-17 *Restated R'000
Loss for the year		(621 676)	(1 039 950)	(606 950)	(1 033 888)
		(569 425)	606 894	(569 425)	606 894
Items that will never be reclassified to profit and loss					
Pension fund					
Actuarial gain/(loss)	8	(449 644)	982 126	(449 644)	982 126
Expected return on plan assets	8	(84 639)	(483 730)	(84 639)	(483 730)
Post -employment medical benefits					
Actuarial gain/ (loss)	21	(41 520)	105 646	(41 520)	105 646
Long service awards					
Actuarial gain/ (loss)	21	3 810	3 012	3 810	3 012
Items that may be reclassified to profit and loss					
(Loss)/ gain in changes in fair value of available-for-sale financial assets	10	2 568	(160)	2 568	(160)
Income tax relating to the above items	32	(575)	(169 940)	(575)	(169 940)
Other comprehensive income/(loss) for the year net of tax		(570 000)	436 954	(570 000)	436 954
Total comprehensive income/(loss) for the year		(1 191 676)	(602 995)	(1 176 950)	(596 934)

Statement of Changes in Equity
for the year ended 31 March 2018

	GROUP			
	Share capital R'000	Fair value adjustment reserve R'000	Retained earnings R'000	Total R'000
Balance at 1 April 2016 - restated	1	8 257	2 667 759	2 676 017
Total comprehensive (loss)/income for the year		(124)	(602 871)	(602 995)
Balance at 31 March 2017 - restated	**1**	**8 133**	**2 064 888**	**2 073 022**
Total comprehensive (loss)/income for the year		**1 993**	**(1 193 669)**	**(1 191 676)**
Balance at 31 March 2018	**1**	**10 126**	**871 219**	**881 346**

	COMPANY			
	Share capital R'000	Fair value adjustment reserve R'000	Retained earnings R'000	Total R'000
Balance at 1 April 2016 - restated	1	8 257	2 679 308	2 687 566
Total comprehensive (loss)/income for the year		(124)	(596 810)	(596 934)
Balance at 31 March 2017 - restated	**1**	**8 133**	**2 082 498**	**2 090 632**
Total comprehensive (loss)/income for the year		**1 993**	**(1 178 943)**	**(1 176 950)**
Balance at 31 March 2018	**1**	**10 126**	**903 555**	**913 682**

Statement of Cash Flows
for the year ended 31 March 2018

	Note	GROUP 31-Mar-18 R'000	GROUP 31-Mar-17 *Restated R'000	COMPANY 31-Mar-18 R'000	COMPANY 31-Mar-17 *Restated R'000
Cash flows from operating activities					
Cash receipts from customers		**6 630 249**	7 845 669	**6 649 818**	7 841 334
Cash paid to suppliers and employees		**(6 577 742)**	(8 588 580)	**(6 596 721)**	(8 581 702)
Cash generated / (utilised) by operations	*33*	**52 507**	(742 911)	**53 097**	(740 368)
Interest received	*31*	**22 366**	37 325	**22 310**	37 255
Dividends received	*31*	**423**	390	**423**	390
Interest paid	*31*	**(32 106)**	(7 878)	**(32 106)**	(7 878)
Net cash inflows/(outflows) from operating activities		**43 190**	(713 074)	**43 724**	(710 601)
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment	*35*	**66**	1 907	**66**	1 907
Acquisition of property, plant and equipment	*5*	**(147 009)**	(310 286)	**(147 009)**	(310 286)
Acquisition of computer software	*7*	**(1 699)**	(12 801)	**(1 699)**	(12 801)
Net cash outflows from investing activities		**(148 642)**	(321 180)	**(148 642)**	(321 180)
Cash flows from financing activities					
Instalment sale and finance leases advanced/(paid) during the year	*18*	**(11 872)**	53 147	**(11 872)**	53 147
Repayment of government debt	*17*	**(6 592)**	-	**(6 592)**	-
Proceeds from government grant	*19*	**172 690**	181 742	**172 690**	181 742
Net cash inflows from financing activities		**154 226**	234 889	**154 226**	234 889
Net decrease in cash and cash equivalents		**48 774**	(799 365)	**49 308**	(796 892)
Cash and cash equivalents at beginning of the year		**81 742**	881 107	**77 760**	874 652
Cash and cash equivalents at end of the year	*14*	**130 516**	81 742	**127 068**	77 760

Notes to the Annual Financial Statements
for the year ended 31 March 2018

1(a) CORPORATE INFORMATION

The South African Broadcasting Corporation SOC Limited is a state-owned company, and holding company of the Group. It is incorporated and domiciled in South Africa. The consolidated financial statements of the Company as at, and for the year ended 31 March 2018 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities'). The Group is South Africa's national Public Broadcaster providing a free-to-air service. Information on group entities of the Group is provided in note 9.

1(b) GOING CONCERN

The financial statements have been prepared on a going concern basis. In determining the appropriate basis of preparation of the financial statements, the Accounting Authority is required to consider whether the Corporation can continue operating for the foreseeable future. The Corporation, in the current year and previous years, has been faced with recurring net losses and liquidity challenges (inability to settle short term obligations). The net loss for the 2017/18 financial year amounted to R622 million, whilst the trade and other payables amounted to R1.12 billion. The following are significant items included in the loss for the year:

- Employee and director compensation and benefit expense of R3.1 billion; and
- Amortisation of programme, film and sports rights of R1.7 billion.

The Group's balance sheet has been negatively impacted by the loss realised from operations. At year-end, the Group's current liabilities (R2.07 billion) exceeded current assets (R1.8 billion) and the Group's cash was as low as R130.5 million. Total assets at R4.4 billion still exceed total liabilities at R3.5 billion by R900 million. Tough economic conditions and poor public perceptions have negatively impacted the commercial revenue as well as the license fee collections. The instabilities in the governance structures have contributed to the negative perception of the Group.

The above events, coupled with the increasing cost of our mandate, have therefore resulted into the recurring net losses and liquidity constraints experienced. As a result the Corporation is in a net current liability position, which creates difficulties in meeting short term obligations. The financial support from the financial institutions, until recently, has been affected by this situation. There is also an inability to implement an asset management plan (long term capital expenditure plan), which might further negatively impact on future inflows of economic benefits. The constrained resources to meet short term obligations and general uncertainties have seen some of the creditors exploring upfront payments, instead of 30 days payment term. This further exacerbating the financial constraints on the organisation.

There is thus a material uncertainty in the timing of cash flows. This may cast significant doubt on the Group and Company's ability to continue as a going concern and, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The cash flows and projections (under current trading conditions) however indicate that the Group will be operational in the foreseeable period and will continue to have cash resources to meet its short term obligations.

Management's assessment of going concern

In order to ensure the future sustainability of the Corporation, the following initiatives are being/ have been implemented in the immediate and short term:

- A permanent Board of non-executive Directors and Executive Directors have been appointed. This ensures accountability and ownership;
- There is an early settlement program in place which has seen significant successes in ensuring effective working capital management (and alleviating short term liquidity challenges). This costs about 2% of the collected revenue;
- Operational expenditure is being closely monitored and managed;
- Cost savings initiatives have been identified and are in various stages of implementation. A Cost Containment Directive is expected to be implemented;
- There are direct contractual relationships with the advertising agencies which ensure that the payments turnaround time averages 45 days. This ensures effective working capital management;
- A cash management plan was developed and implemented to ensure the Corporation remains operational in the immediate and short term while the medium to longer term initiatives gain momentum and start to yield results;
- So for example the Corporation has concluded payments arrangements or revised payment arrangements with key government and other suppliers to defer the outstanding amounts to within our cash flow forecasts and thus ensuring we can honour commitments;
- Cash flow forecasts on a daily, weekly and monthly basis takes place and available funding is matched to requirements in terms of the priorities per the plan.
- The Accounting Authority and Executive closely monitors the expenditure and payment status of the Corporation through various reporting and oversight mechanisms, including reporting to relevant sub-committees of the Board;
- Capital investments in the capital expenditure projects is being delayed with the focus mainly on key broadcast related critical projects.
- Communication takes place to suppliers and service providers in the interest of transparency, predictability and building trust;
- Narrowing our approach to business cases towards profitable and cash positive business cases that will see under-performing platforms being enhanced;
- A submission in terms of the ENE – Request for Funding for Unforeseeable and Unavoidable expenditure through the Adjustment Budget for the FY19 financial year - will be submitted on advise from the Department of Communication;
- A Letter of Support from the Ministers of Finance and Communications will be pursued for purposes of the finalization of the FY18 year-end audit and Annual Financial Statements;
- Various initiatives are on-going in TV Licenses (Audience Services Division) to increase collection both in the short and medium term;
- Supply Chain Management is practicing rigorous negotiation in contract conclusion to maximize benefit for the Corporation while minimizing financial implications; and
- Fruitless and Wasteful expenditure is showing a trend in the right direction and will receive renewed focus and attention at Executive level to not only limit but hopefully negate entirely in the foreseeable future.

Below are the long term solutions which the Group is exploring:

- A Government guarantee is still in the process of being motivated for. This will then be used to secure long term funding (especially to fund long term capital expenditure plan);
- A direct engagement with Financial Institutions to provide assets (current or fixed) as collateral is also showing early positive indications;
- A submission has been made to the Executive Authority for a special request to fund the long term capital expenditure plan, the sports mandate and general elections;
- Review of the operating model in order to identify cost efficiencies and synergies and ensure a fit for purpose staff complement;
- Commercial banks have shown interest in financing the production houses and allowing the production houses to service the debt once their content has been flighted by the Corporation. This will then allow

the Corporation to align cash inflows from advertising revenue with payments for the content coming after revenue has been generated;

- Consideration is being given to the factoring of long outstanding TV license debt (3 years and above) to a 3rd party. The cost associated typically with this kind of an arrangement is normally 40% of the value though;
- A Property expert has been appointed to assess the property portfolio of the Corporation. The scope of the appointment will entail doing property valuation, a property management strategy and to determine whether properties must be disposed; leased or retained. The outcome of this exercise may positively contribute to the liquidity of the Corporation (either through rental income or proceeds from sale);
- Many of the measures listed under short term initiatives will continue also into the long term;
- The Turnaround Plan developed a year ago will be refreshed and hence 4th actively implemented and pursued. It may take up to 2 years for full and effective implementation;
- The Turnaround Plan will also include a turnaround of the culture in the Corporation – cost consciousness, ownership and accountability, responsible custodianships of the assets under our control; and
- Management has further commenced with the following holistic initiatives:

i) Seeking alternative funding models for Sports Rights; and

ii) Revenue related initiatives that will include conversations that have commenced with ICASA to review the Must Carry Regulations. If successful, they will provide a new revenue stream for the SABC.

Success of these initiatives will be:

- A facility of up to R1,2 billion may be made available by the Financial Institutions which can be used as bridging finance. Finance Costs will off course be attracted;
- This will also result in additional cash in the form of a saving in Early Settlement Discount currently budgeted at R113 million;
- Industry practice of debt factoring may see the receipt of up to 60% of the value factored upfront;
- A Supplier finance facility will establish a direct relationship between a production house and the bank thus relieving the requirement for prepayments. The estimated investment from the bank for this initiative is R800 million. After the related revenue is generated, the Corporation will then have to repay the capital invested in the production; and
- A return to financial sustainability for the Corporation in the medium to long term while managing the immediate future in line with the values of the Corporation and bearing the interest and concerns of those dependent on the Corporation in mind.

Assumptions

In the context of the above and consistent with the reporting in previous financial years, management takes the following assumptions into consideration in its assessment of the threat to the going concern of the SABC:

i) The Corporation, as the only Public Broadcaster is a strategic asset of the public sector/ government;

ii) There is no management's intention to dissolve or liquidate the Corporation; and

ii) There is also no Parliamentary intention to dissolve or liquidate the Corporation.

Cash flow forecasts for the next 12 months indicate that the net assets will exceed the net liabilities (solvency). There will also be sufficient cash levels to able to meet the short term obligations, even though creditors' payments days would have been extended.

i) The current commercial revenue and license fees will sustain the Corporation;

ii)The Educational programmes will be funded by the DoC;

iii) The Corporation will continue to operate with the initiatives which have been mentioned above; and

iv) The Corporation will continue to engage National Treasury and the commercial funding institutions.

Though the Corporation is facing material cash flow constraints and recurring losses, it is believed that, based on the initiatives implemented to date and the support from its stakeholders, no indication exists that the Corporation shall no longer be able to execute its mandate and will no longer be able to meet its obligations in the next 12 months.

Based on the above assessment, management's conclusion is that the going concern assumption is the appropriate basis of the preparation of the financial statements for 2017/18 financial year.

The following table depicts the total assets and total liabilities of the SABC over the past five years. The table below it is clear that the Corporation has been solvent for a number of years.

	31-Mar-18 R'000	31-Mar-17 R'000	31-Mar-16 R'000	31-Mar-15 R'000	31-Mar-14 R'000
Total Assets	**4 365 986**	4 851 997	5 825 310	4 919 584	5 370 786
Total Liabilities	**(3 484 640)**	(2 778 975)	(3 149 293)	(2 984 563)	(3 034 573)
Net Assets	**881 346**	2 073 022	2 676 017	1 935 021	2 336 213

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated and separate annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, and in the manner required by the Companies Act of South Africa, 2008, the Public Finance Management Act, No. 1 of 1999, as amended, and the Broadcasting Act, No. 4 of 1999, as amended. The SABC has early adopted Directive 12 - The Selection of an Appropriate Reporting Framework by Public Entities issued by the Accounting Standards Board in 2015. Management made the assessment that applying IFRS is the appropriate reporting framework as the group provides services on a commercial basis in a competitive market. The group also receives insignificant funding from the government and has limited dependence on government funding.

The consolidated and separate annual financial statements are presented in South African Rands, rounded to the nearest thousand, and have been prepared on the historical cost basis, except for certain financial instruments and defined benefit asset and liability which are measured at fair value.

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies, reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment are discussed in note 3.

The financial statements have been prepared on a going concern basis that assumes the Group would be able to continue operating as a going concern for the foreseeable future. The accounting policies set out below have been applied consistently for all periods presented in the consolidated annual financial statements, except where an amendment was required as a result of a change in IFRS.

New and amended standards adopted by the company

The group has chosen to early adopted IFRS 15 Revenue from Contracts with Customers as issued in May 2014. In accordance with the transition provisions in IFRS 15 the new rules have been adopted retrospectively and comparatives for the 2017 financial period have been restated. See note 4.3 for further details on the impact of the change in accounting policy.

2.2 Basis of consolidation

Subsidiaries

The consolidated financial statements consist of financial statements of the Group and its subsidiaries as at 31 March 2018. Subsidiaries are all entities (including structured entities) over which the group has control. The Group controls an entity when the Group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial results of subsidiaries are included in the consolidated annual financial statements of the Group from the date that it obtains control. They are deconsolidated from the date that the Group loses control of the investee. The Group owns 100% issued share capital of all its subsidiaries.

Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the annual financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.3 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The Annual Financial Statements are presented in South African Rands, which is the Company's and Group's functional and presentation currency.

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the date the fair value was determined.

2.4 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;

Expected to be realised within twelve months after the reporting period;

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period;

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.5 Property, plant and equipment

Owned assets

Items of property, plant and equipment are initially measured at cost. Subsequently, they are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. The cost of self-constructed assets includes the cost of materials, direct labour, and any other costs directly attributable to bringing the asset to a working condition in the manner intended by management.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Artwork

Office artwork represents assets that are held primarily for their decorative use in the business. Artwork is considered to have an infinite useful life and are held at cost less impairment costs.

Leased assets

Leases in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. An asset acquired by way of a finance lease is recognised at an amount equal to the lower of its fair value and the present value of minimum lease payments at inception of the lease on initial recognition. The asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are accounted for as described in accounting policy (2.24).

Capital work in progress

Capital work in progress includes cost of materials and direct labour and any other directly attributable costs incurred in bringing an item of property, plant and equipment to its present location and condition.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs are charged to profit or loss during the financial period in which they are incurred.

Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term or their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated. The estimated useful lives for the current and comparative periods are as follows:

• Buildings	up to 60 years
• Broadcast equipment	3 - 40 years
• Furniture and fittings	3 - 20 years
• Computer equipment	3 - 5 years
• Musical equipment	up to 30 years
• Office equipment	5 - 15 years
• Security equipment	5 - 10 years
• Motor vehicles	5 - 20 years
• Artwork	Infinite useful life

The useful lives, depreciation methods and current residual values, if significant, are reassessed annually and adjusted if appropriate.

The depreciation charge which constitutes part of the cost of programme, film and sports rights is included in the carrying amount of the respective programme, film and sports rights assets.

Derecognition

Assets are derecognised when disposed of or scrapped, or when no future economic benefit is expected from the assets. The gain or loss on the disposal or scrapping of property, plant and equipment is recognised in profit or loss, (refer to note 35). Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment.

2.6 Investment properties

2.6.1 Cost method

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are initially carried at cost or deemed cost including transaction costs. Subsequent to initial recognition, investments properties are measured at cost or deemed cost less accumulated depreciation and impairment.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gains and losses arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) are included in the profit and loss in the period in which the property is derecognised.

2.6.2 Depreciation

Depreciation is charged to profit or loss on a straight line basis over the estimated useful lives of each of the investment properties. The estimated useful lives for the current and comparative periods are as follows:

• Investment properties	50 years

The useful lives, depreciation methods and residual values, if significant are reassessed annually.

2.6.3 Fair value

An external, independent valuation company, having appropriate recognised professional qualification and recent experience in the location and category of property, has been involved in determining the fair value of the properties for disclosure purposes. The values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Valuations reflect, where appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their credit worthiness; the allocation of maintenance and insurance responsibilities between the lessor and lessee; and the remaining economic life of the property. It has been assumed that whenever rent reviews or lease renewals are pending with anticipated revisionary increases, all notices and, where appropriate, counter notices have been served validly and within the appropriate time.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Rental income from investment property is accounted for as described in accounting policy 2.23 on other revenue.

Where an item of property, plant and equipment is transferred to/from investment property following a change in its use, the cost and related accumulated depreciation (i.e. carrying value) at the date of reclassification becomes its cost for accounting purposes and subsequent recording.

2.7 Intangible assets

An intangible asset is recognised when: it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset can be measured reliably.

2.7.1 Originated programme, film and sports rights

Originated programme, film and sports rights, including work commissioned from independent producers, are intangible assets with finite useful lives and are stated at cost less accumulated amortisation and accumulated impairment losses. Cost comprises direct costs, including cost of materials, artist fees and production overheads. The amount initially recognised for originated asset is recognised from the date when the intangible asset first meets the recognition criteria listed below.

Subsequent to initial recognition, originated assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An originated asset arising from the development phase of an internal project is recognised if, and only if, all the following have been demonstrated:

a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;

b) The intention to complete the intangible asset and use or sell it;

c) The ability to use or sell the intangible asset;

d) How the intangible asset will generate probable future economic benefits;

e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

f) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

2.7.2 Acquired programme, film and sports rights

Acquired programme, film and sports rights are intangible assets with finite useful lives and are stated at cost less accumulated amortisation (refer to note 7) and accumulated impairment losses. Cost comprises actual acquisition cost plus language dubbing, where applicable.

Acquired programme, film and sports rights are generally recognised when the license period begins, the cost of the right is known or reasonably determinable, the material has been accepted by the Group in accordance with conditions of the license agreement, and the material is available for its first transmission. If at the date of signing, a substantial degree of uncertainty exists about the availability of the material, particularly if a license agreement is signed for programme material that does not yet exist, the asset is only recorded once the uncertainties are eliminated and the programme is received and available for broadcast. Payments made to negotiate and secure the broadcasting of sports events are expensed as incurred.

Commitments

Where arrangements have been executed for the future purchase of programme, film and sports rights, but the recognition criteria above have not been met or broadcasting commenced, the arrangements are disclosed as Commitments (refer to note 38). Where payments have already been made, these are disclosed as prepayments.

Classification

Programme, film and sports rights are classified as current assets as they are expected to be realised in the Group's normal operating cycle.

Derecognition of programme, film and sports rights

Cost and accumulated amortisation of originated programme, film and sports rights are derecognised after the estimated number of showings. Cost and accumulated amortisation of acquired programme, film and sports rights are derecognised at the earlier of the expiry of the license period or allowed number of showings.

Other intangible assets

Other intangible assets, including computer software not considered an integral part of property, plant and equipment, are initially measured at cost and subsequently measured at cost less accumulated amortisation (refer to note 7) and impairment losses. Expenditure on internally generated brands is recognised in profit or loss as an expense as incurred.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Derecognition

Other intangible assets are retired when no future economic benefits are expected from the assets. The gain or loss on retirement of other intangible assets is recognised in profit or loss, (refer to note 35). Gains and losses on the retirement of items of other intangible assets are determined by comparing the proceeds on retirement with the carrying amount of the other intangible assets retired.

Amortisation

Amortisation of programme, film and sports rights is charged to profit and loss on an accelerated basis where the first transmission is expected to be more valuable than subsequent transmissions and on a straight-line basis based on the estimated number of future showings if each showing is expected to generate similar audiences.

Amortisation of other intangible assets is charged to profit and loss on a straight-line based on the estimated useful lives of such assets from the date that they are available for use. The estimated useful life of computer software for the current and comparative period is between 2 and 10 years.

Amortisation methods, useful lives and residual values reassessed annually, and adjusted if appropriate.

2.8 Property held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of their carrying amount and fair value less costs to sell.

2.9 Investments in subsidiaries

Subsidiaries are all entities (including special-purpose entities) over which the group has the power to govern the financial and operating policies to obtain benefits from the activities of the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Investments in subsidiaries are accounted for at cost less impairment losses in the separate financial statements of the company.

2.10 Impairment of non-financial assets

The carrying amount of the Group's assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or, its cash-generating unit, exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Calculation of impairment

The recoverable amount of non-financial assets is the greater of their fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. A cash generating unit is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. Impairment losses in respect of cash generating units are allocated first to reduce the carrying amount of goodwill allocated to the unit and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

Reversals of impairment

In respect of non-financial assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.11 Financial assets

Non-derivative financial assets comprise of investment in securities, financial instruments with group companies, trade and other receivables and cash and cash equivalents.

Loans and receivables are initially recognised when they are originated. All other financial assets are initially recognised on trade date.

2.11.1 Classification

The group classifies its financial assets in the following categories: at fair value through profit and loss, 'held-to-maturity' investments, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using effective interest rate method, less any impairment. They are included in current assets, except where they have maturities greater than 12 months after the reporting date. These are classified as non-current assets.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell a significant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale and prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

Financial assets at fair value through profit and loss

Financial assets are classified as fair value through profit and loss when the asset is held for trading or it is designated through profit and loss. A financial asset is classified as held for trading if:

a) It has been acquired principally for the purpose of selling it in the near term; or

b) On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

c) It is a derivative that is not designated and effective as a hedging instruments.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

a) Such designation eliminates or significantly reduces a measurement of recognition inconsistency that would otherwise arise; or

b) The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy and information about the grouping is provided internally on that basis; and

c) It forms part of a contract containing one or more embedded derivatives and IAS39 permits the entire combined contract to be designated as at fair value through profit and loss.

Financial assets at fair value through profit and loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item.

2.11.2 Derecognition

Financial assets are derecognised when the contractual rights to the cash flow from the financial asset expire or when the Group has transferred substantially all the risks and rewards of ownership of those financial assets.

2.12 Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy or the disappearance of an active market for a security. In addition, for an investment in equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rates. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provision attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position only when the Group has a legal right to offset the amount and intends to either settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group's investments are recognised at amortised cost which is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest computed at initial recognition of these financial assets). Receivables with a short duration are not discounted where the effect is not material.

Calculation of impairment

Impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the impairment is the difference between the asset's carrying amount and its fair value, being the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the impairment is recognised in profit or loss.

Reversals of impairment

An impairment loss in respect of financial assets carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

2.13 Financial liabilities

Non-derivative financial liabilities comprise of loans and borrowings, financial instruments with group companies, financial trading liabilities, finance lease liabilities and trade and other payables.

Loans and debt securities are initially recognised when they are originated. All other financial liabilities are initially recognised on trade date.

Financial liabilities are classified as either financial liabilities at 'fair value through profit or loss' or 'other financial liabilities'.

Financial liabilities at 'fair value through profit or loss

A financial liability is classified as at 'fair value through profit and loss' when the financial liability is either held for trading or designated through this category.

A financial liability is classified as held for trading if:

a) It has been principally acquired for the purpose of repurchasing it in the near term;

b) On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short term profit-taking; or

c) It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as 'fair value through profit or loss' upon initial recognition if

a) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy; or

c) It forms part of a contract containing one or more embedded derivatives, and IAS39 permits the entire combined contract to be designated as 'fair value through profit or loss'.

Financial liabilities at 'fair value through profit or loss' are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item.

Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments, through the life of the liability or a shorter period, to the net carrying amount on initial recognition.

Derecognition

Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

2.14 Derivative financial instruments

The Group uses derivative financial instruments to economically hedge its exposure to foreign exchange risks arising from the purchase of foreign programme, film and sports rights, capital equipment and certain operational expenses. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, since the Group has elected not to apply hedge accounting, all derivative financial instruments are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value and attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivative financial instruments are measured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

2.15 Government debt instrument

Perpetual debt instrument relates to a non-repayable loan from the shareholder. On 1 February 1972, the Company's shareholder converted a long-term loan into permanent capital. The permanent capital is not repayable. In terms of the Exchequer Act, No. 66 of 1975, as amended, interest will be payable, in perpetuity, at a rate of 6.5% per annum on the capital amount. The instrument represents a financial liability (in the form of perpetual debt) under IAS 32 - Financial Instruments: Presentation, because of the underlying obligation to deliver cash in the form of future payments to the Company's shareholder.

2.16 Loans and borrowings

Loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, loans and borrowings are stated at amortised cost using the effective interest rate method.

2.17 Inventories

Merchandise and consumables are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses. Cost is determined on a weighted average basis and includes other costs incurred in bringing the consumables to their present location and condition. Any write-down and impairment of obsolete inventory to net realisable value are recognised as an expense in the period in which the write-down occurs. Any reversal are recognised in profit and loss in the period in which the reversal occurs.

2.18 Trade receivables

Trade receivables comprise receivables in respect of advertising, sponsorships and facilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less impairment losses. The fair value of trade receivables is net of agency commissions, and where applicable net of trade discounts, which are granted when payment is made in accordance with agreed payment terms.

2.19 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds, net of tax.

2.20 Employee benefit obligations

Defined benefit pension plans

The net obligation in respect of defined benefit pension plans is the present value of the defined benefit obligation (calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods) at the end of the reporting period less the fair value on plan assets. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using an appropriate discount rate. The discount rates used are the following:- yield on Government Stock, the zero-coupon yield curve provided by the South African Bond Exchange (member of the Johannesburg Stock of Exchange) that have maturity dates approximating the terms of the Company's obligations. The defined benefit obligation is calculated annually by independent actuaries. Refer to Note 8 on the defined benefit pension plan.

Past service costs are recognised immediately in profit and loss.

Other post-employment benefit obligations

The Group provides a subsidy for medical aid contributions payable by those employees who elect to remain on the medical aid scheme after retirement. The entitlement to these benefits is usually conditional on the employee remaining in service up to normal retirement age or the completion of a minimum service period in the event of early retirement. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that used for the defined benefit pension plan. This liability relating to post-employment medical benefits is valued annually by independent qualified actuaries. This practice of post-retirement medical aid contributions was discontinued for all new employees after 1 July 2002. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are recognised in other comprehensive income.

Short-term benefits

Short-term employee benefit obligations relating to leave pay are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Long-term benefits

The Group's net obligation in respect of long-term employee benefits relating to old leave pay and bonuses other than pension plans is the amount of future benefits that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

Long service awards

The Group provides long service awards to its employees on 5 year continuous service intervals; it starts from 5 years of service to 45 years of service. The awards consists of a cash portion as well as a gift portion, where continuous service reaches 30 years then an additional 5 days of long service leave is also granted. To determine the present value of the obligation the Projected Unit Credit Method is used. The liability is valued annually by independent qualified actuaries.

Provision

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be measured. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2.21 Trade and other payables

Trade and other payables are initially recognised at fair value less any directly attributable transaction costs. Trade and other payables are subsequently measured at amortised cost, using the effective interest rate method.

2.22 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts shown within the loans and receivables category of financial instruments. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Restricted cash

Cash which is subject to restrictions on its use is stated separately at carrying value in the statement of financial position. Government grants received for capital expenditure are restricted to capital projects relating to the migration of analogue infrastructure to digital. Given that the cash has specific conditions of use it has been separately disclosed in note 14.

2.23 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it satisfies its performance obligations and transfers control over services to a customer.

Nature of services

i Advertising revenue

Advertising revenue is recognised at the time the related advertisement or commercial is broadcast on our television and/or radio platforms to the public. The amount recognised is net of Value-Added Tax and trade discounts.

ii Trade exchanges (non-monetary exchanges)

When broadcasting airtime is exchanged for dissimilar goods or services, the exchange is regarded as a transaction which generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the estimated stand-alone selling price of the services subject to the specific customer contract.

iii Sponsorship revenue

Sponsorship revenue is recognised at the time sponsored programmes are aired, net of Value-Added Tax and trade discounts. The consideration in sponsorship agreements containing more than one identifiable component, such as promotional advertising time and sponsorships, is allocated to underlying components based on their stand-alone prices and accounted for in accordance with the substance of the underlying component.

iv Licence fee revenue

TV licence fees revenue arises when television licence fees are due in accordance with legislation at each renewal date. As the SABC has no remaining performance obligations remaining after renewal date, revenue is recognised when it is probable that the SABC will collect the licence fees to which it is entitled to.

Where it is assessed that the collection of television licence fees will not be probable based on predefined criteria, such television licence fees are not recognised. Probability is assessed on a monthly basis for all active television licence holders user accounts registered on the SABC's database.

v Government grants

Government grants are recognised in the statement of financial position initially as deferred income (deferred government grant) when there is reasonable assurance that they will be received and that the Group will comply with the conditions attached to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised in profit or loss as revenue on a systematic basis over the useful life of the asset.

vi Programme rights exploitation and channel carriage fees

The SABC obligation in terms of the contract is to provide a broadcasting licence on agreed conditions for the customer to access the content material in its current state. Revenue from commercial licences for specific rights associated with television programmes and licences is recognised when there has been technical acceptance of the content material by the customer and collection of the receivable is probable, and the revenue associated with delivered and undelivered elements can be reliably measured.

Channel carriage fees licence presents a performance obligation that is satisfied over time within the contracted licence period. Progress is measured based on time the SABC channels are carried on the contracted platforms and billed on a monthly basis on accrual basis.

vii Other revenue

Other revenue associated with the sale of goods, use of SABC media facilities and services such as mobile revenue is recognised in profit or loss when performance obligations are met and the goods or services are transferred to the buyer. Other revenue associated with the provision of services is recognised in profit or loss in proportion to the services performed to date as a percentage of total services to be performed. Other revenue/income also includes rental income, which is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

viii Other income

Other income includes rental income, which is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

2.24 Lease payments

i Operating lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. The difference between the amounts recognised as an expense and the contractual payments (due to straight-lining of lease payments), is recognised as an operating lease asset or liability.

ii Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is also allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. The capital portion of future obligations under the leases is included as a liability in the statement of financial position.

Initial direct costs incurred in negotiating and securing lease arrangements are added to the amount recognised as an asset.

2.25 Net financing income

Financing income includes interest receivable on funds invested, dividend income and foreign exchange gains and losses.

Interest payable on borrowings is calculated using the effective interest rate method. Interest income is recognised in profit or loss as it accrues, using the effective interest rate method.

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is usually the ex-dividend date.

The interest expense component of finance lease payments is recognised in profit or loss using the effective interest rate method.

2.26 Income tax

Income tax expense comprises current and deferred tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised there.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on the net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits or reversing temporary differences will be available against which the asset can be utilised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

2.27 Related parties

The Group operates in an environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the constitutional independence of all the three spheres of government in South Africa, only parties within the national sphere of government will be considered to be related parties.

Key management is defined as individuals with the authority and responsibility for planning, directing and controlling the activities of the Company. All individuals from the level of Executive Management up to the Board of Directors are regarded as key management per the definition of IFRS.

Close family members of key management personnel are considered to be those family members who may be expected to influence, or be influenced by key management individuals in their dealings with the Group

Other related party transactions are also disclosed in terms of the requirements of IFRS. The objective of IFRS and the annual financial statements is to provide relevant and reliable information and therefore materiality is considered in the disclosure of these transactions.

2.28 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

2.29 Irregular, Fruitless and Wasteful Expenditure

Irregular Expenditure

Irregular expenditure: means expenditure, incurred in contravention of or that is not in accordance with the requirement of any applicable legislation. Such expenditure is recorded in the notes to the annual financial statements. It is recorded at the value of the irregular expenditure incurred unless it is impracticable to determine the value thereof. Where such impracticality exists, the reasons therefore are provided in the notes. Irregular expenditure is removed from the notes when it is either (a) condoned by the National Treasury or the relevant authority; (b) it is transferred to receivables for recovery; or (c) it is not condoned and is irrecoverable. A receivable related to irregular expenditure is measured at the amount that is expected to be recovered and is de-recognised when the receivable is settled or subsequently written off as irrecoverable.

Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised. When confirmed, fruitless and wasteful expenditure is recorded in the notes to the financial statements. This includes particulars of fruitless and wasteful expenditure that occurred during the financial year and any disciplinary steps taken as a consequence of such fruitless and wasteful expenditure.

2.30 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

2.31 Expenses

Expenses are decreases in economic benefits during the financial year in the form of outflows or depletions of assets or incurrences of liabilities that result in decreases in equity, other than those relating to distributions to equity participants

3 ACCOUNTING ESTIMATES AND JUDGEMENTS

Management discusses with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates.

3.1 Critical accounting estimates and assumptions

The preparation of the annual financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in significant adjustments as accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i Useful lives and residual values of property, plant and equipment
Useful lives

The Group calculates depreciation of property, plant and equipment on a straight-line basis so as to write off the cost of the assets over their expected useful lives. The useful life of an asset is determined on existing physical wear and tear, economic and technical ageing, legal or other limits on the use of the asset and obsolescence. If some of these factors were to deteriorate materially, impairing the ability of the asset to generate future cash flows, the Group may accelerate depreciation charges to reflect the remaining useful life of the asset or record an impairment loss.

The expected useful lives of assets is determined by considering the components identified in the asset hierarchy and by considering the inputs from knowledgeable representatives within the departments within the SABC per component identified based on their past experiences and knowledge.

In determining the expected useful lives of the assets, the current asset register was analysed to determine the average age of the assets per component where applicable.

The remaining useful life of assets is informed by two parameters, Age based remaining useful life and condition based remaining useful life. The final remaining useful life is determined with reference to an algorithm, which takes into account both parameters.

ii Residual Values

The residual value has in most cases been taken as zero, as the SABC has adopted the approach of utilising their assets beyond their economical useful live, considering the environment in which the SABC functions where technological advancements can render certain assets obsolete and also on the assertion that none of the assets have material residual values at the end of the expected useful life.

iii Amortisation and impairment of computer software

The Group believes that the accounting estimates relating to the amortisation and impairment of computer software are significant accounting estimates because they require management to make assumptions about the useful life of an asset. The useful life of an asset is determined on existing economic and technical ageing, legal or other limitations on the use of the asset and obsolescence. If some of these factors were to deteriorate materially, impairing the ability of the asset to generate future cash flows, the Group may accelerate the amortisation charge to reflect the remaining useful life of the asset or record an impairment loss. See accounting policy 2.7 and note 7.

iv Amortisation and impairment of programme, film and sports rights

The Group believes that the accounting estimates relating to the amortisation and impairment of programme, film and sports rights are significant accounting estimates because they require management to make assumptions about future audiences and revenues, and a change in the pattern of amortisation or potential impairment in programme, film and sports rights may have a material impact on the value of these assets reported in the Company's statement of financial position. See accounting policies 2.7 and note 7. The recoverable amount of the rights is considered zero once the licence period is expired.

v Pension assumptions

The Group's pension fund is a funded defined benefit pension fund that provides pension fund benefits for all of the Group's permanent employees. The latest statutory valuation of the fund was performed at 31 December 2014, in which the valuator reported that the fund was in a sound financial position subject to the continuation of the current contribution rates, and its assets exceed its liabilities.

Annually the defined benefit pension plan is valued on 31 March using the Projected Unit Credit Method for the financial statements certified by the actuaries. The cost of the defined benefit pension plan as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuations involve making assumptions about discount rates, expected rates of return of assets, future salary increases, mortality rates of in-service members and pensioner mortality rates and future pension increases, withdrawal of members in the service and family statistics. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the interest rates of quality corporate bonds in the respective country, (i.e. yield on South African Government Bonds). The mortality rate is based on public available mortality tables for the specific country (i.e. PA (90) mortality table). Future salary increases and pension increases are based on expected future inflation rates. Further details about the assumptions used are given in note 8.

vi Post-employment medical aid assumptions

The Group provides a subsidy of medical aid contributions payable by those employees who elect to remain on the medical aid scheme after retirement. The Group provides for these post-employment medical aid benefits using the Projected Unit Credit method prescribed by IAS 19 - Employee Benefits. Future benefits valued are projected using specific actuarial assumptions and the liability for in-service members is accrued over their expected working lifetime. The liability is calculated by considering some key actuarial assumptions such as the rate of healthcare cost inflation, discount rate, percentage members continuing after retirement and average retirement age of members. The key actuarial assumptions made are disclosed in note 21.

Any change in these assumptions could result in a material adjustment to the post-employment medical liability stated on the Group's statement of financial position as well as a material impact on the Group's profit. A one percentage point change in the rate of health care cost inflation would have the following effects.

	One percentage point increase	One percentage point decrease
Effect on the post-employment medical aid liability:	R1 242 million	R968 million

vii Legal matters

The Group is involved in legal disputes through its normal course of business. The outcome of these legal claims may have a material impact on the Group's financial position and results of operations. Management estimates the potential outcome of these legal claims based on the most objective evidence on hand from internal and external legal advisors until such time that ultimate legal resolution has been finalised. Due to the uncertain nature of these issues, any changes in these estimates based on additional information as it becomes available could result in material changes to the financial statements in subsequent periods. See note 24 and 39.

viii Determining the fair value of financial instruments

Where the fair value of the financial assets and liabilities recorded in the statement of financial position cannot be derived from the active markets, they are determined using valuation techniques including the discounted cash flow model (Level 2) The inputs of these models are taken from observable markets where possible, but where this is not possible, a degree of judgment is required in establishing fair values. The judgements include consideration of inputs such as liquidity risk, credit risk, and volatility. Changes in assumptions about the facts could affect the reported fair value of the affected financial instrument.

The different valuation levels are identified as follows by IFRS 13:

Level 1 - Quoted prices (unadjusted) in active ,markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included within level 1 that observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

ix Impairment of trade and other receivables and credit notes

Doubtful accounts are reported at the amount likely to be recoverable based on the historical experience of customer default. As soon as it is learned that a particular account is subject to a risk over and above the normal credit risk (e.g. lower creditworthiness of customer, dispute as to the existence of the amount of the claim, no enforceability of the claim for legal reasons etc.), the account is analysed and written down if circumstances indicate the receivable is uncollectable.

x Probability of licence fee revenue

The Group believes the probability assessment used as a basis for estimating the licence fee revenue to be recognised is a significant judgement. It requires management to make professional judgements and assumptions about the probability of receiving licence fees from TV licence holders on renewal date. The probability of receiving licence fee revenue from licence holders is based on assessed ability to pay the TV licence fees and the assessed willingness of the licence holder to pay the statutory annual TV licence fee (refer to note 25). Where such a probability assessment cannot be reliably made, as in the case with the first anniversary renewal for new TV licence holders, the revenue is only recognised when the uncertainty is removed on receipt.

4 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

4.1 New and amended standards and interpretations

The Corporation has applied for the first time certain amendments to the standards which are effective for periods beginning 1 January 2017. The Corporation has also early adopted IFRS 15 on Revenue from Contracts with Customers. The nature and impact of each of the amendment is described below;

i Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. Application of amendments has not resulted in additional disclosure provided by the Group.

ii Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. These amendments are not expected to have any impact on the Group.

4.2 New and revised IFRSs in issue but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

		Effective date of Standard
i)	IFRS 9 - Financial Instruments	1-Jan-18
ii)	Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	indefinite
iii)	IFRS 16 - Leases	1-Jan-19
iv)	IFRIC 22 Foreign Currency Transactions and Advance Consideration	1-Jan-18
v)	IFRC 23 - Uncertainty over income tax treatments	1-Jan-19
vi)	Amendments to IAS 40 - Transfers of Investment Property	1-Jan-18

i IFRS 9 Financial Instruments

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit and loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit and loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness test. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The group is yet to assess IFRS 9's full impact..

ii Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

iii IFRS 16: Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition

exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. The Group plans to assess the potential effect of IFRS 16 on its consolidated financial statements.

***iv** IFRIC 22 Foreign Currency Transactions and Advance Consideration*

IFRIC 22 provides guidance applicable when an entity receives or pays consideration in advance in a foreign currency. In this case a non-monetary asset or liability (a prepayment or deferred income) is recognised. This is subsequently derecognised when the related asset, expense or income is recognised. The exchange rate applied to recognise the advance consideration and to determine the initial measurement of the related asset, expense or income (or part of it) is the spot rate on the date on which the advance consideration is received or paid. If there is more than one advance payment or receipt, a date of transaction must be determined for each payment or receipt

v IFRC 23 - Uncertainty over income tax treatments

The Interpretation requires an entity to determine whether uncertain tax positions are assessed separately or as a group; and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings. If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings. If no, the entity should reflect the effect of uncertainty in determining its accounting tax position. The entity will elet to apply modified retrospective application without restatement of comparatives

vi Amendments to IAS 40 - Transfers of Investment Property

Paragraph 57 has been amended to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The amendment will be applied prospectively.

4.3 Changes in accounting policies

Except for changes below, the Group has consistently applied the accounting policies presented in these consolidated financial statements. The group has early adopted IFRS15 on Revenue from Contracts with Customers. The date of initial application is 1 April 2017. As a result the group has changed its accounting policy for revenue recognition as detailed below.

As indicated in note 2.1, the group has adopted IFRS 15 as issued in May 2014, which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The group applied IFRS 15 retrospectively using the practical expedient in paragraph C5 (a), (b) and (c) under which the group does not restate contracts that begin and end within the same financial period, neither does it disclose the amount of consideration allocated to the remaining performance obligations nor an explanation of when the group expects to recognise the amount as revenue for all reporting periods presented before the date of initial application. The use of the practical expedients is assessed to have an immaterial impact on the reported amounts as most of our contracts are less than 12 months and within the same financial period. Other than price discounts at contract inception, most of our contracts with customers for our revenue streams will have no variable considerations dependent of future performance or events.

This change in accounting policy has led to adjustments to the amounts recognised in the financial statements and the main impact on previously reported results are described below:

i) Revenue

There has been no material changes in the recognition of revenue under IFRS 15 from IAS 18 Revenue. There has been no material changes to reported profit and loss, statement of financial position and cash flow statements.

ii) Presentation of contract assets and contract liabilities

The SABC has changed the presentation of certain amounts in the statement of financial position to reflect the terminology introduced by IFRS 15:

a Contract liabilities in relation to prepaid TV licences were previously disclosed under deferred income (R31.58 million as at 1 April 2016 and R40.85 million at 31 March 2017); and

b Contract liabilities in relation to prepaid trade receivables previously disclosed under trade and other payables (R11.67 million as at 1 April 2017 and R28.08 million at 31 March 2017).

4.3 Changes in accounting policies (continued)

Impact of changes in accounting policy:

	GROUP			COMPANY		
	IAS 18 carrying amount 31 March 2016 R'000	Reclassification R'000	Restated amount 1 April 2016 R'000	IAS 18 carrying amount 31 March 2016 R'000	Reclassification R'000	Restated amount 1 April 2016 R'000
Trade and other receivables	1 100 408	-	1 100 408	1 114 090	-	1 114 090
Contract liabilities	-	(43 248)	(43 248)		(43 248)	(43 248)
Deferred income	(49 106)	31 576	(17 530)	(49 106)	31 576	(17 530)
Trade and other payables	(800 885)	11 672	(789 213)	(799 838)	11 672	(788 166)
Provisions	(257 567)	-	(257 567)	(257 567)	-	(257 567)

	GROUP			COMPANY		
	IAS 18 carrying amount 31 March 2017 R'000	Reclassification R'000	Restated amount 31 March 2017 R'000	IAS 18 carrying amount 31 March 2017 R'000	Reclassification R'000	Restated amount 31 March 2017 R'000
Trade and other receivables	822 030		822 030	840 047	-	840 047
Contract liabilities	-	(68 936)	(68 936)	-	(68 936)	(68 936)
Deferred revenue	(56 250)	40 854	(15 396)	(56 250)	40 854	(15 396)
Trade and other payables	(685 106)	28 082	(657 024)	(683 291)	28 082	(655 209)
Provisions	(281 754)	-	(281 754)	(281 574)	-	(281 574)

4.4 Reclassification of revenue collection costs

In terms of IAS 1 paragraph 41, the SABC decided to reclassify direct revenue collection costs from operating costs to be a direct charge against revenue. Direct revenue collection costs represent negotiated volume and early settlement discount costs with customers to increase their advertising spend on our media platforms. It is believed that this reclassification will provide better presentation and classification and is more appropriate considering our changed business model. The presented change is more relevant to users of our financial statements and the revised structure is likely to continue, so that comparability is not impaired. The reclassification will not have an impact on the reported profit figures and its impact on comparative financial statements is shown below.

Impact of reclassification of revenue collection costs:

	GROUP AND COMPANY		
	Previously reported amount 31 March 2016 R'000	Reclassification R'000	Restated amount 31 March 2016 R'000
Revenue	7 978 841	(1 002 200)	6 976 641
Revenue collection costs	(1 089 377)	1 002 200	(87 177)
Net impact on income statement		-	
	31 March 2017 R'000	R'000	31 March 2017 R'000
Revenue	7 525 203	(988 835)	6 536 368
Revenue collection costs	(1 056 306)	988 835	(67 471)
Net impact on income statement		-	

4.5 Restatements in respect of Prior Period Errors

The correction of prior period error note has been prepared to address the qualified audit opinion issued in 2017. Where applicable, the prior period error restatement is after the adjustments required for the adoption of IFRS 15 in note 4.4

		GROUP					
		2017			2016		
Statement of Financial Position		**Previously Reported**	**Adjustments**	**Restated**	**Previously Reported**	**Adjustments**	**Restated**
	(ii), (iii)	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Property, plant and equipment		1 609 767	5 335	1 615 102	1 495 570	(15 776)	1 479 794
Deferred tax asset		-	-	-	428 376	-	428 376
Impact on non-current assets			**5 335**			**(15 776)**	
Programme, film and sports rights		768 500	-	768 500	757 112	15 499	772 611
Impact on current assets			**-**			**15 499**	
Deferred Government Grants		(243 368)	-	(243 368)	(306 119)	-	(306 119)
Impact on non-current liabilities			-			-	
Trade and Other Payables	*(i)*	(657 024)	(49 593)	(706 617)	(789 213)	-	(789 213)
Current Employee benefits	*(ii)*	(188 388)	(30 256)	(218 644)	(157 470)	(11 144)	(168 614)
Tax Payable		(19 836)	-	(19 836)	(355 112)	-	(355 112)
Deferred income		(15 396)	-	(15 396)	(17 530)	-	(17 530)
Impact on Deferred Tax Liability				-			-
Total current liabilities			**(79 849)**			**(11 144)**	
Total impact on the Statement of Financial Position			(74 514)			(11 421)	

Statement of Comprehensive Income							
Items included in total comprehensive income		**As previously reported**	**Adjustment**	**Restated amount**			
Amortisation of programme, film and sports rights	*(i)*	(1 934 585)	(15 499)	(1 950 084)			
Broadcast costs	*(ii)*	(518 442)	(693)	(519 135)			
Signal distribution and linking costs	*(ii)*	(669 831)	(1 646)	(671 477)			
Employee and director compensation	*(ii)*	(3 169 372)	(19 112)	(3 188 484)			
Professional and consulting fees	*(ii)*	(99 304)	(6 392)	(105 696)			
Other operating costs	*(ii)*	(637 254)	(36 057)	(673 311)			
Marketing costs	*(ii)*	(135 603)	(798)	(136 401)			
Depreciation and impairment of PPE	*(iii)*	(169 820)	9 907	(159 913)			
Other losses - loss on disposal of PPE	*(ii)*	(4 136)	7 197	3 061			
Income tax expense	*(i)*	76 378	-	76 378			
Total comprehensive (loss)/income for the year		**(539 903)**	(63 093)	**(602 996)**			
Impact on Opening retained earnings			(11 421)				
Retained earnings restated*		2 139 402	(74 514)	2 064 888	2 679 180	(11 421)	2 667 759

(i) Restatements in respect of amortisation of programme, film and sports rights

The amortisation and impairment for the 2017 financial year was increased by R15 million. This was to adjust for the reversal of impairment provision which had been accounted for in error in the 2017 financial period instead of the 2016 financial period.

(ii) Restatement in respect of understatement of accruals

In 2017 accruals were understated by an amount of R49.593 million. Leave accrual was also understated by R30.256 (2016:R11.114 million). The understatement of leave accrual of R19.112 million (2016:R11.114 million) arose as a result of the Group changing its remuneration structure to a total guaranteed remuneration structure. The adjustments relate to operating expenditure incurred before the financial reporting date. Included in

(iii) Restatement in respect of depreciation of property, plant and equipment

In 2017 depreciation for the year was adjusted by R9.907 million. The adjustment arose as from the misstatement of the carrying amount of property, plant and equipment in prior financial periods.

4.6 Restatements in respect of Prior Period Errors

The correction of prior period error note has been prepared to address the qualified audit opinion issued in 2017. Where applicable, the prior period error restatement is after the adjustments required for the adoption of IFRS 15 in note 4.3

		COMPANY					
		2017			2016		
Statement of Financial Position		**Previously Reported R'000**	**Adjustments R'000**	**Restated R'000**	**Previously Reported R'000**	**Adjustments R'000**	**Restated R'000**
Property, plant and equipment - restated	*(ii), (iii)*	1 609 767	5 335	1 615 102	1 495 570	(15 776)	1 479 794
Deferred tax asset		-	-	-	428 376	-	428 376
Impact on non-current assets			**5 335**			**(15 776)**	
Trade and other receivables		840 047	-	840 047	-	-	-
Programme, film and sports rights		768 500	-	768 500	757 112	15 499	772 611
Impact on current assets			-			15 499	
Deferred Government Grants		(243 368)	-	(243 368)	(306 119)	-	(306 119)
Impact on non-current liabilities			-			-	
Trade and Other Payables	*(ii)*	(655 209)	(49 593)	(704 802)	(788 166)	-	(788 166)
Current Employee benefits	*(ii)*	(188 388)	(30 256)	(218 644)	(157 470)	(11 144)	(168 614)
Tax Payable		(19 837)	-	(19 837)	(353 598)	-	(353 598)
Deferred income		(15 396)	-	(15 396)	(17 530)	-	(17 530)
Impact on Deferred Tax Liability				-			
Total current liabilities			**(79 849)**			**(11 144)**	
Impact on retained earnings							
Total impact on the Statement of Financial Position			**(74 514)**			**(11 421)**	
Statement of Comprehensive Income							
Items included in total comprehensive income		**As previously reported**	**Adjustment**	**Restated amount**			
Amortisation of programme, film and sports rights	*(i)*	(1 934 585)	(15 499)	(1 950 084)			
Broadcast costs	*(ii)*	(518 442)	(693)	(519 135)			
Signal distribution and linking costs	*(ii)*	(668 163)	(1 646)	(669 809)			
Employee and director compensation	*(ii)*	(3 169 372)	(19 112)	(3 188 484)			
Professional and consulting fees	*(ii)*	(99 054)	(6 392)	(105 446)			
Other operating costs	*(ii)*	(631 373)	(36 057)	(667 430)			
Marketing costs	*(ii)*	(135 603)	(798)	(136 401)			
Depreciation and impairment of PPE	*(iii)*	(169 820)	9 907	(159 913)			
Other losses - loss on disposal of PPE	*(ii)*	(4 136)	7 197	3 061			
Income tax expense		74 711	-	74 711			
Total comprehensive (loss)/income for the year		**(535 509)**	(63 093)	**(598 602)**			
Impact on Opening retained earnings			(11 421)			-	
Retained earnings restated		2 155 344	(74 514)	2 082 498	2 690 729	(11 421)	2 679 308

(i)Restatements in respect of amortisation of programme, film and sports rights

The amortisation and impairment for the 2017 financial year was increased by R15 million. This was to adjust for the reversal of impairment provision which had been accounted for in error in the 2017 financial period instead of the 2016 financial period.

(ii) Restatement in respect of understatement of accruals

In 2017 accruals were understated by an amount of R49.593 million. Leave accrual was also understated by R30.256 (2016:R11.114 million). The understatement of leave accrual of R19.112 million (2016:R11.114 million) arose as a result of the Group changing its remuneration structure to a total guaranteed remuneration structure. The adjustments relate to operating expenditure incurred before the financial reporting date. Included in

(iii) Restatement in respect of depreciation of property, plant and equipment

In 2017 depreciation for the year was adjusted by R9.907 million. The adjustment arose as from the misstatement of the carrying amount of property, plant and equipment in prior financial periods.

4.7 Restatements in respect of prior period errors

	GROUP AND COMPANY	
	2017 R'000	2016 R'000
Prior Period Restatement: This provides the detail breakdown to the prior period error adjustment to property, plant and equipment		
Property Plant and Equipment		
Cost - property, plant and equipment		
Increase/(decrease) in cost of land and buildings	(5 812)	(1 808)
Increase/(decrease) in cost of broadcasting equipment	(21 098)	(16 898)
Increase/(decrease) in cost of other equipment	1 311	(6 619)
Increase/(decrease) in cost of vehicles	(812)	(811)
Increase/(decrease) in cost of capital-work-in-progress	3 449	2 931
	(22 962)	(23 205)
Accumulated depreciation - property, plant and equipment		
Decrease/(increase) in accumulated depreciation of land and buildings	283	-
Decrease/(increase) in accumulated depreciation of broadcasting equipment	22 715	6 341
Decrease/(increase) in accumulated depreciation of other equipment	4 672	720
Decrease/(increase) in accumulated depreciation of vehicles	628	368
	28 298	7 429
Total impact of errors on property plant and equipment	5 336	(15 776)

5 Property, plant and equipment

	GROUP AND COMPANY					
	Land and buildings R'000	Broadcasting equipment R'000	Other assets* R'000	Vehicles R'000	Capital-work-in-progress** R'000	Total R'000
At 31 Mar 2018						
Cost	**1 030 376**	**1 228 828**	**789 371**	**189 419**	**184 038**	**3 422 032**
Accumulated depreciation and impairment losses	**(443 407)**	**(745 492)**	**(540 521)**	**(110 136)**	**-**	**(1 839 556)**
Carrying amount	**586 969**	**483 336**	**248 850**	**79 283**	**184 038**	**1 582 476**
At 31 March 2017						
Cost	1 020 611	1 209 846	815 244	181 161	98 914	3 325 776
Accumulated depreciation and impairment losses	(428 759)	(671 088)	(523 493)	(87 332)	-	(1 710 674)
Carrying amount	591 852	538 756	291 751	93 829	98 914	1 615 102
For the year ended 31 March 2018						
Carrying amount at 1 April 2017 - restated	**591 852**	**538 756**	**291 751**	**93 829**	**98 914**	**1 615 102**
Additions	**2 636**	**7 800**	**5 218**	**2 653**	**128 702**	**147 009**
Disposals	**-**	**(11 196)**	**(366)**	**(247)**	**-**	**(11 809)**
Cost	**(24)**	**(22 998)**	**(38 589)**	**(386)**	**-**	**(61 997)**
Accumulated depreciation and impairment losses	**24**	**11 802**	**38 223**	**139**	**-**	**50 188**
Transfers from/(to) computer software and other categories	**6 330**	**22 839**	**7 888**	**5 989**	**(43 578)**	**(532)**
Cost	**7 159**	**24 554**	**8 105**	**5 991**	**(43 578)**	**2 231**
Accumulated depreciation and impairment losses	**(829)**	**(1 715)**	**(217)**	**(2)**	**-**	**(2 763)**
Depreciation charge for the year	**(13 850)**	**(74 862)**	**(55 641)**	**(22 941)**	**-**	**(167 294)**
Carrying amount at 31 March 2018	**586 969**	**483 336**	**248 850**	**79 283**	**184 038**	**1 582 476**
For the year ended 31 March 2017						
Carrying amount at 1 April 2016 - restated	538 310	361 271	295 883	34 705	249 625	1 479 794
Transfers from property held for sale to property, plant and equipment	8 161	-	-	-	-	8 161
Opening balance re-presented	546 471	361 271	295 883	34 705	249 625	1 487 955
Additions	23 339	106 279	45 481	73 826	61 361	310 286
Disposals	(394)	283	(1 116)	(436)	-	(1 663)
Cost	(463)	(36 902)	(13 561)	(1 915)	-	(52 841)
Accumulated depreciation and impairment losses	69	37 185	12 445	1 479	-	51 178
Transfers from/(to) computer software and other categories	36 052	143 151	15 907	2 211	(212 072)	(14 751)
Cost	35 919	145 603	13 540	2 225	(212 072)	(14 785)
Accumulated depreciation and impairment losses	133	(2 452)	2 367	(14)	-	33
Depreciation charge for the year	(13 418)	(67 487)	(62 535)	(16 472)	-	(159 912)
Impairment loss for the year	(198)	(4 741)	(1 869)	(5)	-	(6 813)
Carrying amount at 31 March 2017 - restated	591 852	538 756	291 751	93 829	98 914	1 615 102

** Other assets comprises computers, office furniture and fittings, musical and security equipment.*

*** Capital work-in-progress consists of property, plant and equipment that has been received or constructed, but is not yet available for use in the location and manner intended by management.*

5 *Property, plant and equipment (continued)*

Information on land and buildings

Information in respect of land and buildings is contained in the fixed property register, which is available for inspection at the registered office of the company.

Change in Accounting Estimate

IAS 16 on Property, Plant and Equipment requires the review of the residual value and the useful life of an asset at least at each financial year end. The Group revised the estimated residual values of its assets with effect from 1 April 2017. This resulted in changes in the expected usage of certain items of property, plant and equipment.

This was accounted for as a change in estimate in terms of the IAS 8. The net increase in asset useful lives had the effect of reducing the annual depreciation charge in the current and future periods as follows;

Assets Class	Depreciation before change in estimate R'000	Depreciation after change in estimate R'000	Effect of change in estimate 2018 R'000	Effect of change in estimate 2017 R'000
Land and buildings	341	104	**237**	9 966
Other assets	2 356	666	**1 690**	39 740
Technical equipment	253	65	**188**	11 537
Vehicles	-	-	**-**	6 846
Total	**2 950**	**835**	**2 115**	68 089

	GROUP AND COMPANY	
	2018 R'000	2017 R'000
Carrying amount of property, plant and equipment ceded as security		
Motor Vehicles		
Motor vehicles financed through ABSA instalment sale	**51 140**	63 925
	51 140	**63 925**
Included in capital work-in-progress are the following major projects:		
Limpopo security system upgrade	**4 451**	4 386
KwaZulu Natal ablution facilities upgrade	**692**	693
Western Cape Foyer upgrade to national key point requirements	**23**	50
Western Cape studio refurbishment	**172**	110
Lotus FM and Ukhozi FM outside broadcast vans	**3 615**	3 874
H/O lifts and escalators replacement	**3 517**	3 517
SABC access control and cctv upgrade	**3 794**	23 429
TVOB provinces studio upgrade - 24hr news	**2 895**	22
TVOB installation and certification of aerial eq	**1 811**	1 341
DTT awareness campaign	**389**	390
Motsweding studio upgrade	**2 099**	2 416
Banking host-to-host solution	**727**	180
Radio Digital production system	**35 283**	4 535
Self deploying satellite terminals replacement	**26 545**	4 832
Polokwane parking space upgrade	**18**	18
KwaZulu Natal lifts upgrade	**3 446**	888
Polokwane chiller coils replacement	**2 482**	888
Henley media integration	**13 183**	8 247
Henley multi purpose set and studio	**38 630**	14
Drama studio d3 upgrade	**3 607**	270
Auckland Park M1 studio organ upgrade	**1 030**	201
Mpumalanga drama studio and Edit facilities upgrade	**1 103**	268
UPS dual supply solution (rp and tvc)	**10 433**	9
Henley digital operations centre for DTT	**695**	52
Thohoyandou studios upgrade	**1 010**	-
Western Cape power supply (UPS) upgrade	**623**	57
Mpumalanga refurbishment of television studios	**763**	-
Henley studio 6 reinstatement - pre-implementation	**1 702**	617
Henley graphics playout machine upgrade	**904**	-
Upgrade of DTT laboratory	**3 272**	-
TV news weather system upgrade	**3 754**	-
Polokwane diesel tank replacement	**380**	3
Henley broadcast automation inter	**919**	-
Enterprise web security solution	**1 812**	-
Nelspruit broadcast centre phase II	**4 173**	4 173
Corporate storage area network	**463**	3
TVOB office block upgrade	**393**	393
Tshwane security upgrade - Hatfield	**496**	1
Henley fire detection system replacement - part fire claim	**1 347**	18 816
Other	**1 386**	14 221
	184 038	98 914

6 Investment properties

	GROUP AND COMPANY Total R'000
At 31 March 2018	
Cost	**19 631**
Accumulated depreciation	**(9 983)**
Carrying amount	**9 648**
At 31 March 2017	
Cost	18 827
Accumulated depreciation	(9 889)
Carrying amount	8 938
For the year ended 31 March 2018	
Carrying amount at 1 April 2017	**8 938**
Depreciation charge for the year	**(94)**
Transfer from Assets Under Construction	**804**
Carrying amount at 31 March 2018	**9 648**
For the year ended 31 March 2017	
Carrying amount at 1 April 2016	9 032
Depreciation charge for the year	(94)
Carrying amount at 31 March 2017	**8 938**

Fair value of investment properties

The fair values of investment properties are determined by a registered independent appraiser having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. These fair values are determined having regard to recent market transactions for similar properties in the same location as the Group's investment properties

The fair values were determined by a professional valuator, Broll Valuation and Advisory Services (Pty) Ltd, in May 2018.

Details of the Group's investment properties and information about the hierarchy as at 31 March 2018 are as follows

	Fair value at 31 March 2018 R'000
Fair value of investment properties	**68 150**

These fair valuations are considered level 3 valuations in terms of the fair value hierarchy

In determining the appropriate classes of investment property the Company has considered the nature, characteristics and risks of its properties as well as the level of the fair value hierarchy within which the fair value measurements are categorised. Management have considered the real estate segment (land, residential, and office building) and the level of the fair value hierarchy.

Information on investment properties

Investment properties comprise a commercial property leased to a third party, vacant buildings and vacant land. Information in respect of investment properties is contained in the register of fixed property which is available for inspection at the registered office of the Group

Rental income earned on investment property and direct operating expenses such as maintenance and repairs relating investment properties are disclosed under operating leases Note 37.

Additional Disclosures	**2018 R'000**	**2017 R'000**
Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the period.	**128**	970

7 Intangible assets

(i) Computer software

	GROUP AND COMPANY Total R'000
At 31 March 2018	
Cost	**430 246**
Accumulated amortisation and impairment losses	**(313 846)**
Carrying amount	**116 400**
At 31 March 2017	
Cost	459 004
Accumulated amortisation and impairment losses	(295 189)
Carrying amount	163 815
For the year ended 31 March 2018	
Carrying amount at 1 April 2017	163 815
Additions	1 699
Transfers in	(271)
Cost	(3 034)
Accumulated amortisation	2 763
Retirements	(2 196)
Cost	(26 772)
Accumulated amortisation	24 576
Amortisation charge for the year	(46 647)
Impairment charge for the year	-
Carrying amount at 31 March 2018	116 400
For the year ended 31 March 2017	
Carrying amount at 1 April 2016	189 927
Additions	12 801
Transfers in	13 485
Cost	13 530
Accumulated amortisation	(45)
Retirements	(50)
Cost	(2 342)
Accumulated amortisation	2 292
Amortisation and impairment charge for the year	(52 229)
Adjustments identified during clean-up project and brought onto the asset register	(119)
Carrying amount at 31 March 2017	163 815

	GROUP AND COMPANY 2018 R'000	2017 R'000
Amortisation reconciliation to profit and loss		
Amortisation charge for the year as stated in the Note (above)	(46 647)	(52 229)

Change in Accounting Estimate

IAS 36 on Intangibles requires the review of the residual value and the useful life of an asset at least at each financial year end. The Group revised the estimated residual values of its assets with effect from 1 April 2017. This resulted in changes in the expected usage of certain computer software.

This was accounted for as a change in estimate in terms of the IAS 8 in 2018. The net increase in asset useful lives had the effect of reducing the annual depreciation charge in the current and future periods as follows;

Assets Class	Amortisation before change in estimate	Amortisation after change in estimate	Effect of change in estimate
	R'000	R'000	R'000
Software	4 511	1 221	3 290

7 Intangible assets (continued)

(ii) Programme, film and sports rights

	GROUP AND COMPANY				
	Acquired pro-gramme and film rights R'000	Acquired Sports Rights R'000	Originated programme and film rights R'000	Work-in-progress R'000	Total R'000
At 31 March 2018					
Cost	**727 255**	**1 519 891**	**2 997 498**	**426 820**	**5 671 464**
Accumulated amortisation and impairment losses	**(581 965)**	**(1 292 334)**	**(2 994 858)**	**(45 834)**	**(4 914 991)**
Carrying amount	**145 290**	**227 557**	**2 640**	**380 986**	**756 473**
At 31 March 2017					
Cost	593 944	996 989	1 976 273	471 829	4 039 035
Accumulated amortisation and impairment losses	(446 420)	(887 791)	(1 936 324)	-	(3 270 535)
Provision for programme, film and sports rights					
Carrying amount	**147 524**	**109 198**	**39 949**	**471 829**	**768 500**
For the year ended 31 March 2018					
Carrying amount at 1 April 2017	147 524	109 198	39 949	471 829	768 500
Additions	215 233	522 901	-	1 036 170	1 774 304
Transfers	-	-	1 081 180	(1 081 180)	-
Cost adjustment relating to derecognised assets	-	-	(10 547)	-	(10 547)
Amortisation charge for the year	(215 840)	(404 542)	(1 093 647)	-	(1 714 029)
Impairment charge for the year	(1 627)	-	(14 295)	(45 833)	(61 755)
Derecognition	-	-	-	-	-
Cost	(81 921)	-	(49 406)	-	(131 327)
Accumulated amortisation and impairment	81 921	-	49 406	-	131 327
Carrying amount at 30 March 2018	**145 290**	**227 557**	**2 640**	**380 986**	**756 473**
For the year ended 31 March 2017					
Carrying amount at 1 April 2016	300 739	83 683	34 351	353 838	772 611
Additions	185 911	596 556	-	1 177 926	1 960 392
Transfers	-	-	1 059 935	(1 059 935)	-
Cost adjustment relating to derecognised assets	-	(5 471)	(6 299)	-	(11 770)
Amortisation charge for the year	(336 508)	(565 266)	(1 048 311)	-	(1 950 084)
Impairment charge for the year	(2 618)	(304)	273	-	(2 649)
Carrying amount at 31 March 2017	**147 524**	**109 198**	**39 949**	**471 829**	**768 500**

The SABC has an archive of original commissioned content that has been fully amortised and carried at nil value. These assets were produced at a cost of R2.4 billion.

8 Defined benefit asset

The Group's Pension Fund is a funded defined benefit pension fund, that is registered and governed in terms of the Pension Funds Act, No. 24 of 1956 and Pension Funds Second Amendment Act, No. 39 of 2001. It provides pension fund benefits for all its members in the form of a guaranteed level of pension payable for life. The financial position of the fund is examined and reported upon by the Fund's valuator at intervals not exceeding three years. The last statutory valuation of the Fund was performed at 31 December 2014, in which the valuator reported that the Fund was in a sound financial position subject to the continuation of the current contribution rates, and that its assets exceeded its liabilities.

The level of benefits provided depends on members' length of service and their final salary in the final years leading up to retirement. Pension increases are defined in the rules of the fund where increases will be the lesser of 100% of Headline inflation to the preceding 31 March; or the percentage increase that can be afforded out of investment earnings. The Trustees may grant increases in excess of the above mentioned provided that the funding level in the Pensions Account does not reduce to below 114%. The governance of the Fund is a joint responsibility of the Board of Trustees and the Group. The Board of Trustees must be composed of representatives of the Group and Fund members in accordance with regulations and the rules of the Fund.

8 *Defined benefit asset (continued)*

The defined benefit pension plan is actuarially valued annually at year end using the Projected Unit Credit Method for the financial statements. These valuations are performed by actuaries and the results are as follows:

	GROUP AND COMPANY	
	2018 R'000	**2017 R'000**
Opening balance	**1 333 672**	805 420
Actuarial gain/(loss) recognised in other comprehensive income	**(534 283)**	498 396
Amounts recognised in profit or loss	**(226 561)**	(228 511)
Employer contributions	**280 044**	258 367
Closing balance	**852 872**	1 333 672
The amounts recognised in the statement of financial position are determined as follows:		
Present value of funded obligations	**(11 607 791)**	(10 952 377)
Fair value of plan assets	**12 460 663**	12 286 049
Asset recognised in the statement of financial position	**852 872**	1 333 672
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	**10 952 377**	11 345 970
Current service cost	**340 349**	367 412
Interest cost	**1 121 309**	1 099 913
Actuarial (gain)/loss	**449 644**	(982 126)
Benefits paid	**(1 357 723)**	(972 744)
Employee contributions	**101 835**	93 952
Closing defined benefit obligation	**11 607 791**	10 952 377
Changes in the fair value of plan assets are as follows:		
Fair value of plan assets at the beginning of the year	**12 286 049**	12 151 390
Employee contributions	**101 835**	93 952
Employer contributions	**280 044**	258 367
Benefit payments	**(1 357 723)**	(972 744)
Expected return on plan assets	**(84 639)**	(483 730)
Interest income	**1 235 097**	1 238 814
Fair value of plan assets at the end of the year	**12 460 663**	12 286 049
The amounts recognised in profit or loss are determined as follows:	**(226 561)**	(228 511)
Current service cost	**(307 718)**	(342 276)
Expenses	**(32 631)**	(25 136)
Interest income / (cost)	**113 788**	138 901
Items recognised in a statement of other comprehensive income are determined as follows:	**(534 283)**	498 396
Actuarial gain/ (loss)	**(449 644)**	982 126
Expected return on plan assets	**(84 639)**	(483 730)
Net periodic pension charge	**(760 844)**	269 885

The principal actuarial assumptions at the reporting date (expressed as weighted averages) are as follows:

	GROUP AND COMPANY	
	2018 %	**2017 %**
Discount rate at 31 March	**9,18**	10,04
Inflation	**6,05**	6,89
Future salary increases	**7,55**	8,39
Future pension increases	**6,05**	6,89

8 Defined benefit asset (continued)

Plan assets comprise:	2018 R'000	2018 %	2017 R'000	2017 %
Domestic equity	**6 554 309**	**52,6**	7 285 627	59,3
Bonds	**2 230 459**	**17,9**	1 990 340	16,2
Cash	**510 887**	**4,1**	307 151	2,5
Property	**436 123**	**3,5**	-	-
Foreign assets	**2 728 885**	**21,9**	2 702 931	22,0
	12 460 663	**100,0**	12 286 049	100,0

	GROUP AND COMPANY				
	2018 R'000	2017 R'000	2016 R'000	2015 R'000	2014 R'000
Defined benefit obligation	**(11 607 791)**	(10 952 377)	(11 345 970)	(11 568 216)	(9 881 401)
Plan assets	**12 460 663**	12 286 049	12 151 390	11 643 651	10 037 058
Surplus	**852 872**	1 333 672	805 420	75 435	155 657

The defined benefit pension plan typically exposes the Group to actuarial risks such as:

Market discount rate risk	The risk that discount rates determined from the market is lower in the future and therefore a higher pension benefit obligation impacts the balance.
Inflation risk	The risk that future CPI inflation is higher than assumed and that it is sporadic and uncontrolled. Such increased uncertainties make the qualification of the inflation risk premium more difficult, leading to a greater uncertainty around the long-term value of the obligation
Longevity risk	The risk that the pensioners live longer than expected exposing the Group to pay the obligation for longer than anticipated increasing the actual long-term cost of the obligation.
Risk on non-enforcement of eligibility criteria and rules	The risk that the eligibility criteria and benefit rules set out by the Group are not strictly adhered to, leading to a greater and wider contractual obligation, and cost than intended.
Risk of future changes in legislation and regulation	The risk that changes in legislation, regulations and generally accepted accounting practice (specifically IAS 19R) and the methodology prescribed to value the benefit may lead to an increase in the value of the liability.
Industrial and labour relation risks from dissatisfied non-eligible employees	The risk that ineligible employees perceive themselves to be excluded unfairly from the post-retirement defined benefits and demand to be inclusion in the benefit scheme.
Mismatch risk	The risk that the growth and proceeds from plan assets do not match the nature and terms of the obligation payments required, and therefore that the Group will be required to fund shortfall, increasing overall costs.
Currency risk	The risk that offshore assets being exposed to negative currency movements, and therefore increases the overall actuarial risk of the Group not being able to meet the liability.

Sensitivity Analysis

Reasonable possible changes in one of the significant actuarial assumptions at the end of the reporting period, keeping all other assumptions constant, would have the following effect on the defined benefit obligation as displayed below:

Inflation (pension and salary increase rates)	**1% decrease** (9 537 911)	**Base (6.05%)** (11 607 791)	**1% increase** (12 858 717)
Discount rate	**1% decrease** (13 041 664)	**Base (9.18%)** (11 607 791)	**1% increase** (9 527 366)
Post-retirement mortality improvements	**no improvement** (11 014 068)	**Base (0.5% improvement)** (11 607 791)	**1% improvement** (11 436 403)

Sensitivity of the Net Position to actual membership exits between 1 January 2018 and 31 March 2018 (R'000)	2017 Original/using 31 Dec 2016 Data R'000	2017 Updated R'000
Defined Benefit Obligation	(11 729 854)	(11 607 791)
Plan Assets	12 582 726	12 460 663
Net Position	852 872	852 872

Although the plan does not take into full account the distribution of the cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

The SABC has assumed that all the active members will have eligible spouses at retirement. This assumption was set in line with the last statutory valuation of the fund.

9 Investments in subsidiaries

Shares at cost	Nature of business	Issued share capital (number)	% Held	COMPANY 2018 R'000	COMPANY 2017 R'000
SABC Airwave Travel (Proprietary) Limited *	Travel agency	2	100	**- ***	- *
SABC Foundation (Non-profit organisation)	Corporation Social Investment		100	**1 761**	1 761
Shares at cost				**1 761**	1 761

**Shares at cost of R1*

**SABC Airwave Travel (Pty) Limited is in the process of being liquidated. The regulatory approvals are being finalised by the National Treasury*

10 Available-for-sale financial assets

	GROUP AND COMPANY 2018 R'000	GROUP AND COMPANY 2017 R'000
(a) Fair value hierarchy (refer to note 2.6.3)		
The available for sale assets listed below are analysed by hierarchy levels defined as follows:		
Level 1: Quoted prices in active markets for identical assets		
Level 1		
Sanlam shares		
Listed - 143 257 (2017 : 143 257) Sanlam Limited		
Balance on 1 April	**9 652**	9 812
Fair value adjustment recognised in the statement of other comprehensive income	**2 568**	(160)
	12 220	9 652

11 Prepayments

	2018	2017
Programme, film and sports rights	**79 444**	3 239
Software licences	**9 245**	27 984
Other - commercial utilities	**10 776**	11 907
	99 465	43 130
Less: Current portion	**(82 953)**	(38 469)
Non-current portion	**16 512**	4 661

12 Consumables

	GROUP AND COMPANY 2018 R'000	GROUP AND COMPANY 2017 R'000
Merchandise and consumables	**5 608**	5 570
Provision for obsolescence	**(246)**	(269)
	5 362	5 301

13 Trade and other receivables

	GROUP 2018 R'000	GROUP 2017 R'000	COMPANY 2018 R'000	COMPANY 2017 R'000
Trade receivables - gross	**712 477**	880 027	**712 477**	880 027
Less: allowance for doubtful debts	**(30 532)**	(64 117)	**(30 532)**	(64 117)
Trade receivables - net	**681 945**	815 910	**681 945**	815 910
Other receivables	**118 549**	6 120	**152 466**	24 137
	800 494	822 030	**834 411**	840 047

14 Cash and cash equivalents

	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Bank balances	**32 075**	35 701	**28 627**	31 719
Government Grant restricted cash (ii)	**8 233**	8 234	**8 233**	8 234
SABC Community Radio bank balances (iii)	**208**	207	**208**	207
Short term deposits	**90 000**	37 600	**90 000**	37 600
	130 516	81 742	**127 068**	77 760

(i) The Government Grant is related to the technology plan for the migration of the SABC from analogue to digital technology (refer to note 19).
(ii) The SABC Community Radio bank account relates to funds received from the DoC for Community Radio stations.

15 Share capital

	GROUP AND COMPANY	
	2018 R'000	2017 R'000
Share capital - Authorised and issued		
1 000 ordinary shares of R 1 each	1	1

16 Fair value adjustment reserve

	2018	2017
Opening balance at 1 April	**8 133**	8 257
Gain / (Loss) on revaluation of available-for-sale financial asset	**1 993**	(124)
Closing balance at 31 March	**10 126**	8 133

The fair value adjustment reserve relates to fair value adjustments of available-for-sale financial assets until the assets are derecognised.

17 Government debt instrument

	2018	2017
Non-current portion	**17 401**	20 798
Perpetual debt	**14 913**	14 913
Redeemable long-term portion	**2 488**	5 885
Current portion	**3 397**	6 592
Permanent capital non-redeemable debt	**20 798**	27 390

On 1 February 1972, the Company's shareholder converted a long-term loan into non redeemable capital. The permanent capital was previously not repayable. The National Treasury on 7 November 2016 provided the SABC with an approval to redeem a portion of the perpetual debt amounting to R12.477 million over three years. At the beginning of the 2017/18, R6.592 million was redeemed, R3.397 million will be redeemed in 2018/19 and a scheduled final instalment of R2.488 million in 2019/20 financial period.

In terms of the Exchequer Act, No. 66 of 1975, as amended, interest is payable, at a rate of 6.5% per annum on the outstanding capital amount. The instrument represents a financial liability (in the form of perpetual debt) under IAS 32 - Financial Instruments: Presentation, because of the underlying obligation to deliver cash in the form of future interest payments to the Company's shareholder.

18 Loans and borrowings

	GROUP AND COMPANY		
	2018 R'000		2017 R'000
Secured*	Balance	Cash flows	Balance
ABSA instalment sale facility for vehicles payable over five years bearing interest at 9.00% per annum. The contract was entered into on 20 October 2015. The instalment sale is repayable in monthly payments of R1,1million with a final balloon payment due in July 2021.			
Lease liabilities	**44 647**	(11 872)	56 519
Less: Current portion transferred to current liabilities	**(13 231)**	-	(13 231)
Non-current portion	**31 416**	(11 872)	43 288

* *secured assets are reflected on note 5*

	GROUP AND COMPANY 2018			GROUP AND COMPANY 2017		
	Minimum lease payments R'000	Interest R'000	Principal R'000	Minimum lease payments R'000	Interest R'000	Principal R'000
Finance lease liabilities:						
Instalment sale liabilities:						
Less than one year	16 473	3 242	13 231	17 774	4 543	13 231
Later than one year but not later than five years	34 521	3 105	31 416	49 850	6 562	43 288
Total	50 994	6 347	44 647	67 624	11 105	56 519

19 Deferred government grant

	GROUP AND COMPANY 2018 R'000	2017 R'000
Balance on 1 April	**328 567**	400 326
Amounts received during the year:	**172 690**	181 742
Amount received during the year for community radio stations	**-**	10 324
Amounts received during the year for Education projects	**124 545**	119 147
Amounts received during the year for Channel Africa projects	**48 145**	52 271
Amount recognised in profit or loss (including amortisation and depreciation of assets acquired with the grant) (see note 25).	**(186 830)**	(253 501)
Balance on 31 March	**314 427**	328 567
Less: Current portion	**(110 852)**	(85 199)
Non-current portion	**203 575**	243 368

In February 2005, the DoC and National Treasury committed an amount of R700 million including VAT to the Company over a period of five years, in order to facilitate the Company's migration from analogue to digital technical infrastructure. Additional amounts were contributed by the Departments during 2010/11 (R150 million including VAT), 2013/14 (R76 million including VAT) and 2014/15 (R62 million including VAT). The total amount of grant funding for digital technical infrastructure received to date is R988 million since 2005.

20 Deferred tax

The Group has not recognised a deferred tax asset as management considers that it is not probable that the Group will generate taxable income in the near future to utilise the deferred tax asset. In the event that the Group returns to profitability, it will have a deferred tax asset of R 783m available for future utilisation.

Deferred tax not recognised is attributable to the following:

	GROUP AND COMPANY 2018 R'000	2017 R'000
Deferred tax liabilities		
Property, plant and equipment	**(67 130)**	(47 755)
Defined benefit asset	**(238 804)**	(373 428)
Programme, film and sports rights	**-**	-
Available-for-sale financial assets	**(2 478)**	(1 902)
Doubtful debt allowance - non TV licences	**(1 501)**	(2 920)
Doubtful debt allowance -TV licences	**(2 125 989)**	(1 426 851)
Amounts accrued not received-TV licences - prior year		
Prepayments	**(412)**	(3 725)
Operating lease receivable	**(242)**	(284)
Section 24C	**(23 066)**	(16 836)
Prior year - TV licences	**-**	-
Total liabilities	**(2 459 622)**	(1 873 701)
Deferred tax assets		
Programme, film and sports rights	**(2 424)**	(438)
Inventory	**-**	-
Variable remuneration	**61 148**	66 530
Straight-lining of operating leases	**338**	317
PRMA	**306 927**	276 968
Deferred income	**41 503**	40 449
Other payables and provisions	**153 692**	141 552
Amounts accrued not received-TV licences	**2 128 542**	1 431 569
Donations deductible in future	**9 712**	6 564
Tax Loss	**543 968**	295 655
Total assets	**3 243 406**	2 259 166
Total deferred tax	**783 784**	385 465
Deferred tax attributable to:		
Cumulative tax loss not recognised	**(543 968)**	(295 655)
Timing differences - profit or loss	**(239 816)**	(259 749)
Timing differences - other comprehensive income	**-**	169 939
Closing balance of deferred tax recognised	**-**	-

20 Deferred tax (continued)

All movements in the temporary differences described above, have been recognised in profit or loss and other comprehensive income, as follows:

	GROUP AND COMPANY	
	2018 R'000	2017 R'000
Deferred tax liability on 1 April	**-**	428 375
Prior year end adjustment-assessed loss	**126 616**	53 246
Deferred tax recognised in profit and loss	**6 526**	(221 872)
Current year loss	**144 808**	295 655
Deferred Tax loss not recognised	**(144 808)**	(295 655)
Deferred Tax on prior year loss	**(103 720)**	
Deferred tax on prior year loss not recognised	**103 720**	-
Deferred tax recognised in the statement of other comprehensive income	**-**	(169 939)
Timing differences not recognised - profit or loss	**(133 142)**	(259 749)
Timing differences not recognised- other comprehensive income	**-**	169 939
Deferred tax on 31 March	**-**	-
Opening tax loss	**1 055 910**	156 346 63
current year created (income)/loss	**517 172**	899 563
Over/under	**370 430**	-
Un-utilised from prior periods	**-**	-
Available for utilisation in future years	**1 943 512**	1 055 910

The deferred tax asset in relation to TV licence gross income (section 1 of the Income Tax Act No. 58 of 1962) and the deferred tax liability in relation to the application of section 11(j) of the Income Tax Act No. 58 of 1962) is based on the best estimate as at 31 March 2018 and is subject to South African Revenue Service approval.

The Group has not recognised a deferred tax asset in respect of assessed loss as management considers that it is no longer probable that the Group will generate taxable income to utilise the deferred tax asset. In the event that the Group returns to profitability, it will have a deferred tax asset of R 546 million for future utilisation.

21 Employee benefits obligation

	GROUP AND COMPANY	
	2018 R'000	2017 R'000
Non-current statement of financial position obligations for:		
Post-employment medical benefits*	**1 096 169**	989 173
Leave pay	**6 476**	7 746
Long service awards	**62 162**	58 397
	1 164 807	1 055 316
Current statement of financial position obligations for:		
Employee incentive	**37 070**	35 648
Leave pay	**175 238**	174 634
Long service award	**6 512**	8 362
	218 821	218 644
Total Statement of Financial Position obligations for employee benefits	**1 383 627**	1 273 960
Statement of Profit and Loss (See also note 27):		
Post-employment medical benefits	**112 519**	121 175
Leave pay	**83 847**	36 649
Long service awards	**10 869**	11 039
	207 235	168 863

Post-employment medical benefits

**This balance includes an amount of R2.9 million, which arose as a result of an ex employee instituting a claim against the SABC for post employment medical benefits.*

The Group provides a varying subsidy towards medical aid contributions payable by employees who elect to remain on the medical aid scheme after retirement. This subsidy is unfunded and is provided for based on actuarial valuations performed annually. The valuation assumes a varying subsidy of 60%; 75% and 100% consistent with the 2016 valuation scenario. The plan is only open to employees who joined SABC before 1 June 2002. There are different levels of post-employment subsidy namely; staff who retired between 1979 and 31 March 1990 with past service greater than 5 years, receive a 100% medical aid subsidy from SABC; staff who retired between 1979 and 31 March 1990 with past service of less than 5 years receives a 75% medical aid subsidy from SABC; staff who retired from 1 April 1990 and thereafter receives a 60% subsidy. Not all in receipt of a post-employment subsidy are retired on SABC Pension Fund; there are a select group of Non-Pensioner Retirees whom qualified for post-employment subsidies. The method of accounting, significant assumptions and the frequency of the valuation are similar to those used for the defined benefit pension scheme as set out with the addition of the Healthcare cost inflation of 7,68%.

21 Employee benefits obligation (continued)

The amount recognised in the Statement of Financial Position is determined as follows:

	GROUP AND COMPANY	
	2018 R'000	**2017 R'000**
Present value of unfunded obligations		
Post-employment medical benefits	**1 096 169**	989 173
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	**989 173**	1 016 088
Current service cost	**15 914**	20 283
Interest cost	**96 605**	103 629
Subsidy payments	**(47 043)**	(45 181)
Actuarial gain/loss	**41 520**	(105 646)
Closing defined benefit obligation	**1 096 169**	989 173
The amount recognised in profit or loss is determined as follows:	**112 519**	123 912
Current service cost	**15 914**	20 283
Interest cost	**96 605**	103 629
The amount recognised in other comprehensive income is determined as follows:		
Actuarial gain/(loss) on post employment medical benefits	**41 520**	(105 646)
Total, included in employee compensation and benefit expenses, including items recognised in other comprehensive income	**154 039**	18 266
The principal actuarial assumptions at the reporting date (expressed as weighted averages) are as follows:		
Discount rate at 31 March	**9,35%**	10,35%
Medical inflation rate per annum	**7,68%**	8,77%
Take-up rate by retired employees	**30,00%**	30,00%

	GROUP AND COMPANY				
	2018 R'000	**2017 R'000**	**2016 R'000**	**2015 R'000**	**2014 R'000**
Post employment medical benefits obligation	**(1 096 169)**	(989 173)	(1 016 088)	(1 074 812)	(927 451)

Sensitivity Analysis

Healthcare cost inflation	**1% decrease** (965 311)	**Base (7.68%)** (1 096 169)	**1% increase** (1 241 766)
Discount rate	**1% decrease** (1 240 749)	**Base (9.35%)** (1 096 169)	**1% increase** (968 215)
Post-retirement mortality improvements	**no age rating** (1 052 610)	**Base (1 year age rating)** (1 096 169)	**2 year age rating** (1 129 332)

The above sensitivity analysis is based on a change in one of the significant actuarial assumptions at the end of the reporting date, keeping all other assumptions constant. When calculating the sensitivity of the employee benefits obligation to the significant actuarial assumptions the projected unit credit method has been applied.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Long service awards

The Group provides long service awards to its employees on 5 year continuous service intervals; it starts from 5 years of service to 45 years of service. These awards are unfunded and are provided for based on actuarial valuations performed annually. These awards consists of a cash portion as well as a gift portion, where continuous service reach 30 years and more; 5 days of long service leave is also granted and for each subsequent 5 year interval. To determine the present value of the obligation the Projected Unit Credit Method is used.

21 Employee benefits (continued)

The amount recognised in the Statement of Financial Position is determined as follows:

	GROUP AND COMPANY	
	2018 R'000	2017 R'000
Present value of unfunded obligations		
Long service awards	**68 674**	66 758
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	**66 758**	67 874
Current service cost	**4 766**	4 907
Interest cost	**6 103**	6 132
Benefit payments	**(5 143)**	(9 143)
Actuarial (gain)/ loss	**(3 810)**	(3 012)
Closing defined benefit obligation	**68 674**	66 758
The amount recognised in profit or loss is determined as follows:	**10 869**	11 039
Current service cost	**4 766**	4 907
Interest cost	**6 103**	6 132
The amount recognised in other comprehensive income is determined as follows:		
Actuarial gain	**(3 810)**	(3 012)
Total, included in employee compensation and benefit expenses, including items recognised in other comprehensive income	**7 059**	**8 027**

The principal actuarial assumptions in respect of long service awards at the reporting date (expressed as weighted averages) are as follows:

	%	%
Discount rate at 31 March	**8,90%**	9,79%
Rate of salary increase	**7,35%**	8,13%

	GROUP AND COMPANY			
	2018 R'000	2017 R'000	2016 R'000	2015 R'000
Long service award obligation	**(68 674)**	(66 758)	**(67 874)**	(70 983)

Sensitivity Analysis

Salary Inflation	**1% decrease** (65 075)	**Base (CPI + 2%)** (68 674)	**1% increase** (71 862)
Discount rate	**1% decrease** (74 333)	**Base (CPI + 2%)** (68 674)	**1% increase** (63 055)

The above sensitivity analysis are based on a change in one of the significant actuarial assumptions at the end of the reporting date, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption at the valuation date.

Employee long-term leave pay

Certain of the Group's employee incentive programmes and employee leave arrangements provide for benefits not payable wholly within twelve months after the reporting date. These arrangements are therefore classified as 'other long-term employee benefits' and the liabilities in respect thereof are measured on the same basis as the Group's obligations in respect of its post-employment benefit plans, with certain simplified assumptions. The liability in respect of employee incentives also requires certain assumptions regarding the Group's future performance.

The principal actuarial assumptions in respect of long-term leave pay at the reporting date (expressed as weighted averages) are as follows:

	GROUP AND COMPANY	
	2018 %	2017 %
Discount rate at 31 March	**8,9%**	8,2%
Rate of salary increase	**7,4%**	7,1%

22 Trade and other payables

	GROUP		COMPANY	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Trade payables				
- local	**388 048**	225 335	**388 048**	223 652
- foreign	**13 158**	890	**13 158**	890
Other payables*	**191 310**	152 338	**191 345**	152 338
Accruals	**416 055**	210 316	**415 924**	210 184
Programme, film and sports rights related trade accruals	**109 174**	117 738	**109 174**	117 738
	1 117 746	706 617	**1 117 650**	704 802

**included in other payables is VAT and payroll related payables.*

23 Deferred income

	GROUP AND COMPANY	
	2018 R'000	2017 R'000
Income and programme sponsorships received in advance	-	15 396
	-	15 396

24 Provisions

	Legal Claims*	Employee benefits**	Other***	Total
Balance at 1 April 2017	187 163	-	94 591	281 754
Provisions reversed during the year	-	-	-	-
Provisions utilised during the year	-	-	(5 106)	(5 106)
Provisions raised during the year	28 964	125 830	9 130	163 924
Balance at 31 March 2018	**216 127**	**125 830**	**98 615**	**440 572**

*Legal claims against the SABC were instituted by various individuals/institutions and a provision has been raised in that regard. Certain of these matters are before the courts and others the Group is attempting to settle out of court. Management estimates the potential outcome of these legal claims based on the most objective evidence on hand from internal and external legal advisors until such time that ultimate legal resolution has been finalised. Refer to note 3.1 for basis of estimates and assumptions in determining any provision raised.

**During the year, a group of employees had been suspended from their duties for alleged fraudulent actions relating to medical aid claims. The process to suspend them was subsequently deemed procedurally unfair and the provision relates to compensation that may be due to them. The cost is expected to be incurred in the next 12 months. The provision has not been discounted as the effect of discounting is immaterial.

***other provisions include provisions for royalties of R38.7million. A dispute exist with a supplier over contravention of software licence agreements and the supplier is seeking damages of R53 million. The remaining other provisions totalling R5,7 million relate to operating expenditures that is expected to be incurred in the next 12 months.

25 Revenue

	GROUP AND COMPANY	
	2018 R'000	2017 R'000 Restated*
Total advertising revenue	**4 780 876**	4 710 531
Advertising	**4 711 772**	4 632 119
Trade exchanges (non-monetary exchanges)	**69 103**	78 412
Business enterprise and facilities revenue	**27 570**	23 246
Sponsorships	**392 597**	383 814
License fees*	**941 395**	915 090
Total licence fees billed during the year	**3 378 175**	1 931 631
Less fees that do not meet the recognition criteria	**(2 436 780)**	(1 016 541)
Mobile and other revenue	**6 757**	4 224
Programme rights exploitation revenue	**92 478**	97 862
Channel carriage fees revenue	**149 952**	148 100
Revenue from contracts with customers	**6 391 624**	6 282 867
Revenue recognised from government grants	**186 830**	253 501
Total Revenue	**6 578 454**	6 536 368

25.1 Disaggregation of revenue from contracts with customers

All the revenue earned by the Group derives from the transfer of services at a point in time in the following major service lines:

	2018 R'000	2017 Restated* R'000
Revenue from external customers		
Advertising	**4 780 876**	4 710 531
Business enterprise and facilities revenue	**27 570**	23 246
Sponsorships	**392 597**	383 814
License fees*	**941 395**	915 090
Programme rights exploitation revenue	**92 478**	97 862
Channel carriage fees revenue	**149 952**	148 100
Other revenue including mobile platforms	**6 757**	4 224
	6 391 624	6 282 867

*At each annual renewal date, a licence holder is billed their prescribed annual licence fee in terms of legislation. Due to the high levels of fee payment evasion by licence holders, the Group assesses the probability of receiving the licence fees on an individual account basis. Where the timing and amount of receipt cannot be reliably measured and receipt is not considered probable, the revenue is not recognised.

25.2 Contract liabilities

	2018 R'000	2017 Restated* R'000
Contract liability - TV licences received in advance	**26 340**	25 458
Contract liability - Sponsorship revenue received in advance	**16 318**	15 396
Contract liability - advertising contracts in advance	**23 189**	28 082
Total contract liabilities	**65 847**	68 936

Contract liability relates to payments received in advance of performance under a contract. Contract liabilities are recognised as revenue as (or when) the SABC fulfils performance obligations under the contract

(i) Significant change in contract assets and liabilities

	2018 R'000 Contract liabilities	2017 * Restated R'000 Contract liabilities
Revenue recognised that was included in contract liability at beginning of period	**(68 936)**	(43 248)
Increase due to cash received, excluding amounts recognised as revenue during the period	**65 847**	68 936
	(3 089)	25 688

All consideration from contracts with customers is included in the amounts of contract liabilities presented above. Contract liabilities are all expected to recognised in revenue in 12 months succeeding the financial year end.

The group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less

The group applies the practical expedient in paragraph C5 (c) of IFRS 15 and does not disclose the amount of the transaction price allocated to the remaining performance obligations and when revenue is expected to be recognised as revenue in 2016 for initial IFRS 15 application.

(ii) Revenue recognised in relation to contract liabilities

	GROUP AND COMPANY	
The following table below shows how much of the revenue recognised in the current period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in the prior year.	2018 R'000	2017 * Restated R'000
Revenue recognised that was included in the contract liability balance at the beginning of the period:		
: Advertising revenue	**25 458**	11 672
: Licence fees	**28 082**	31 576
: Sponsorship revenue received in advance	**15 396**	
No revenue was recognised from performance obligations satisfied in previous periods.		
	68 936	43 248

26 Other income

	GROUP		COMPANY	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Rental income	**9 884**	8 909	9 884	8 909
Travel commission	**2 577**	3 851	2 577	3 851
Insurance pay-outs	**-**	1 907	-	1 907
Event sponsorships and other	**21 806**	6 510	20 305	6 510
Management fees	**14 478**	13 767	14 478	13 767
	48 744	34 944	47 243	34 944

27 Employee and directors compensation and benefit expense

	GROUP AND COMPANY	
	2018 R'000	2017 R'000
Cost of Employment	**2 664 035**	2 791 110
Long-service Awards	**10 869**	11 039
Defined benefit pension fund recognised in profit or loss	**228 511**	228 511
Post-employment medical benefits	**112 519**	121 175
Leave pay	**83 847**	36 649
Total amounts recognised in profit or loss	**3 099 781**	3 188 484
Items recognised in other comprehensive income:	**571 993**	(607 054)
Actuarial (gain)/ loss- Post-retirement medical aid liability	**41 520**	(105 646)
Actuarial (gain)/ loss - Pension fund defined benefit	**449 644**	(982 126)
Actuarial(gain)/ loss - Long service awards	**(3 810)**	(3 012)
Expected return on plan assets	**84 639**	483 730
	3 671 774	2 581 430

Included in these amounts are directors' emoluments which are disclosed in more detail in note 40.

28 Professional and consulting fees

	GROUP 2018 R'000	GROUP 2017 R'000	COMPANY 2018 R'000	COMPANY 2017 R'000
Audit fees	**24 323**	16 153	**24 323**	16 152
Consulting fees	**65 624**	89 543	**49 119**	89 294
Managerial	**33 509**	42 366	**17 003**	42 116
Technical	**32 115**	47 177	**32 116**	47 178
	89 947	105 696	**73 442**	105 446

29 Other expenses

	GROUP 2018 R'000	GROUP 2017 R'000	COMPANY 2018 R'000	COMPANY 2017 R'000
Other expenses include the following charges:				
Operating lease charges	**19 665**	21 578	**19 665**	21 578
Buildings	**17 277**	15 267	**17 277**	15 267
Equipment	**2 323**	6 311	**2 323**	6 311
Vehicles	**65**	-	**65**	-
Legal claim provision raised / (reversed)	**9 130**	24 187	**9 130**	24 187
Consumables - (reversal) / write down to net realisable value	**(23)**	108	**(23)**	108

30 Other losses

	GROUP 2018 R'000	GROUP 2017 R'000	COMPANY 2018 R'000	COMPANY 2017 R'000
Loss on sale of property, plant and equipment (refer to note 35)	**(11 180)**	3 061	**(11 180)**	3 061

31 Net financing gain

	GROUP 2018 R'000	GROUP 2017 R'000	COMPANY 2018 R'000	COMPANY 2017 R'000
Interest received from banking institutions	**22 366**	37 325	**22 310**	37 255
Net foreign exchange gain on monetary items	**23 430**	2 494	**23 430**	2 494
Interest income	**45 796**	39 819	**45 740**	39 749
Dividend received	**423**	390	**423**	390
Finance income	**46 219**	40 209	**46 163**	40 139
Interest paid	**(32 106)**	(7 878)	**(32 106)**	(7 878)
Independent third parties	**(24 946)**	(632)	**(24 946)**	(632)
Shareholder - permanent capital	**(1 352)**	(1 780)	**(1 352)**	(1 780)
Finance leases	**(5 808)**	(5 466)	**(5 808)**	(5 466)
Foreign exchange gain/ (loss)	**(1 046)**	(5 269)	**(1 046)**	(5 269)
Finance expenses	**(33 152)**	(13 147)	**(33 152)**	(13 147)
Net financing gain	**13 067**	27 062	**13 011**	26 992

32 Income tax expense

	GROUP		COMPANY	
	2018 R'000	**2017 R'000**	**2018 R'000**	**2017 R'000**
Income tax recognised in profit or loss				
Current tax expense	**11**	-	**-**	-
Prior year adjustment	**-**	(335 346)	**-**	(333 761)
Over (Under) -prior year	**(10 899)**		**(10 899)**	
Over (Under) derecognised	**10 899**		**10 899**	
Current year-temporary difference	**11 274**	178 600	**6 527**	178 600
Prior year adjustment - other		(53 246)		(53 246)
Assessed loss current year	**(144 809)**	-	**(144 808)**	-
Prior year adjustment - assessed loss	**(103 720)**		**(103 720)**	
Deferred tax asset not recognised - other temporary differences	**(11 274)**	89 810	**(6 527)**	89 810
Deferred tax asset not recognised - assessed loss	**144 809**	295 655	**144 808**	295 655
Deferred tax asset not recognised - other comprehensive income	**-**	-	**-**	-
Deferred tax asset not recognised - prior year assessed loss	**103 720**		**103 720**	
Rate change in AVFS	**-**	-	**-**	-
Deferred tax changes due to restated balances		(251 878)		(251 878)
	11	(76 405)	**-**	(74 820)
Reconciliation of effective tax expense:				
Profit/(loss) before income tax	**(621 665)**	(1 039 950)	**(606 950)**	(1 033 888)
Income tax using the company tax rate	**(174 066)**	(314 161)	**(169 946)**	(312 436)
Non-taxable income	**(14 889)**	(23 076)	**(19 008)**	(23 076)
Non-deductible expenses	**50 685**	40 777	**50 674**	40 777
Prior year adjustment-tax expense	**-**	(333 761)	**-**	(333 761)
Over (Under) -prior year	**(10 899)**		**(10 899)**	
Over (Under) derecognised	**10 899**		**10 899**	
Prior year adjustment-deferred Tax	**(126 616)**	(53 246)	**(126 616)**	(53 387)
Deferred tax asset not recognised - other temporary differences	**(6 527)**	89 810	**(6 527)**	89 810
Deferred tax asset not recognised - assessed loss	**144 809**	295 821	**144 808**	295 904
Deferred tax asset not recognised - other comprehensive income	**-**	-	**-**	-
Deferred tax asset not recognised - prior year deferred tax	**126 615**		**126 616**	
Prior year-assessed loss	**(103 720)**	221 458	**(103 720)**	221 458
Deferred tax asset not recognised - prior year assessed loss	**103 720**		**103 720**	
CGT tax rate change	**-**	-	**-**	-
Effective tax expense	**11**	(76 378)	**-**	(74 711)
Income tax recognised in other comprehensive income:				
Pension fund	**(149 599)**	139 551	**(149 599)**	139 551
Post-employment medical benefits	**(11 626)**	29 581	**(11 626)**	29 581
Available-for-sale financial assets	**575**	(36)	**575**	(36)
Long service awards	**1 067**	844	**1 067**	844
Deferred tax not recognised -OCI	**159 008**		**159 008**	
	575	169 940	**575**	169 940
Comprehensive income/(loss) before income tax	**(569 425)**	606 894	**(569 425)**	606 894
Income tax using the company tax rate	**(159 439)**	169 930	**(159 439)**	169 930
Prior year adjustment				
Change in Tax rate (CGT-rate) from 66% to 80% relating to current period				
Change in Tax rate (CGT-rate) from 66% to 80% relating to prior periods				
Rate differences on available for sale assets	**(144)**	9	**(144)**	9
Reduction in tax rate				
Deferred tax derecognised -OCI	**159 583**	-	**159 583**	-
Effective tax expense	**-**	169 939	**-**	169 939

***The Capital Gains Tax (CGT) inclusion rate changed from 66.6% to 80% effective from the 2017 year of assessment.

33 Cash generated from operations

Reconciliation of profit/(loss) for the year to cash generated from/(utilised by) operations:

	Note	GROUP 2018 R'000	GROUP 2017 R'000	COMPANY 2018 R'000	COMPANY 2017 R'000
Loss for the year		**(621 676)**	(1 039 950)	**(606 950)**	(1 033 888)
Adjustments for:					
Amortisation and impairment of programme, film and sports rights	7	**1 714 029**	1 950 084	**1 714 029**	1 950 084
Impairment/Reversal of impairment of programme, film and sports rights	7	**61 755**	2 649	**61 755**	2 649
Amortisation of computer software	7	**46 647**	52 229	**46 647**	52 229
Amount of revenue recognised in profit or loss for government grant.	19	**(186 830)**	(253 501)	**(186 830)**	(253 501)
Depreciation and impairment of property, plant and equipment	5	**167 200**	159 913	**167 200**	159 913
Depreciation of Investment Property	6	**94**	94	**94**	94
(Reversal)/provision for consumables obsolescence	28	**(23)**	108	**(23)**	108
Impairment (reversed)/raised on trade receivables		**94 589**	98 450	**94 589**	98 450
Increase/(decrease) of provision on trade receivables	13	**(33 585)**	17 345	**(33 585)**	17 345
Loss on disposal of property, plant and equipment	29	**11 180**	(3 061)	**11 113**	(3 061)
Interest received	31	**(22 366)**	(39 819)	**(22 310)**	(37 255)
Dividends received	31	**(423)**	(390)	**(423)**	(390)
Interest paid	31	**32 106**	13 147	**32 106**	13 147
Income tax raised/reversed	31	**11**	(76 378)	**11**	(74 711)
Operating cash inflow before payment for acquisition of programme, film and sports rights		**1 262 707**	880 920	**1 276 999**	891 213
Net acquisitions of programme, film and sports rights	7	**(1 774 304)**	(1 960 392)	**(1 774 304)**	(1 960 392)
Operating cash outflow before changes in working capital, employee benefits		**(511 597)**	(1 079 472)	**(497 305)**	(1 069 179)
Provisions raised	23	**158 818**	24 187	**158 818**	24 187
(Increase)/Decrease in prepayments	11	**(56 335)**	91 846	**(56 335)**	91 846
Increase / (increase) in inventories	12	**(61)**	(619)	**(61)**	(619)
Decrease/(Increase) in trade and other receivables	13	**55 121**	281 439	**39 221**	277 104
Decrease/(Increase) in contract liabilities		**(3 089)**	25 688	**(3 089)**	25 688
(Decrease)/Increase in defined benefit asset		**(95 806)**	(20 184)	**(95 328)**	(22 831)
(Decrease)/Increase in employee benefits obligation		**109 668**	18 425	**109 668**	18 425
Increase /(Decrease)in trade and other payables	21	**411 129**	(82 596)	**412 849**	(83 364)
Increase/(Decrease) in deferred income	22	**(15 396)**	(2 134)	**(15 396)**	(2 134)
Decrease/(Increase) in non-current operating leases		**55**	509	**55**	509
Cash generated from operations		**52 507**	(742 911)	**53 097**	(740 368)

34 Income taxes refund

	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Balance at 1 April	**(19 836)**	355 112	**(19 837)**	353 598
Tax refund	**(13 958)**	-	**(13 958)**	-
Taxation - prior year tax adjustment	**12 990**	(335 276)	**12 990**	(333 761)
Balance at 31 March	**96 975**	(19 836)	**96 965**	(19 837)
Reduction in tax liability	**76 171**	-	**76 160**	-

The closing tax liability is based on the best estimate as at 31 March 2018 and it is subject to SARS approval of the ruling on section 11 (j) allowances.
The closing tax liability is management's estimate as at 31 March 2018 and management believes that the amount will be further reduced (subject to SARS approval) by the allowances not claimed in prior year in respect of:
Programmes and fixed assets amounting to R 171m and R 84m respectively.

35 Proceeds from disposal of property, plant and equipment

	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Net book value of disposals and asset verification adjustment	**11 246**	6 043	**11 246**	6 043
Loss on sale of property, plant and equipment	**(11 180)**	(4 136)	**(11 180)**	(4 136)
Proceeds	**66**	1 907	**66**	1 907

36 Financial instruments

36.1 Overview

The Group has exposure to credit risk, liquidity risk and market risk, that consists of interest rate risk and currency risk that arise out of the normal course of business. This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Group Audit Committee is tasked with overseeing how management monitors compliance with the Group's policies and procedures and the reviews of the adequacy of the internal audit function's monitoring of these risks. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Group Audit Committee.

36.2 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counter-party to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Trade and other receivables

The group has a large customer base to reduce credit concentration. The Group has established a Credit Policy under which each new customer is analysed individually for creditworthiness before credit is extended. Credit worthiness reviews are also performed on existing debtors with long-overdue accounts. In addition, current debtors are monitored to ensure they do not exceed their credit limits

Allowance for impairment

Trade receivables are impaired when there is objective evidence that the debt is irrecoverable. Trade receivables for which the Group hold security, insurance or any other types of collateral are not considered to be impaired.

The majority of the Group's trade receivables are due for maturity within 45 days and largely comprise of amounts receivable from advertising agencies.

Cash and cash equivalents

The group is exposed to a certain amount of concentrations of credit risk relating to its cash deposits and current investments. These investments are only placed with local major banking groups and stable institutions that have high credit ratings. The Treasury Policy is designed to limit exposure to any one institution and to invest excess cash in low-risk investment accounts. Transactions involving derivative financial instruments are with counter parties with sound credit ratings.

Guarantees

The Group's policy is to provide financial guarantees on behalf of its wholly owned subsidiaries. The Company has issued a guarantee of R0.016 million on behalf of Airwave Travel (Pty) Ltd for the IATA travel agency licence. Other guarantees issued by the Company were amounts of R26.630 million for Technology related projects and R0.249 million relating to the employee housing scheme.

The Group considers its maximum exposure to credit risk to be as follows:

	GROUP		COMPANY	
	2018 R'000	**2017 R'000**	**2018 R'000**	**2017 R'000**
Available-for-sale financial assets (note 10)	**12 220**	9 652	**12 220**	9 652
Trade and other receivables (note 13)	**800 494**	822 030	**834 411**	840 047
Cash and cash equivalents (note 14)	**130 516**	81 742	**127 068**	77 760
	943 230	913 424	**973 699**	927 459

Trade receivables:

	GROUP AND COMPANY					
	2018 R'000			**2017 R'000**		
	Fully Performing	**Past due but not impaired**	**Impaired**	**Fully Performing**	**Past due but not impaired**	**Impaired**
Agencies	**596 288**	**-**	**22 910**	666 230	4 234	26 788
Government	**23 477**	**54 181**	**3 026**	69 826	16 525	18 470
Direct clients	**67 404**	**13 223**	**4 596**	34 776	24	18 859
	687 169	**67 404**	**30 532**	770 832	20 783	64 117

	GROUP AND COMPANY	
	2018 R'000	**2017 R'000**
Age analysis of past due but not impaired is the following:		
Past due 0 to 30 days	**52 255**	13 845
Past due 31 to 90 days	**12 004**	3 820
91 to 120 days	**144**	1 474
121 days to 1 year	**1 134**	-
Over 1 year	**1 867**	1 644
	67 404	20 783
Age analysis of the impaired trade receivables is the following:		
Past due 0 to 30 days	**639**	639
Past due 31 to 90 days	**2 627**	2 627
91 to 120 days	**3 624**	3 624
121 days and older	**13 421**	13 421
Over 1 year	**10 221**	43 806
	30 532	64 117
Movements on the impairment of trade receivables are as follows:		
Opening balance - 1 April	**64 117**	46 772
Amounts written off as not recoverable (impaired)	**24 126**	905
Allowance (reversed) / raised during the year	**(57 711)**	16 440
	30 532	64 117
The Group holds collateral as security.		
The nature and fair value of this collateral is as follows:		
Coface	**1 181 500**	2 170 880
MCC Security	**-**	1 473 450
	1 181 500	3 644 330

36 Financial instruments (continued)

36.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due or can only do so at excessive high costs. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient cash, marketable securities and credit facilities to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Where internal funding is constrained, external sources of funding are explored.

The Group manages its cash flow requirements by forecasting for both the short term (three months) and the long term (one to 3 years) cash requirements of the Group. The Group has borrowing facilities amounting to R95 million (2017: R130 million) which include short-term banking facilities as well as asset-based finance facilities.

The following analysis details the contractual maturity of the Group's non-derivative financial liabilities. The analysis is based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to settle the liability. The analysis includes both interest and principal cash flows.

	GROUP AND COMPANY					
	2018					
	Carrying amount R'000	Contractual cash flow R'000	Up to 6 months R'000	6 months to 1 year R'000	1 year to 3 years R'000	Thereafter R'000
Non-derivative financial liabilities						
Trade payables - Local	**388 048**	**83 824**	**83 824**	**-**	**-**	**-**
Trade payables - Foreign	**13 158**	**13 158**	**13 158**	**-**	**-**	**-**
Other payables*	**191 310**	**191 310**	**191 310**	**-**	**-**	**-**
Accruals	**416 055**	**416 055**	**416 055**	**-**	**-**	**-**
Programme, film and sports rights related trade and other payables	**109 174**	**109 174**	**109 174**	**-**	**-**	**-**
Loan obtained with government guarantee		**-**	**-**	**-**	**-**	**-**
Loans and borrowings	**50 994**	**44 647**	**9 042**	**8 732**	**45 879**	**3 971**
Government debt instrument	**20 798**	**20 798**	**890**	**890**	**3 560**	**15 458**
	1 189 537	**878 966**	**823 453**	**9 622**	**49 439**	**19 429**
	2017					
	Carrying amount R'000	Contractual cash flow R'000	Up to 6 months R'000	6 months to 1 year R'000	1 year to 3 years R'000	Thereafter R'000
Non-derivative financial liabilities						
Trade payables - Local	203 824	83 824	83 824	-	-	-
Trade payables - Foreign	890	890	890	-	-	-
Other payables*	124 256	152 338	152 338	-	-	-
Accruals	259 909	210 315	210 315	-	-	-
Programme, film and sports rights related trade and other payables	117 738	117 738	117 738	-	-	-
Loan obtained with government guarantee		-	2 064 887	-	-	-
Loans and borrowings	56 519	67 624	9 042	8 732	45 879	3 971
Government debt instrument	27 390	27 390	890	890	3 560	22 050
	790 526	660 119	575 037	9 622	49 439	26 021

* excludes statutory accruals and payables

36.4 Market risk

Market risk is the probable changes in market prices, such as foreign exchange rates and interest rates, that will affect the Group's income or the value of its holdings of financial instruments. The objective of the Group's market risk management framework is to protect and enhance the performance of the statement of financial position and profit or loss by managing and controlling market risk exposures and to optimise the funding of capital projects.

Currency risk

Foreign currency risk arises primarily from international programming rights that are procured in foreign currency and the procurement, implementation and maintenance of the broadcasting infrastructure. Foreign currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group uses forward contracts to manage foreign currency risk arising from future commercial transactions and recognised assets and liabilities and is responsible for managing the net position in each foreign currency.

The Group's Risk Management policy is to economically hedge between 35% to 75% of firm commitments for a rolling 12 month period. The Group has not applied hedge accounting for these forward currency contracts. The Group only covers known commitments and does not speculate in foreign currency. The minimum percentage cover for less than one year is 35%.

Due to the significant cash flow constraints experienced by the Group, payment terms were renegotiated with some foreign suppliers. This alleviated the requirement to hedge as per the policy, thus, from the month of July 2017, foreign payments were made at the prevailing spot rate on the date of payment.

36 Financial instruments (continued)

36.4 Market risk (continued)

The Group's exposure to foreign currency risk based on notional amounts was as follows:

	GROUP AND COMPANY	
	2018	
	US Dollar '000	Rand '000
Trade payables	(1 106)	(13 158)
Gross financial position exposure	(1 106)	(13 158)
Net financial position exposure	(1 106)	(13 158)
	2017	
	US Dollar '000	Rand '000
Trade payables	(66)	(890)
Gross financial position exposure	(66)	(890)
Net financial position exposure	(66)	(890)

The following significant exchange rates applied during the year:

	GROUP AND COMPANY			
	Average Rate		Reporting date spot rate	
	2018	2017	2018	2017
USD 1	13,02	14,03	11,90	13,42
EUR 1	15,21	15,38	14,67	14,30

Sensitivity analysis

A 10% strengthening of the Rand against the following currency at 31 March would have increased profit/decreased loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. This analysis is performed on the same basis for the 2016/17 financial reporting period. Due to the nature of the transactions, there is no effect on equity.

	GROUP		COMPANY	
Profit or (loss)	2018 R'000	2017 R'000	2018 R'000	2017 R'000
USD	1 316	89	1 316	89

A 10% weakening of the Rand against the above currency at 31 March would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The Group's income and operating cash flows are substantially dependent on changes in market interest rates. The interest rates of finance leases to which the Group is a lessee are fixed at inception of the lease or variable over the term of the lease, and therefore expose the Group to fair value interest rate risk.

At reporting date the interest rate profile of the Group's interest bearing financial instruments was:

	GROUP		COMPANY	
Carrying amount	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Fixed rate instruments				
Government debt instrument	20 798	27 390	20 798	27 390
	20 798	27 390	20 798	27 390
Variable rate instruments				
Instalment sale liabilities	31 416	43 288	31 416	43 288
Cash and cash equivalents	130 516	81 742	127 068	77 760
	161 932	125 030	158 484	121 048

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rates financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates at the reporting date would have increased profit or decreased loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis was performed on the same basis for the 2016/17 financial reporting period. Due to the nature of the transactions, there is no effect on equity.

	GROUP		COMPANY	
Profit/loss 100 bp increase	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Variable rate instruments	1 435	5 048	1 398	4 995

A decrease of 100 basis points in interest rates at the reporting date would have had the equal but opposite effect on the above amounts, on the basis that all other variables remain constant.

36 *Financial instruments (continued)*

Fair value of financial instruments

The table below analyses financial instruments carried at fair value, by valuation method. The different valuation levels are identified as follows by IFRS 13:

Level 1 - Quoted prices (unadjusted) in active ,markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal market at the measurement date under current market conditions. The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

(i) Loans and receivables, perpetual debt instrument and loans and borrowings

The fair value of these financial instruments is determined by reference to market-related interest rates for financial instruments with similar maturities, and without deducting any transaction costs. (Level 2)

(ii) Trade and other receivables, cash and cash equivalents and trade and other payables

The carrying amount of these financial assets and liabilities approximates fair value due to the relative short term maturity of these financial instruments. (Level 2

	GROUP							
	2018				2017			
	Carrying amount	Fair value			Carrying amount	Fair value		
	R'000	Level 1 R000	Level 2 R'000	Level 3 R' 000	R'000	Level 1 R000	Level 2 R'000	Level 3 R' 000
Financial assets								
Available-for-sale								
Available-for-sale financial assets	**12 220**	**12 220**	**-**	**-**	9 652	9 652	-	-
Loans and receivables								
Trade and other receivables	**800 494**	**-**	**800 494**	**-**	822 030	-	822 030	-
Cash and cash equivalents	**130 516**	**130 516**	**-**	**-**	81 742	81 742	-	-
Total financial assets	**943 230**	**142 736**	**800 494**	**-**	913 424	91 394	822 030	-
Financial liabilities								
Financial liabilities measured at amortised costs								
Government debt instrument	**(20 798)**	**-**	**(20 798)**		(27 390)	-	(19 782)	-
Loans and borrowings	**(44 647)**	**-**	**(44 647)**	**-**	(56 519)	-	(56 519)	-
Trade and other payables*	**(1 117 745)**	**-**	**(1 117 745)**	**-**	(706 617)	-	(706 617)	-
Total financial liabilities	**(1 183 190)**	**-**	**(1 183 190)**	**-**	(790 526)	-	(782 918)	-
Net financial liabilities	**(239 960)**	**142 736**	**(382 696)**	**-**	122 898	91 394	39 112	-

	COMPANY							
	2018				2017			
	Carrying amount	Fair value			Carrying amount	Fair value		
	R'000	Level 1 R000	Level 2 R'000	Level 3 R' 000	R'000	Level 1 R000	Level 2 R'000	Level 3 R' 000
Financial assets								
Available-for-sale								
Available-for-sale financial assets	**12 220**	**12 220**	**-**	**-**	9 652	9 652	-	-
Loans and receivables								
Trade and other receivables	**834 411**	**-**	**834 411**	**-**	840 047	-	840 047	-
Cash and cash equivalents	**127 068**	**127 068**	**-**	**-**	77 760	77 760	-	-
Total financial assets	**973 699**	**139 288**	**834 411**	**-**	927 459	87 412	840 047	-
Financial liabilities								
Financial liabilities measured at amortised costs								
Government debt instrument	**(27 390)**	**-**	**(19 782)**	**-**	(27 390)	-	(19 782)	-
Loans and borrowings	**(44 647)**	**-**	**(44 647)**	**-**	(56 519)	-	(56 519)	-
Trade and other payables*	**1 117 650**	**-**	**1 117 650**	**-**	(795 437)	-	(795 437)	-
Total financial liabilities	**1 045 613**	**-**	**1 053 221**	**-**	(879 346)	-	(871 738)	-
Net financial liabilities	**2 019 312**	**139 288**	**1 887 632**	**-**	48 113	87 412	(31 691)	-

The fair values of trade and other receivables and trade and other payables are determined with reference to their carrying amounts as the impact of discounting is not significant.

*excludes statutory accruals and payables

36 *Financial instruments (continued)*

Capital management

The Group's share capital is 100% owned by the Government. The Group does not hold any other form of share capital. There are no changes expected in the Group's approach to capital management during the year. The Group is not subject to any externally imposed capital requirements. The Group manages its Capital to ensure that the entity is able to continue as a going concern by maintaining a minimum liquidity reserve. The minimum liquidity reserve is the specified minimum acceptable surplus of uncommitted facilities or cash holdings over projected net debt levels for the next 12 months. This level is currently set at R700 million.

Borrowing facilities

The unutilised borrowing facilities include general short-term banking facilities, asset-based finance facilities as well as guarantee facilities.

Included in normal guarantees, the Group has guarantees against the employee housing scheme to the value of R0.249 million, and guarantees for Airwave Travel's IATA travel agency licence and other guarantees with banks totalling R26.6 million.

	GROUP AND COMPANY	
	2018 R'000	**2017 R'000**
General short-term banking facilities (available for future operating activities)		
FNB/ Rand Merchant Bank	**-**	-
Nedbank	**-**	35 000
Absa Corporate and Merchant Bank	**95 000**	95 000
Total	**95 000**	130 000
Unutilised	**51 928**	93 540
Asset finance (available to settle capital commitments)		
Provided	**164 983**	195 983
Utilised	**(43 072)**	(56 520)
Unutilised	**121 911**	139 463
Guarantees		
Provided	**131 000**	146 000
Utilised	**(27 046)**	(27 726)
Unutilised	**103 954**	118 274

37 Operating leases

Leases as lessee
Non-cancel-able operating lease rentals are payable as follows:

Less than one year	**11 090**	13 637
Between one and five years	**20 006**	43 920
	31 096	57 557

The Group has various lease agreements for equipment and premises. Some of these lease agreements contain renewal and/or purchase options. None of the lease agreements include contingent rentals.

During the year ended 31 March 2018, R17.3 million was recognised as an expense in the Statement of Profit and Loss in respect of operating leases (2017: R15.3 million).

Leases as lessor

The Group leases out certain of its property under operating leases. The future minimum lease receipts under non-cancel-able leases are as follows:

	GROUP AND COMPANY	
	2018 R'000	**2017 R'000**
Less than one year	**1 833**	1 633
Between one and five years	**1 609**	3 325
	3 442	4 958

During the year ended 31 March 2018, R8.9 million was recognised as rental income in the Statement of Profit and Loss (2017: R8.9 million) and R128,000 in respect of repairs and maintenance was recognised as an expense in the Statement of Profit and Loss (2017: R3.9 million).

38 Commitments

	GROUP AND COMPANY	
	2018 R'000	2017 R'000
Capital commitments - relating to property plant and equipment contracted for	**126 578**	146 996
Programme, film and sports rights	**1 594 352**	1 702 786
Foreign exchange contracts		
Total purchase commitments	**1 720 930**	1 849 782
The capital commitment is to be financed as follows:		
Internally generated funds	**126 578**	146 996
Internally generated funds	**1 594 352**	1 702 786
	1 720 930	1 849 782

Commitments for programme, film and sports rights will be funded internally. The local commitments and the currency exposure on foreign programme, film and sports rights at 31 March 2018 is as follows:

	Local Commitments R'000	Foreign commitments USD'000	R'000	Total R'000
Year ending 31 March 2019	**1 012 941**	**8 284**	**98 577**	**1 111 518**
Local currency	1 012 941	-	-	1 012 941
Foreign - US Dollar	-	8 284	98 577	98 577
Year ending 31 March 2020	**293 979**	**1 615**	**19 217**	**313 196**
Local	293 979	-	-	293 979
Foreign - US Dollar	-	1 615	19 217	19 217
Year ending 31 March 2021	67 948	1 603	19 068	87 016
Local	67 948	-	-	67 948
Foreign - US Dollar	-	1 603	19 068	19 068
From Year ending 31 March 2022	253	1 725	20 525	20 778
Local	253	-	-	253
Foreign - US Dollar	-	1 725	20 525	20 525
From Year ending 31 March 2023	-	5 198	61 844	61 844
Local	-	-	-	-
Foreign - US Dollar	-	5 198	61 844	61 844
Total commitments	1 375 121	18 425	219 231	1 594 352

39 Contingencies

Unless the outflow of economic resources is considered remote, contingent liabilities are disclosed when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. In some cases it may be a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The disclosed contingent liabilities all arise from claims lodged by third parties against the Group and Company where judgement by a competent court of law is pending, and management has obtained legal advise that the SABC has a high probability of success in defending these legal claims. The claims active as at 31 March 2018 and giving rise to contingent liabilities are detailed as follows:

39 Contingencies (continued)

		Possible Losses for the Group 2018 R'000
(i)	The Government Employee Pension Fund (GEPF) represented by the Public Investment Corporation (PIC) instituted a claim of approximately R550 million including interest against the SABC for the cancellation of a purported lease agreement for certain assets previously leased by Bophuthatswana Broadcasting Corporation. Accruing for the maximum interest that can be charged, the possible loss is R760m. Legal proceedings are on-going and the matter was set down for hearing from 15 to 26 July 2013 but had to be removed from the roll as some of the parties did not receive the notice of set down timeously;	**760 000**
	The Group has been advised by its legal counsel that it is only possible, but not probable, that the action will succeed. Accordingly, no provision for any liability has been made in the financial statements;	
(ii)	A third party has issued summons against the SABC for alleged non-payment of repeat fees. The SABC is defending the matter. The internal client has advised that the Plaintiff was paid. The SABC cannot serve any paper on the Plaintiff as he is currently in prison. The SABC approached the court with an application to dismiss the matter but the court did not concede to our dismissal application;	**80**
	There is little chance of plaintiff succeeding and the matter is in abeyance until such time that the plaintiff revives it;	
(iii)	The Claimant was chosen as the preferred supplier of corporate clothing to the SABC. After receiving an upfront payment of R61 042.44 the supplier failed to deliver in terms of the contract. SABC refused to pay the balance and claimant then sued the SABC. The matter was set down for the 05 October 2010 to have Plaintiff's claim dismissed for failure to deliver the Discovery Affidavit. The plaintiff requested that we remove the matter from the roll and they will tender costs;	**97**
	The matter was then postponed with no resumption date set and no provision is necessary;	
(iv)	A plaintiff's claim against the SABC is based on a commissioning agreement entered into on 25 March 2010 for the production of a television programme called Music Lounge Series 3. The plaintiff avers that an invoice for the amount of R224 063.58 was sent to the SABC on 1 June 2012 which the SABC allegedly acknowledged and agreed to pay, by no later than 30 July 2012. The SABC was contracted to a specified production company who then ceded its claim to the third party. The SABC in processing the claim ignored the fact that the claim was ceded and paid the specified party instead of the plaintiff. In an attempt to resolve the matter the SABC's attorneys in terms of High Court Rules 23 and 30(1) have requested the Cession agreement relied on. The SABC have received a return of non-service and the SABC's attorneys have advised that they will be setting the matter down for the plaintiff's claim to be dismissed;	**224**
(v)	A freelancer is claiming damages for the unlawful termination of his freelance contract. He is claiming a for loss of income which he could have earned for the duration of his contract. The SABC filed its notice of intention to defend the matter. The matter is set down for trial on 22 August 2018;	**1 017**
(vi)	An ex-employ of the former TBVC state Radio which was then absorbed by the SABC alleges that he was promised to be re- employed by the SABC which never transpired. He claims damages as a result. He has gone to every forum to claim such damages from the SABC. The SABC has launched an Application to declare the ex-employee a vexatious litigant which has been served on him. The ex-employee of TBVC state radio has not filed answering papers to the SABC's application;	**25 000**
(vii)	Plaintiff is suing for commission payment on the basis that he secured a sponsorship for the METRO FM awards. We believe our prospects of succeeding in the matter are good after one of the directors of claimant advised that they did not instruct any attorney to act against the SABC. We instructed our attorney to pursue the dismissal of the matter. We await further correspondence from our attorney;	**1 300**
(viii)	The plaintiffs freelance contract was terminated due to poor performance. Plaintiff is suing the SABC for R76 250. We have good prospects of success. The matter is still proceeding and we await a court date;	**76**
(ix)	SABC received summons from the Plaintiff who avers that his contract of employment was terminated unfairly. The Plaintiff was appointed as an Independent contractor in March 2009. The Plaintiff contravened the contract by disclosing confidential information. The matter was partly heard on 23, 24 and 26 October 2012 in the Free State High Court. The SABC has instructed it's attorney to make an application for a trial date as the plaintiff has not set the matter down again.	**447**
(x)	This matter results from a security tender awarded at a total cost of R185 519 425.61. On 15 December 2017, the SABC was served with a Notice of Motion from a losing bidder requesting among others that the appointment of winning bidder be set aside and that the applicant be substituted as the bid winner. Should the applicant succeed in this litigation, the SABC will be liable for the full contract amount. The applicant might also institute a claim for damages to the same value;	**185 519**
(xi)	The SABC and other Media Houses have being referred to the Competition Tribunal for alleged price fixing;	**600 000**
(xii)	The plaintiff is suing the SABC for alleged breach of contract. Our research revealed that his claims are unfounded because we have paid him all monies due to him and there are contracts to support that. Parties are still exchanging pleadings and the matter is proceeding;	**38 000**
(xiii)	The SABC terminated an agreement with a certain broadcaster. The matter has been referred to arbitration and applicant is claiming payment for loss of income and damages. The SABC has resolved to approach the Courts to review and set aside the agreement. SABC will be consulting with our Attorneys to prepare the application;	**150 488**
(xiv)	The Plaintiff claims damages from the SABC amounting for work done and damages thereof for termination of agreement wherein the Plaintiff was to develop and design competency based job profiles which would be conducted over a period of 4 (four) months commencing on 1 November 2015 to 30 March 2016. The SABC filed its Notice of Intention to Defend;	**1 560**
(xv)	The Plaintiff is a former freelancer whose freelance agreement was terminated due to an audit finding that the plaintiff failed to disclose certain interests from which the plaintiff's company benefited from doing business with the SABC. The plaintiff now claims payment of the balance of the freelance contract amounting and damages;	**427**
(xvi)	There are 25 cases of alleged unfair dismissal laid against the SABC by former employees. These cases are at various stages of conciliation or hearing at the courts; and	**76 722**
(xvii)	Six cases against the SABC relating to termination of fixed term contracts with freelances who argue to be permanent employees based on length of period of engagement with the SABC.	**5 037**
	Total contingent liabilities	**1 845 994**

40 Related parties

The Group is 100% controlled by its Shareholder, the Government, represented by the DoC.

The Group is a Schedule 2 public entity in terms of the Public Finance Management Act, No. 1 of 1999 as amended.

The related parties of the Group consist mainly of government departments, State-Owned Companies (SOC), other public entities in the national sphere of government and key management personnel of the Company or its shareholder and close family members of these related parties. The related parties of the Company also include its subsidiaries (see note 9). The list of public entities in the national sphere of government was provided by National Treasury on their website www.treasury.gov.za.

The Group with regards to government related entities is required to disclose the nature and amount of each individually significant transaction and for other transactions that are collectively but not individually significant, a quantitative or qualitative indication of their extent.

(i) Transactions with subsidiaries

	COMPANY			
	2018		2017	
	Amount of transactions R'000	Amounts owed (to)/by subsidiary R'000	Amount of transactions R'000	Amounts owed (to)/by subsidiary R'000
Receivables from/ (payables to) SABC Airwave Travel (Proprietary) Limited trading as Airwave Travel	**(234)**	**481**	2 337	715
Loan to Airwave Travel (Proprietary) Limited	**(5 211)**	**3**	-	5 214
Receivables from SABC Foundation NPC	**(27 930)**	**(14 264)**	6 127	13 666
	(33 375)	**(13 780)**	8 464	19 595

Related party relationships exists between the Company and its wholly-owned subsidiaries, Airwave Travel and SABC Foundation NPC. The Company has entered into a number of transactions with Airwave Travel for bookings and accommodation for business trips. Transactions entered into are in the normal course of business and on an arm's length basis. Amounts due and owing are settled accordingly.

(ii) Significant transactions with government related entities

	GROUP AND COMPANY	
Included in Revenue are the following:	2018 R'000	2017 R'000
Aggregate of all transactions that are collectively significant		
Government Communication and Information Services	**25 800**	6 468
Aggregate Sales to other government related entities not listed above	**154 009**	126 211
	179 809	132 679
Goods and services are sold to related parties on an arm's length basis at market related prices.		
Aggregate of all transactions that are collectively significant		
Sentech (SOC) Limited	**781 416**	731 853
Aggregate Purchases from other government related entities	**91 241**	134 212
	872 657	866 065

Goods and Services are purchases from related parties on an arm's length basis at market related prices.

(iii) Grants and sponsorships

	2018		2017	
	Amount of transactions R'000	Outstanding balance R'000	Amount of transactions R'000	Outstanding balance R'000
Government grants recognised in revenue	**185 697**	**-**	253 501	-
Deferred government grant	**-**	**316 636**	-	328 567
	185 697	**316 636**	253 501	328 567

Goods and services are purchased from related parties on an arms length basis at market related prices.

40 Related parties (continued)

	GROUP AND COMPANY			
	2018		2017	
	Amount of transactions R'000	Outstanding balance R'000	Amount of transactions R'000	Outstanding balance R'000
(iv) Interest payments				
Shareholder - permanent capital	**1 352**	**20 798**	1 780	27 390
(v) Employee benefit payments				
SABC Pension fund	**280 044**	**852 872**	269 885	1 333 672
SABC Medical aid scheme	**5 143**	**-**	15 529	-
	285 187	**852 872**	285 414	1 333 672

(vi) Administered projects

The Group has been delegated with the responsibility by the DoC to administer the Channel Africa Project (the Community Radio project previously administered by the Group has been transferred to Media Development and Diversity Agency), which are sub-divisions of the DoC. The balance of R0.208 million is still re-payable to Department of Communication. The net amount of administered projects for Channel Africa of R17 million (2017: R11 million) is included in trade and other payables and or trade and other receivables.

	GROUP AND COMPANY					
	Opening balance R'000	Funds received R'000	Applied to expenditure R'000	Applied to net assets R'000	Interest accrued R'000	Closing balance R'000
For the year ended 31 March 2018						
Channel Africa	**(18 698)**	**54 885**	**(53 381)**	**-**	**-**	**(17 194)**
Community Radio Project	**(10 159)**	**-**	**10 367**			**208**
	(28 857)	**54 885**	**(43 014)**	**-**	**-**	**(16 986)**
For the year ended 31 March 2017						
Channel Africa	(9 116)	52 271	(61 853)	-	-	(18 698)
Community Radio Project		10 324	(20 873)	(1)	391	(10 159)
	(9 116)	62 595	(82 726)	(1)	391	(28 857)

(vii) Administered funds

	2 018 R'000	2 017 R'000
Bank balances of Community Radio Project	**208**	207

(viii) Service contracts for permanent executive directors

	Maroleni BC
Service contract	
- start date	1 February 2018
- end date	31 December 2022
Service period	2 months
Remaining	4 Years and 10 Months

Notes to the Annual Financial Statements

for the year ended 31 March 2018 *(continued)*

40 Related parties (continued)

(ix) Directors’ and key management personnel compensation

		Remuneration paid to the person in any capacity					
Year ended 31 March 2018	Service as	Service period in months	Basic salary* R’000	Bonuses and commissions R’000	13th Cheque, Expenses and other allowances R’000	Employer’s contribution to pension fund, medical aid and other~ R’000	Total R’000
Members of the Accounting Authority							
Non-executive directors							
Kweyama Khanyisile Thandiwe	Board Member (Interim Board Chairperson)	12	-	-	1 343	-	**1 343**
Makhathini Bongumusa Emmanuel	Board Chairperson	5	-	-	447	-	**447**
Potgieter-Gqubule Fébé Charlene	Board Deputy Chairperson (Interim Board Member)	11	-	-	928	-	**928**
Kalidass Rachel	Board Member	1	-	-	71	-	**71**
Naidoo Krish	Board Member (Interim Board Member)	12	-	-	1 039	-	**1 039**
Malele Jabu Adolf	Independent Interim Board Advisor	5	-	-	91	-	**91**
Matisonn Jonathan	Board Member (Interim Board Member)	12	-	-	1 030	-	**1 030**
Tsedu Mathatha Godfrey	Board Member (Interim Board Member)	12	-	-	1 265	-	**1 265**
Phalane Jack Howard	Board Member	5	-	-	294	-	**294**
Mohuba Dinkwanyane Kgalema	Board Member	5	-	-	230	-	**230**
Rambau Victor	Board Member	5	-	-	193	-	**193**
Markovitz Michael Grant	Board Member	5	-	-	279	-	**279**
Executive directors							
Aguma JR	Group Chief Financial Officer (Acting Group Chief Executive Officer)	4	701	-	461	123	**1 285**
Ralitabo TE	Group Executive (Acting Group Chief Executive Officer)	1	1 560	-	620	327	**2 507**
Philiso NP	Group Chief Financial Officer (Acting Group Chief Executive Officer)	8	1 728	-	1 086	335	**3 149**
Raphela MA	Acting Group Chief Financial Officer	4	417	-	225	95	**737**
Dlamini TS	Acting Group Chief Financial Officer	8	750	-	652	131	**1 533**
Tugwana BL	Group Executive (Acting Chief Operating Officer)	10	1 600	-	1 108	280	**2 988**
Maroleni BC	Group Executive Chief Operating Officer	2	437	-	158	94	**689**
Senior Management				-			
Bayi LV	Company Secretary	12	1 495	-	528	315	**2 338**
Makatees KJ	Acting Group Executive	7	477	-	252	115	**844**
Maseko N	Acting Group Executive	5	391	-	267	80	**739**
Motsweni SM	Group Executive	12	1 577	-	663	320	**2 560**
Mathebula SJ	Acting Group Executive	8	824	-	379	191	**1 394**
Ramakgolo LE	Acting Group Executive	6	585	-	342	138	**1 065**
Moilwa MP	Acting Group Executive	7	617	-	375	131	**1 123**
Kganyago MK	Group Executive	12	1 223	-	459	275	**1 957**
Yunus Z	Acting Group Executive	8	933	-	343	163	**1 439**
Jiyane HM	Acting Group Executive	10	797	-	547	167	**1 511**
Williams RV	Acting Group Executive	8	700	-	350	130	**1 180**
Mulaudzi T	Group Executive	12	1 560	345	413	338	**2 655**
Ndlovu M	Acting Group Executive	1	90	-	39	19	**148**
Mosweu KE	Acting Group Executive	6	666	-	326	125	**1 117**
Sefolo L	Acting Group Executive	1	89	-	63	21	**172**
Thekiso J	Group Executive	1	38	-	13	8	**59**
Wotshela NN	Group Executive	4	413	-	145	85	**643**
Geldenhuys TV	Group Executive	12	1 885	-	700	351	**2 936**
Zikode TP	Group Executive	4	542	-	197	112	**851**
Magopeni PP	Group Executive	5	116	-	45	20	**182**
Lephaka M	Group Executive	2	200	-	261	36	**496**
Total remuneration			22 412	345	18 225	4 525	**45 507**

~ - including contributions on employer variable pension contribution

* - included in basic salary and expenses and other allowances is compensation paid in respect of loss of office.

Notes to the Annual Financial Statements
for the year ended 31 March 2018 *(continued)*

40 Related parties (continued)

(x) Directors' and key management personnel compensation

Year ended 31 March 2017	Service as	Service period in months	Basic salary* R'000	Bonuses and commissions R'000	13th Cheque, Expenses and other allowances R'000	Employer's contribution to pension fund, medical aid and other~ R'000	Total R'000
			Remuneration paid to the person in any capacity				
Members of the Accounting Authority							
Non-executive directors							
Mavuso Vusumuzi Goodman Moses	Board Member	7	-	-	316	-	316
Maguvhe Mbulaheni Obert	Board Chairperson	9	-	-	943	-	943
Naidoo Krish	Board Member	7	-	-	305	-	305
Tshidzumba Ndivhoniswani Aaron	Board Member	8	-	-	520	-	520
Mhlakaza Nomvuyo Memory	Board Member	8	-	-	330	-	330
Khumalo Leah Thabisile	Board Vice Chairperson	7	-	-	427	-	427
Tsedu Mathata Godfrey**	Board Vice Chairperson	1	-	-	-	-	-
Kweyama Khanyisile Thandiwe**	Board Chairperson	1	-	-	-	-	-
Matisonn John**	Board Member	1	-	-	-	-	-
Potgieter-Gqubule Fébé Charlene**	Board Member	1	-	-	-	-	-
Executive directors							
Aguma JR	Group Chief Financial Officer (Acting Group Chief Executive Officer 9 months)	12	2 329	-	1 436	406	4 171
Matlala FL*	Group Chief Executive Officer	4	6 548	-	557	186	7 291
Raphela MA	Acting Group Chief Financial Officer	9	1 252	-	827	279	2 358
Tugwana BL	Group Executive (Acting Chief Operating Officer 6 months, Group Executive for 6 months)	12	1 567	-	1 001	273	2 841
Matthews JB	Acting Group Chief Executive Officer	3	363	-	636	68	1 067
Motsoeneng GH	Group Executive (Chief Operating Officer 6 months, Group Executive for 6 months)	12	2 733	11 509	693	518	15 453
Senior Management							
Duwarkah V*	Group Executive	6	3 892	-	946	154	4 992
Philiso NP	Group Executive	12	1 727	-	755	333	2 815
Buthelezi PD	Acting Group Executive	5	407	-	283	88	778
Ntloko BL*	Group Executive	6	3 803	-	538	170	4 511
Maseko N	Acting Group Executive	2	156	-	174	32	362
Motsweni SM	Group Executive	12	1 577	-	547	317	2 441
Mathebula SJ	Acting Group Executive	12	1 188	-	578	273	2 039
Lephaka M	Group Executive	6	845	-	523	148	1 516
Tseisi IF*	Group Executive	6	4 000	-	760	160	4 920
Molaudzi S	Group Executive	5	-	-	-	-	-
Masinga SM*	Group Executive	1	4 640	-	41	18	4 699
Ralitabo TE	Group Executive	8	1 040	-	406	216	1 662
Tebele MS	Group Executive	8	1 040	-	476	212	1 728
Mulaudzi T	Group Executive	8	1 040	-	397	222	1 659
Nepfumbada M*	Group Executive	3	3 310	-	185	59	3 554
Geldenhuys TV	Group Executive	12	1 716	-	606	347	2 669
Bayi LV	Company Secretary	12	748	-	358	155	1 261
Mabaso J*	Group Executive	3	1 728	-	268	82	2 078
Total remuneration			**47 649**	**11 509**	**15 833**	**4 716**	**79 706**

~ - including contributions on employer variable pension contribution

* - included in basic salary and expenses and other allowances is compensation paid in respect of loss of office.

41 Licence agreements

The Group was granted the following Public Television Broadcasting Licences by the Independent Communications Authority of South Africa (ICASA) for the period 18 December 2008 to 18 December 2023: SABC1 and SABC2.

The Group was granted the following Commercial Television Broadcasting Licences by ICASA for the period 18 December 2008 to 18 December 2023: SABC3.

The Group was granted the following Public Sound Broadcasting Licences by ICASA for the period 18 December 2008 to 18 December 2018: SAFM, RSG, UMHLOBO WENENE FM, UKHOZI FM, LESEDI FM, MOTSWEDING FM, THOBELA FM, LIGWALAGWALA FM, IKWEKWEZI FM, MUNGHANA LONENE FM, PHALAPHALA FM, LOTUS FM, RADIO 2000, X-K FM and TRU FM.

The Group was granted the following Commercial Sound Broadcasting Licences by ICASA for the period 18 December 2008 to 18 December 2018: 5FM, METRO FM and GOOD HOPE FM.

The licence area for all of the licences above is the Republic of South Africa. The Licences were granted at no consideration and the Group is required to comply with the applicable regulations as amended from time to time. No subsequent expenditure has been incurred on these licences.

42 Expenditure and losses through criminal conduct, irregular, fruitless and wasteful expenditures

In trying to resolve the audit qualification, the SABC performed a detailed investigative process on 100% of payments or expenditure incurred since the 2012/13 financial period. This extensive exercise was aimed at identifying/ detecting an accurate and complete list of irregular expenditure for the current and prior financial years. The incidents/ instances of contraventions which resulted into the irregular expenditure have been categorized and disclosed below.

(i) All losses through any irregular expenditure

Section 1 of the Public Finance Management Act, No. 1 of 1999, as amended, defines irregular expenditure as expenditure, other than unauthorised expenditure, incurred in contravention of or that is not incurred in accordance with a requirement of any applicable legislation.

The following amounts have been determined as being irregular expenditure, in terms of section 55(2)(b)(i) of the Public Finance Management Act, No. 1 of 1999, as amended:

	Notes	GROUP AND COMPANY 2018 R'000	2017 R'000
Opening balance		**4 405 804**	5 148 526
Irregular Expenditure not validated		**-**	(1 429 645)
Balance as restated		**4 405 804**	3 718 881
Add: Irregular expenditure in the current year		**571 496**	686 923
Irregular Expenditure awaiting condonation subject to further investigation		**4 977 300**	4 405 804
Current year			
Payments without contracts	k	**121 504**	-
Deviations	c	**34 789**	-
Procurement policy/process not followed (As a result of prior disclosure)		**146 135**	514 949
Minimum number of quotations not obtained	a	**27 355**	71 391
Bids advertised for less than minimum number of days	f	**8 649**	52 957
Incorrect evaluation criteria applied to bids	b	**8 759**	33 783
Irregular awards due to lack of planning	c	**101 372**	356 818
Procurement through quotation process versus competitive	h	**7 405**	-
Variation order in excess of 15%	g	**1 526**	-
Irregular Expenditure Under Investigation		**25 364**	-
Delegation of Authority Framework contravened	d	**135 545**	79 968
Awards made to suppliers without obtaining valid Tax Clearance Certificates	e	**5 531**	92 006
Schedule All	i	**35 968**	-
Insufficient Documentation	j	**55 898**	-
Non Compliance to CIDB	l	**1 831**	-
		571 496	686 923

Key

a The Corporation awarded quotations without obtaining the minimum number of quotations as required by the SCM policy

b The bid evaluation and/or adjudication processes did not follow the pre-approved evaluation criteria as set out in the policy and the PPPFA.

c The Corporation appointed suppliers through a closed bid/deviation process, extended and/or paid several expired contracts with existing suppliers without following normal procurement processes in line with the SCM policy and Treasury Regulations.

d Quotations were not awarded at appropriate management level as per DAF requirements due to weaknesses in the implementation of the SCM policy.

e The Corporation awarded contracts to suppliers without obtaining original tax clearance certificates or confirming the tax matters of the suppliers prior to awarding such bids.

f The Corporation awarded bids without advertising for the minimum number of days as required by the SCM policy.

g Variation order in excess of 15% as prescribed by National Treasury

h The Corporation procured goods and services through quotation process and as per the SCM manual any goods and services above R2ml should follow competitive bid process.

i The Corporation procured goods and services through Schedule All system do not follow procurement process. Goods and services procured through this system are relating to Outside Broadcasting (TVOB).

j Insufficient Documentation

k The Corporation made payment to contractors without valid contract. Some instance contracts expired and process of renewal was delayed, in some instances contract was not signed yet.

l The Corporation awarded contracts without following Construction Industry Development Board processes.

42 Expenditure and losses through criminal conduct, irregular, fruitless and wasteful expenditures (continued)

***During fiscal ending 2016 Irregular Expenditure to the value of R5,1 billion was reported. However this Irregular Expenditure was never validated which then lead to a qualification by the auditors. During the fiscal year ending 2017 a new process was entered into to investigate and validate Irregular Expenditure and that resulted in a value of R3,7 billion as disclosed above.

**The SABC will now commence with implementing requirements of Sections 51(1)(e)(iii) of the PFMA which require that appropriate disciplinary steps, where necessary be taken on employees who are personally responsible for incurring or permitting irregular expenditure.

*****Four material contracts valued at R 177 million were in the process of being condoned subsequent to year end. An amount relating to R215million for one supplier will be submitted to National Treasury for condonation.

Irregular Expenditure amounting to R2.1 billion was approved by the board for submission to National Treasury for condonation in line with legislative requirements

(ii) Material losses through fruitless and wasteful expenditures

Section 1 of the Public Finance Management Act, No. 1 of 1999, as amended, defines fruitless and wasteful expenditure as expenditure which were made in vain and could have been avoided had reasonable care been exercised.

The following material losses, through fruitless and wasteful expenditure have been identified as being reportable in terms of the materiality framework approved by the Minister of Communications for the year under review:

	GROUP AND COMPANY	
	2018 R'000	**2017 R'000**
Opening balance	**145 994**	92 461
Less: Reversal of incorrectly disclosed prior year amount	**-**	(21 139)
Restated opening balance	**145 994**	71 322
Current year movements	**84 021**	74 672
Add: Fruitless and wasteful expenditure - incurred in the current year	**54 562**	70 006
Add: Fruitless and wasteful expenditure - relating to prior years identified in the current year	**29 459**	4 666
Fruitless and wasteful expenditure not condoned	**230 015**	145 994
Less: Amounts recoverable	**-**	-
Fruitless and wasteful expenditure awaiting condonation	**230 015**	145 994

Details of fruitless and wasteful expenditure

Incident	**Remedial action implemented**		
Impairment of foreign and sports content	Reconciliation of broadcast schedule to reduce impairments	**1 677**	2 706
Travel cancellation fees and penalties	Reported to recover value	**110**	473
Interest, penalties and fines on late payments	Timeous payments to avoid penalties or renegotiated payment	**14 235**	111
SARS penalties	Timeous payments to avoid penalties	**20 577**	-
Unauthorised payments on overtime	Forensic investigations in progress	**24 769**	-
Settlements	Management review in progress	**-**	65 257
Legal fees	SIU Investigation	**5 437**	6 126
PAYE for employees fringe benefit not withheld	Management review in progress	**17 216**	
		84 021	74 673

There is a potential material loss of R60 million relating to a provision of impairment on commissioned programme rights as at year-end

43 Subsequent Events

No material events have occurred between the date of these financial statements and the date of approval, the knowledge of which would affect the ability of the users of the financial statements to make proper evaluations and decisions.

Honouring
SABC Employees and Media Icons

In honour of all our fallen heroes who have contributed immensely to the SABC operations and the nation, with our deepest gratitude.

17 April 2017
Mr Rothwell Christians - TV Licences: Call Centre Agent

28 April 2017
Mr Robert Mnguni - News: Senior Producer

13 May 2017
Mr Mohlolo Lephaka - Group Executive: Human Resources

29 June 2017
Miss Zama Mbalo - News: Camera person

29 June 2017
Ms Suna Venter - News: Producer/Presenter

20 August 2017
Mr Zola Ntutu - News: Assignment Editor

28 August 2017
Mr Tumelo Kwakwa - Corporate Affairs: Assistant

28 October 2017
Miss Mpho Manzini - Radio: Marketing Assistant

4 November 2017
Mr Sizwe Vilakazi - Head: Legal Services

4 December 2017
Mr Frank Phoshoko - News: Camera person

19 December 2017
Mr Gert Hamman - News: Specialist News Operator

25 December 2017
Mr Horatius Mtiki - News: Producer

23 January 2018
Mr Vusi Mthonti - News: Journalist/Presenter

23 January 2018
Mr Hugh Ramapolo Masekela - Musician

5 February 2018
Mrs Saira Ismail - Supply Chain Management: Administrator - Vendor

26 February 2018
Mr Steve Kleynhans - Media Technology Infrastructure: Video Cameraman

12 March 2018
Mr Alf Modiba - News: Assignment Editor

2 April 2018
Ms Winnie Madikizela-Mandela - Anti-Apartheid Activist

In Remembrance

Publication detail

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"For to be free is not merely
to cast off one's chains,
but to live in a way that
respects and enhances
the freedom of others"

- Nelson Mandela

#LiveHisLegacy

SABC